Final Report

March 28, 2007

Housing Needs Assessment, Bonner County

Prepared for

The Idaho Housing and Finance Association
The Cities of Dover, Kootenai, Ponderay, Priest River and Sandpoint
Bonner County

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Housing Needs Assessment

A Workforce/Affordable Housing Initiative for Bonner County

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Bonner County Housing Needs Assessment

Introduction

This report discusses the major findings from a 2006-2007 study of the residential market in Bonner County, Idaho, focusing on the market for workforce housing. The findings and recommendations contained in this report are derived from a number of research efforts conducted for this study, including:

- A review of rental prices and affordability;
- A analysis of the prices of homes recently for sale and the incomes required to purchase such housing;
- A survey of employers about how the housing market has affected their workforce;
- A survey of residents about their housing situations and needs; and
- A review of the county's and cities'/towns' land use and zoning ordinances.

Report organization. The primary findings from the Bonner County Needs Assessment are encapsulated in this section of the report. This "white paper" is intended to provide a more comprehensive review of needs and recommendations than an executive summary, enabling policy makers a full understanding of identified needs and recommendations without further reading. For readers interested in additional data and analyses, four appendices provide detailed information and analyses. These include:

- Appendix A—Demographics and Housing;
- Appendix B—Zoning and Land Use;
- Appendix C—Employer Survey; and
- Appendix D—Resident Survey.

Summary of Needs

- Bonner County has experienced a rapid increase in housing prices—primary for sale housing—related to strong population growth, an influx of second homeowners and investor activity. Finding housing in the county in the current market is overwhelmingly characterized by both employers and employees as "difficult."
- Almost half of the full-time resident households in the county are considered to be low-income by industry standards, earning less than $35,000 per year. About 37 percent of the county's renter households earn less than $15,000 per year; another 21 percent earn

between $15,000 and $25,000 per year. The private rental market is not producing rental units that are affordable to these households (rents of less than $450 per month). Much of the rental stock in the county is detached, single family homes or mobile homes that carry higher rents and utilities' costs. Forty-five percent of the county's workers who pay rent say their rent payment is a "significant part of their monthly expenses."

- The majority of renters—in addition to low- to moderate-income households relocating to the area—are priced out of the housing market in Bonner County and Sandpoint. In 2005, only 15 percent of homes for sale in the county were priced so that moderate-income households could afford to buy them. Households must earn $50,000 per year before they can afford one-third of the residential properties for sale, based on 2005 home sales.

- Between 11 and 14 percent of households in the county have someone living with them who cannot afford to pay for housing on their own. Approximately 44 percent of households in the county say they know of someone who has looked for housing in the Greater Sandpoint area and was not able to find what they needed.

- Surveys conducted of resident workers in the county show that commute times are not terribly long: about 40 percent drive less than 10 minutes to work and 70 percent have a commute that is less than 20 minutes. However, if housing continues to grow less affordable, workers will need to look further and further outside of the Sandpoint area to find affordable housing. Indeed, many of the survey respondents who wanted to change their housing situation said they would like to find affordable housing in or close to Sandpoint.

- The vast majority of employers surveyed for this study—85 percent—said the changing market has affected their ability to recruit workforce negatively or very negatively. As employers add to their workforce during the next 10 years, it will be increasingly difficult for workers to find affordable for sale housing price if increases continue. Approximately 500 units will be needed to accommodate the growing non-seasonal workforce of the employers surveyed; additional units will be needed to accommodate 240 new seasonal workers. The majority of non-seasonal jobs projected by the employers surveyed for this study will pay between $10 and $35 per hour, requiring rental housing priced between $425 and $1,725, and for sale units priced between $157,000 and $287,000. Seasonal workers would need units affordable at less than $425 per person per month.

Population

In 2005, the number of people living in Bonner County was estimated at 40,908. Between 2000 and 2005, the county is estimated to have added an average of 815 people per year, for total growth of 4,075 people over 5 years. This compares to an annual average increase of 1,017 people per year between 1990 and 2000. Mid-decade population estimates show the county growing at a slightly lower rate than during the 1990s.

Sandpoint is the largest incorporated city in the county, with a 2005 population estimated at 8,105. Between 2000 and 2005, Sandpoint grew at an average of 254 people per year, for total growth of 1,270. This compares to an average of 163 people per year during the 1990s, suggesting that Sandpoint is growing even faster in the current decade than between 1990 and 2000.

The Town of Dover has experienced much more rapid growth between 2000 and 2005 than during the 1990s. In contrast, population growth is estimated to have slowed somewhat for Kootenai and Ponderay, and been slightly higher in Priest River.

Income

In Bonner County, the median family income in 2006 was estimated to be $44,200. That is, in 2006, half of families in the county earned less than $44,200, and half earned more.

In the housing and community development industry, the standard definition of "low-income" is keyed to the median family income. Households are considered to be low-income if they earn 80 percent or less than the median family income. In Bonner County, a household would be "low-income" if the total earnings of all members in the household was $35,360 or less.

A "moderate-income" household is defined as earning between 80 and 95 percent of the median income. In Bonner County, a household would be considered "moderate-income" if the total earnings of all members in the household was between $35,361 and $41,990.

In 2005, about 47 percent of households in Bonner County met the definition of low-income. An additional 9 percent were moderate-income. Exhibit 1 shows the percentage of households in the county and each city who are defined as low-income and moderate-income using the standard definition.

Exhibit 1.
Low- and Moderate-Income Households, 2006

	Bonner County		Dover		Kootenai	
	Number of Households	Percent of All Households	Number of Households	Percent of All Households	Number of Households	Percent of All Households
Low-income Households	7,971	47%	76	37%	108	53%
Moderate-income Households	1,520	9%	24	12%	17	8%
Low- and Moderate-income	9,491	56%	100	49%	125	61%

	Ponderay		Priest River		Sandpoint	
	Number of Households	Percent of All Households	Number of Households	Percent of All Households	Number of Households	Percent of All Households
Low-income Households	199	66%	436	57%	1,718	47%
Moderate-income Households	22	7%	78	10%	310	8%
Low- and Moderate-income	221	73%	514	67%	2,028	55%

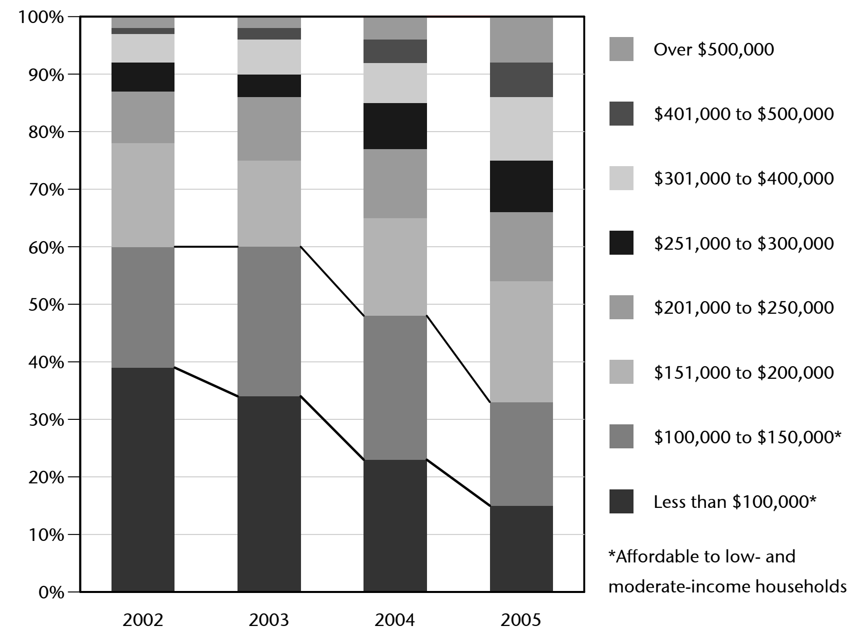
Source: BBC Research & Consulting.

Housing Costs

It is well accepted that housing prices have increased rapidly in Bonner County in the past few years. Indeed, comparing price trends over time shows a dramatic decline in the proportion of homes for sale that are affordable to low- and moderate-income households in the county. Exhibit 2 compares average sales prices in the county for the past 4 years, according to data reported by the Selkirk Multiple Listing Service.

Exhibit 2. Average Sales Prices, Bonner County, 2002 to 2005

Source:
Selkirk Multiple Listing Service.



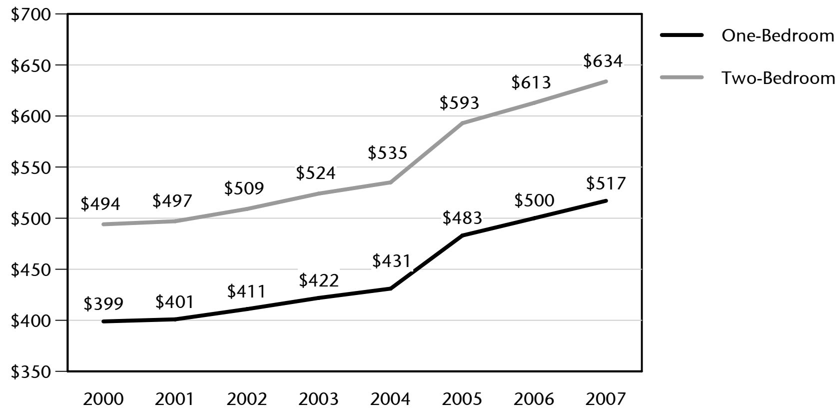
As shown in Exhibit 2, in 2002, 40 percent of homes for sale in Bonner County were priced at less than $100,000. By 2005, this had dropped to less than 20 percent. Exhibit 2 demonstrates the dramatic market shift in the distribution of homes for sale, away from affordable levels (less than $150,000) to higher prices.

Rents have also risen rapidly since 2000, as demonstrated in Exhibit 3, which shows the fair market rents in Bonner County, as estimated by the U.S. Department of Housing & Urban Development (HUD). Renters paying the fair market rent in Bonner County in 2007 are paying $140 more per month for a one-bedroom unit, and $118 more per month for a 2-bedroom unit than they were paying in 2000.

Exhibit 3.
Fair Market Rents, One- and Two-bedroom Rentals, Bonner County, 2000 to 2007

Source:

U.S. Department of Housing & Urban Development.



Housing Needs and Preferences

Two resident surveys were conducted for the housing needs assessment—a statistically significant survey telephone survey of Bonner County resident households, and a mail survey of employees in the county. The survey asked residents about their housing situation, their housing needs and their housing preferences. The complete results of the surveys appear in Appendix D. Summary findings from the surveys include:

- Employees in the county do not currently face extremely long commutes. Seventy-one percent commute less than 20 minutes to work.

- A comparison of the mortgage payments of the different survey respondents showed that residents who had moved into the area recently had much higher payments than longer-term residents. In addition, employee survey respondents—who were more likely to be people who had moved into the area recently—were twice as likely to say they had difficulty paying their mortgage or rent payments than the telephone survey respondents. (Two-thirds of employee survey respondents had lived in the county for less than 10 years, compared to 40 percent of telephone survey respondents).

- Once residents find housing in the Greater Sandpoint area they are very satisfied with their housing situation.

- When asked about their housing preferences, employee survey respondents said owning a home is more important than having a short commute, and having a large lot/land was more important than living close to work. Cost is also an important consideration, with respondents saying they would be willing to live in a smaller home or commute to reduce their mortgage payment or rent.

Affordability

How have the price increases affected the ability of Bonner County's households to buy or rent? This section discusses current affordability of the county's housing, beginning by defining affordability.

What is affordable housing? Using the industry standard, housing is "affordable" if no more than 30 percent of a household's gross monthly income is needed to pay for rent or a mortgage payment plus utilities. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered "cost burdened."

The 30 percent threshold for housing costs ensures that households have adequate income to pay for other costs of living, including health and child care, groceries and transportation, home and automobile maintenance and personal income taxes.

The term "affordable" is broad, therefore, and the actual definition depends on a household's income level. When examining the need for affordable housing, the focus is mostly on low- to moderate-income households in a community. This is because the private market is better at accommodating middle-income to high-income households.

"Workforce housing" is used to describe housing that is meant to serve workers in a community who cannot afford to rent or buy housing on the private market. This type of housing is usually restricted to households who have a work history in a community. For example, in some communities, to be eligible to rent or buy a workforce housing product, a worker must have worked in a community for at least 30 hours per week for 4 consecutive years. In general, workforce housing serves households earning between 80 and 120 percent of the area median income.

The maximum amount that a low-income household in Bonner County (earning $35,560 per year) could pay for a home without being cost burdened is approximately $103,600 in 2006. For a moderate-income household (earning $35,561 to $41,990 per year), the maximum amount is $125,400. These figures include payments for utilities, homeowner's insurance and essential utilities[1].

Can low- and moderate-income households afford to buy housing? A review of homes for sale and listed for sale in 2005 show that low- and moderate-income households have a very difficult time finding affordable homes to buy in Bonner County. Approximately 15 percent of homes for sale were priced so that moderate-income households could afford to buy them. In Sandpoint alone, only 5 percent of homes for sale in 2005 were affordable to low-income households (18 properties). Seven percent of homes for sale in 2005 were affordable to moderate-income households (24 properties).

Exhibit 4 shows the average and median sales prices of homes for sale in 2005 by geographic area (as defined by the Selkirk Association of Realtors). In all areas, both the average and median prices were above the levels that could be afforded by low- and moderate-income households in the county.

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[1] Property taxes were based on the average property tax rate for Bonner County reported by the Idaho Tax Commission, factoring in the homeowners exemption. Utilities are assumed to be $167 per month, based on the average amount paid as reported by survey respondents. Essential utilities do not include cable television or Internet access. Loan terms are assumed at 30 years, 6.5 percent interest rate and 5 percent down.

The Exhibit also presents the income needed to afford the average- and median-priced home by area, and the percentage of Bonner County households who could afford to buy at these prices.

Exhibit 4.
Average and Median Sales Prices and Affordability, 2005

	Sandpoint	NW Sandpoint (including Dover)	NE Sandpoint (incl. Ponderay & Kootenai)	W. Priest River (including town)	E. Priest River	N. Priest River
Average Sale Price	$ 257,164	$ 303,267	$ 300,479	$ 150,721	$ 407,200	$ 197,844
Median Sale Price	$ 217,000	$ 249,000	$ 230,000	$ 155,500	$ 199,900	$ 128,000
Income needed to afford:						
Average	$72,733	$84,575	$83,859	$45,393	$111,270	$57,497
Median	$62,417	$70,636	$65,756	$46,621	$58,025	$39,557
Approx. % of Bonner County residents able to afford:						
Average	10%	8%	8%	35%	4%	18%
Median	18%	10%	16%	35%	18%	40%

	S. Priest River	West Sagle	East Sagle	Cocolalla	Hope/Clark Fork
Average Sale Price	$ 157,968	$ 322,838	$ 317,850	$ 289,811	$ 532,532
Median Sale Price	$ 147,000	$ 275,000	$ 240,000	$ 280,000	$ 340,000
Income needed to afford:					
Average	$47,254	$89,602	$88,321	$81,119	$143,462
Median	$44,437	$77,314	$68,325	$78,599	$94,010
Approx. % of Bonner County residents able to afford:					
Average	29%	7%	7%	9%	1%
Median	35%	10%	14%	10%	4%

Source: Source: Selkirk Association of Realtors and BBC Research & Consulting.

Based on the MLS analysis, the county's households who are low- to moderate-income would find the areas around Priest River most affordable. However, in 2005, there were fewer homes for sale in the Priest River area relative to the communities around Sandpoint and the City of Sandpoint. In 2005, there were a total of 615 single family units sold in and around Sandpoint compared to 183 in the Priest River area.

If households can't buy, can they afford to rent? The maximum amount of rent and utilities a low-income household could afford to pay per month in 2006 is $884. A moderate-income household could pay as much as $1,050 per month in rent and utilities without being cost burdened.

A review of newspaper ads in December 2006 and January 2007 found that, except for 3- and 4-bedroom homes for rent, the average prices on apartments and smaller homes were mostly affordable to low-income households and affordable to moderate-income households. However, the supply of lower-priced rentals (apartments and 2-bedroom homes) was much lower than higher-priced homes for rent. That is, a moderate-income renter is likely to afford to rent a 1- to 2-bedroom apartment (and a low-income household might be able to), but their choices are much more limited than if they could afford to rent a detached, single-family home.

Exhibit 5 shows the average and median rental prices by apartment or house and bedroom size in Bonner County based on the newspaper ads, along with the percentage of renters in the county who could afford to pay the median rent plus average utilities.

Exhibit 5.
Average and Median Rents, Bonner County, December 2006 and January 2007

	Average Rent	Median Rent	Income Needed to Afford Median Rent and Utilities	Percent of Renters who Could Afford
1 Bedroom Apt	$477	$488	$26,180	41%
2 Bedroom Apt	$710	$625	$31,680	33%
3+ Bedroom Apt	$728	$625	$31,680	33%
1 Bedroom House	$658	$663	$33,180	31%
2 Bedroom House	$728	$675	$33,680	30%
3 Bedroom House	$1,024	$1,000	$46,680	18%
4+ Bedroom House	$1,435	$1,495	$66,480	9%

Note: Income Needed to Afford column includes rent payment and average cost of utilities.
Source: BBC Research & Consulting.

What is the affordability gap? The price analysis of homes available to buy and apartments and homes available to rent showed that low- (earning $35,560 and less) to moderate-income (earning between $35,561 and $41,990) households have a very difficult time buying in most areas of Bonner County. Finding a place to rent is easier, mostly for moderate-income households.

The current choices for households looking to purchase housing is limited. Households looking to buy are limited geographically unless they can pay at least $250,000 for a home. Renters would find the largest supply of rentals in 3- to 4-bedroom homes renting between $1,000 to $1,500 per month—somewhat affordable to moderate-income households, but not low-income households.

To determine where the affordability gaps exist by income level, we compared the existing market of ownership and rental housing with the household income distributions of residents in the county, and separately for Sandpoint. The number of residents in each income range was based on current population estimates from the State of Idaho. This comparison found the following:

- **Rental supply.** Approximately 37 percent of Bonner County renter households (1,374), and 39 percent of Sandpoint renters (654), earn less than $15,000 per year. These renters can afford to pay about $200 per month for rent if they are also paying utilities ($375 total for rent and utilities). Only two apartments listed for rent between December 2006 and January 2007 were affordable to renters at this income level. These renters also have a small supply of subsidized units to assist them—however, the number of units is far fewer than what is needed to serve the approximately 1,400 renter households countywide with incomes of less than $15,000. We estimate that there is a shortage of 1,200 affordable units countywide and 500 affordable units in Sandpoint to serve renters earning less than $15,000 per year.

- Renters earning between $15,000 and $25,000 also have a difficult time finding rental housing to serve them because of the limited supply in their affordability range. We estimate that there is a shortage of 500 units countywide and 150 units in Sandpoint to serve renters in this income range, who need units with rents less than $450 per month (or $625 with utilities included).

- **Renters wanting to buy.** The majority of renters are priced out of the housing market in Bonner County and Sandpoint. In the county, approximately 58 percent of renter households earned less than $25,000 per year (61 percent in Sandpoint). Renters at this income level need homes priced less than $54,000 to afford to buy them, and pay property taxes, homeowner's insurance and utilities costs. According to the MLS data, during 2005, there were 8 units for sale in the Sandpoint area affordable to renters at this income level, another 8 in the Priest River area and 4 in Hope/Clark Fork—together representing about 3 percent of all units for sale in these areas during 2005.

- Data from the Bonner County Assessor paint a slightly different picture of the for sale market, showing the market to be more affordable at the lower end. The Assessor's data include a larger number and greater diversity of sales transactions. As such, the data are more representative of the overall home values in the market. MLS data better represent what a buyer would have available to purchase through a real estate agent. An analysis of sales prices of more than 2,000 residential property sales transactions in 2005 and 2006 found that approximately 40 percent of the properties were priced at a level affordable to moderate-income households. The Assessor's data suggest the only significant gap between renters and properties available to buy occurs for renters who need properties priced at less than $33,000.

Effects of Housing Costs on Employment

To analyze how the housing market in Bonner County affects employers, we collected and analyzed surveys from area employers. A total of 39 employers participated in the survey effort. Together, these employers provide jobs to more than 3,000 full-time equivalent jobs in the county[2]. The industries represented by the employer surveys are diverse, and include professional and financial services, education, tourism, health care, retail, real estate and manufacturing. Occupations represented include sales, bookkeeping, engineers, assemblers, teachers, bankers, real estate professionals, housekeeping, middle and upper management, nurses and civil servants.

Employers were asked how the changes in the housing market during the past 5 years have affected their ability to recruit workforce. The vast majority of employers—85 percent—said the changing market has affected their ability to recruit workforce negatively or very negatively (24 percent negatively, 61 percent very negatively). Sixteen percent said the changes in the market had positively affected their ability to recruit workforce.

[2] The Idaho Department of Commerce and Labor reported 14,366 total wage/salaried workers as of fourth quarter 2005. The employer survey data collected for this study collected full time equivalent (FTE) employees. If employees average 1.2 jobs, the employer surveys captured an estimated 25 percent of FTE positions in the county.

Exhibit 6.
"How has the change in the market during the past five years affected your ability to recruit workers?"

Source:
Employer surveys and BBC Research & Consulting.

Very Negatively	24%
Negatively	61%
Positively	13%
Very Positively	3%

Employers were also asked to characterize their workers' experience finding housing in Bonner County. Exhibit 7 shows that the vast majority of employers said their workers have a difficult or very difficult time finding the housing they need.

Exhibit 7.
"How would you characterize your workers' experience finding housing?"

Source:
Employer surveys and BBC Research & Consulting.

	Rental	Homeownership
Very Difficult	26%	44%
Difficult	54%	44%
Easy	21%	11%
Very Easy	0%	0%
Percent Difficult/Very Difficult	79%	89%

Housing future workers. Examining job growth by wage category can assist with determining future housing needs. For example, if most of the future jobs in an area pay low wages, future housing needs are likely to be at the lower price range, all other things being equal. One limitation of this exercise is that household formation and change—people getting married or divorced and having or not having children—can have a large effect on housing preferences and affordability. A teacher starting his first job might have a very difficult time finding a home to buy in his price range until he marries someone who is employed as a tax attorney, at which point housing affordability becomes much less of a concern.

Nonetheless, employment growth is important as a baseline indicator of future housing need. The employment projections in the next 10 years that were estimated by the employers contributing to this survey can be thought of as a lower-bound estimate of growth. Given these estimates, in the next 10 years, housing will be needed to accommodate approximately 1,000 new positions (240 of which will be seasonal). Some of these workers will occupy the same housing units. If we assume that each housing unit has 1.5 non-seasonal workers, then, in 10 years, approximately 500 units will be needed to accommodate the growing non-seasonal workforce *of the employers surveyed.* Additional units will be needed to accommodate the 240 new seasonal workers.

As mentioned above, the employer survey data collected for this study represents approximately 25 percent of covered employment in the county. Since 2000, total employment in the county has grown from 11,003 in 2000 to 14,168—or at an average of more than 500 jobs per year. The job growth projections reported by the employers who contributed surveys to this study are therefore between 20 and 25 percent of the likely employment growth that could occur in the county, if growth in the next 10 years is similar to the past five.

Based on the wage information submitted by the employers and their projected distribution of new employment positions, about half of the new non-seasonal workers would need rental units priced between $425 and $945, or for sale units priced less than $157,000 (in today's dollars). Another half would need housing with rents ranging between $945 and $1,725, or for sale units priced between $157,000 and $287,000. Seasonal workers would need units affordable at less than $425 per person per month.

New workers earning less than $10 per hour would need to find below-market rate rental units, or share market rate units with roommates or other wage earners. Currently, most of the subsidized (most affordable) rental units in the county are located in Sandpoint[3]. Workers earning more than $10 per hour would find market rate rentals easier to come by, but buying would be difficult. Based on the 2005 sales data from the MLS, the Priest River area would have the most affordable housing for workers earning between $10 and $20 per hour to buy. Workers in the $20 to $35 wage range (mostly those at the higher end) could find some housing in Sandpoint affordable, in addition to Sagle. The incomes needed to afford the median- and average-priced for sale housing in other parts of the county are higher than what the majority of the new workers would be earning.

Zoning and Land Use Barriers

As part of this report, we reviewed the land use and zoning codes of the county and cities/towns within the county to see how the ordinances encouraged or discouraged the development of housing affordable to the county's workforce and other low-income households. This review found the following barriers to such housing development:

Suburban zoning. Both the City of Sandpoint and Bonner County have relatively large lot size requirements, which are typical of suburban zoning. Such zoning may be desirable at some level, but it does not facilitate development of affordable or workforce housing. In high cost areas, reducing the cost of land through increased density is key to reducing housing prices.

Sandpoint. The City of Sandpoint's required lot size for detached, single family housing developments ranges between 7,100 and 10,000 square feet[4]. Front setbacks on these lots (how far back from the street a home can be built) are required to be 20 feet. Height limits for the homes are 35 feet or about 2 ½ stories.

Attached units and multifamily housing have greater densities, but similar setback requirements and height restrictions[5]. In the city's Residential C zoning category, for example, 20 multifamily units would be allowed per acre.

The City of Sandpoint's current comprehensive plan contains several goals and policy options to allow the city to promote affordable housing development. (The City is in the process of updating its

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[3] Subsidized units include units that were developed using the federal Low Income Housing Tax Credit (LIHTC) program and Section 8 project-based units that received mortgage subsidies.

[4] Some areas of the city are zoned for minimum lot sizes of 10,000 square feet and more. In addition, single family dwellings are a permitted use in the city's Professional and Commercial zones, with a minimum lot size of 5,500 in the Professional zone and no minimum in the Commercial zone.

[5] Front and rear setbacks are the same, but the side setbacks increase from 5 feet to 10 feet.

current Comprehensive Plan). In addition, the city's zoning ordinance gives the planning director authority to require alteration of a building site plan so as to "seamlessly integrate a smaller lot development within a neighborhood." The purpose of this is to allow new development adjacent to legally nonconforming lots (lots that were created years ago that do not conform to the current minimum lot sizes) to conform with surrounding uses.

Discussions among city leaders and planners at the workshops held for this study pointed to a lack of a formal plan—and lack of agreement that one is needed—to increase density and incorporate new urbanist development into the city, as an effort to increase the availability of affordable housing.

That said, Sandpoint recently incorporated density bonuses for planned unit developments that provide desirable features to the community, including workforce housing. Under the modified ordinance, the Planning Commission may authorize an increase in the residential density up to 40 percent of the allowable number of dwelling units. A maximum 10 percent density bonus is offered for the provision of workforce housing (the remaining bonuses are tied to landscaping, siting and design features).

This type of change is very positive. We recommend that the City's Planning Commission define workforce housing more broadly to include affordable housing, using the needs identified in this report. Specifically, rental housing should be priced at less than $425 per month, and housing to buy should be priced between $100,000 and $170,000. The amount of bonus offered should also be tied to the level of affordability of the workforce/affordable units, where deeper subsidies (rental units priced less than $425 and homeownership units priced between $100,000 and $125,000) get larger bonuses—perhaps up to 15 percent.

Bonner County. In Bonner County, "high density" zoning districts require a minimum lot size of 10,000 square feet for a single family home. The minimum lot size for a duplex is 12,000 square feet. Multifamily zoning calls for a first unit on 12,000 square feet and subsequent units on 3,000 square feet. All sites are required to provide a minimum of 65 percent of the total site in open space, free of structures.

Bonner County is currently updating its land use codes. The Draft Code includes a provision for cottage housing. The cottage housing standards require a minimum of 4 and a maximum of 12 units located in a cluster grouping. The units must have less than 1,500 square feet, and twice as many cottages are allowed on a lot as non-cottage units. For example, if a property was large enough to accommodate 3 residential dwelling units, 6 cottage units would be allowed. If implemented, this density bonus would reduce land costs for cottage units by spreading those costs over twice as many residential units. However, the county should more directly tie this density bonus to affordable housing. If the cottage units are purchased by investors, second homeowners or retirees, they will not contribute to the stock of affordable housing for workforce.

The type of zoning in Sandpoint and Bonner County is fairly standard for suburban areas. However, the current requirements do not facilitate the development of affordable housing, which requires greater density. For example, splitting a 10,000 square foot lot into two 5,000 square feet lots accommodating two dwelling units would substantially reduce the cost of the housing units by lowering the cost of land[6]. Similarly, increasing the height limits for multifamily developments to between 3 and 5 stories in certain areas (commercial corridors, high density areas) would allow more units to developed on the same plot of land—increasing the supply of housing stock and using existing land wisely.

Rural zoning/Large lot sizes. Outside of Sandpoint, most areas in the county have very large minimum lot sizes and lack any incentives to facilitate the development of affordable housing.

For example, in Dover, new residential development cannot be less than three units per acre. The minimum lot size for "residential" development is 12,000 square feet; "suburban" development has a lot size ranging from 1 to 3 acres. Much of the land in Dover is zoned for agricultural and rural development.

Large lot size zoning in these communities is largely related to two factors: 1) Desire for the communities to maintain a "rural character," and 2) Lack of public sewer systems serving these areas. Larger lots are needed to provide adequate separation between septic drainfield systems and wells, to prevent groundwater/well contamination. For example, in February 2005, Bonner County adopted an ordinance that established a 2 ½ acre minimum lot size for residential parcels not served by public water and sewer systems. Parcels served by public water systems, but still using septic tanks/drainfield systems, are allowed a 1-acre minimum.

Development incentives. Except for Sandpoint, there are no incentives offered to encourage developers to incorporate workforce housing into their developments. Bonner County is considering offering density bonuses for open space conservation and cottage housing, but not specifically for workforce housing. In Sandpoint, the number of parking spaces required—2 spaces per unit—can make density difficult to achieve. A parking requirement waiver for affordable developments would facilitate greater density and affordability.

Lack of public water and sewer systems. The lack of public water and sewer systems serving much of Bonner County is a significant barrier to increasing density in the county and facilitating affordable housing development. If public systems were extended and the communities adjusted their zoning ordinances to allow smaller, truly suburban and urban size lots, this could make a significant contribution to the development of affordable housing, and go a long way in reducing the inevitable sprawl that will occur as workforce continues to seek affordable housing further into the county.

It is also important to mention that lack of private ownership is also a barrier to affordable housing development. Approximately 40 percent of the land in the county is privately owned. Of this land, steep slopes, floodways, wetlands and waterways further constrain development. However, this is a barrier that the cities and county have a very limited ability to change, barring acquiring land from federal entities.

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[6] Bonner County is considering a similar policy for cottage housing units, as discussed above.

Housing Needs and Recommendations

The recommendations presented below are intended to offer a balanced approach for promoting affordable housing among and within the communities in Bonner County. A collaborative engagement, which spreads the cost, impact, and rewards among all interested parties, will have the greatest chance for success. In addition, because Sandpoint is limited in how much the city can grow before it reaches build out, Bonner County and other communities within the county will need to be major players in providing affordable housing, especially for new workers.

Why housing needs should be addressed. Providing affordably priced housing presents unique challenges. The very premise behind this goal is that housing costs have exceeded the capacity of an important segment of the community's workforce to purchase reasonable housing within or near the community. In essence, there exists a financial or funding gap that must be reconciled in order to provide affordable housing in high-cost communities.

For certain households, this funding gap is addressed through federal programs—e.g., programs that provide direct rental subsidies to very low-income renters. Other federal programs provide low-interest loans or credits against federal taxes for construction of affordable rental units. There are also federal- and state-sponsored programs that help first time, low- to moderate-income homeowners with the costs of a downpayment and closing costs, and/or offer below-market mortgage loans. In markets with rapidly increasing prices, however, these subsidies are inadequate to completely close the funding gap between what is affordable for the workforce and market prices. As such, a collaborative effort, between state and local government, employers and developers, is required to produce the needed housing opportunities.

If Bonner County and its communities fail to implement steps to create more affordable housing, affordability is likely to worsen. A larger proportion of existing renters and most new employees will find themselves priced out of the for sale market, and their only option will be to rent or commute longer distances. Less expensive development will occur consistent with market support, but it will be located outside of the core employment areas in the county. As the demand for rentals increases for those unable to buy, rental costs will rise. The county's lowest income renters will have even more difficulty paying their rent and bear a higher cost burden.

Greatest housing needs in Bonner County. Based on the research conducted for this study, we have identified four primary housing needs in Bonner County:

Affordable for sale housing. Currently, the most acute housing need in the county is for affordable, for sale housing. Households must earn at least $50,000 per year before one-third of units for sale in the county become affordable for them to buy. Sandpoint is even less affordable, with about one-fifth of units affordable for households earning $50,000.

In the county, in 2006, there were approximately 1,000 renter households earning between $25,000 and $50,000 per year. Based on sales data from 2005, these renters had about 250 homes to choose from if they wanted to buy. The vast majority of renters surveyed for this study said they would like to buy if they could afford to.

Increasing the supply of affordable for sale housing—priced between $100,000 and $170,000—would enable these renters, as well as new workers moving into the county, to achieve homeownership. This would also free up the rental units these renters are occupying, and make these units available to other and new renters with housing needs.

Deeply affordable and transitional housing. The rental market appears to be adequately serving all but the lowest-income renter households (those earning less than $25,000 per year). These renters make up a large proportion of renter households in the county (an estimated 58 percent in 2006). The need is more acute in the county because Sandpoint has the vast majority of assisted housing units which are generally affordable to these renters.

Indeed, the gaps analysis conducted for this study found a shortage of deeply subsidized units (rents less than $450 per month) to serve the county's lowest-income renters. These renters are unable to find the housing they need and, as such, are cost burdened. Based on the waiting lists of the county's providers of the most affordable rentals and occupancy at area shelters/transitional housing units, between 25 to 35 units could be added to the inventory of assisted rentals and be absorbed quickly.

In addition, based on the waiting lists and interviews of homeless service providers, additional transitional housing units (5 to 10 units) are needed to assist families transitioning out of homelessness. These families are unable to find affordable housing and are living in shelters and their cars.

Rentals for seasonal workers. The new seasonal workers who are expected to join the workforce in the next 10 years will need rental housing priced less than $425 per month if they are occupying units alone. If they live with others, they will need units priced between $950 and $1,275 per month. The private market is currently providing rents in this range. Future price increases will depend on the ability of the supply of units to keep up with demand, as employment grows. It is likely that the seasonal employers will need to add housing to accommodate their workforces in the next 5 to 10 years.

Affordable housing for seniors. Although this study did not contain a detailed analysis of the senior housing market and needs, it is likely that as the county's population ages, affordable senior housing with services will be needed.

Recommendations

Given these needs, we recommend the following course of action for the City of Sandpoint, other communities within the county and Bonner County:

Action Item 1. Plan for increasing affordable housing opportunities at a regional level. The City of Sandpoint is constrained in its opportunity to grow and accommodate future workers. Developable land within the city boundaries and annexation opportunities are limited. It is imperative that Bonner County and the other communities within the county engage in regional planning around affordable housing in order for the supply of housing to keep up with demand from future workers.

We recommend that the City of Sandpoint and Bonner County partner to create a regional planning task force, with the goal of better communicating and coordinating planning and development efforts. This group should also create workforce housing unit targets in each community and countywide to address existing and growing workforce housing needs.

Why plan regionally? In the absence of a regional approach to addressing housing needs, development will occur where there is opportunity (land, zoning) and the desired return/profit. As long as there is land and demand for larger lot, scattered-site homes, developers will continue to respond to this segment of this market. As land is converted to development, developers will move further out into the county seeking available, vacant land. Under this pattern of housing growth, less expensive development will be placed in areas where land costs are lower, generally further away from desired amenities and services.

Without some integration of mixed-income housing, affordable to the workforce into the county, new employees will be need to "drive until they qualify" to find housing to buy. Rental housing is likely to continue to be scattered throughout the county, in the form of detached single family homes not occupied by owners/investors and mobile homes.

An example: The City of Sandpoint is the largest incorporated municipality in the county, and the location of many of the county's jobs. The city also has relatively limited opportunities for future development. If Sandpoint is unable to provide additional affordable housing within the city, as jobs continue to grow, workers will need to seek housing outside of the city limits. (According to the employee survey, many do this now). If the surrounding communities do not provide affordable housing, workers will need to find housing further and further from their areas of employment. This lack of planning (in the absence of a large market shift) generally creates a "leapfrog" approach to development, with employment centers at the core and affordable housing located further and further beyond the more expensive areas of housing—which tend to surround the nucleus of employment, amenities and services.

An often and unintended consequence of lack of planning is that some cities/towns end up providing more than what they perceive is their "fair share" of affordable housing. These cities/towns are then likely to focus on increasing the supply of higher end development to remain competitive with higher-end communities. Affordable housing is then pushed out even further into newer, less developed towns (and the cycle repeats itself).

Another, more visible, consequence is increased traffic and congestion as workers find themselves with longer and longer commutes. Initially, workers bear the cost of sprawl in the time they pay commuting. Eventually, investments in transportation infrastructure are needed to accommodate the growing number of cars on the roads.

Individual cities and towns can address this problem independently, setting goals and a strategy for serving their residents and workforce and bringing their markets closer to being balanced. However, housing markets do not exist in vacuum, and development and commuting patterns of the workforce in one area are determined by the availability of housing in surrounding areas.

Approach. The best approach to regional planning is for each city/town to agree on housing a certain proportion of the current and future workforce, recognizing that residents also have preferences for housing and that the cities/towns cannot dictate where workers will live. The key is to create opportunities for workers to live closer to work if they so desire. This would require the following steps:

- Project the number of new jobs by city/town that will be created in the next 10 to 15 years, using historical growth from the Idaho Department of Commerce and Labor and the employer surveys collected for this study (supplementing these by collecting additional employer surveys). Estimate the number of jobs held by each worker[7].

- Determine a maximum length of commute that the cities/towns would like the workers to experience (e.g., 20 to 30 minutes). Determine the ideal number of workers to be housed in and surrounding the areas of employment.

- Estimate the number of housing units needed for each area by grouping the workers into appropriate household units. For example, seasonal workers may live in dorm-style housing.

- Set goals for the number of housing units desired in each city/town.

- Engage the development community in the discussion about workforce housing provision and how they can be part of the solution. Agree on offering incentives and/or requirements for developers to build workforce housing.

The cities/towns should also work together to develop a joint package for developers interested in developing affordable housing, describing incentives offered by the cities/towns, resources available at the state level (how to apply for these resources, how the cities/towns can assist them in getting favorable loans for development).

In addition to this direct approach to facilitate development of workforce housing, we recommend this planning group engage and educate employers about how they can assist their employees in finding housing. Rather than have each employer craft their own programs and policies, we recommend that the regional task force develop a model program for all employers, which utilizes existing resources such as IHFA's downpayment assistance programs and reduced mortgage interest programs (IdaMortgage).

We also recommend that the regional planning group be modeled, in part, after Colorado's Rural Resort Region planning effort, which focuses on workforce housing (see Appendix B for more detail on the RRR).

Action Item 2. Inventory and identify land parcels appropriate for affordable housing development. The City of Sandpoint, surrounding communities, and Bonner County should partner to identify publicly owned land, both vacant land and land currently being used/leased, that might be appropriate for affordable housing development. (The regional task force recommended in Action Item 1 above could also manage this effort).

[7] We used 1.2 jobs per worker for this study.

We recommend that the cities/towns and county initially identify land which could be immediately developed and accommodate up to 250 units of affordable housing. Additional parcels should be identified for future (3-5 years) affordable housing development potential.

Private landowners who are also employers in the community should also be engaged in this effort to the extent possible. Private land owners and developers may be motivated to donate some or all of the market value of property that is suitable for affordable housing development. This motivation may be charitable in nature, or it may be part of a developer/owner's efforts to meet requirements and gain governmental approvals for new development. Land donation can also be linked to other developer incentives (e.g., density bonuses).

- First, the cities and county should individually identify the land they own (including School District property), participating private landowners/employers own, existing use, and lease terms if leased (e.g., revenue produced, period left in lease, ability to break lease if desired).

- The cities and county should create maps showing the location of the parcels and adjoining uses.

- Working together, the cities and county should engage a real estate and planning consultant to evaluate the feasibility of each of the parcels for creation of affordable housing development. This feasibility should take into account current and future surrounding land uses, proximity to commercial properties/areas of employment, transportation/transit opportunities and general appropriateness for residential development.

- Once the development feasibility of the parcels is completed, the City of Sandpoint, surrounding communities and the county should identify parcels with the highest and best affordable housing development potential. Private landowners should be contacted about their interest in developing the properties for affordable housing development, in exchange for development incentives.

- If these parcels are dedicated to the development of workforce housing, the city/county and/or School District would be entitled to dedicate the housing that is development for its workforce. Similarly, private landowners (employers) who donate land would be entitled to use the housing developed for their workforce.

Action Item 3. Create a workforce housing village. To address the immediate and future demand for workforce housing to buy and rent, we recommend that the City and Sandpoint and Bonner County identify parcels of land within or in close proximity to employment centers that would be appropriate for development of a workforce housing village. Such land may be publicly or privately owned, and assessed for feasibility as part of Task 2. This would be a master-planned community with a goal of creating a diverse mix of housing types—dormitory style housing for seasonal workers, affordable apartments, affordably priced townhomes and single family homes for purchase and market rate housing—available to workforce only. The cities and counties should work together to assemble the land and acquire property to create such a village, and then issue a Request for Proposal for development by a private developer.

Action Item 4. Change and update zoning. The City of Sandpoint, Bonner County and the smaller cities and towns in the county should update their zoning ordinances to better accommodate and encourage the development of affordable housing. The City of Sandpoint is currently updating its Comprehensive Plan, which will include a review of current and potential land use and zoning and would be an appropriate opportunity to consider these recommendations.

- **Allow for increased density in municipalities/urban growth areas.** Increasing the allowed density of residential developments would facilitate the construction of a larger number of housing units on smaller lots. In a land constrained market with escalating costs of land and property values, adding to the supply of housing will help address demand. This will, in turn, help housing prices stay lower, provide opportunities for workforce housing and reduce sprawl and commutes of workers.

  Increasing allowable densities will alter the very suburban, rural feel of many of the areas in Bonner County. However, if done appropriately—using good design standards, preservation of open/community space and incorporating a mix of housing sizes and types—the communities can both maintain a rural nature and develop in a way that accommodates housing demand, reduces congestion and mitigates sprawl.

  Exhibit 8 compares the minimum lot sizes in Sandpoint and Bonner County with minimum lot sizes in similar communities. As the Exhibit demonstrates, the minimum lot sizes of 7,100 to 10,000 square feet in Sandpoint are larger than peer communities which have purposely reduced lot sizes to facilitate affordable housing. For the county, comparable counties—Eagle County and Summit County, both in Colorado—have smaller lot requirements in their high density districts, with lot sizes of between 6,000 and 7,260 square feet. Blaine County, Idaho's minimum sizes are similar to Bonner County's.

Exhibit 8.
Minimum Lot Sizes by Development Type

	City of Sandpoint	Bonner County	Hailey, Idaho (General Residential)	Missoula, Montana (High Density)	Durango, Colorado (High Density)
Single Family Detached	7,100 - 10,000	10,000	6,000	5,400	4,000
Duplex	7,100 (1 unit) - 5,325 (per unit, 2 units)	6,000 per unit	10 lots/acre (4,350 per lot)	5,400 per unit	7,500 per two units (3,750 per unit)
Townhome	Generally 3,525	12,000 for first unit; 3,000 thereafter*	10 lots/acre (4,350 per lot)	Varies by unit size, 1,000 to 3,600 sq. ft. per unit	No minimum required
Condo	Up to 30 units/acre	12,000 for first unit; 3,000 thereafter*	10 lots/acre (4,350 per lot)	Varies by unit size, 1,000 to 3,600 sq. ft. per unit	No minimum required
Density Bonus for:	Workforce Housing - 10 percent	PROPOSED: Cottage Units - 2x number of dwelling units Open Space/ Public Access			

*Note: Bonner County does not have a townhome or condominium option; these densities reflect those for the county's general multifamily category.
Source: BBC Research & Consulting and the land use and zoning ordinances in the respective communities.

- **Zone districts to allow more multifamily rentals.** Much of the rental stock in the county is in the form of detached, single family homes. These units carry higher rental and utility costs. Allowing more multifamily units will give renters in the county more housing options, which are much needed at the most affordable level.

- **Create incentives for developers**. Private market developers have few market incentives to produce affordable housing in high-demand markets. Some developers will find a market niche in producing affordable housing, but this usually occurs once the higher ends of the market begin to soften. In the absence of requirements or incentives to produce affordable housing, private developers are unlikely to meet existing need. If the incentives are properly designed and equitably applied among developers, there is really no downside to creating development incentives for affordable housing.

  We recommend that the cities/towns and Bonner County offer incentives for developers in the form of density bonuses and building variances to help offset the costs of affordable housing development, thereby decreasing the prices of the homes and/or rental units developed.

Action Item 5. Extend public water and sewer systems. An analysis of the potential to extend public water and sewer systems to un-served residential areas was beyond the scope of this study. However, the lack of such systems and consequential need for large lot zoning creates a major barrier to affordable housing development. This barrier can only be actively addressed through concerted planning efforts to create regional water and sewer systems.

Action Item 6. Implement employer assisted or sponsored housing opportunities. Employers can play an important role in the development of workforce housing. To the extent that they contribute to the development of the housing, they should be entitled to have a portion of the housing available for their workforce.

Because they are not constrained by federal funding requirements, employer donations can be an important contribution to creative housing solutions. Some common tools for employer-assisted housing include:

- Donation of land for affordable housing development.

- Direct contributions toward development costs.

- Contributions to a housing trust fund that can be used to subsidize both affordable ownership housing and rental housing.

- Imposition of a tax on their goods which would create a "public investment fund" of PIF, the proceeds of which would be used to develop workforce housing jointly for their employees.

- In addition, employers can make their employees aware of the various housing programs, including downpayment assistance and low-interest loan programs, offered in their communities.

Employer-assisted housing committee. Employers in Bonner County have recently begun working together to explore solutions to workforce housing needs. An Employer-Assisted Housing Committee has been formed, represented by area employers. The EAH Committee is working to create a nonprofit housing organization with the following objectives:

- Create a vehicle through which employers can donate, tax-free, to creating workforce housing through a local housing trust fund. This model has been used effectively in Santa Clara, California, where a $30 million affordable housing trust fund was created and seeded by employers.

- Inform employers of housing opportunities for their workforce. An example would be the guide created by the Colorado Rural Resort Region task force "Housing Your Workforce: A Resource Guide for Colorado Rural Resort Employers," available at http://www.nwc.cog.co.us/Rural%20Resort%20Region/Rural%20Resort%20Region.htm.

- Develop a model program for all employers, which utilizes existing resources such as IHFA's downpayment assistance programs and reduced mortgage interest programs (IdaMortgage).

We commend employers and the City of Sandpoint on the creation of this committee, and recommend that its current efforts be continued, with the goal of implementing the objectives outlined above. This committee should also interface—and have a role in—the regional planning efforts recommended in Action Item 1.

Action Item 7. Educate the public about options for development, the consequences of sprawl and how affordable housing can be attractive and dense.

Many residents moved to the Greater Sandpoint area to acquire relatively large lots, live close to nature and enjoy a rural lifestyle. This desire still exists for many residents, as revealed in the resident survey conducted for this study. However, if the cities/towns and Bonner County do not change their development patterns to accommodate future workforce and population growth, the benefits of rural lifestyle—non-congested roads, ease of commuting, land preservation and access to nature, and relatively affordable housing—will soon diminish.

To build support for workforce housing development, residents need to be educated about the need for workforce housing to sustain the region's economy. Residents also need to be shown good examples of dense development and workforce housing to assure them that such development (if done appropriately) can improve the design and amenities offered in a community.

The regional planning task force recommended in Action Item 1 could take on this effort, by sponsoring workshops about sustainable and quality workforce housing development, as well as smart growth policies and initiatives. Providing examples from other communities will be key in convincing residents that dense development can be done well, and will make a positive contribution to the Greater Sandpoint area.

Bonner County Housing Needs Report

APPENDIX A.
Demographics and Housing

Appendix A.
Demographics and Housing

The Bonner County Housing Needs Assessment is accompanied by four appendices. The appendices provide additional data and information to support the findings described in the report. This appendix provides background demographic information for the study, includes statistics on housing affordability and contains the full gaps analysis modeling that was completed to where the Bonner County and Sandpoint housing markets are out of balance.

Data Notes

Average v. median. The housing needs report uses both average and median values. The median is the point at which half of the data points in a list are valued at less than the median, and half are valued at more. In the report, median is used as a measure for household and family income, for-sale housing prices and rent prices.

An average is calculated by summing the data points in a list and dividing the sum by the number of data points. Average values can be influenced by very high and very low numbers, whereas the median is not.

Family v. household. The U.S. Census estimates and reports both *family* median and *household* median income. The median income is the point at which 50 percent of households earn above the median amount, and 50 percent earn below the median amount. The U.S. Department of Housing & Urban Development (HUD) estimates *family* income, adjusted for household size.

Household median income is usually lower than family median income, since household income counts single-person households and unrelated persons living together, where median family income does not. That is, the median family income category has a larger proportion of two-earner households, who usually have higher earnings than one-person households. The housing needs assessment uses household income to determine the gaps in housing supply and demand, because household income captures a wider range of households.

Sources of for sale prices. There are two primary sources of data on recent home sales. The Multiple Listing Service (MLS) provides the prices at which homes were listed or sold. County assessor data contain home values and sales prices for recent transactions. MLS data were analyzed to determine the level of affordability of homes for sale in 2005. Assessor's data were used to understand the values in the county market overall.

Population and Households

Population estimates for 2005, along with growth trends, are shown in Exhibit A-1 below. The 1990 and 2000 data are from Census counts by the U.S. Bureau of the Census. The 2005 numbers are projections from the State of Idaho, which are based on the Census Bureau's annual population estimates.

In the study, the projections for 2005 were used to determine the number of households in the county overall and for the respective cities. The households were then divided into renter and owner households, and further separated into income ranges based on projections of the county and cities overall income distributions.

Exhibit A-1.
Historical and Estimated Population and Growth

	1990 Census	2000 Census	1990–2000 Change	% Annual Growth	2005	2000–2005 Change	% Annual Growth
Bonner County	26,662	36,835	10,173	3.3%	40,908	4,073	2.1%
Dover	294	342	48	1.5%	479	137	7.0%
Kootenai	327	441	114	3.0%	480	39	1.7%
Ponderay	449	638	189	3.6%	697	59	1.8%
Priest River	1,560	1,754	194	1.2%	1,909	155	1.7%
Sandpoint	5,203	6,835	1,632	2.8%	8,105	1,270	3.5%

Source: BBC Research and Consulting.

Income

Each year, the U.S. Department of Housing & Urban Development (HUD) estimates income levels for Bonner County. In 2006, the median family income for the county was $44,200. That is, in 2006, half of families in the county earned less than $44,200, and half earned more.

HUD and the State of Idaho Housing & Finance Association use the HUD median family income (MFI) estimates to determine eligibility for housing support programs. Households earning 30 percent of the median are considered to be "extremely low-income." Households earning 50 percent of the median are called "very low-income." Those earning 80 percent are "low-income." In general, housing programs are targeted to assist households earning less than 80 percent of the median income (for rental and some homeownership programs), and 80 to 120 percent of the median (homeownership programs). The median family income is adjusted for family size.

Exhibit A-2 shows the MFI for Bonner County in 2006, along with the corresponding HUD income levels and HUD adjustments by household size.

Exhibit A-2.
Median Family Income (MFI), Bonner County, 2006

Source: U.S. Department of Housing & Urban Development.

HUD Income Limits for Bonner County		
Overall MFI		$ 44,200
Extremely low-income	30% of MFI	$ 13,260
Very low-income	50% of MFI	$ 22,100
Low-income	80% of MFI	$ 35,360
Moderate-income	95% of MFI	$ 41,990
Moderate- to upper-income	96 to 120% of MFI	$ 53,040

2006 MFI by Household Size, Low-Income Categories

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely low-income (30% of MFI)	$ 10,000	$ 11,450	$ 12,900	$ 14,300	$ 15,450	$ 16,600	$ 17,750	$ 18,900
Very low-income (50% of MFI)	$ 16,700	$ 19,100	$ 21,450	$ 23,850	$ 25,750	$ 27,650	$ 29,550	$ 31,500
Low-income (80% of MFI)	$ 26,700	$ 30,550	$ 34,350	$ 38,150	$ 41,200	$ 44,250	$ 47,300	$ 50,350

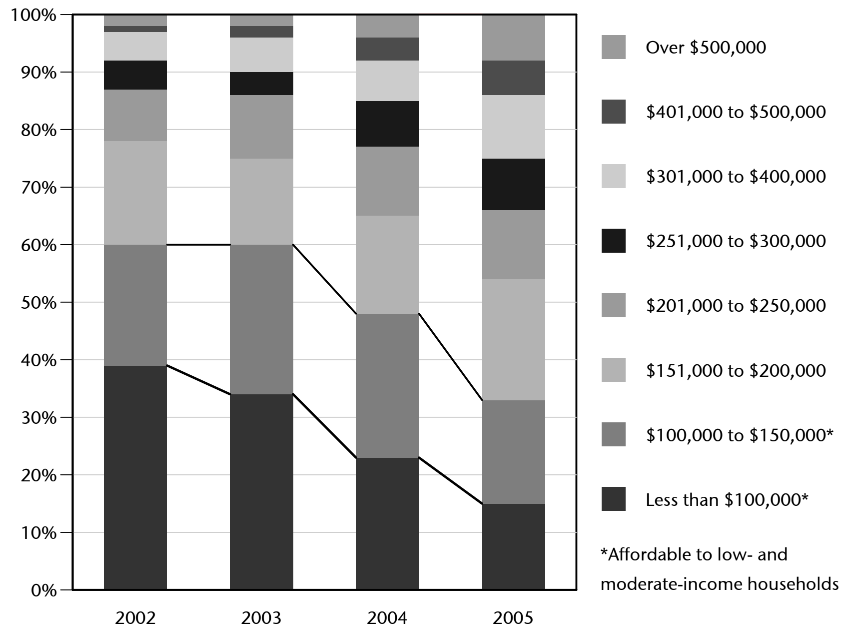
Source: U.S. Department of Housing & Urban Development.

Housing Costs

It is well accepted that housing prices have increased rapidly in Bonner County in the past few years. Indeed, comparing price trends over time shows a dramatic decline in the proportion of homes for sale that are affordable to low- and moderate-income households in the county. Exhibit A-3 compares average sales prices in the county for the past 4 years, according to data reported by the Selkirk Multiple Listing Service.

Exhibit A-3. Average Sales Prices, Bonner County, 2002 to 2005

Source:
Selkirk Multiple Listing Service.



In 2000, the U.S. Census reported a median rent (including utilities) of $518 for the county. The newspaper ads collected and analyzed for this study in December 2006 and January 2007 put the median rent at a much higher $825. However, the newspaper ads are more representative of larger rental units than the Census data, which explains some of the difference in the median. In addition, the newspaper ads reflect rental pricing for *vacant, available* units, whereas the Census data report rent levels for all units, whether or not they are available for rent. Thus, the ads are more representative of the current market.

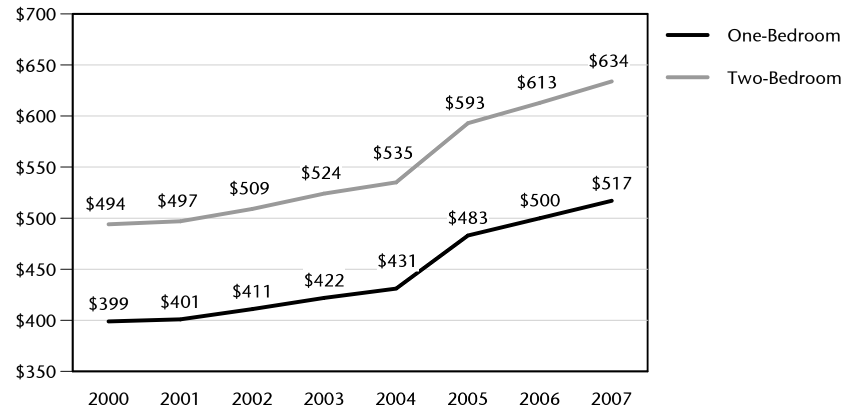
The U.S. Department of Housing & Urban Development (HUD) estimates "fair market" rents at the county level by bedroom size each year. These fair market rents, or FMRs, are used to determine the subsidy that households are eligible to receive under subsidized programs. The FMRs reflect the 40^{th}-percentile rent level in an area. That is, the FMR is the point at which 40 percent of units rent for less than the 40th percentile; 60 percent of units rent for more. The 40^{th}-percentile rent is lower than the median (which separates at 50 percent).

Exhibit A-4 shows the estimated fair market rents for one- and two-bedroom units in Bonner County since 2000. Renters paying the fair market rent in 2007 are paying $140 more per month for a one-bedroom unit, and $118 more per month for a 2-bedroom unit than they were in 2000.

Exhibit A-4.
Fair Market Rents, One- and Two-bedroom Rentals, Bonner County, 2000 to 2007

Source:

U.S. Department of Housing & Urban Development.



Rising prices can affect resident households in a variety of ways. Renters who want to buy may find they are suddenly priced out of the market, or cannot find desired housing (in terms of condition, location, type of housing) for what they can afford to pay. Current renters may find themselves paying more for their housing, and find that they have increasingly limited alternatives for moving into other affordable units. In general, rising prices are not favorable for renters.

Rising prices are a mixed blessing for homeowners. If they desire to sell, they may benefit from rapid gains in equity, which could help them purchase another, more desirable home. Other homeowners may find that they can no longer afford to buy a home comparable to their existing property at current market prices. As such, moving to a more desirable home would be difficult, and moving would only make sense in certain circumstances.

Affordability Analysis

What is affordable housing? Using the industry standard, housing is "affordable" if no more than 30 percent of a household's gross monthly income is needed to pay for rent or mortgage payment plus utilities. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered "cost burdened."

For example, a household earning $40,000 of gross income per year, using the 30 percent standard, could afford to pay up to $1,000 in rent or mortgage costs and utilities without being cost burdened. A household earning half this amount ($20,000) could afford to pay a maximum of $500 per month in rent or mortgage costs to avoid cost burden.

The 30 percent threshold for housing costs ensures that households have adequate income to pay for other costs of living, including health and child care, groceries and transportation, home and automobile maintenance and personal income taxes.

The maximum amount that a low-income household in Bonner County (earning $35,560 per year) could pay for a home without being cost burdened is approximately $103,600 in 2006. For a moderate-income household (earning $35,561 to $41,990 per year), the maximum amount is $125,400. These figures include payments for utilities, homeowner's insurance and essential utilities[1].

Affordability of for sale housing. A review of homes for sale and listed for sale in 2005 show that low- and moderate-income households have a very difficult time finding affordable homes to buy in Bonner County. Approximately 15 percent of homes for sale were priced so that moderate-income households could afford to buy them. In Sandpoint alone, only 5 percent of homes for sale in 2005 were affordable to low-income households (18 properties). Seven percent of homes for sale in 2005 were affordable to moderate-income households (24 properties).

Exhibit A-5 shows the average and median sales prices of homes for sale in 2005 by geographic area (as defined by the Selkirk Association of Realtors). In all areas, both the average and median prices were above the levels that could be afforded by low- and moderate-income households in the county.

The Exhibit also presents the income needed to afford the average- and median-priced home by area, and the percentage of Bonner County households who could afford to buy at these prices.

Exhibit A-5.
Average and Median Sales Prices and Affordability, 2005

	Sandpoint	NW Sandpoint (including Dover)	NE Sandpoint (incl. Ponderay & Kootenai)	W. Priest River (including town)	E. Priest River	N. Priest River
Average Sale Price	$ 257,164	$ 303,267	$ 300,479	$ 150,721	$ 407,200	$ 197,844
Median Sale Price	$ 217,000	$ 249,000	$ 230,000	$ 155,500	$ 199,900	$ 128,000
Income needed to afford:						
Average	$72,733	$84,575	$83,859	$45,393	$111,270	$57,497
Median	$62,417	$70,636	$65,756	$46,621	$58,025	$39,557
Approx. % of Bonner County residents able to afford:						
Average	10%	8%	8%	35%	4%	18%
Median	18%	10%	16%	35%	18%	40%

	S. Priest River	West Sagle	East Sagle	Cocolalla	Hope/Clark Fork
Average Sale Price	$ 157,968	$ 322,838	$ 317,850	$ 289,811	$ 532,532
Median Sale Price	$ 147,000	$ 275,000	$ 240,000	$ 280,000	$ 340,000
Income needed to afford:					
Average	$47,254	$89,602	$88,321	$81,119	$143,462
Median	$44,437	$77,314	$68,325	$78,599	$94,010
Approx. % of Bonner County residents able to afford:					
Average	29%	7%	7%	9%	1%
Median	35%	10%	14%	10%	4%

Source: Source: Selkirk Association of Realtors and BBC Research & Consulting.

Based on the MLS analysis, the county's households who are low- to moderate-income would find the areas around Priest River most affordable. However, in 2005, there were fewer homes for sale in the Priest River area relative to the communities around Sandpoint and the City of Sandpoint. In

[1] Property taxes were based on the average property tax rate for Bonner County reported by the Idaho Tax Commission, factoring in the homeowners exemption. Utilities are assumed to be $167 per month, based on the average amount paid as reported by survey respondents. Essential utilities do not include cable television or Internet access). Loan terms are assumed at 30 years, 6.5 percent interest rate and 5 percent down.

2005, there were a total of 615 single family units sold in and around Sandpoint compared to 183 in the Priest River area.

Affordability of rental housing. The maximum amount of rent and utilities a low-income household could afford to pay per month in 2006 is $884. A moderate-income household could pay as much as $1,050 per month in rent and utilities without being cost burdened.

A review of newspaper ads in December 2006 and January 2007 found that, except for 3- and 4-bedroom homes for rent, the average prices on apartments and smaller homes were mostly affordable to low-income households and affordable to moderate-income households. However, the supply of lower-priced rentals (apartments and 2-bedroom homes) was much lower than higher-priced homes for rent. That is, a moderate-income renter is likely to afford to rent a 1- to 2-bedroom apartment (and a low-income household might be able to), but their choices are much more limited than if they could afford to rent a detached, single-family home.

Exhibit A-6 shows the average and median rental prices by apartment or house and bedroom size in Bonner County based on the newspaper ads, along with the percentage of renters in the county who could afford to pay the median rent plus average utilities.

Exhibit A-6.
Average and Median Rents, Bonner County, December 2006 and January 2007

	Average Rent	Median Rent	Income Needed to Afford Median Rent and Utilities	Percent of Renters who Could Afford
1 Bedroom Apt	$477	$488	$26,180	41%
2 Bedroom Apt	$710	$625	$31,680	33%
3+ Bedroom Apt	$728	$625	$31,680	33%
1 Bedroom House	$658	$663	$33,180	31%
2 Bedroom House	$728	$675	$33,680	30%
3 Bedroom House	$1,024	$1,000	$46,680	18%
4+ Bedroom House	$1,435	$1,495	$66,480	9%

Note: Income Needed to Afford column includes rent payment and average cost of utilities.
Source: BBC Research & Consulting.

Gaps analysis. To understand existing gaps in the housing supply, the housing needs study compared the number of renter households at various income levels with the number of units affordable to them (accounting for average costs of utilities). Exhibit A-7 shows the results of this comparison. As demonstrated by the Exhibit:

- In Bonner County, there are 1,374 renter households earning less than $15,000 per year, and an estimated 150 units to serve these households, leaving a gap of 1,224 units. For renter households earning between $15,000 and $25,000 year (778 households), there are an estimated 280 rental units affordable, leaving a gap of 498 units. In sum, for every five renter households earning less than $25,000 per year in Bonner County, there is one affordable unit to serve them.

- In Sandpoint, there are 654 renter households earning less than $15,000 per year, and an estimated 150 units to serve these households, leaving a gap of 504 units. For renter households earning between $15,000 and $25,000 year (360 households), there are an estimated 207 rental units affordable, leaving a gap of 153 units. In sum, for every three renter household earning less than $25,000 per year in Sandpoint, there is one affordable unit to serve them. The gap in deeply affordable units is slightly better in Sandpoint because the majority of the county's assisted rentals are located in Sandpoint.

- Renter households earning more than $25,000 per year living in Bonner County or Sandpoint find affordable units much easier to come buy, as there is more than an adequate supply in their affordability range. However, many of these units are occupied by lower-income households (earning less than $25,000), because of the shortage of units in their price range.

Exhibit A-7.
Gap in Supply and Demand of Rental Units

	Renters		Maximum	Affordable Rental Units		Rental Unit
Bonner County	Number	Percent	Affordable Rent	Number	Percent	Shortage/Excess
Less than $15,000	1,374	37%	$208	150	0%	(1,224)
$15,000 to $24,999	778	21%	$458	280	3%	(498)
$25,000 to $34,999	527	14%	$708	1,316	37%	789
$35,000 to $49,999	510	14%	$1,083	1,617	44%	1,107
$50,000 to $74,999	327	9%	$1,708	516	13%	189
$75,000 to $99,999	129	3%	$2,333	120	3%	(9)
$100,000 to $149,999	78	2%	$3,583	-	0%	(78)
$150,000+	14	0%	$6,083	-	0%	(14)
	3,737	100%		3,999	100%	262

	Renters		Maximum	Affordable Rental Units		Rental Unit
Sandpoint	Number	Percent	Affordable Rent	Number	Percent	Shortage/Excess
Less than $15,000	654	39%	$208	150	0%	(504)
$15,000 to $24,999	360	22%	$458	207	3%	(153)
$25,000 to $34,999	197	12%	$708	493	37%	295
$35,000 to $49,999	175	11%	$1,083	625	44%	450
$50,000 to $74,999	143	9%	$1,708	227	13%	83
$75,000 to $99,999	75	4%	$2,333	53	3%	(22)
$100,000 to $149,999	54	3%	$3,583	-	0%	(54)
$150,000+	12	1%	$6,083	-	0%	(12)
	1,670	100%		1,754	100%	84

Source: BBC Research and Consulting.

The exercise also compared the number and percentage of for sale units affordable to renters with renter households by what they could afford. Exhibit A-8 shows the results of this comparison. The Exhibit shows that:

- Based on sales in 2005, until a renter household is making $35,000 per year, they have very few options to purchase housing in the county. Only 11 percent of homes for sale in 2005 were affordable to households making less than $35,000 per year. This compares with 72 percent of renter households in this income range. Households earning $50,000 per year would find a little less than one-third of for sale units affordable.

- In Sandpoint, renter households earning $35,000 per year (73 percent of renter households) would find just 6 percent of the for sale units affordable to them, based on 2005 sales. Households earning $50,000 per year would find 22 percent of the units affordable.

Exhibit A-8
Gap in Supply and Demand of Units for Renters to Buy, 2005 Sales

	Renters		Maximum Affordable	Homes for Sale 2005		Cumulative	Percentage
Bonner County	Number	Percent	Home Price	Number	Percent	Percent	Gap
Less than $15,000	1,374	37%	$ 32,554	4	0%	0%	-36%
$15,000 to $24,999	778	21%	$ 71,413	42	5%	5%	-16%
$25,000 to $34,999	527	14%	$ 110,272	54	6%	11%	-8%
$35,000 to $49,999	510	14%	$ 168,560	155	18%	30%	5%
$50,000 to $74,999	327	9%	$ 265,915	276	33%	62%	24%
$75,000 to $99,999	129	3%	$ 363,201	134	16%	78%	12%
$100,000 to $149,999	78	2%	$ 557,842	97	11%	90%	9%
$150,000+	14	0%	$ 947,124	84	10%	100%	10%
	3,737	100%		846	100%		

	Renters		Maximum Affordable	Homes for Sale 2005		Cumulative	Percentage
Sandpoint	Number	Percent	Home Price	Number	Percent	Percent	Gap
Less than $15,000	654	39%	$ 32,554	2	0%	0%	-39%
$15,000 to $24,999	360	22%	$ 71,413	15	2%	3%	-19%
$25,000 to $34,999	197	12%	$ 110,272	20	3%	6%	-9%
$35,000 to $49,999	175	11%	$ 168,560	100	16%	22%	6%
$50,000 to $74,999	143	9%	$ 265,915	218	35%	58%	27%
$75,000 to $99,999	75	4%	$ 363,201	113	18%	76%	14%
$100,000 to $149,999	54	3%	$ 557,842	82	13%	89%	10%
$150,000+	12	1%	$ 947,124	66	11%	100%	10%
	1,670	100%		616	100%		

Source: BBC Research and Consulting.

Data obtained from the Bonner County Assessor's Office paint a different picture of for sale affordability at the lower price ranges. Exhibit A-9 shows the difference in the percentage of renters by income categories with the percentage of residential units that sold during 2005 and 2006 that were in the renters' price range. An analysis of sales prices of more than 2,000 residential property sales transactions in 2005 and 2006 found that approximately 40 percent of the properties were priced at a level affordable to moderate-income households. Specifically, the Assessor's data suggest the only significant gap between renters and properties available to buy occurring for properties priced at less than $33,000.

Exhibit A-9.
Gap in Supply and Demand of Units for Renters to Buy, 2005–06 Assessor's Sales Data

Bonner County	Renters Number	Renters Percent	Maximum Affordable Home Price	Sales Transactions Percent	Cumulative Percent	Percentage Gap
Less than $15,000	1,374	37%	$ 32,554	8%	8%	-29%
$15,000 to $24,999	778	21%	$ 71,413	18%	26%	-3%
$25,000 to $34,999	527	14%	$ 110,272	12%	38%	-2%
$35,000 to $49,999	510	14%	$ 168,560	17%	55%	3%
$50,000 to $74,999	327	9%	$ 265,915	21%	76%	12%
$75,000 to $99,999	129	3%	$ 363,201	10%	86%	6%
$100,000 to $149,999	78	2%	$ 557,842	7%	93%	5%
$150,000+	14	0%	$ 947,124	7%	100%	7%
	3,737	100%		100%		

Source: BBC Research and Consulting.

Cost burden. As described in the report, a household is considered to be "cost burdened" if its housing costs (including utilities, insurance and taxes) exceed more than 30 percent of gross household income.

Cost burden can be an indicator of future housing problems. If homeowners who are cost burdened cannot afford to maintain their homes, there is risk that their housing will fall into disrepair, and that the units will someday need to be demolished. Cost-burdened homeowners may also have a higher risk of foreclosure. Similarly, renters who are cost burdened may be at risk of being evicted. Cost burdened households may also "double-up" and live in overcrowded conditions to afford housing costs. Finally, cost-burdened households, regardless of tenure, are limited in the amount of income they have to cover costs of living other than housing, and may be forced to cut back in other ways (e.g., forgoing health insurance) to pay their housing costs.

Of course, households vary in their economic needs. The 30 percent cost burden definition may be realistic for some households and not for others, depending on how much discretionary income they need. A household carrying a lot of personal debt and without employer-sponsored health insurance premiums may find that they need to maintain housing payments closer to 20 to 25 percent of their gross household income. Because data on consumer finances is difficult to access at small geographic levels, an analysis of the appropriateness of the 30 percent threshold in Bonner County is not available.

The 2000 Census provides the most comprehensive data on cost burden for Bonner County and the communities within the county. Exhibit A-10 shows the number and percentage of households in the county and communities who were cost burdened in 2000.

Exhibit A-10. Percentage of Households Cost Burdened, 2000

Source:
U.S. Census Bureau, 2000.

	Overall Cost Burden	Renter Cost Burden	Owner Cost Burden
Bonner County	28%	45%	26%
Dover	23%	42%	24%
Kootenai	17%	22%	27%
Ponderay	34%	53%	26%
Priest River	29%	49%	26%
Sandpoint	33%	47%	24%

Ponderay had the highest level of cost burden overall and for renters. Except for in Kootenai, renters in the county faced high levels of cost burden, with almost half of renters paying more than 30 percent of their household incomes towards rent and utilities. Owner cost burden was much lower and more consistent across the communities—nonetheless, about one-fourth of owners in the county pay more than 30 percent of their incomes towards housing costs.

A review of cost burden data by age shows that cost burden is the highest for the county's youngest and oldest renters. The 2000 Census estimates that 66 percent of the county's seniors and 50 percent of those age 15 to 24 who rented were cost burdened (compared to around 40 percent for other age groups). In contrast, cost burden varied little for owners in different age ranges (22 to 31 percent).

The two surveys conducted for this study asked survey respondents if they were cost burdened by having them consider four different scenarios concerning how their monthly mortgage or rental payment affects their overall monthly expenditures. Respondents chose the scenario that best described their situation. Of all telephone survey respondents (representative of the county overall), 46 percent replied that their rent/mortgage payment does *not* put a strain on their overall monthly expenditures. This compares to just 28 percent of the employee survey respondents.

The employee survey respondents were also much more likely to express difficulty paying their rent or mortgage payments: 34 percent said that they need to make sacrifices to make their rent and mortgage payments, and 2 percent said they may need to move because they cannot afford their housing costs. This percentage is slightly higher than the Census' estimates of cost burden (28 percent), and are likely to be more reflective of the current housing market, since the employee survey captured many workers who had recently located in to the county.

Special Needs Housing

In every community, there are people who have special needs which can affect their housing situation. These folks might be disabled, frail elderly, fleeing domestic violence, or been evicted from their apartments and are homeless. Often, special needs populations require assisted housing. For example, many elderly and disabled residents are limited in their ability to work and generally live off fixed and usually lower incomes.

When housing costs increase, special needs residents may need to rely more heavily on assisted housing as they become priced out of private market housing. They may also need programs such as grants or loans for home improvements to assist them with repairs to their homes that they can no longer afford.

In Bonner County, there are an estimated 327 rental units to serve low income populations, including those with special needs. Exhibit A-11 lists the developments within the county, along with the populations they serve and their waiting lists, as available. The majority of these units—85 percent—are located in the City of Sandpoint. At the time of this report, the developments collectively had 26 households on their waiting lists.

Exhibit A-11.
Number of Assisted Housing Units, Bonner County

Source:
Idaho Housing & Finance Association and BBC Research & Consulting.

	Number of Units	Number Accessible	Waiting List	Population Served
Clark Fork	16		1	Elderly
Priest River	24	1	N/A	Family
Priest River	9		N/A	Elderly
Sandpoint	230	10	17	Family
Sandpoint	48	2	8	Elderly
Total	**327**	**13**		
Percent accessible		4%		

In addition to these rental units, there are two transitional housing developments and two shelters to assist persons who are homeless and at risk of homelessness. Transitional housing is deeply subsidized rental housing available to households who are homeless. Households stay in transitional housing for a limited time period while they search for affordable rental housing, find employment or receive job training and stabilize their situations.

In Sandpoint, there is one transitional housing development that serves families with children. It has 9 units and can accommodate up to 36 persons. An additional 9 units are available in scattered site locations in Trestle Creek. At the time of this study, only one of these units (available to accommodate a single woman) was vacant. The family units had a waiting list of 4 families, mostly single parents who are currently homeless and living in their cars or with friends.

Sandpoint also has shelter for women and children fleeing domestic violence situations and who are homeless. This shelter can accommodate up to 12 persons in 4 separate rooms. Another shelter exists for single men and provides 24 beds.

Service providers expressed a need for a general emergency shelter with around 15 beds in Sandpoint. In addition to such a shelter, deeply subsidized housing is needed to serve very low income households in shelters or transitional housing. Because of their low incomes and sometimes disabilities or other needs, special needs households have difficultly finding affordable housing in the private market because rent levels are too high and/or they do not have enough money available for required security deposits. They also find the paperwork and credit checks required for both assisted housing difficult to complete and intimidating (i.e., they need more assistance by providers in completing the required forms).

APPENDIX B.
Zoning and Land Use

Appendix B.
Zoning and Land Use

This section contains the review of zoning ordinances and land use policies that was conducted for the housing needs assessment. It begins with an overview of policies that are key to creating affordable housing; presents findings from the examination of the current codes and policies in Bonner County and cities/towns within the county; and concludes with examples of how zoning ordinances and land use policies in other communities have facilitated affordable housing development. The end of the section also contains examples of land donation and employer-assisted housing development efforts which were successful in creating affordable housing.

Key Components of Land Use Regulations

There are several key zoning and land use policies that are generally necessary to facilitate the development of affordable housing. These include:

- **Smaller lot sizes, setbacks.** Often referred to as "new urbanist" approaches to development, zoning codes that allow for a wide range of residential development options—including high density development—are very important for creating affordable and mixed-income housing. Reducing lot sizes (3,000 to 5,000 square feet), allowing smaller units and reducing setbacks are all appropriate strategies and are used widely to create affordable housing. Good design and the integration of public spaces into these developments creates a neighborhood feel and maintains the sense of open space within and around these development types.

- **Mixed use development.** Allowing for residential and commercial mixes of development—e.g., condominiums or rentals on top of commercial development—also creates more opportunities for affordable housing, and is an efficient and productive use of land where land is limited.

- **Density bonuses and building variances.** One of the keys to building affordable housing is lowering land costs, which is usually achieved by increasing density. For example, a developer would be able to build more units than entitled by current zoning if he/she included affordable housing as part of the development plan. Other ways to decrease development costs are to grant building variances—for example, allowing fewer parking spaces than would otherwise be required by zoning ordinances to allow more land for development. Many cities give developers the right to increase densities in their developments or grant variances from building codes in exchange for incorporating affordable housing. If a developer can add units or reduce costs of a development through height variances, reduced parking requirements, reduced setbacks and landscaping or design requirements, they can better afford to add affordable housing to the overall development plan.

- **Fee waivers.** Waiving fees that cities/towns charge for development helps lower development costs and reduces the price of housing. Some communities offer fee waivers that are proportionate to the level of affordability in a project (e.g., the more affordable the housing, the higher the fee waiver).

- **Expedited review process.** Also called "fast track approval," developments with an affordable component go to the top of the development review pile, and the review process is guaranteed to occur within a number of days and be transparent as possible. Expedited review works best in communities where the review process is lengthy.

Several other tools are also employed to facilitate affordable housing creation, but these tools are generally more controversial:

- **Accessory apartments.** Accessory dwelling units (ADUs) are housing units that are constructed above a garage or in the backyard of a residential unit. Under some ordinances, ADUs are required to be rented to workers at affordable rates.

  Allowing accessory dwelling units that could be used as rentals is likely to increase the number of affordable rentals in Sandpoint and Bonner County—but only minimally. A recent study on the use of accessory units based on a national survey of the use of accessory units in 47 communities, reported that cities with "favorable" zoning can expect to produce only one accessory unit per 1,000 single family homes per year. As an example, the City of Boulder, Colorado has produced 145 accessory units through its program during its 22-year existence, averaging 6 units per year. (Not all of Boulder's units may be used for affordable housing, since the city does not require that or track if units are developed for such use).

- **Inclusionary zoning.** Inclusionary zoning ordinances require that new residential (and sometimes commercial) developments include a certain proportion of affordable housing units. Percentage requirements vary from 10 to 60 percent, depending upon the community, and are most common in the 10 to 20 percent range. This housing can be integrated into the new development or built off site on other available land, depending upon the ordinance. Some ordinances allow fulfillment of the requirement through fees paid to a municipality or land trust ("cash-in-lieu" policies) or acquisition and redevelopment of existing properties. In general, the housing that is produced through inclusionary zoning ordinances has restrictions on resale amounts, so that the affordability of the product is preserved. These restrictions usually take the form of a cap on the amount of appreciation the seller can realize per year (e.g., 3 percent) plus the value of any improvements made.

Finally, a growing tool to reduce land costs is a **Community Land Trust.** A community land trust is used to set aside, or "bank," land to preserve it for future affordable housing development. Sometimes the land is sold and the proceeds are used to produce affordable housing in other areas of the city. In other cases, affordable housing is developed on the land, and the land is held in a long-term lease to reduce housing costs. Buyers of properties in land trusts purchase the housing structures they occupy and lease the land under the units. When sold, the buyer of the housing is able to realize their equity gain from price appreciation on their housing unit. The land stays in the lease to reduce housing costs (which are often more closely tied to land appreciation).

Community Land Trusts must be initially seeded with funding to purchase land or receive land donations. The land trusts must also be administered by city officials or nonprofit organizations that can manage the marketing, sales and legal transactions associated with the trust and affordable housing development.

IHFA resources. In addition, the Idaho Housing & Finance Association (IHFA) considers requests from local housing provider organizations or developers of affordable housing, for acquisition loans to assist in purchasing bare land or real property to be used in the construction, development or rehabilitation of affordable housing, on a case by case basis. In some cases, federal resources may be an appropriate source available to IHFA to meet the request, or loans may be available using IHFA's non-federal resources, in order to secure desirable land to facilitate future affordable housing development.

Existing Barriers

As part of this study, we reviewed the land use and zoning codes of the county and cities/towns within the county to see how the ordinances encouraged or discouraged the development of affordable housing. This review found the following barriers to such housing development:

Suburban zoning. Both the City of Sandpoint and Bonner County have relatively large lot size requirements, which are typical of suburban zoning. Such zoning may be desirable at some level, but it does not facilitate development of affordable housing. In high cost areas, reducing the cost of land through increased density is key to reducing housing prices.

Sandpoint. The City of Sandpoint's required lot size for detached, single family housing developments generally ranges between 7,100 and 10,000 square feet[1]. Front setbacks on these lots (how far back from the street a home can be built) are required to be 20 feet. Height limits for the homes are 35 feet or about 2 ½ stories.

Attached units and multifamily housing have greater densities, but have similar setback requirements and height restrictions[2]. In the city's Residential C zoning category, for example, 20 multifamily units would be allowed per acre.

The City of Sandpoint's current comprehensive plan contains several goals and policy options to allow the city to promote affordable housing development. (The City is in the process of updating its current Comprehensive Plan). In addition, the city's zoning ordinance gives the planning director authority to require alteration of a building site plan so as to "seamlessly integrate a smaller lot development within a neighborhood." The purpose of this is to allow new development adjacent to

[1] Some areas of the city are zoned for minimum lot sizes of 10,000 square feet and more. In addition, single family dwellings are a permitted use in the city's Professional and Commercial zones, with a minimum lot size of 5,500 in the Professional zone and no minimum in the Commercial zone.

[2] Front and rear setbacks are the same, but the side setbacks increase from 5 feet to 10 feet.

legally nonconforming lots (lots that were created years ago that do not conform to the current minimum lot sizes) to conform with surrounding uses.

Discussions among city leaders and planners at the workshops held for this study pointed to a lack of a formal plan—and lack of agreement that one is needed—to increase density and incorporate new urbanist development into the city, as an effort to increase the availability of affordable housing.

That said, Sandpoint recently incorporated density bonuses for planned unit developments that provide desirable features to the community, including workforce housing. Under the modified ordinance, the Planning Commission may authorize an increase in the residential density up to 40 percent of the allowable number of dwelling units. A maximum 10 percent density bonus is offered for the provision of workforce housing (the remaining bonuses are tied to landscaping, siting and design features).

This type of change is very positive. We recommend that the City's Planning Commission define workforce housing more broadly to include affordable housing, using the needs identified in this report. Specifically, rental housing should be priced at less than $425 per month, and housing to buy should be priced between $100,000 and $170,000. The amount of bonus offered should also be tied to the level of affordability of the workforce/affordable units, where deeper subsidies (rental units priced less than $425 and homeownership units priced between $100,000 and $125,000) get larger bonuses—perhaps up to 15 percent.

Bonner County. In Bonner County, "high density" zoning districts require a minimum lot size of 10,000 square feet for a single family home. The minimum lot size for a duplex is 12,000 square feet. Multifamily zoning calls for a first unit on 12,000 square feet and subsequent units on 3,000 square feet. All sites are required to provide a minimum of 65 percent of the total site in open space, free of structures.

Bonner County is currently updating its land use codes. The Draft Code includes a provision for cottage housing. The cottage housing standards require a minimum of 4 and a maximum of 12 units located in a cluster grouping. The units must have less than 1,500 square feet, and twice as many cottages are allowed on a lot as non-cottage units. For example, if a property was large enough to accommodate 3 residential dwelling units, 6 cottage units would be allowed. If implemented, this density bonus would reduce land costs for cottage units by spreading those costs over twice as many residential units. However, the County should more directly tie this density bonus to workforce housing. If the cottage units are purchased by investors, second homeowners or retirees, they will not contribute to the stock of affordable housing for workforce.

The type of zoning in Sandpoint and Bonner County is fairly standard for suburban areas. However, the current requirements do not facilitate the development of affordable workforce housing, which requires greater density. For example, splitting a 10,000 square foot lot into two 5,000 square feet lots accommodating two dwelling units would substantially reduce the cost of the housing units by lowering the cost of land[3]. Similarly, increasing the height limits for multifamily developments to between 3 and 5 stories in certain areas (commercial corridors, high density areas) would allow more

[3] Bonner County is considering a similar policy for cottage housing units, as discussed above.

units to developed on the same plot of land—increasing the supply of housing stock and using existing land wisely.

Rural zoning/Large lot sizes. Outside of Sandpoint, most areas in the county have very large minimum lot sizes and lack any incentives to facilitate the development of workforce or affordable housing.

For example, in Dover, new residential development cannot be less than three units per acre. The minimum lot size for "residential" development is 12,000 square feet; "suburban" development has a lot size ranging from 1 to 3 acres. Much of the land in Dover is zoned for agricultural and rural development.

Large lot size zoning in these communities is largely related to two factors: 1) Desire for the communities to maintain a "rural character," and 2) Lack of public sewer systems serving these areas. Larger lots are needed to provide adequate separation between septic drainfield systems and wells, to prevent groundwater/well contamination. For example, in February 2005, Bonner County adopted an ordinance that established a 2 ½ acre minimum lot size for residential parcels not served by public water and sewer systems. Parcels served by public water systems, but still using septic tanks/drainfield systems, are allowed a 1-acre minimum.

Development incentives. Except for Sandpoint, there are no incentives offered to encourage developers to incorporate workforce housing into their developments. Bonner County is considering offering density bonuses for open space conservation and cottage housing, but not specifically for workforce housing. In Sandpoint, the number of parking spaces required—2 spaces per unit—can make density difficult to achieve. A parking requirement waiver for affordable developments would facilitate greater density and affordability.

Lack of public water and sewer systems. The lack of public water and sewer systems serving much of Bonner County is a significant barrier to increasing density in the county and facilitating workforce/affordable housing development. If public systems were extended and the communities adjusted their zoning ordinances to allow smaller, truly suburban and urban size lots, this could make a significant contribution to the development of workforce/affordable housing, and go a long way in reducing the inevitable sprawl that will occur as workforce continues to seek affordable housing further into the county.

Recommendations For Land Use/Zoning/Planning Changes

We recommend the City of Sandpoint, Bonner County and the communities within the county take the following steps to make their zoning ordinances and land use codes more encouraging of affordable housing development.

Allow for increased density in municipalities/urban growth areas. Increasing the allowed density of residential developments would facilitate the construction of a larger number of housing units on smaller lots. In a land constrained market with escalating costs of land and property values, adding to the supply of housing will help address demand. This will, in turn, help housing prices stay lower, provide opportunities for workforce housing and reduce sprawl and commutes of workers.

Increasing allowable densities will alter the very suburban, rural feel of many of the areas in Bonner County. However, if done appropriately—using good design standards, preservation of open/community space and incorporating a mix of housing sizes and types—the communities can both maintain a rural nature and develop in a way that accommodates housing demand, reduces congestion and mitigates sprawl.

Exhibit B-1 compares the minimum lot sizes in Sandpoint and Bonner County with minimum lot sizes in similar communities. As the Exhibit demonstrates, the minimum lot sizes of 7,100 to 10,000 square feet in Sandpoint are larger than peer communities which have purposely reduced lot sizes to facilitate workforce housing. For the county, comparable counties—Eagle County and Summit County, both in Colorado—have smaller lot requirements in their high density districts, with lot sizes of between 6,000 and 7,260 square feet. Blaine County, Idaho's minimum sizes are similar to Bonner County's.

Exhibit B-1.
Minimum Lot Sizes by Development Type

	City of Sandpoint	Bonner County	Hailey, Idaho (General Residential)	Missoula, Montana (High Density)	Durango, Colorado (High Density)
Single Family Detached	7,100 - 10,000	10,000	6,000	5,400	4,000
Duplex	7,100 (1 unit) - 5,325 (per unit, 2 units)	6,000 per unit	10 lots/acre (4,350 per lot)	5,400 per unit	7,500 per two units (3,750 per unit)
Townhome	Generally 3,525	12,000 for first unit; 3,000 thereafter*	10 lots/acre (4,350 per lot)	Varies by unit size, 1,000 to 3,600 sq. ft. per unit	No minimum required
Condo	Up to 30 units/acre	12,000 for first unit; 3,000 thereafter*	10 lots/acre (4,350 per lot)	Varies by unit size, 1,000 to 3,600 sq. ft. per unit	No minimum required
Density Bonus for:	Workforce Housing - 10 percent	PROPOSED: Cottage Units - 2x number of dwelling units Open Space/ Public Access			

*Note: Bonner County does not have a townhome or condominium option; these densities reflect those for the county's general multifamily category.
Source: BBC Research & Consulting and the land use and zoning ordinances in the respective communities.

Exhibit B-1, in an attempt to summarize the primary zoning governing land development, does simplify actual zoning a bit. For example, some areas of Sandpoint are zoned with minimum lot sizes of more than 10,000; one zone has a 2-acre minimum. On the flip side, smaller lot sizes are allowed for single family homes in the city's Professional and Commercial zones.

Zone districts to allow more multifamily rentals. Much of the rental stock in the county is in the form of detached, single family homes. These units carry higher rental and utility costs. Allowing more multifamily units will give renters in the county more housing options, which are much needed at the most affordable level.

Create incentives for developers. Private market developers have few market incentives to produce affordable housing in high-demand markets. Some developers will find a market niche in producing affordable housing, but this usually occurs once the higher ends of the market begin to soften. In the absence of requirements or incentives to produce affordable housing, private developers are unlikely to meet existing need. If the incentives are properly designed and equitably applied among developers, there is really no downside to creating development incentives for affordable housing.

We recommend that the cities/towns and Bonner County offer incentives for developers in the form of density bonuses and building variances to help offset the costs of affordable housing development, thereby decreasing the prices of the homes and/or rental units developed.

Plan for increasing affordable housing opportunities at a regional level. The City of Sandpoint is constrained in its opportunity to grow and accommodate future workers. Developable land within the city boundaries and annexation opportunities are limited. It is imperative that the City of Sandpoint, Bonner County and the other communities within the county engage in regional planning around affordable housing in order for the supply of housing to keep up with demand from future workers.

We recommend that the City of Sandpoint and Bonner County partner to create a regional planning task force, with the goal of better communicating and coordinating planning and development efforts. This group should also create workforce housing unit targets in each community and countywide to address existing and growing workforce housing needs.

Why plan regionally? In the absence of a regional approach to addressing housing needs, development will occur where there is opportunity (land, zoning) and the desired return/profit. As long as there is land and demand for larger lot, scattered-site homes, developers will continue to respond to this segment of this market. As land is converted to development, developers will move further out into the county seeking available, vacant land. Under this pattern of housing growth, less expensive development will be placed in areas where land costs are lower, generally further away from desired amenities and services.

Without some integration of mixed-income housing, affordable to the workforce into the county, new employees will be need to "drive until they qualify" to find housing to buy. Rental housing is likely to continue to be scattered throughout the county, in the form of detached single family homes not occupied by owners/investors and mobile homes.

An example: The City of Sandpoint is the largest incorporated municipality in the county, and the location of many of the county's jobs. The city also has relatively limited opportunities for future development. If Sandpoint is unable to provide additional affordable housing within the city, as jobs continue to grow, workers will need to seek housing outside of the city limits. (According to the employee survey, many do this now). If the surrounding communities do not provide affordable housing, workers will need to find housing further and further from their areas of employment. This lack of planning (in the absence of a large market shift) generally creates a "leapfrog" approach to development, with employment centers at the core and affordable housing located further and further beyond the more expensive areas of housing—which tend to surround the nucleus of employment, amenities and services.

An often and unintended consequence of lack of planning is that some cities/towns end up providing more than what they perceive is their "fair share" of affordable housing. These cities/towns are then likely to focus on increasing the supply of higher end development to remain competitive with higher-end communities. Affordable housing is then pushed out even further into newer, less developed towns (and the cycle repeats itself).

Another, more visible, consequence is increased traffic and congestion as workers find themselves with longer and longer commutes. Initially, workers bear the cost of sprawl in the time they pay commuting. Eventually, investments in transportation infrastructure are needed to accommodate the growing number of cars on the roads.

Individual cities and towns can address this problem independently, setting goals and a strategy for serving their residents and workforce and bringing their markets closer to being balanced. However, housing markets do not exist in vacuum, and development and commuting patterns of the workforce in one area are determined by the availability of housing in surrounding areas.

Approach. The best approach to regional planning is for each city/town to agree on housing a certain proportion of the current and future workforce, recognizing that residents also have preferences for housing and that the cities/towns cannot dictate where workers will live. The key is to create opportunities for workers to live closer to work if they so desire. This would require the following steps:

- Project the number of new jobs by city/town that will be created in the next 10 to 15 years, using historical growth from the Idaho Department of Commerce and Labor and the employer surveys collected for this study (supplementing these by collecting additional employer surveys). Estimate the number of jobs held by each worker[4].

- Determine a maximum length of commute that the cities/towns would like the workers to experience (e.g., 20 to 30 minutes). Determine the ideal number of workers to be housed in and surrounding the areas of employment.

- Estimate the number of housing units needed for each area by grouping the workers into appropriate household units. For example, seasonal workers may live in dorm-style housing.

- Set goals for the number of housing units desired in each city/town.

- Engage the development community in the discussion about affordable housing provision and how they can be part of the solution. Agree on offering incentives and/or requirements for developers to build affordable housing.

The cities/towns should also work together to develop a joint package for developers interested in developing affordable housing, describing incentives offered by the cities/towns, resources available at the state level (how to apply for these resources, how the cities/towns can assist them in getting favorable loans for development).

[4] We used 1.2 jobs per worker for this study.

Regional planning example. The Rural Resort Region (RRR) planning effort in Colorado is a strong example of regional planning around workforce housing. In 2003, RRR held a regional summit to discuss the problem of housing workforce in Colorado's resort communities. The summit resulted in a series of recommendations for future actions, which included the following:

- Maintain a database and GIS map of vacant publicly owned land that could be utilized for affordable housing;
- Develop and maintain a master list of polices and ordinances appropriate for housing efforts, as well as successful case studies about workforce housing;
- Educate elected officials using information from the RRR Summit, and become an advocate and voice for housing issues at the local, regional, state and federal level;
- Initiate a dialogue with the Forest Service and Bureau of Land Management to discuss cooperative efforts with local governments for obtaining land for workforce housing development;
- Challenge each municipality to initiate at least two regulatory changes or modifications to remove barriers to affordable housing development.

The RRR has also taken a lead role in encouraging employers to become involved in employer-assisted housing efforts. The RRR produced a guide to employer-assisted housing titled "Housing Your Workforce: A Resource Guide for Colorado Rural Resort Employers," http://www.nwc.cog.co.us/Rural%20Resort%20Region/Rural%20Resort%20Region.htm.

Other tools. And, a tool that we *do not recommend* at this point, but may be feasible in the future:

Inclusionary housing ordinances. If inclusionary zoning were passed in the City of Sandpoint, it would modestly affect housing needs in the city. A November 2005 build out analysis conducted at part of the city's development impact fee program/capital improvement plan estimated that there were approximately 1,038 future dwelling units to be developed in the city under current land use patterns. If 10 percent of these units were developed as affordable housing, approximately 104 units of affordable housing could be produced.

The potential for affordable housing production is much greater in the geographic areas surrounding Sandpoint (the "area of impact"). Approximately 11,600 future dwelling units are expected to be developed in this area. If 10 percent were developed as affordable housing, about 1,160 affordable housing units could be added to the area's housing stock.

Inclusionary zoning, therefore, could contribute to the provision of affordable housing in the county. The largest downside to inclusionary zoning is that the policies are often contentious and resisted by the development and real estate community. Developers often see inclusionary zoning as an unfair tax burden on them. It is unlikely that inclusionary zoning ordinances would be looked upon favorably in many areas within Bonner County, and would likely be difficult to adopt.

Density and Affordable Housing Examples

This section contains examples of successful affordable housing products that have been developed using density bonuses, mixed-income and mixed-unit housing and land preservation.

Wellington Neighborhood. The Wellington Neighborhood in Breckenridge, Colorado is one of the best examples of a master-planned, workforce housing community in a resort area. The neighborhood was created by a private developer who had a vision to create affordable, attractive mountain housing. The biggest challenge, according to the developer, was the Town's "land use regulations…which prohibited some of the design elements that give the neighborhood its charm: setbacks, alley widths and road widths, to name a few." [5]

Purpose. Wellington was designed to provide affordable, for-sale housing for the workforce in Breckenridge and Summit County, Colorado. The majority of the homes—98 of the 122 total—are deed-restricted. Twenty-four (20 percent) are market rate. The homes are only available to full-time residents who work at least 30 hours per week in Summit County. The Wellington Neighborhood is governed by the Wellington Homeowners Association, which includes a design review committee.

Home sizes and prices. Homes range in size from 1,000 to 2,000 square feet. They include detached single-family homes and townhomes. Pricing ranges from $220,000 for deed-restricted homes to more than $480,000 for market rate homes.

Lot sizes vary from approximately 3,800 square feet to 5,800 square feet, with most being around 4,000 square feet.

The deed restriction limits the amount of appreciation an owner can realize upon sale of the home. This ensures that the units are affordable to the next buyer. Price appreciation is limited to 3 percent per year, or the percentage increase in the area median income (AMI), whichever is greater.

Development challenges and successes. One of the largest barriers to developing workforce housing in Breckenridge is the high cost of land. The development team kept costs down by acquiring property in unincorporated Summit County, contiguous to the Town of Breckenridge.

The county's zoning ended up being the largest barrier to development. The zoning on the site only allowed four homes. After years of public debate about the project, the Town of Breckenridge agreed to annex the property and permit a total of 122 units. Town leaders also accepted the developer's vision of a dense, new urbanist design. And, the Town provided important subsidies worth about $1 million by waiving of inspection, annexation, and development-review fees worth about $7,500 per unit, and of a 1 percent transfer tax worth approximately $2,500 per unit.

[5] *Cottage Living*, http://www.poplarhouse.com/awardsPress_print.htm.

Third Street Cottages[6]**.** This Langley, Washington development was built in 1998. Langley is located in a small town on Whidbey Island in the Puget Sound, and is home to approximately 1,000 people.

Before the development was created, rural zoning in the area allowed one dwelling unit per 5 acres, in an attempt to preserve the rural nature of the community. However, this zoning had the effect of fragmenting the landscape and increasing public service and infrastructure costs. Within town boundaries, zoning allowed for 4 to 6 dwelling units per acre (roughly 7,300 to 11,000 square foot lots).

The town adopted a "Cottage Housing Development" ordinance to expand housing options in the town and surrounding area. The CHD ordinance doubled the allowable density to 12 homes per acre, basically letting developers build detached single family homes at densities previously allowed only for duplexes. The homes built under the ordinance are small—they cannot be more than 975 square feet (650 on the first floor) and lower in height than homes on full-size lots. The homes are designed with high ceilings, large windows and skylights to let in plenty of natural light; the homes also contain walk-in closets, attics, built in shelves and porches for storage space. In addition, the homes are adjacent to a common area and have parking spaces hidden from the street; there are 1.25 parking spaces required per unit.

The cottages initially sold for between $140,000 and $150,000.

Land Donation Examples

Casa del Maestro. Casa del Maestro (literally translated as "house of the teacher") is a 40-unit apartment complex developed in Santa Clara, California, which is rented exclusively to teachers in the Santa Clara Unified School District. The school district built and owns the development to provide affordable housing to its teachers.

Although this program contains rental units only, it is a model that could be easily employed to create for-sale housing or a mix of housing tenure. It also demonstrates a unique partnership between the school district and a private-sector developer, who was in the business of developing luxury housing in the area.

The program arose due to the school district's difficulty in attracting and retaining teachers. In the late 1990s, the school district was experiencing five-year attrition rates of more than 300 percent. Leadership within the district determined that the cost of attrition was higher than the cost of providing affordable housing to teachers.

The site and development process. The school district owned a 2.16-acre surplus site adjacent to an existing school. The school district decided to dedicate this site to the development of Casa del Maestro. Owning the land was a huge factor in keeping development costs down and keeping the apartments affordable. Apartment complexes surrounding the site served as the design guideline for the developer of the property.

[6] *Creating Great Neighborhoods: Density in Your Community.* Local Government Commission, EPA, National Association of Realtors. September 2003.

The developer of Casa del Maestro was a regional provider of luxury housing. The developer agreed to trade a lower return for the satisfaction and public acknowledgement of having provided a community service in the form of affordable housing. The developer proposed to act as the project developer in return for reimbursement costs of project management—but not additional fees or profit. The primary "return" to the developer was a strengthened relationship with the school district and the city and county of Santa Clara.

Development funding and operations. The project was funded through bonds issued by the school district. Rents were set at the minimum amount that would be required to cover actual operating costs, debt service on the bonds and a small reserve fund. This resulted in rental rates for a one-bedroom unit of $650 to $730, about half the regional average for one-bedroom rents. The rental contract is contingent upon employment with the school district, and the maximum length of time tenants are allowed to live in the units is 5 years. It is hoped that within this timeframe, teachers will be able to build savings and purchase a home. Renters have access to homebuyer counseling and assistance programs provided through the city government.

Lessons learned. Several lessons were learned from this unique project that can be employed in other cities:

- Land dedication by the school district was crucial to building the affordable housing. Many municipalities, school districts and other agencies have surplus parcels of land that could be used for developing all types of affordable housing.
- This housing model—called constituent group housing—could be employed to other members of the local workforce, including police officers, firefighters and municipal employees.
- Professional workforce housing must replicate the amenities, location and quality of market-rate housing. Highly trained professionals demand (and deserve) a high quality of life from their homes.
- In cases where an agency owns housing that is rented to its employees, a third party property manager should handle the leasing and upkeep of the property. This ensures that the owner/employer is kept at an "arm's length" from the tenant/employee.

Pitkin County, Colorado. In this very high-cost area—where Aspen is located—teachers find it almost impossible to purchase or rent housing without substantial assistance. The City of Aspen and the school district have partnered to create housing opportunities for teachers and school district workers. The school district's financial contribution to the developments—e.g., land donation—entitles the district to a proportionate share of the rental and/or for-sale housing developed on the site. The Aspen/Pitkin County Housing Authority oversees and administers the housing program for the district, in addition to a number of programs for employees of the city and county. The Housing Authority's well-developed guidelines of program administration can be found online at http://www.aspenhousingoffice.com/GUIDELINES_06/guide2006_04_28_06(1).pdf.

Employer Assisted Housing Example

Marshall Parkway. To address labor shortages, a nonprofit development organization joined with a large local employer—Schwan's Food Company—to develop affordable housing for company employees and encourage the retention of workers.

Marshall is a small community (population of 12,735) located in southwest Minnesota. Schwan's Food Company is the largest employer in the area, having 2,500 employees. In the late 1990s, Schwan's and other employers in Marshall were having difficulty recruiting employees and had labor shortages.

Organization and administration. At the same time, the Marshall Area Plan was being developed. The committee tasked with overseeing the plan identified the lack of affordable housing as a key barrier to sustainable economic development in Marshall. A subsequent study of housing needs confirmed the shortage of residential housing, and concluded that the local workforce was being priced out of the market. The Marshall Economic Development Agency (MEDA) became examining strategies for developing housing that would be affordable to families earning between 50 to 80 percent of the median income. MEDA found and engaged an existing nonprofit housing developer—the Southwest Minnesota Housing Partnership or SWMHP—to develop a plan for housing development.

Design and development. MEDA and SWMHP began evaluating potential development sites in 2000. They located an appropriate site near downtown Marshall. The City purchased the land with funds derived from a tax increment financing (TIF) bond issue. Construction was planned in two phases, with sales from housing developed in the first phase helping to fund the second. Phase 1 consisted of 42 single-family lots and 18 rental townhomes. The overall design of the development called for a mix of housing: 78 single-family units, three duplex lots and two multifamily buildings (one 18-unit, one 30-unit). Homes had different looks, ranging from ranch, neocolonial and split-level, some with front porches. The affordable units had slightly lower square footage and less expensive finishings inside. The site plan was designed to integrate into the surrounding neighborhood with the goal of stimulating more residential development.

The program's success has prompted the City to develop another phase, Marshall Parkway II.

Financing. MEDA's involvement in the project meant that funding could be leveraged from several sources, including the Minnesota Housing Finance Agency and Schwan's Food Company. Funds from these organizations were used for construction. (As stated above, the City purchased the land using TIF). SWMHP's role was to find and market financing products (e.g., downpayment assistance, low-interest mortgages) that would enable homeowners to purchase units in the development. The units were marketed through "word of mouth" and with open houses. In addition, Schwan's sent out information about the development in employees' paycheck envelopes.

Lessons learned. Several lessons were learned from this unique project that can be employed in other cities:

- Employer-assisted housing is feasible—and is probably a better fit—in smaller towns, because of the close relationships between employers, local governments and citizens. There is also a potentially greater need for companies to play a role in providing affordable housing in smaller markets because fewer inexpensive housing options are available there.

- TIF bonds that were used to purchase the land for the development, helped reduce the cost of land acquisition, a savings which was passed on to homebuyers.

- Town officials realized tat they did not have the institutional capacity to develop a successful affordable housing strategy on their own, and therefore, partnered with SWMHP.

The involvement of a major employer was critical to the process. Besides contributing financially to the project, Schwan's involvement added credibility and helped legitimize the concept of affordable/workforce housing development in the community.

APPENDIX C.
Employer Survey

Appendix C.
Employer Survey

This appendix contains the results of an employer survey that was conducted for the Bonner County Housing Needs Assessment.

Effects of Housing Costs on Employment

To analyze how the housing market in Bonner County affects employers, we collected and analyzed surveys from area employers. A total of 39 employers participated in the survey effort. Together, these employers provide jobs to more than 3,000 full-time equivalent jobs in the county[1]. The industries represented by the employer surveys are diverse, and include professional and financial services, education, tourism, health care, retail, real estate and manufacturing. Occupations represented include sales, bookkeeping, engineers, assemblers, teachers, bankers, real estate professionals, housekeeping, middle and upper management, nurses and civil servants.

The wages paid by the employers represented in the surveys were also wide-ranging, from a low of $4.50 per hour to more than $100,000 salaried. Most wages were hourly. The largest proportion of hourly positions paid $20 to $35 per hour (51 percent), followed by $10 to $19 per hour (31 percent). The remainder (18 percent) paid less than $10 per hour. When the employers answered questions about the housing needs of their employees, it is these hourly employees who are largely represented in their responses.

What are the effects upon employers? As part of the survey, employers were asked how the changes in the housing market during the past 5 years have affected their ability to recruit workforce. The vast majority of employers—85 percent—said the changing market has affected their ability to recruit workforce negatively or very negatively (24 percent negatively, 61 percent very negatively). Sixteen percent said the changes in the market had positively affected their ability to recruit workforce.

Exhibit C-1.
"How has the change in the market during the past five years affected your ability to recruit workers?"

Very Negatively	24%
Negatively	61%
Positively	13%
Very Positively	3%

Source:
Employer surveys and BBC Research & Consulting.

What can their employees afford to pay in housing costs? Some employers provided information on the rent and home prices needed by their employees. Rent levels ranged from $850 to $1,000 per month; homes needed to be priced under $200,000.

[1] The Idaho Department of Commerce and Labor reported 14,366 total wage/salaried workers employed by businesses and organizations that are subject to unemployment insurance as of fourth quarter 2005. The employer survey data collected for this study collected full time equivalent (FTE) employees. If employees average 1.2 jobs, the employer surveys captured an estimated 25 percent of FTE positions in the county.

Employers were also asked to characterize their workers' experience finding housing in Bonner County. Exhibit C-2 shows that the vast majority of employers said their workers have a difficult or very difficult time finding the housing they need.

Exhibit C-2.
"How would you characterize your workers' experience finding housing?"

Source:

Employer surveys and BBC Research & Consulting.

	Rental	Homeownership
Very Difficult	26%	44%
Difficult	54%	44%
Easy	21%	11%
Very Easy	0%	0%
Percent Difficult/Very Difficult	79%	89%

Some employers offered reasons for why their employees had difficultly finding affordable housing. The top reasons included:

- Lack of rental units priced at less than $400 per month. Units that exist are in poor condition and overpriced. There is not enough supply of such units to keep rents down.
- Lack of affordable, entry-level housing with restrictions on investor purchases. "Price to buy is way too high for what a company can pay."
- Lack of affordable housing close to Sandpoint (where employers are located).
- Land use codes prohibit high enough density, which is needed to develop affordable housing.

Matching the wage data with what employees could afford based on industry standard shows that hourly employees earning less than $10 per hour need rental housing priced at less than $425 per month (not counting utilities). Employees paid between $10 and $19 per hour need rental housing priced at between $425 and $945 per month. They could pay up to $157,400 to buy a home. Employees with hourly wages of between $20 and $35 could pay up to $1,725 in rent and $287,000 to buy a home.

Exhibit C-3 shows affordable rents and home prices by wage level.

Exhibit C-3.
Affordable Rents and Home Prices, Employees

Wage rate, hourly employees	Number of Employees	Equivalent Salary	Affordable Rent	Affordable Home Price
< $10/hour	203	$0 to $20,800	$425	$ 70,779
$10 to $19/hour	335	$20,801 to $41,600	$945	$ 157,378
$20 to $35/hour	545	$41,601 to $72,800	$1,725	$ 287,278

Source: Employer surveys and BBC Research & Consulting.

Comparing these affordability levels with the rental market as represented by recent newspaper ads demonstrates that employees earning more than $15 per hour are likely to be able to find affordable rentals (mostly homes for rent), but employees earning less than $10 per hour would have a fairly difficult time finding affordable rental units available.

Most of the employers surveyed pay their employees an adequate hourly wage to enable them to rent at market prices: approximately 51 percent of employees earned more than $20 per hour, allowing them to afford rental units priced at more than $945 per month. An estimated 15 percent of employees earned between $15 and $20 per hour, enabling them to rent at between $685 and $945 per month.

Employees earning less than $15 per hour (18 percent of the employee wages reported by the employers) are likely to have difficulty finding available, affordable rental housing. In general, employees earning $10 per hour need to be earning at least 50 percent more than they are to afford market rate rental housing (unless they are sharing housing with others).

Employees earning less than $20 per hour would find it difficult to buy housing in Bonner County. In 2005, about one-third of sales reported by the MLS would have been affordable to employees earning less than $20 per hour. Employees earning $10 per hour would find just 5 percent of all sales affordable.

Housing future workers. In the next *five* years, the employers surveyed estimate they will add about 600 workers to their companies, in aggregate. During the next *10* years, these employers will add approximately 1,000 workers—or an average of 100 per year.

Most of the employers surveyed expect to have similar wage distributions as they do currently. However, the largest employers project the strongest growth in lower-paying, service jobs. Some employers wrote that they hope to be able to raise wages somewhat to accommodate cost of living increases in the county. If their wage projections are accurate, between one-third to half of new employees would earn wages that would qualify them as low-income.

As mentioned above, the employer survey data collected for this study represents approximately 25 percent of covered employment in the county. Since 2000, total employment in the county has grown from 11,003 in 2000 to 14,168—or at an average of more than 500 jobs per year. The job growth projections reported by the employers who contributed surveys to this study are therefore between 20 and 25 percent of the likely employment growth that could occur in the county, if growth in the next 10 years is similar to the past five.

With that projection, can we then estimate how many rentals or housing units will be needed to house those new workers? Examining job growth by wage category can assist with determining future housing needs. For example, if most of the future jobs in an area pay low wages, future housing needs are likely to be at the lower price range, all other things being equal. One limitation of this exercise is that household formation and change—people getting married or divorced and having or not having children—can have a large effect on housing preferences and affordability. A teacher starting his first job might have a very difficult time finding a home to buy in his price range until he marries someone who is employed as a tax attorney, at which point housing affordability becomes much less of a concern.

Nonetheless, employment growth is important as a baseline indicator of future housing need. The employment projections in the next 10 years that were estimated by the employers contributing to this survey can be thought of as a lower-bound estimate of growth. Given these estimates, in the next 10 years, housing will be needed to accommodate approximately 1,000 new positions (240 of which will be seasonal). Some of these workers will occupy the same housing units. If we assume that each housing unit has 1.5 non-seasonal workers, then, in 10 years, approximately 500 units will be needed to accommodate the growing non-seasonal workforce *of the employers surveyed.* Additional units will be needed to accommodate the 240 new seasonal workers.

Based on the wage information submitted by the employers and their projected distribution of new employment positions, about half of the new non-seasonal workers would need rental units priced between $425 and $945, or for sale units priced less than $157,000 (in today's dollars). Another half would need housing with rents ranging between $945 and $1,725, or for sale units priced between $157,000 and $287,000. Seasonal workers would need units affordable at less than $425 per person per month.

Where in the county or out of county would their new employees have to live [and commute to work]? New workers earning less than $10 per hour would need to find below-market rate rental units, or share market rate units with roommates or other wage earners. Currently, most of the subsidized (most affordable) rental units in the county are located in Sandpoint.

Workers earning more than $10 per hour would find market rate rentals easier to come by, but buying would be difficult. Based on the 2005 sales data from the MLS, the Priest River area would have the most affordable housing for workers earning between $10 and $20 per hour to buy. Workers in the $20 to $35 wage range (mostly those at the higher end) could find some housing in Sandpoint affordable, in addition to Sagle. The incomes needed to afford the median- and average-priced for sale housing in other parts of the county are higher than what the majority of the new workers would be earning.

Appendix D.
Resident Survey

This is the fourth of the appendices that accompany the Bonner County Housing Needs Assessment. This appendix reports the results of two surveys that were conducted for the housing study—a statistically significant telephone survey of Bonner County resident households, and a mail survey of employees in the county.

Resident Surveys

Two separate surveys of residents were conducted for the housing needs study. The first, a statistically significant telephone survey of Bonner County residents, was conducted in September 2006. Two hundred and fifty residents living within the Bonner County limits who were full time residents were interviewed. The households selected for the survey were chosen through a random digit dial process. The residents were asked about their current housing situation and their community's current and future housing needs. All of the surveys were conducted in English.

The second survey effort—a written survey with questions that matched the telephone survey—was distributed to employees in Bonner County. A total of 478 surveys were returned.

This section of the Appendix reports the results of both surveys, comparing and contrasting the data where appropriate. In general, the telephone survey is more representative of the county's more established, older residents. The employee survey is more representative of employees who have recently moved to the county. Each of these populations have unique and different housing needs, as shown by the survey data that follow.

Household characteristics. This section compares the household characteristics of respondents to each of the surveys, and, where available, examines how well the survey samples represented the population of the county overall.

Place of residence. All respondents of the telephone survey were living within Bonner County when the survey was completed. The majority of the telephone survey respondents—62 percent (154 respondents)—lived in Sandpoint, as show in Exhibit D-1. This compares with 46 percent of the employee survey respondents who lived in Sandpoint. The telephone survey was more representative of Priest River than the employee survey, while the employee survey had more representation from residents in the unincorporated county.

Exhibit D-1. Place of Residence, Survey Respondents

Source:

Bonner County Resident Survey September 2006, Employee Survey 2007 and BBC Research & Consulting.

	Telephone Survey Respondents		Employee Survey Respondents		2005	
	Number	Percent	Number	Percent	Population	Percent
Dover	3	1%	9	2%	479	1%
Kootenai	21	8%	19	4%	480	1%
Ponderay	6	2%	5	1%	697	2%
Priest River	49	20%	11	2%	1,909	5%
Sandpoint	154	62%	217	46%	8,105	20%
Unincorporated or balance of County	17	7%	215	45%	29,238	71%
Total	**250**	**100%**	**476**	**100%**	**40,908**	**100%**

Sixty percent of the telephone survey respondents had lived in their city or town for over 10 years, compared to 34 percent of the employee survey respondents. Five percent of the telephone respondents had lived in their town less than one year, compared with 18 percent of the employee survey respondents. As such, the employee survey data is more representative of residents who have recently relocated to Bonner County—and their experience finding housing.

Telephone respondents who had lived in the area less than 10 years were also asked where they moved from. Of the 75 respondents, one fourth were from California, 21 percent were from elsewhere in Idaho, 15 percent were from Washington, an additional 19 percent moved from surrounding/nearby states, and the remaining 20 percent were throughout the United States.

Employee survey respondents were more likely to have relocated from other parts of Idaho or the Northwest (about 50 percent had relocated from these areas).

Age. In the telephone survey, survey respondents had to be at least 18 years of age to participate in the survey. (Since the employee survey was distributed to employees, it is assumed that respondents were of legal working age).

The ages of the telephone respondents ranged from 23 years to 93 years; employee survey respondents ranged from 21 to 88. The average age of the householder reported by the telephone survey respondents was 57.5 years. The average age of the householder of the employee survey was 48 years.

Disability. Survey respondents with disabilities were proportionately represented in the telephone survey data compared to 2000 Census data. Twenty-two percent of survey respondents (56 persons) responded "yes" when asked if they or any member of their household had a disability. Census data indicated that 20 percent of the total population in Bonner had a disability[1].

The employee survey slightly underrepresented persons with a disability, as 13 percent said they or a member of their household had a disability.

[1] This does not compare exactly since the survey reports households with any member of their households with a disability and the Census reports the number of persons with a disability.

Household size. Survey respondents also provided the number of members in their households, including themselves. For the purpose of this survey, it is assumed that a large household contains five or more persons. Of telephone survey respondents, the most prevalent type of household was a 2-person household, comprising 42 percent of respondent households. The employee survey had a similar percentage of 2-person households at 39 percent.

Both surveys represented fewer 1-person households and slightly more large households compared to the proportions reported for 2005, based on the 2000 Census. Exhibit D-2 displays the household size of the households represented by the survey respondents.

Exhibit D-2.
Household Size, Survey Respondents

Source:

Bonner County Resident Survey September 2006, Employee Survey 2007 and BBC Research & Consulting.

	Telephone Survey Respondents		Employee Survey Respondents		2005
	Number	Percent	Number	Percent	Estimate
1-person household	39	16%	67	14%	25%
2-person household	106	42%	185	39%	40%
3-person household	33	13%	81	17%	14%
4-person household	35	14%	91	19%	12%
5+person household	37	15%	49	10%	9%
Total	**250**	**100%**	**473**	**100%**	**100%**

Thirty-eight percent of the households responding to the telephone survey had children, compared to 49 percent of the employee respondents. Six percent of the telephone respondents were single-parent households, compared to 5 percent of employee survey respondents.

Household income. Fifty-nine percent of telephone survey respondents and 50 percent of employee survey respondents had household incomes of less than $50,000, which is slightly less than the 64 percent estimated for 2005.

The telephone survey captured a lower income distribution than the employee survey. The median income of the telephone survey respondents was about $37,500. The median income of the employee survey respondents was about $50,000. These compare to a countywide median family income of $44,200 in 2006.

Exhibit D-3 on the following page displays respondents' income categories compared to the income estimates.

Exhibit D-3.
Household Income, Survey Respondents

Household Income	Telephone Survey Respondents Number	Telephone Survey Respondents Percent	Employee Survey Respondents Number	Employee Survey Respondents Percent	2006 Estimates
Less than $15,000	19	10%	17	4%	18%
$15,000 to $24,999	37	19%	44	10%	15%
$25,000 to $29,999	29	15%	64	14%	9%
$30,000 to $49,999	30	15%	101	22%	22%
$50,000 to $74,999	50	25%	114	25%	20%
$75,000 to $99,999	19	10%	72	16%	8%
$100,000 or more	16	8%	49	11%	8%
Total	**200**	**100%**	**461**	**100%**	**100%**

Source: Bonner County Resident Survey, September 2006, Employee Survey 2007 and BBC Research & Consulting.

Employment and commute. Thirty-three percent of the telephone survey respondents were retired; 64 percent responded that they work; and the remaining 3 percent did not work. All of the employee respondents worked, and most (94 percent) worked full time. In 50 percent of the households represented by the employee survey, more than one adult worked. About 13 percent of the employee surveys represented households where the household members collectively worked more than two full time jobs.

Twenty percent of the telephone survey and 19 percent of employee survey respondents said that one or more persons in their household work more than one job.

Exhibit D-4 shows the commute times of the respective survey respondents. The commute times reported were similar across the surveys, with the majority of respondents having commutes of less than 20 minutes.

Exhibit D-4.
Commute Time, Survey Respondents

Source:

Bonner County Resident Survey, September 2006, Employee Survey 2007 and BBC Research & Consulting.

	Telephone Survey Respondents		Employee Survey Respondents	
	Number	Percent	Number	Percent
Less than 10 minutes	57	39%	201	43%
10 to 20 minutes	46	31%	130	28%
21 to 30 minutes	25	17%	69	15%
31 minutes to 1 hour	12	8%	52	11%
1 hour or more	6	4%	14	3%
	146	**99%**	**466**	**100%**
Less than 20 minutes		70%		71%

Housing situation and needs. This section reports survey respondents' answers to questions about their housing situation, satisfaction with their current housing and the housing needs of their community.

Housing type. The majority of survey respondents lived in detached, single family homes. Exhibit D-5 shows the type of housing occupied by the respondents, and if they owned or rented.

Exhibit D-5.
Type of Housing Occupied by Survey Respondents

Source:

Bonner County Resident Survey, September 2006, Employee Survey 2007 and BBC Research & Consulting.

	Telephone Survey Respondents		Employee Survey Respondents	
	Number	Percent	Number	Percent
Single-Family Detached	225	90%	376	81%
Townhome/Condo/Duplex	8	3%	14	3%
Apartments	10	4%	18	4%
Mobile Home/Manufactured Home	8	3%	58	12%
	250	**100%**	**466**	**100%**
Own	214	86%	368	80%
Rent	36	14%	91	20%
	250	**100%**	**459**	**100%**

Many renters captured in the survey had lived in their current homes or apartments for more than one year (54 percent of telephone respondents who were renters and 48 percent of employee survey respondents who were renters).

Rent or mortgage payments. Forty percent of the telephone respondents and 22 percent of the employee respondents owned their homes outright, and, as such, did not have a monthly mortgage or rent payment.

Exhibit D-6 shows the distribution of all respondents' housing payments (both rent and mortgage). The employee respondents had a higher distribution of rent and mortgage payments. Since the employee respondents have lived in their homes for a shorter period than the telephone respondents, their payments are more representative of the current market. The difference in the distributions reflects the rising housing costs that the area has experienced.

Exhibit D-6.
Monthly Rent or Mortgage Payment, Survey Respondents

Telephone Survey Respondents

	Owners	Percent	Renters	Percent	All Respondents	Percent
$100 to $249	4	4%	2	7%	6	5%
$250 to $499	11	12%	9	31%	20	17%
$500 to $749	26	29%	11	38%	37	31%
$750 to $999	17	19%	5	17%	22	19%
$1,000 to $1,249	9	10%	2	7%	11	9%
$1,250 to $1,499	7	8%	0	0%	7	6%
$1,500 to $1,999	9	10%	0	0%	9	8%
$2,000 or more	6	7%	0	0%	6	5%
Total	**89**	**100%**	**29**	**100%**	**118**	**100%**

Employee Survey Respondents

	Owners	Percent	Renters	Percent	All Respondents	Percent
$100 to $249	1	0%	5	5%	6	2%
$250 to $499	19	7%	14	14%	33	9%
$500 to $749	47	16%	43	43%	90	23%
$750 to $999	56	20%	27	27%	83	21%
$1,000 to $1,249	79	28%	11	11%	90	23%
$1,250 to $1,499	31	11%	0	0%	31	8%
$1,500 to $1,999	31	11%	0	0%	31	8%
$2,000 or more	23	8%	0	0%	23	6%
Total	**287**	**100%**	**100**	**100%**	**387**	**100%**

Source: Bonner County Resident Survey, September 2006, Employee Survey 2007 and BBC Research & Consulting.

In addition to rent or mortgage payments, respondents must also pay for utilities. This may include electric, gas, water and sewer expenses.[2] The average utility expense for both owners and renters was $167 a month for telephone survey respondents and $185 per month for employee survey respondents.

[2] Survey respondents were asked not to include cable T.V. or Internet access when estimating utility expenses.

Respondents were asked to consider four different scenarios concerning how their monthly mortgage or rental payment affects their overall monthly expenditures and then choose which scenario best describes their situation. Exhibit D-7 shows the four scenarios and the responses.

Exhibit D-7.
Monthly Mortgage or Rent and Monthly Expenditures, Survey Respondents

Telephone Survey Respondents

	Owners	Percent	Renters	Percent	All Respondents	Percent
My rent/mortgage payment does not put a strain on my overall monthly expenditures.	70	50%	11	31%	81	46%
My rent/mortgage payment is a big expense for me, however I'm still able to make it from month to month without too many sacrifices.	53	38%	15	42%	68	39%
My rent/mortgage payment is a significant part of my monthly expenses and I'm currently having to sacrifice many things in my life and/or go into some debt in order to get by.	12	9%	5	14%	17	10%
My rent/mortgage payment is a significant part of my monthly expenses and I will likely need to move in the near future because I can no longer afford my payments.	4	3%	5	14%	9	5%
Total	**139**	**100%**	**36**	**100%**	**175**	**100%**

Employee Survey Respondents

	Owners	Percent	Renters	Percent	All Respondents	Percent
My rent/mortgage payment does not put a strain on my overall monthly expenditures.	116	34%	14	15%	130	30%
My rent/mortgage payment is a big expense for me, however I'm still able to make it from month to month without too many sacrifices.	137	40%	32	35%	169	39%
My rent/mortgage payment is a significant part of my monthly expenses and I'm currently having to sacrifice many things in my life and/or go into some debt in order to get by.	78	23%	40	44%	118	27%
My rent/mortgage payment is a significant part of my monthly expenses and I will likely need to move in the near future because I can no longer afford my payments.	10	3%	5	5%	15	3%
Total	**341**	**100%**	**91**	**100%**	**432**	**100%**

Source: Bonner County Resident Survey, September 2006, Employee Survey 2007 and BBC Research & Consulting.

Of all telephone survey respondents, 46 percent replied that their rent/mortgage payment does not put a strain on their overall monthly expenditures. This compares to just 30 percent of the employee survey respondents.

The employee survey respondents were much more likely to express difficulty paying their rent or mortgage payments: 30 percent said that they need to make sacrifices to make their rent and mortgage payments. Just 15 percent of telephone survey respondents answered this way. Again, since the employee survey data are more reflective of newcomers to the area, their housing situation is likely to be more consistent with current market conditions.

Current housing satisfaction. Ninety-three percent of telephone survey respondents are satisfied with the location of their home. Of the respondents who are not satisfied with the location of their home, several mentioned they would prefer to live in the country away from noise and the highway.

Employee survey respondents are also highly satisfied, but have a lower rate of satisfaction than the telephone respondents: 83 percent said they were satisfied with the location of their home. Most who were dissatisfied wanted to live closer to Sandpoint and reduce their commutes.

Telephone survey respondents were also asked the one thing they would change about their current housing situation: Thirteen percent said "make needed repairs"; 19 percent chose not to answer the question or did not know; 18 percent would not make any changes; and 15 percent chose the "other" response. "Other" responses included having a more affordable residence, having fewer neighbors nearby, and several would like paved roads.

The employee survey respondents provided a wide range of reasons for why they would like to change their housing situations, as shown in Exhibit D-8:

Exhibit D-8.
Survey Respondents' Desired Changes to Housing Situation

Source:
Bonner County Employee Survey 2007 and BBC Research & Consulting.

Most Frequently Mentioned Changes
Own rather than rent
Live in Sandpoint/closer to Sandpoint
Reduce my rent/mortgage payment
Have more land/acreage
Lower taxes
Other Often-Mentioned Changes
Be on public roads, public water & sewer systems
Move into a bigger house/apartment
Make needed repairs to house/apartment

Making repairs. The majority of renters (89 percent) in the telephone survey and a smaller of majority of renters in the employee survey (66 percent) indicated that their landlords *do make repairs promptly* when needed. The most common types of repairs needed by the renters responding to the employee survey included painting, plumbing, windows/doors, insulation and appliances. None of the survey respondents said the repairs needed to their rental units made them unlivable—but many wrote that the cost of heating is very high and a problem for them.

Thirty-three percent of telephone respondents who are homeowners said there were repairs they needed to make to their homes. This compares with 65 percent of employee survey respondents who are homeowners. The most common repairs or improvements need to be made are to the roofs, siding, flooring, plumbing and painting.

Respondents were then asked why they have not made the needed repairs or improvements. Sixty-two percent of telephone respondents and 66 percent of employee respondents who needed repairs said they could not afford the repairs. Other common reasons were that they cannot find the time to make the repairs, cannot locate contractors and have other priorities ahead of making the needed repairs. Less than 10 respondents (together in both surveys) said some of these repairs are so serious that they make the house unlivable.

Affordability. Sixty-eight percent of telephone survey respondents said it was easy or very easy for them to find a home they could afford when they moved to the town/city they currently live in. This compares to 50 percent of employee survey respondents. Specifically, 30 percent of the employee respondents who are renters said finding housing was "easy" or "very easy"; the balance, 70 percent, said it was "difficult" or "very difficult." Fifty-seven percent of owners said their experience finding housing was easy or very easy; 43 percent said difficult or very difficult.

However, 80 percent of telephone survey respondents thought that if they were looking for a home today it would be difficult to find a home they could afford. Employee survey respondents were less likely to say that finding housing now would be more difficult compared with when they were looking. The majority of renters thought that their experience finding housing would be about the same. Almost half of the owners said it would be the same; slightly less than half said it would be different.

The reasons respondents gave as to why it would be more difficult to find a home they could afford included general increases in housing prices, an increase in property taxes, land value has increased, difficult to afford housing on a fixed income and income is not keeping up with housing prices.

Approximately 11 percent of the telephone respondents and 13 percent of the employee survey respondents said someone is living with them who is not a student, because they cannot afford to live on their own.

Home values. Homeowners were asked to provide the value of their home when they purchased it and to approximate the value of the homes if they were to sell it today. Fifty-three percent of the telephone respondents said the value of their homes when purchased was under $100,000. If these homes were sold today only 7 percent of these homes would be valued under $100,000.

The employee survey respondents found the housing market more expensive than the telephone survey respondents, with just 38 percent buying their homes for less than $100,000. Only 6 percent believe their homes would be valued at less than $100,000 today.

Exhibit D-9 shows the distribution of home values today compared to when the homes were purchased. The Exhibit shows the sharp movement in values upward from when the homeowners initially purchased their homes to their estimated value today.

Exhibit D-9.
Home Value Comparison, Survey Respondents

Source:

Bonner County Resident Survey, September 2006, Employee Survey 2007 and BBC Research & Consulting.

Telephone Survey Respondents

	Value When Purchased	Percent	Value Today	Percent
less than $50,000	49	28%	3	2%
$50,000 to $99,999	42	24%	10	5%
$100,000 to $149,999	26	15%	15	8%
$150,000 to $199,999	18	10%	32	17%
$200,000 to $249,999	12	7%	23	13%
$250,000 to $299,999	11	6%	20	11%
$300,000 to $349,999	6	3%	16	9%
$350,000 to $399,999	3	2%	14	8%
$400,000 to $499,999	2	1%	15	8%
$500,000 to $999,999	3	2%	29	16%
$1 million and over	1	1%	7	4%
Total	**173**	**100%**	**184**	**100%**

Employee Survey Respondents

	Value When Purchased	Percent	Value Today	Percent
less than $50,000	60	17%	3	2%
$50,000 to $99,999	74	21%	8	4%
$100,000 to $149,999	69	20%	14	8%
$150,000 to $199,999	60	17%	38	21%
$200,000 to $249,999	30	9%	57	31%
$250,000 to $299,999	18	5%	58	32%
$300,000 to $349,999	18	5%	54	29%
$350,000 to $399,999	8	2%	43	23%
$400,000 to $499,999	3	1%	35	19%
$500,000 to $999,999	5	1%	38	21%
$1 million and over	1	0%	9	5%
Total	**346**	**100%**	**357**	**100%**

The median year the homes were purchased by the telephone survey respondents was in 1995. This means that exactly half of homes were purchased before 1995 and exactly half were purchased after 1995. Approximately 38 percent of the homes were purchased between 2000 and 2006, 23 percent were purchased during the 1990s and the remaining 39 percent were purchased prior to 1990.

The median year in which the employee survey respondents bought was 1999. Therefore, about half of them bought their homes prior to 1999; half bought after 1999.

Barriers to owning a home. Survey respondents who were renters were asked if they would prefer to continue renting or to own a house, condominium or townhome. The majority of renters—78 percent of telephone respondent renters and 87 percent of employee renter respondents—said they would prefer to own a single family home if they could.

Seventeen percent of telephone survey respondents and 6 percent of employee survey respondents said they would like to continue renting. No renters responded they would like to own a mobile home.

Survey respondents who were renters were also asked to identify the reasons for not owning a home. Respondents could select more than one reason. The three most common reasons for not owning a home were not qualifying for a mortgage, not finding affordable homes and not having enough money for a down payment. The identified reasons for not owning a home are shown in Exhibit D-10.

Exhibit D-10. Barriers to Homeownership, Survey Respondents

Note: Respondents could select more than one response.

Source:

Bonner County Resident Survey, September 2006, Employee Survey 2007 and BBC Research & Consulting.

	Telephone Survey Respondents		Employee Survey Respondents	
	Number	Percent	Number	Percent
Cannot afford mortgage payments	13	45%	55	18%
Do not have downpayment	11	38%	66	22%
No houses in my price range for sale	5	17%	64	21%
Cannot qualify for a mortgage	3	10%	27	9%
Poor/no credit	0	0%	26	9%
Uncertain future/may leave area	0	0%	19	6%
Intimitated by buying process	0	0%	19	6%
Desired type/location not available	0	0%	11	4%
Other	2	7%	12	4%

Housing assistance. Of all of the telephone survey respondents, 8 percent (20 respondents) replied they have sought assistance for rent payment or in order to help them purchase a house previously. Respondents who sought housing assistance mostly went to federal or state housing programs for assistance. Respondent also went to their family, local bank, private agencies and their local church to seek housing assistance. Eighty percent of these respondents were able to get the housing assistance they needed.

Telephone survey respondents were also asked if they had ever used the State of Idaho housing hotline. The housing hotline is a phone number one can call to get information about different housing options in Idaho. Three percent responded they have used the housing hotline while 97 percent replied they had never used the housing hotline.

Housing needs. The telephone survey respondents were asked their opinions what type of housing is most needed in the Greater Sandpoint area. The top three housing needs were affordable single family homes, affordable apartments to rent and moderately priced single family homes. The results are as follows:

Exhibit D-11.
Most Needed Housing Type in the Greater Sandpoint Area, Survey Respondents

Note:

n = 352. Respondents could select more than one type of repair.

Source:

Bonner County Resident Survey, September 2006 and BBC Research & Consulting.

	Responses	Percent
Affordable single family homes	178	51%
Affordable apartments to rent	48	14%
Moderately priced single family homes	29	8%
Affordable condos/townhomes	22	6%
Moderately priced apartments to rent	9	3%
Moderately priced condos/townhomes	9	3%
Assisted living for seniors	5	1%
Housing for persons with disabilities	4	1%
High end single family homes	3	1%
Mobile homes	3	1%
High end condos/townhomes	1	0%
Other	8	2%
Do not know or did not answer	33	9%
Total	**352**	**100%**

All of the "other" responses indicated that there was enough housing in the Sandpoint area.

Approximately 44 percent of the survey respondents responded they knew of someone who has looked for housing in the Greater Sandpoint area and was not able to find what they needed. When asked why these persons were not able to find what they needed, respondents overwhelmingly replied that the person could not afford the housing that was available and that the prices were too high. People also mentioned there was a lack of housing units. These replies referred to the lack of affordable units or the lack of the type of unit they were looking for and/or lack of units in their desired location.

Trade-off questions. Employee survey respondents were asked a series of tradeoff questions to gauge their housing preferences. These results were analyzed by income level to determine how income affects household preferences.

Exhibit D-11 shows results of these tradeoff questions for all survey respondents and for respondents of three different income levels.

Exhibit D-11.
Housing preferences and income levels

Tradeoff	All Respondents Number	All Respondents Percent	Income Level $25,000 or less	Income Level $25,000–$50,000	Income Level $50,000 or more
Live in your desired location and rent OR	60	13%	23%	17%	9%
Own your own home and commute	386	87%	77%	83%	91%
Live close to where you work OR	163	37%	31%	43%	33%
Have a large lot/land	281	63%	69%	57%	67%
Have a big yard for your home/apartment OR	343	77%	76%	71%	82%
Have a small yard with minimal yardwork	103	23%	24%	29%	18%
Have a larger home/apartment OR	221	50%	47%	42%	54%
Live in a smaller home/apartment to reduce the cost of your mortgage/rent	222	50%	53%	58%	46%
Live near desired schools OR	132	30%	31%	28%	32%
Live close to where you work	305	70%	69%	72%	68%
Reduce the cost of your mortgage/rent and commute OR	268	61%	66%	60%	61%
Live close to where you work	168	39%	34%	40%	39%
Live in your desired location OR	385	86%	87%	84%	86%
Have a larger home	64	14%	13%	16%	14%
Live in an older home OR	159	37%	42%	43%	31%
Live in a brand-new home	273	63%	58%	57%	69%

Source: Bonner County Employee Survey 2007 and BBC Research & Consulting..

Several conclusions can be drawn from these results. Preferences did not differ greatly among respondents of different income categories, but significant differences are noted.

- Ownership was the most important housing criterion for the large majority of survey respondents. Eighty-seven percent of all respondents would chose owning a home and commuting over renting in one's desired location; this was especially true for high-income respondents (91 percent) and less so for low-income respondents (77 percent).
- Living in one's desired location was the next most important criterion for all survey respondents. It was more important than having a larger home for a large majority of all respondents (86 percent).
- A slight majority of respondents do not mind commuting to work: 61 percent prefer lower mortgage/rent payments and a commute to living close to work, and 63 percent prefer having a larger lot and a commute to living close to work. Mid-income respondents were less likely to give up living near work to have a large lot (57 percent).
- Living close to work was more important to the majority of all survey respondents than living near desired schools (70 percent).
- High-income respondents were more likely than respondents of other income categories to prefer new homes to old homes (69 percent), big yards to small, low-maintenance yards (82 percent), and larger, more costly homes to smaller, less costly homes (54 percent).

Housing future. The telephone survey respondents were also asked about their future housing plans, specifically if they might try to move from their current home. Over half (56 percent) do not have any plans to move from their current home; 10 percent plan to move within the next year; 11 percent in one to five years; 5 percent in six to 10 years; 12 percent plan to move after 10 years; and the remaining 5 percent of respondents did not know if they would or when they would move from their home.

Respondents who might move were also asked what type of housing they will be looking for when they move. Over one-third will be looking for a single family home, 10 percent would like a larger home, 10 percent would look for a home the same as they are in now and 9 percent would look for something smaller. Exhibit D-12 shows the respondents answers to what type of home they will look for when they move.

Exhibit D-12.
Type of Housing Survey Respondents Will Be Looking For When They Move

*Note: Specialized housing may include housing such as assisted living and nursing homes.

Source:

Bonner County Resident Survey, September 2006 and BBC Research & Consulting.

	Respondents	Percent
Single family	35	35%
Larger house	10	10%
Same as I am in now	10	10%
Smaller house	9	9%
* Specialized housing	5	5%
Want to rent	4	4%
Condo/townhome	3	3%
Want to own	3	3%
Mobile home, apartment	2	2%
Other	10	10%
Do not know or did not answer	9	9%
Total	**100**	**100%**