Final Report

Housing Needs Assessment

Teton County, Idaho

Final Report

March 23, 2007

Housing Needs Assessment of Teton County, Idaho

Prepared for

Teton County, Idaho
City of Driggs
City of Tetonia
City of Victor

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Housing Needs Assessment of Teton County

Teton County, Idaho is a community of approximately 7,900 people in eastern Idaho. Its lovely setting and proximity to Grand Targhee Ski Resort, Jackson Hole, Wyoming and Grand Teton National Park is transforming the County from a quiet, agricultural community into a popular residential location for families, retirees and second homeowners, as well as a recreational destination for tourists. In addition, the Teton Valley offers a relatively affordable alternative for workers in Teton County, Wyoming, particularly those workers who want to purchase housing.

Since 2003, the price of housing in the Teton Valley has increased dramatically. The rapid rise in prices, increase in the volume of building permits and residential construction, and anecdotal evidence that the local workforce is being quickly priced out of the market led the County to undertake a housing needs assessment.

In 2006, the County formed a task force to develop a scope of work for the needs assessment and find a contractor. The County retained BBC Research & Consulting (BBC) of Denver, Colorado to conduct the housing needs assessment. BBC is a consulting firm that specializes in housing needs assessments and housing strategies.

This Executive Summary reports the major research findings from the study, in addition to the recommendations developed for addressing the County's housing needs.

Why is a balanced housing market important?

A strong, healthy community is one in which all residents have access to safe housing in good condition. Because residents in every community work a variety of jobs and earn a wide range of wages, their housing needs differ considerably. When housing markets do not address the full range of housing demands in a community—that is, markets are unbalanced—some residents cannot find the housing that they need. This may cause them to seek employment elsewhere, buy a home in a different community and commute or pay more for their housing than what they can afford. When workforce must commute, traffic congestion is increased and roads are subject to more wear, requiring more frequent repair and maintenance. When housing needs become critical, this can lead to employment constraints and, in turn, affect local economic conditions.

In sum, a balanced housing market is important to:

- Meet the various housing needs of the workforce;
- Meet the housing needs of the future workforce;
- Provide stable environments for children and their families;
- Maintain diverse, vibrant and interesting communities.

Is the County's housing market balanced?

Households who prefer to rent have faced increasing costs since 2000: A 2-bedroom unit rents for $132 more per month in 2007 than it did in 2000, or $1,584 more per year. Despite the cost increases, the current rental market remains affordable to all but households earning less than about $16,000 per year.

Buying is a different story. The vast majority of the County's renter households are unable to find housing to buy in their price range. As of January 29, 2007, the average price of residential units listed for sale in the Teton Valley was $582,900. To purchase the average-priced unit, a household would need to earn more than $140,000 per year.

There were only a handful of units to purchase priced below $200,000 in the Teton Valley in early March. A household would have to earn a minimum of $65,000 per year before *just 5 percent* of the units on the market became affordable. $65,000 is equivalent to 120 percent of the median family income, which is generally considered the upper bound of the workforce housing target.

Commuting is the only option for homeownership for the County's renter households and new employees in the Valley who earn less than $65,000 per year. Rexburg, Rigby, St. Anthony, Sugar City and Ashton offer a much more affordable option for households wanting to buy housing than does the Teton Valley.

Why is the market out of balance?

Teton County, as well as the communities within the County, has been growing rapidly. Between 1990 and 2000, Teton County added an average of 256 persons per year. This level of growth has increased to an average of 295 persons per year since 2000. Some of this population growth is attributable to job growth in the Valley. It is also largely related to constraints on affordable housing in the Jackson area, to which at least 30 percent of workers in the Valley commute. Finally, the market has been influenced by the growing number of second homes in the Valley.

In areas with strong population growth, housing prices increase when demand for housing outstrips supply. In some cases, housing prices soften when the supply catches up with demand, or when demand decreases. Nevertheless, some areas are so unique that demand is continually strong, and housing supply is inadequate to meet demand. The result is increasing housing prices.

What can the County do to address housing needs?

In the Recommendations section of the report, we suggest specific actions we believe the County and cities within the County should implement to address existing and future housing needs.

Action Item No. 1: Acquire and make land available for workforce housing development. Accelerating home prices are driven in large part by the high cost of land in the County. In high cost areas, donation of land or sales at a greatly reduced price is key to making workforce and affordable housing developments pencil out. We believe the best way the County can address its housing needs is by acquiring, donating and assembling land, and then restricting and preserving the land for development of workforce housing.

There are several opportunities for land acquisition in Teton County. These include:

- Private party donations—The County can encourage land donation by private owners in exchange for tax incentives by forming a vehicle through which to accept land donations (see Action Item No. 2 below). This would work much like the donation of conservation easements for environmental preservation. The Teton Regional Land Trust in Driggs serves this function for private landowners who wish to donate land for environmental preservation.

- Developer exactions and incentives—The County can impose an exaction on the development community. This could work in two ways: (1) Developers would be required to set aside a certain portion of the land in their development for workforce housing, or (2) Developers would be required to integrate a certain percentage of workforce housing into the subdivision (inclusionary zoning).

  Currently, Teton County and the City of Driggs require a certain percentage of land in a subdivision be preserved as open space. In the County, the percentage varies depending on the density and characteristics of the development; in Driggs, the general requirement is 25 percent of an area in a planned unit development. The County has considered a similar requirement for workforce housing. We recommend that the requirement be a sliding scale percentage, tied to the affordability of the underlying development (e.g., a mixed-income or affordable development would not have a workforce housing set aside; a very high end development would have the maximum set aside requirement). The developer would have the option of dedicating the land to workforce housing development, or donating the land or its cash value to the County Housing Authority. The Housing Authority should have refusal rights on the land donation, to ensure that it is appropriate for workforce housing development.

- Conduct a private and public land inventory—The County and cities within the County can also inventory and donate public land for workforce housing development, as well as identify private land suitable for workforce housing development. If public parcels were dedicated to the development of workforce housing, the public donor (County, city, school district) would be entitled to dedicate the housing that is development for its workforce. Similarly, private landowners who donate land would be entitled to use the housing developed for their workforce.

Action Item No. 2: Form a public housing authority at the County level. We recommend that the County form a Housing Authority to accept land donations, oversee workforce housing development, raise funds through bonding powers and manage the affordability of the workforce housing units developed.

The core function of this Housing Authority would be to manage the development of workforce housing on land acquired through Action Item 1. At this point, we do not recommend that the Housing Authority be the developer of the workforce housing; rather, the Housing Authority would issue requests for proposals and engage the private development community in housing creation. The housing authority, through its power to raise revenues through bonds, could also generate funding for land acquisition and development construction. The Housing Authority would also be responsible for income-qualifying households for the developments, marketing the units, overseeing sales and resales and ensuring that the affordability of the units are preserved for future households (see the "keeping the units affordable: section below).

The County and the Cities of Driggs, Victor and Tetonia can help support the formation of the Housing Authority by providing seed money for creation of the entity, and also providing office space and administrative support (e.g., access to phone systems, computer networks) to the extent available.

Action Item No. 3: Incentivize developers to create workforce housing. Private sector developers can address the homeownership needs for the County's workforce if they are given the proper incentives to do so. Many developers in the area have reportedly expressed an interest in creating more homeownership affordable and mixed income housing. Incentives for developers would include:

- Offering density bonuses in exchange for workforce housing development. Many cities and counties give developers the right to increase densities in their developments or grant variances from building codes in exchange for incorporating affordable/workforce 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 workforce housing to the overall development plan.

- Offering an expedited review process for development applications with affordable housing. Developments with an affordable component would go to the top of the review pile, and the review process should occur within a guaranteed number of days and transparent as possible.

Action Item No. 4: Promote existing buyer resources and homebuyer counseling services. We also recommend that the County Housing Authority operate as a resource to residents who are interested in purchasing homes in the Valley. The Housing Authority should be knowledgeable about existing programs for downpayment assistance, low-interest mortgage loans and reverse mortgages. These programs are offered by the Idaho Housing and Finance Association (IHFA) to all Idaho residents. Pairing these programs with the affordable units created by the action items listed in this section can increase the subsidy—and purchasing power—of first time homebuyers and lower-income populations.

In addition, the Housing Authority should offer credit counseling services to potential homebuyers to ensure that they are knowledgeable about appropriate lending products and are steered away from predatory or inappropriate loans. This is particularly important, as renters surveyed for this study cited poor or no credit as the largest barrier to homeownership, suggesting they might be vulnerable to alternative loan products.

SECTION I.
Introduction

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In 2006, Teton County, Idaho retained BBC Research & Consulting (BBC) of Denver, Colorado to conduct a housing needs assessment of the County and communities within the County. BBC Research & Consulting (BBC) is a Denver-based consulting firm that specializes in housing needs assessments and housing strategies.

Methodology

The methodology used for the study involved the collection and analysis of demographic, employment and housing market data for Teton County, Idaho and Driggs, Victor and Tetonia, with comparable data for Teton County, Wyoming as available. We also conducted focus groups and administered written surveys to residents and employers.

Outline of Report

This housing needs assessment is organized into the following sections:

- **Section II. Community Profile—**This section provides a profile of residents in Teton County and the communities within the County in terms of population level and growth, household characteristics, income distribution, and employment and occupation.

- **Section III. Housing Market Analysis—**This section contains an analysis of the County's residential housing market in 2006, and identifies areas within the market where housing is under- and oversupplied for both rental housing and housing to buy.

- **Section IV. Employer Survey—**This section analyzes the employer survey data collected for the study, contains an estimate of projected employment and summarizes employer input for the study.

- **Section V. Resident Input —**This section contains the results of a survey of residents in Teton County, Idaho which was administered to collect information directly from residents on their housing needs. It also summarizes the findings from the public forums conducted for the study.

- **Section VI. Findings and Strategies—**The section identifies the top housing needs in the County and contains a recommended plan for addressing the needs.

SECTION II.
Community Profile

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Community Profile

This section gives background demographic data on Teton County, Idaho, and, where available, compares data for the communities of Driggs, Victor and Tetonia, Teton County, Wyoming, and the State of Idaho. It includes a discussion of population levels and growth, and the characteristics of households residing in the area, including their income levels, which are important for analyzing housing affordability. This section concludes with an analysis of employment and wages in Teton County, Idaho.

Summary

- Teton County, Idaho, along with many communities within the County, has grown rapidly in recent years. Between 1990 and 2000, Teton County added an average of 256 persons per year. This level of growth has increased to an average of 295 persons per year since 2000. The 2005 population estimate for Teton County, Idaho, was 7,476 according to the U.S. Census. Residential construction activity and historical growth rates suggest the County's 2005 population is actually higher than the Census estimate, likely around 7,900.

- Thirty-one percent of Teton County, Idaho, residents are under the age of 18. This is a characteristic replicated in many of the communities within the County. A relatively small proportion of seniors reside in Teton County, Idaho: in 2005, 6.8 percent of County residents were over the age of 65, compared to 12 percent of Idaho residents and 8.4 percent in Teton County, Wyoming who are seniors.

- In 2005, 9 percent of Teton County, Idaho, households earned less than $15,000 per year. About half of the County's households—51 percent—earned less than $50,000 per year. Thirteen percent of the County's population lived below the poverty line (roughly $20,000 for a family of four) in 2000. The County's children (under the age of 17) were most likely to be living in poverty in 2000.

- Teton County, Idaho's job base is concentrated in four industry categories: government; construction; trade, utilities and transportation; and leisure and hospitality. More than one-third of the County's workforce commutes to Teton County, Wyoming for work. The County's unemployment rate is a very low 2.8 percent.

- Demographic forecasts project that population growth in Teton County, Idaho will continue to be strong, averaging a 4 percent per year increase. By 2010, the County's population is expected to exceed 9,000, or grow by 1,500 people. If this rate of growth continues, the County's population could reach 11,500 people in 10 years—an increase of 4,000 people from the 2005 level. However, if growth is more aggressive and consistent with the rate in 1990 and 2000 (5.7 percent), and the County's 2005 population is closer to 7,900, the 2010 population would be 10,400 and the 2015 population would be 13,800—an increase of 5,900 people.

Population Characteristics

In 2000, the population of Teton County, Idaho, was 5,999, according to the U.S. Census[1]. This was up from 3,439 in 1990, an increase of 2,560 people in 10 years. Therefore, from 1990 to 2000, Teton County, Idaho added an average of 250 persons per year. This is equivalent to a compound annual growth rate of 5.7 percent per year, and an overall growth rate of 74 percent.

Relative to other communities in the County and the County overall, Driggs experienced the slowest population increase between 1990 and 2000. Driggs grew by a compound annual rate of 2.6 percent during the decade, for an overall increase of 29 percent. Victor grew at a compound annual rate of 6.7 percent, or an overall growth rate of a very high 91 percent. Tetonia's population increased at a compound annual growth rate of 6.5 percent, for overall growth of 87 percent. By comparison, the State of Idaho grew at a compound annual rate of 2.5 percent, or overall growth of 29 percent.

2005 population and growth. The State of Idaho, based on Census projections, estimated the 2005 population of Teton County, Idaho, at 7,467 residents. Claritas, a commercial data provider that produces annual demographic projections, estimates the population at a slightly higher 7,476. The Teton County Comprehensive Plan estimates that the 2005 population more accurately ranges between 8,121 and 8,573, based on strong historical growth and building permits issued during the past five years (1,252 between 2000 and 2005).

Claritas puts Driggs' 2005 population at 1,198 persons; Tetonia's at 277 persons; and Victor's at 1,213 persons. In 2000, Driggs was the single largest incorporated community within Teton County, Idaho. However, according to 2005 population estimates, Victor is currently the largest community by 168 people. The City of Driggs Comprehensive Plan notes that the Census estimates of population in 2005 is contradicted by local trends in building permits and new water connections. The City estimates that its population grew at an annual rate of 5.5 percent between 2000 and 2005, which would put the total population at approximately 1,400 people. Victor's Comprehensive Plan estimates its 2004 population as 1,216 people, which is also higher than the 2005 Census estimate.

According to the Census, growth rates between 2000 and 2005 have been lower than 1990 to 2000 for the County overall and for every community within the County except Victor. Between 2000 and 2005, the County's compound annual growth rate was 4.5 percent, compared to 5.7 percent in 1990 to 2000.

However, even if the growth rate were slower, the County has added more people on average between 2000 and 2005 than between 1990 and 2000. Teton County, Idaho, has added an average of 295 persons per year since 2000, compared to 250 between 1990 and 2000.

Exhibit II-1 shows population levels and growth rates for 1990, 2000 and 2005, based on Census estimates and commercial forecasts.

[1] There are multiple data sources that offer population and household estimates for Teton County, Idaho, and surrounding communities. The sources discussed in this section include the U.S. Census Bureau and Claritas, a commercial data provider. This study uses the latest and most reliable data for population and housing estimates. The sources used are provided throughout the report.

Exhibit II-1.
Population Levels and Growth Rates, Census Estimates

	1990 Census	2000 Census	1990–2000 Increase (Persons)	Compound Annual Growth (%)	2005 Estimate	2000–2005 Increase (Persons)	Compound Annual Growth (%)
Driggs	851	1,100	249	2.6%	1,198	98	1.7%
Tetonia	132	247	115	6.5%	277	30	2.3%
Victor	439	840	401	6.7%	1,213	373	7.6%
Teton County, ID	3,439	5,999	2,560	5.7%	7,476	1,477	4.5%
Teton County, WY*	11,172	18,251	7,079	5.0%	19,252	1,001	0.9%
Idaho	1,006,749	1,293,953	287,204	2.5%	1,400,517	106,564	1.6%

Note: Teton County, Wyoming's population projection is for 2006, not 2005.

Source: U.S. Census Bureau, Claritas data projections for 2005 and 2006 and BBC Research & Consulting.

Teton County, Wyoming, grew at a comparably low compound annual growth rate of 0.9 percent from 2000 to 2006. Growth was relatively strong between 1990 and 2000—the population increased at a compound annual rate of 5 percent—but the rate has leveled off since 2000.

Underestimates of growth. As mentioned above, the population estimates and growth rates in Exhibit II-1 are likely to underestimate the true population numbers for Teton County, Idaho and its incorporated areas. Because the area has grown in popularity for seasonal residents/second homeowners, it is difficult to tell how much of the residential growth is attributable to permanent residents or seasonal residents. It is likely, however, that the Census and commercial data forecasters such as Claritas have underestimated the population growth in the County.

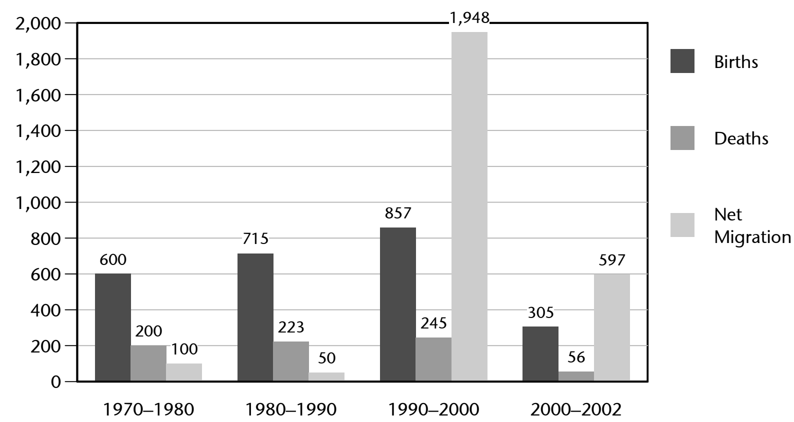
If the County grew at the same pace between 2000 and 2005 as it did between 1990 and 2000, the 2005 population would be 7,900 persons. Comparing this population estimate to the number of residential building permits issued, this would suggest that 45 percent of the new units built in the Valley are occupied by second homeowners (in 2000, the Census estimated this at 15 percent). If the 2005 population is closer to 8,500 (as suggested in the Teton County Comprehensive Plan), this would assume that 30 percent of the units developed were for second home use.

Reasons for growth. Exhibit II-2 displays the component changes of Teton County, Idaho's growth from 1970 to 2002. This includes the total number of deaths, births and net migration (people moving into and out of the County). Before 1990, the primary reason the County grew was natural increase—births exceeding deaths. Although natural increase has continued to grow as a contributor to overall population, net migration has been the largest growth factor. Indeed, net migration contributed only 50 people to the County between 1980 and 1990, compared to 1,948 between 1990 and 2000.

Exhibit II-2. Population Component Changes, Teton County, Idaho, 1970-2002

Source:

Idaho Department of Commerce and Labor Teton County Profile.



Household Characteristics

This section presents information on the household characteristics of the residents of Teton County, Idaho, and the surrounding areas to set the context for the housing market analysis in Section III.

To conduct a housing needs assessment, residents must be combined into households. This is because the income of the entire household is used to determine what households can afford to pay for housing costs.

Exhibit II-3 shows the estimated number of households for the study areas, from the Census and using demographic projections. According to projections, in 2005, the 7,476 residents of Teton County, Idaho, formed 2,635 households—an equivalent of about 2.84 persons per household. This is a similar household size as estimated by the 2000 Census (2.87 persons per household).

Exhibit II-3. Household Trends, 1990, 2000 and 2005

Note:

* Teton County, Wyoming, estimated household data are for 2006, not 2005 as indicated in the column headings.

Source:

U.S. Census Bureau's 1990 and 2000 Census, PCensus, 2005 and 2006 Claritas databases.

	1990 Census	2000 Census	2005 Estimate
Driggs	313	386	426
Tetonia	57	87	100
Victor	153	293	429
Teton County, ID	1,123	2,078	2,635
Teton County, WY*	4,568	7,688	8,207
Idaho	360,723	469,645	508,916

Race and ethnicity. Exhibit II-4 shows the estimated races and ethnicities of Teton County, Idaho residents in 2005. Racially, the vast majority of residents were White in 2005 (89 percent). The next largest racial category, persons identifying themselves as "Some other race," described just 8 percent of the population in Teton County, Idaho. Ethnically, 85 percent of the population was Non-Hispanic/Latino while 15 percent identified themselves of Hispanic/Latino heritage[2].

[2] The U.S. Census collects data on race and ethnicity separately. The Census defines "ethnicity" as Hispanic or non-Hispanic descent. Hispanic is not considered a race category by the U.S. Census. As such, many persons of Hispanic descent identify their race as "other" on the Census form. Therefore, the "Some Other Race" category is generally made up

Exhibit II-4. Population by Race and Ethnicity, Teton County, Idaho, 2005

Source:
PCensus, 2005 Claritas database.

	Number	Percent
Race		
White alone	6,682	89.4%
Black or African American alone	14	0.2%
American Indian and Alaska Native alone	45	0.6%
Asian alone	12	0.2%
Native Hawaiian and Other Pacific Islander alone	41	0.5%
Some Other Race alone	626	8.4%
Two or More Races	56	0.7%
Ethnicity		
Hispanic/Latino	1,092	14.6%
Non-Hispanic/Latino	6,384	85.4%

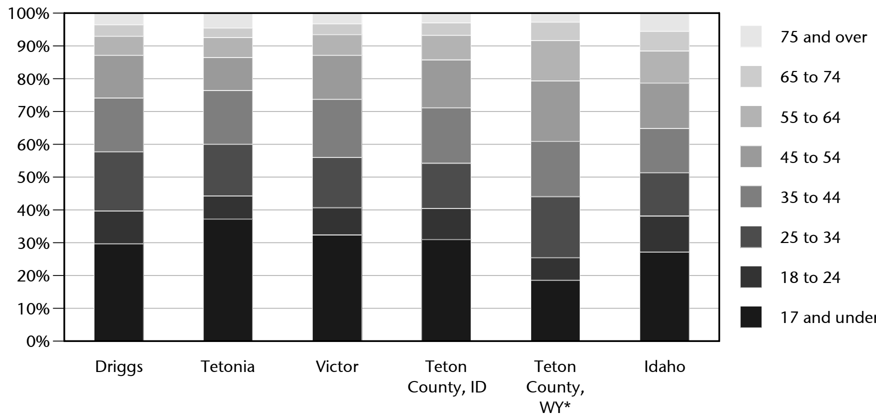
Age of population. Exhibit II-5 compares the estimated age distribution of residents in 2005 for Teton County, Idaho and surrounding areas. The data show the following:

- Almost one-third—31 percent—of the population in Teton County, Idaho is made up of children (residents under the age of 17). Tetonia has the largest percentage of children for any of the communities within the County at 37 percent, compared to 30 percent in Driggs and 32 percent in Victor. In comparison, 19 percent of the population in Teton County, Wyoming is children.

- Teton County, Idaho, as well as the communities it encompasses, has a relatively low proportion of seniors. In 2005, 3 percent of Teton County, Idaho, residents were over the age of 75; 6.8 percent were over 65 years. Of the County's 7,476 residents, 508 were aged over 65. Tetonia has the largest percentage of seniors at 7.5 percent, compared to 7.1 percent in Driggs and 6.6 percent in Victor. Teton County, Wyoming has a comparably high percentage of seniors at 8.4 percent, and three times as many seniors at 1,617.

of Latinos. The U.S. Department of Housing & Urban Development requires that the Census definitions of race and ethnicity be used in housing studies that are used as applications for federal block grant funds.

Exhibit II-5. Estimated Age Distribution of Population, 2005



Note:

*Teton County, Wyoming, age distribution data are for the year 2006, not 2005 as indicated.

Source:

PCensus, 2005 and 2006 Claritas databases.

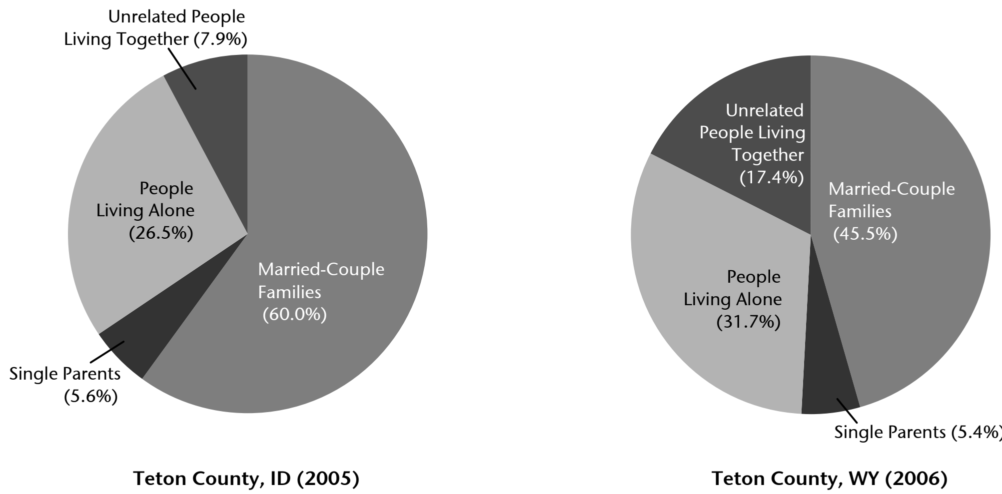
Household structure. Household structure refers to the relationship between the members in a household, whether the household is comprised of related members (e.g., husband and wife), unrelated individuals (e.g., students living together), or a householder living alone. Household structure is important in analyzing housing need, because households make different housing choices depending on their circumstances. For example, a married couple expecting children may have very different housing desires and needs than a single person who is starting school or a senior living with a caregiver.

Exhibits II-6 and II-7 compare household structures for Teton County, Idaho and Teton County, Wyoming, as well as Driggs, Victor and Tetonia using several categories:

- Married couples—with and without children;
- Single parents—single fathers and single mothers;
- People who live alone or with others to whom they are not related (e.g., roommates sharing a house or unmarried couples).

Compared to Teton County, Wyoming, Teton County, Idaho has a much higher proportion of married-couple families. This is offset by a lower proportion of unrelated people living together (e.g., roommates) and single persons.

Exhibit II-6.
Teton County, Idaho and Teton County, Wyoming Household Structure, 2005 and 2006



Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

Exhibit II-7.
Household Structure for Teton County, Idaho Communities, 2005

	Driggs		Tetonia		Victor	
Married-Couple Families	**220**	**52%**	**57**	**57%**	**244**	**57%**
With own children	131	60%	36	63%	138	57%
No own children	89	40%	21	37%	106	43%
Single Parents	**32**	**8%**	**10**	**10%**	**31**	**7%**
Single Fathers	14	44%	5	50%	11	35%
Single Mothers	18	56%	5	50%	20	65%
People Living Alone	**130**	**31%**	**30**	**30%**	**123**	**29%**
Single Male Householder	67	52%	15	50%	71	58%
Single Female Householder	63	48%	15	50%	52	42%
Unrelated People Living Together	**44**	**10%**	**3**	**3%**	**31**	**7%**
Male Householder living with Others	28	64%	2	67%	21	68%
Female Householder living with Others	16	36%	1	33%	10	32%
Total	**426**	**100%**	**100**	**100%**	**429**	**100%**

Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

The data show similar household structure for the communities within Teton County, Idaho, with the majority of households married couples. About 30 percent of households are people living alone. Driggs had the largest population of unrelated persons living together at 10 percent.

Income

This section provides income information for Teton County, Idaho, as well as the other study areas. It introduces many of the concepts that are used later in this report to identify where gaps occur in housing provision and housing need by income level.

The U.S. Census estimates and reports both *family* median and *household* median income. The median income is the point at which exactly half of households earn above the median amount and exactly half earn less than the median amount. Household median income is typically 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 2000 Census reported a median *household* income of $42,855 for Teton County, Idaho, and a median *family* income of $46,630.

From 2000 to 2005, the County's median household income increased by 16 percent to $49,704. During the same five-year period, the County's median family income increased by 22 percent to $56,996.

Exhibit II-8 displays the median household and family income for Teton County, Idaho and the study areas, as well as Teton County, Wyoming.

Exhibit II-8.
Median Household and Family Income, 2000 and 2005

	Median Household Income			Median Family Income		
	2000	2005	% Change	2000	2005	% Change
Driggs	$ 33,875	$ 40,824	21%	$ 39,963	$ 44,250	11%
Tetonia	$ 42,083	$ 49,000	16%	$ 42,841	$ 52,632	23%
Victor	$ 41,250	$ 49,770	21%	$ 50,379	$ 55,966	11%
Teton County, ID	$ 42,855	$ 49,704	16%	$ 46,630	$ 56,996	22%
Teton County, WY*	$ 54,665	$ 68,140	25%	$ 66,962	$ 82,210	23%
Idaho	$ 38,121	$ 43,248	13%	$ 44,811	$ 50,074	12%

Note: * Teton County, Wyoming, median incomes are for the year 2006, not 2005 as indicated.

Source: U.S. Census Bureau, 2000 Census and PCensus, 2005 and 2006 Claritas databases.

Teton County, Idaho had lower median household and family incomes than Teton County, Wyoming in both 2000 and 2005, with the gap widening during this five-year period. In 2000, Teton County, Idaho's median was about $11,000 less than the median in Teton County, Wyoming's; by 2005 this had increased to $18,000. Similarly, in 2000, the median family income disparity was $20,000 compared to approximately $25,000 in 2005.

Within Teton County, Idaho, Driggs had the lowest median income in 2005; Victor had the highest.

Income distribution. Exhibit II-9 shows the estimated income distribution of households in Teton County, Idaho, in 2005.

Exhibit II-9.
Household Income for Teton County, Idaho, 2005

Source:

PCensus, 2005 Claritas database and BBC Research & Consulting.

Income	Teton County, ID	
Less than $15,000	229	9%
$15,000 to $24,999	247	9%
$25,000 to $34,999	270	10%
$35,000 to $49,999	583	22%
$50,000 to $74,999	689	26%
$75,000 to $99,999	338	13%
$100,000 to $149,999	198	8%
$150,000 to $249,999	37	1%
$250,000 or more	44	2%
Total	2,635	100%

In 2005, 9 percent of Teton County, Idaho, households earned less than $15,000 per year. About half of the County's households—51 percent—earned less than $50,000 per year. In 2000, 11 percent earned less than $15,000 per year and 62 percent earned less than $50,000 per year. Therefore, household income in Teton County has been redistributed to the higher end of the income spectrum. In 2000, 14 percent of Teton County households earned more than $75,000 per year. By 2005, this percentage had increased to 24 percent.

Exhibit II-10 compares income distributions between Teton County, Idaho and Teton County, Wyoming. In 2005, the largest portion of households in both counties earned between $35,000 and $75,000 a year. However, incomes of Teton County, Wyoming residents are more highly distributed toward the upper end. For those in the highest household income group (earning more than $100,000 a year), Teton County, Wyoming held almost three times as many households as Teton County, Idaho.

Exhibit II-10.
Household Income, Teton County, Idaho and Teton County, Wyoming, 2005

Note:

Teton County, Wyoming, household incomes are for the year 2006, not 2005 indicated.

Source:

PCensus, 2005 and 2006 Claritas databases.

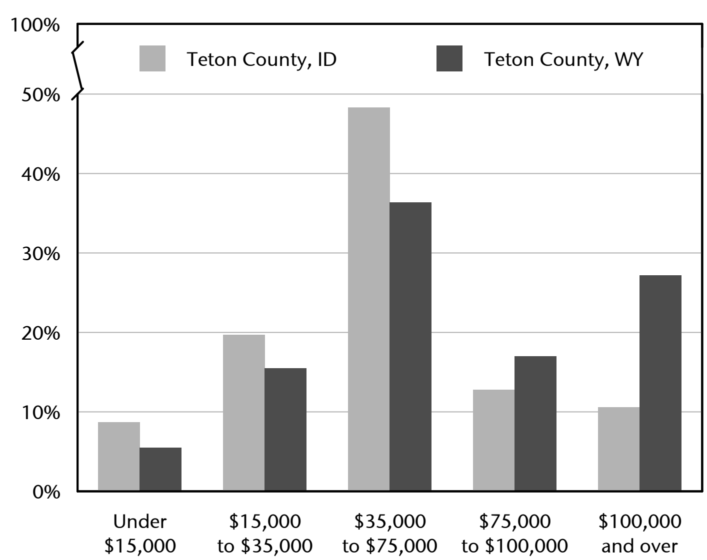
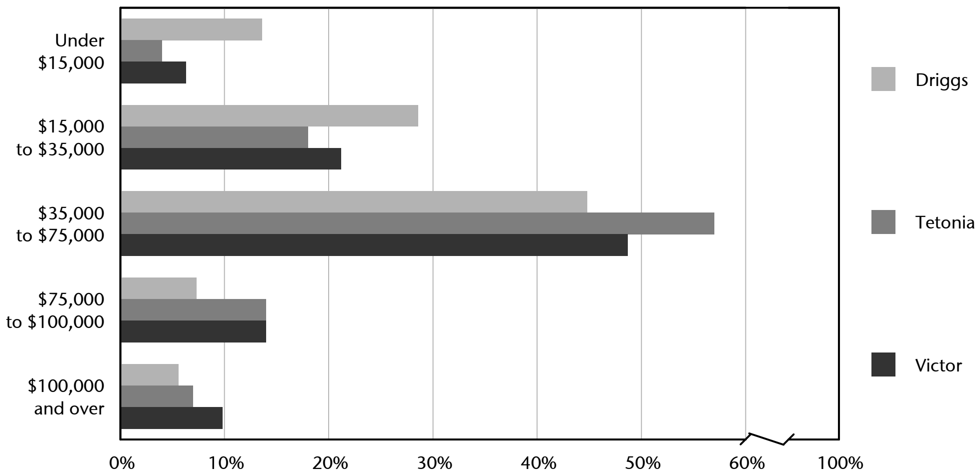


Exhibit II-11 displays the distribution of household incomes for communities within Teton County, Idaho. As shown by the Exhibit, household incomes in Driggs are distributed toward the lower income brackets compared to household incomes of Tetonia and Victor households.

Exhibit II-11.
Household Income, Teton County, Idaho Communities, 2005



Source: PCensus, 2005 and 2006 Claritas databases.

Low- and moderate-income. The U.S. Department of Housing & Urban Development (HUD) separates households into certain income categories for its housing grant funds and programs. These categories are based on the median family income for an area, called the MFI. The categories are:

- Extremely low-income households, defined as those earning 30 percent of the median family income (MFI) or less;
- Very low-income households, earning between 31 and 50 percent of the MFI;
- Low income, earning between 51 and 80 percent of the MFI;
- Moderate income, earning between 81 and 100 percent of the MFI.
- Households earning more than the median family income are classified as “middle-” to “high-income”.

In 2006, HUD estimated the median family income for Teton County, Idaho, at $54,200. Exhibit II-12 presents the number and percentages of households in each of the HUD income categories.

Exhibit II-12.
HUD Income Limits, 2006

Source:

U.S. Department of Housing and Urban Development.

HUD 2005 MFI	$54,200	Teton County, ID	
30% of MFI	$16,260	269	9.8%
50% of MFI	$27,100	282	10.3%
80% of MFI	$43,360	557	20.3%
Over 80% of MFI	$43,360+	1617	59.5%

In 2006, 9.8 percent of Teton County, Idaho, households were considered extremely low-income—earning less than 30 percent of the MFI, or $16,260 per year. Ten percent and 20 percent of Teton County, Idaho, households were considered very low-income and low-income households in 2005, respectively. The majority (almost 60 percent) of Teton County, Idaho, households were considered moderate-income households or above in 2006.

Poverty. Households living below the poverty level are generally considered to have some of the greatest housing needs because of their low incomes. To determine poverty status, a person's total family income is compared with the poverty threshold appropriate for that person's family size and composition. If the total income of that person's family is less than the threshold appropriate for that family, then the person is considered poor, together with every member of his or her family. If a person is not living with anyone related by birth, marriage, or adoption, then the person's own income is compared with his or her poverty threshold.

The poverty threshold is established at the federal level and updated annually. It is adjusted for household size but not by geographic area, except for Alaska and Hawaii[3]. In 2005, the poverty threshold for a family of four was $20,000.

Exhibit II-13 gives poverty rates of the population in the study areas by age, as of the 2000 Census. Teton County, Idaho, had a poverty rate of 13 percent, while Driggs has the highest poverty rate of any community within the County (11 percent).

The County's children (under the age of 17) were most likely to be living in poverty in 2000. Eighteen percent of children under the age of 5, as well as 18 percent of those under age 17 were living in poverty in 2000.

Exhibit II-13.
Likelihood of being in Poverty by Age, 2000

Age Cohort	Driggs		Tetonia		Victor		Teton County, ID		Teton County, WY	
Under 5 years	2	3%	0	0%	9	10%	94	18%	69	8%
5 to 17 years	20	9%	2	3%	24	12%	256	18%	177	7%
18 to 64 years	94	13%	3	2%	36	7%	389	11%	790	6%
65 to 74 years	0	0%	4	36%	2	10%	13	5%	15	2%
75 and over	10	21%	0	0%	2	5%	22	11%	38	9%
Total	**126**	**11%**	**9**	**4%**	**73**	**9%**	**774**	**13%**	**1,089**	**6%**

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

[3] Therefore, the poverty threshold in Manhattan, New York is the same as in Minot, North Dakota.

Employment and Wages

Employment data are collected in two ways, by industry (e.g., agriculture, manufacturing) or occupation (e.g., farm workers, auto mechanic). This section provides information about employment and wages in Teton County, Idaho, and communities within the County.

Number of jobs. The 2000 Census recorded that, in 2000, total employment (number of jobs, part and full time) in Teton County, Idaho, was 3,030. According to the 2005 Claritas projections, total employment had risen to 3,849.

Employment data for Teton County, Idaho ignore one of the largest employers in the County, Grand Targhee Resort (GTR). The resort is geographically located in Teton County, Wyoming, but its employment base draws largely from Teton County, Idaho. As of January 2006, according to the resort, it employed 157 full-time equivalent workers or about 300 part and full time workers during peak periods in the ski season.

The Bureau of Economic Analysis (BEA) provides historical data on job growth (both part and full time). In 2001, BEA estimated total employment at 3,032 jobs. In 2004, BEA estimates the number at 3,495. As mentioned above, Claritas estimates the 2005 number of jobs in the County at 3,849. Based on these estimates since 2001, the total number of jobs in the County has increased between 463 (BEA, 2004) and 817 (Claritas, 2005).

The State of Idaho, Department of Commerce & Labor reports the number of jobs in businesses that are subject to state and federal unemployment laws (these data exclude self-employed persons). In 2005, covered employment was estimated at 2,379 jobs.

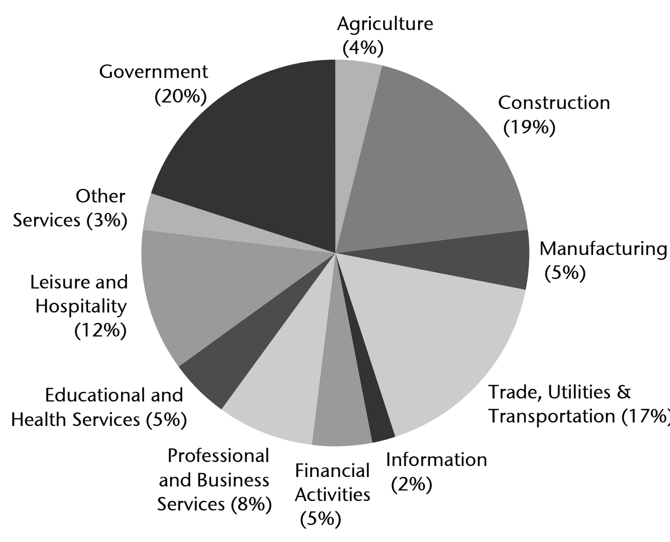
Number of workers. The State reports the civilian labor force employed in the County. In 2005, the State estimated 4,332 workers in the County. This number has increased by 774 since 2000.

Primary industries, occupations and wages. Teton County, Idaho's job base is concentrated in four industry categories: government; construction; trade, utilities and transportation; and leisure and hospitality. Exhibit II-14 shows the distribution of jobs by industry category for 2005.

Exhibit II-14. Distribution of Jobs by Industry Category, 2005

Source:

Idaho Department of Commerce and Labor, *Teton County Workforce Trends, October 2006.*



The largest occupations in the County in 2005 included those in construction, sales and services. Exhibit II-15 shows employment in Teton County, Idaho, and other study areas by occupation, according to the 2005 Claritas database.

Exhibit II-15.
Employment by Occupation for the Population Over 16 Years Old, 2005

Industry	Driggs		Tetonia		Victor		Teton County, ID		Teton County, WY*		Idaho	
Management, Business, and Financial	50	8.7%	14	10%	75	12%	503	13.1%	2,041	16.5%	87,042	13.1%
Professional and Related Occupations	95	16.5%	27	19%	86	14%	631	16.4%	2,263	18.3%	123,286	18.6%
Service	120	20.9%	28	20%	132	21%	721	18.7%	2,535	20.5%	101,738	15.4%
Sales and Office	111	19.3%	29	20%	154	24%	728	18.9%	2,980	24.1%	168,660	25.4%
Farming, Fishing and Forestry	22	3.8%	2	1%	6	1%	167	4.3%	79	0.6%	17,427	2.6%
Construction, Extraction and Maintenance	136	23.7%	25	17%	123	19%	753	19.6%	1,896	15.3%	71,514	10.8%
Production, Transportation and Material Moving	41	7.1%	18	13%	56	9%	346	9.0%	596	4.8%	93,186	14.1%
Total	**575**	**100.0%**	**143**	**100%**	**632**	**100%**	**3,849**	**100.0%**	**12,390**	**100.0%**	**662,853**	**100.0%**

Note: *Teton County, Wyoming, employment data is for the year 2006, not 2005 as indicated.

Source: PCensus, 2005 and 2006 Claritas databases.

Exhibit II-16 presents the average annual wages for covered employment industries in Teton County, Idaho, for 2005[4]. Occupations in the financial industry earned the highest wage level ($42,365), while those employed in leisure and hospitality had the lowest average wage at $13,139.

Exhibit II-16.
Annual Wages by Industry, Teton County, Idaho, 2005

Source:

Idaho Department of Commerce and Labor, *Teton County Workforce Trends, October 2006*.

	Employment	Wages	Percent
Total Covered Wages	2,379	$ 25,500	100%
Agriculture	107	$ 16,568	4%
Construction	443	$ 27,322	19%
Manufacturing	118	$ 25,537	5%
Trade, Utilities, & Transportation	410	$ 22,714	17%
Information	43	$ 36,695	2%
Financial Activities	111	$ 42,365	5%
Professional and Business Services	185	$ 36,147	8%
Educational and Health Services	126	$ 19,476	5%
Leisure and Hospitality	289	$ 13,193	12%
Other Services	78	$ 24,901	3%
Government	467	$ 28,349	20%

[4] Covered employment includes employers who are subject to state and federal unemployment insurance laws.

Exhibit II-17 presents the largest employers for the County, according to employer survey data collected for this study.

Exhibit II-17. Largest Employers, Driggs, 2004

Source:
BBC Research & Consulting employer survey.

Company/Agency	Estimated Employees	Industry/Product
Grand Targhee Resort	300	Recreation & Real Estate Development
Teton County School District	160	Education
Teton Valley Hospital	90	Health Care Services
Broulim's Thriftway	55	Retail Food Sales
Teton County	60	Government Services
Total	**665**	

According to the 2000 Census, most workers (60 percent) residing in Teton County, Idaho also worked in the County. The next most popular place of work was Teton County, Wyoming at 35 percent. The data do not designate between employment at Grand Targhee Resort in Teton County, Wyoming or establishments in Jackson. However, the Census reports that about 690 workers, or 26 percent of all workers, traveled more than 45 minutes to their place of work in 2000. Based on this data, it can be assumed that the majority of the 1,014 workers commuting to Teton County, Wyoming are driving to the Jackson area.

Exhibit II-18. Work Destinations for Teton County, Idaho Residents, 2000

Source:
Idaho Department of Commerce and Labor, Teton County Profile.

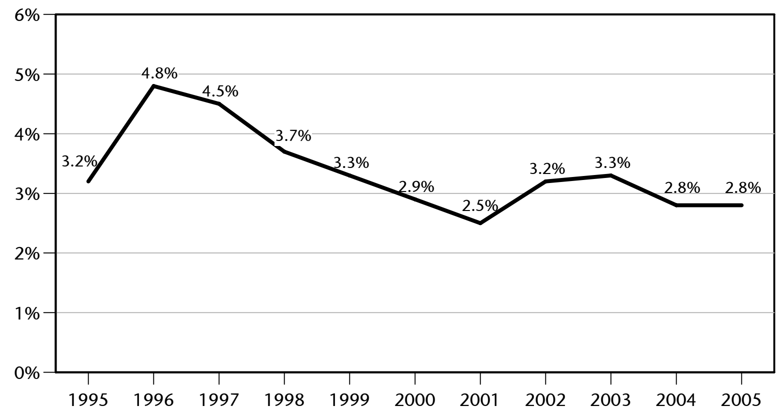
Work Destination	Number of Workers	Percent
Teton County, ID	1,742	60%
Teton County, WY	1,014	35%
Madison County, ID	50	2%
Bonneville County, ID	37	1%
Fremont County, ID	36	1%
Uinta County, ID	15	1%

Unemployment rates. Exhibit II-19 shows unemployment rates in Teton County, Idaho, from 1995 to 2005. Since 1995, the unemployment rate has risen and fallen, and is currently is at 2.8 percent, the lowest level since 2001, when it hit 2.5 percent.

Exhibit II-19.
Unemployment Rate, Teton County, Idaho, 1995 to 2005

Source:

Idaho Department of Commerce and Labor, *Teton County Workforce Trends, October 2006* and BBC Research & Consulting.



Teton County, Idaho, has consistently had a lower unemployment rate than the State of Idaho. For example, in the 1998 State's unemployment rate was 5.1 percent, while it was only 3.7 percent in the County. For 2005, the unemployment rate for Idaho was 3.8 percent.

Educational attainment and future workforce. The educational attainment of a community is an important factor that employers consider when deciding to relocate to an area. Exhibit II-20 shows the educational attainment of each study areas' population over the age of 25. In 2005, about 29 percent of Teton County, Idaho, residents had graduated from college and/or obtained an advanced degree. Twenty-three percent had graduated from high school, and another 29 percent had taken some college courses but had not obtained a degree.

In 2005, Driggs was the most highly educated community within Teton County, Idaho, with over 30 percent of residents having received a bachelor's degree or higher. Victor is the least educated with 18 percent of the population with a bachelor's degree or higher. Teton County, Wyoming, is the most highly educated of the study areas, with over 46 percent of the population with a bachelor's degree or higher.

Exhibit II-20.
Educational Attainment for the Population over 25, 2005

	Driggs	Tetonia	Victor	Teton County, ID		Teton County, WY*	Idaho
Less than 9th Grade	10%	4%	3%	218	5%	2%	5%
Some High School (No Diploma)	9%	12%	9%	338	8%	4%	10%
High School Graduate (Includes Equivalency)	18%	31%	35%	1,038	23%	18%	29%
Some College, No Degree	26%	26%	28%	1,290	29%	23%	27%
Associate's Degree	7%	7%	7%	333	7%	7%	7%
Bachelor's Degree	25%	17%	15%	882	20%	32%	15%
Master's Degree	3%	3%	3%	204	5%	8%	5%
Professional Degree	2%	0%	0%	77	2%	5%	2%
Doctorate Degree	0%	0%	0%	77	2%	1%	1%
Total	**100%**	**100%**	**100%**	**4,457**	**100%**	**100%**	**100%**

Note: *Teton County, Wyoming, educational attainment is for the year 2006, not 2005.

Source: PCensus, 2005 and 2006 Claritas databases.

Future Population and Employment

Demographic forecasts project that population growth in Teton County, Idaho will continue to be strong, averaging a 4 percent per year increase. Under this scenario, the County's population is expected to exceed 9,000 by 2010, or grow by 1,500 people (a 21 percent increase over the 2005 level). If this rate of growth continues, the County's population could reach 11,500 people in 10 years (2015)—an increase of 4,000 people from the 2005 level. However, if growth is more aggressive and consistent with the rate in 1990 and 2000 (5.7 percent), and the County's 2005 population is closer to 7,900, the 2010 population would be 10,400 and the 2015 population would be 13,800.

Teton County, Idaho added an average of 150 jobs per year between 2002 and 2004 (growth between 2001 and 2002 was stagnant, reflecting the national economic slump). The strongest growth in numbers of jobs occurred for construction, real estate, and accommodations and food services. The construction industry added 167 jobs; real estate, 67; and accommodations and food services, 53 (government was close behind at 43 jobs).

If recent trends continue, by 2016, the County could add 1,500 new jobs. These jobs are likely to be concentrated in the County's dominant industries: construction, real estate, accommodations and food services and, to a slightly lesser extent, government.

Population growth will exceed job growth because a portion of population growth will be associated with retirees moving into the County and the nonworking population. Between 2001 and 2004, the County added an average of 154 jobs per year compared to 295 people. If the County continues to be popular retirement destination (which is likely), population growth will continue to exceed job growth.

SECTION III.
Housing Market Analysis

SECTION III.
Housing Market Analysis

This section of the needs assessment provides a detailed analysis of the housing market in Teton County. Data are provided on the market for the County overall and incorporated areas within the County and surrounding communities as available.

Summary

- The Teton Valley has seen a dramatic increase in housing demand and home prices in the past several years. The number of residential building permits has surged since 2003. More than one-third of all of the County's housing units have been built in the past 6 years.

- In 2000, the median value of all owner-occupied homes in Teton County was $131,800. To purchase the median-valued home in 2000, a household would need to earn about $38,000 per year. About half of the renter households in the County could have afforded to buy the median-valued home in 2000.

- As of January 29, 2007, the average price of residential units listed for sale in the Teton Valley was $582,900. To purchase the average-priced unit, a household would need to earn more than $140,000 per year.

- There were only a handful of units to purchase priced below $200,000 in the Teton Valley in early March. A household would have to earn a minimum of $65,000 per year before 5 percent of the units on the market became affordable. $65,000 is equivalent to 120 percent of the median family income, which is generally considered the upper bound of the workforce housing target.

- The vast majority of the County's renter households are unable to find housing to buy in their price range. Rexburg, Rigby, St. Anthony, Sugar City and Ashton offer a much more affordable option for renter households wanting to buy housing than does the Teton Valley.

- Rental prices have also increased rapidly since 2000. According to federal data on the fair market rents of 2-bedroom units in the County, renter households are paying $132 more per month, or $1,584 per year, for a 2-bedroom unit in 2007 than they were in 2000. Despite these increases, the current rental market remains affordable to all but households earning less than about $16,000 per year.

- If the County wishes to maintain its current homeownership rate, estimated at 75 percent, an additional 193 rental units and 523 homeownership units will be needed by 2010. By 2015, population growth will require 487 new rental units and 1,404 homeownership units.

Residential Housing Units

This section provides an overview of homeownership, types of housing units occupied by residents, age of housing and development trends in Teton County, Idaho between 2000 and 2005.

2000 housing situation. In 2000, there were 2,078 occupied housing units in Teton County, Idaho. Seventy-four percent of the units were occupied by owners; 26 percent were occupied by renters. In comparison, the homeownership rate in Teton County, Wyoming in 2000 was a much lower 55 percent (55 percent of units occupied by owners; 45 percent by renters).

The vast majority of housing units in Teton County, Idaho—91 percent—were single-family detached homes. The next most common type of residential units in the County was mobile homes at 14 percent.

Renters in the County are most likely to rent detached single-family homes or mobile homes: In 2000, 66 percent of renters in Teton County, Idaho lived in a detached single-family home and another 20 percent lived in mobile homes. Just 14 percent lived in multi-unit developments (apartments, duplexes). By comparison, in Teton County, Wyoming, 42 percent of renters lived in detached single-family homes and mobile homes; 58 percent lived in duplexes/triplexes/fourplexes and apartments.

Renters occupied 22 percent of all detached single-family homes and 38 percent of all mobile homes in Teton County, Idaho in 2000.

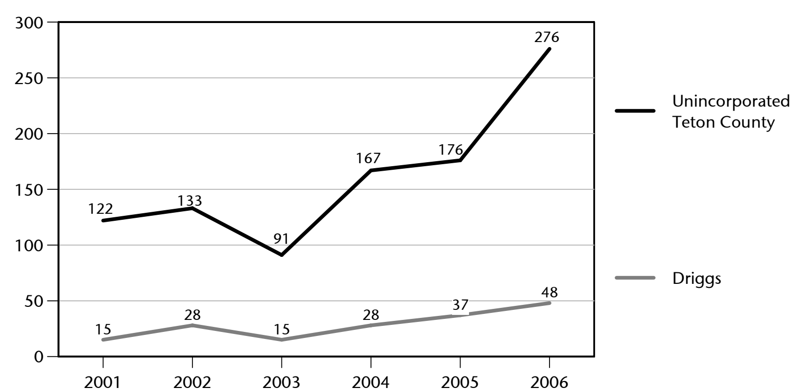
2005 housing situation. Since 2000, the County has issued about 965 building permits for residential units—914 for detached single-family homes, 33 for manufactured homes and the remainder for townhomes, apartments and condos. Driggs permitted 171 residential units.

The permit data are shown in Exhibit III-1. As the exhibit demonstrates, the majority of residential permits are for units located in the unincorporated county.

Exhibit III-1.
Residential Permits Issued, Teton County, 2001 to 2006

Source:

Teton County, City of Driggs, BBC Research & Consulting.

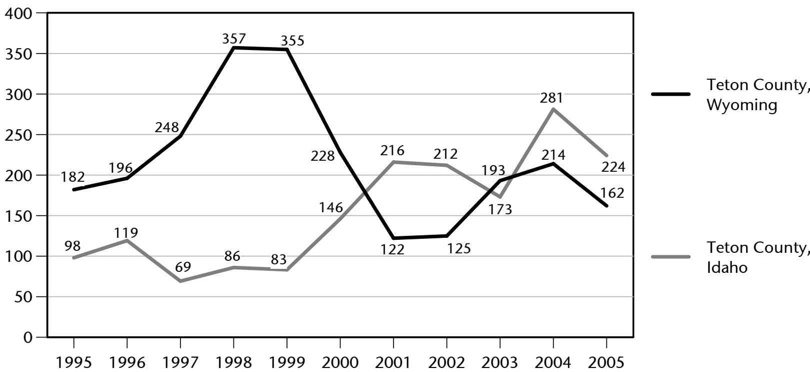


The Teton County (Wyoming) Housing Needs Assessment contains comparative data on residential construction activity between 1995 and 2005. According to the report, during this 10-year period, 1,707 residential units were built in Teton County, Idaho, with the majority (1,252) built in the past 5 years (2000 to 2005). Exhibit III-2 compares residential construction activity in Teton County, Idaho with Teton County, Wyoming.

Exhibit III-2.
Residential Construction, Teton County, Idaho and Teton County, Wyoming, 1995 to 2005

Source:

Economic & Planning Systems, Teton County Housing Needs Assessment, January 30, 2007.



The graph visually demonstrates the relationship between activity in Teton County, Wyoming and Teton County, Idaho: As residential construction has become more constrained in Wyoming, this has pushed demand for residential building into Idaho. Indeed, as the *Teton County, Wyoming Housing Needs Assessment* notes, as construction in Teton County, Wyoming and the Town of Jackson decreased from 1998 to 2001, construction in surrounding communities—including Teton County, Idaho and Lincoln County, Wyoming—increased significantly.

Current housing data suggest that residential housing by type has changed little in the valley since 2000. As noted above, the vast majority of permits issued in the County since 2000 were for single-family homes. Rental data collected for this study indicate that the majority of units occupied by renters continue to be detached homes: 69 percent of the units for rent in late 2006 and early 2007 were detached (houses or mobile homes); 31 percent were apartments.

Age of housing units. Exhibit III-3 shows the estimated distribution of housing units by age as of 2005.

Exhibit III-3.
Number and Percent of Housing Units by Age, 2005

Source:

2000 Census, Teton County Housing Needs Assessment, 2007 Economic Planning Systems and BBC Research & Consulting.

Year Built		
1999 to 2005	1,409	36%
1990 to 1998	1064	27%
1980 to 1989	326	8%
1970 to 1979	391	10%
1960 to 1969	99	3%
1950 to 1959	143	4%
1940 to 1949	139	4%
1939 or earlier	313	8%
Total	**3,884**	

Based on residential construction that occurred between 2000 and 2005, an estimated 36 percent of the County's housing units have been built in the past 5 years. This compares to 27 percent that was built during the past decade.

Vacancy status. The 2000 Census reported 554 vacant units in Teton County, Idaho. The majority of the vacant units—72 percent—were seasonal or second homes. In Teton County, Wyoming 85 percent of vacant units were seasonal/second homes.

The vacancy rate for non-seasonal rental units in Teton County, Idaho as of 2000 was 10 percent. Non-seasonal homeownership units had a much lower vacancy at 2 percent.

In the absence of a detailed inventory of housing by vacancy status, it is difficult to estimate current vacancy rates, particularly in a market with a significant percentage of seasonal homes. Based on the limited inventory of homes for sale at prices of less than $200,000 (discussed in more detail below), we assume in this needs analysis that the homeownership vacancy rate for affordable housing has remained at a very low 2 percent.

For rental housing, we assume that the vacancy rate has dropped to 5 percent, which is consistent with the estimated rental vacancy rates in Kootenai and Ada Counties, and the State of Idaho overall (for which data are available for 2005). This rate is also consistent with the rate used in the Teton County (Wyoming) Housing Needs Assessment.

Housing Prices and Affordability

This section begins by presenting housing cost data for homes to buy in Teton County, comparing price levels in 2000 to 2005. It contains a market analysis of for sale housing, comparing recent listings in the Teton Valley with surrounding areas. The homeownership section concludes with a modeling effort that compares renter incomes with home prices.

The rental housing section provides data on historical and current rental costs in Teton County. It concludes with a housing mismatch analysis, comparing renter incomes to rental units by level of 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. For Teton County, this income range would be $43,000 to $65,000.

Low- and moderate-income. The U.S. Department of Housing & Urban Development (HUD) separates households into certain income categories for its housing grant funds and programs. These categories are based on the median family income for an area, called the MFI. The categories are:

- **Extremely low-income households**, defined as those earning 30 percent of the median family income (MFI) or less. These households are generally renters and have extreme difficulty buying in most markets. Persons who are disabled and seniors living on fixed incomes are often represented in this income bracket. In high-cost housing markets, households in this income bracket who are homeowners generally purchased their homes years ago.

- **Very low-income households**, earning between 31 and 50 percent of the MFI. These households are also usually renters, although they may be able to buy in certain markets by taking advantage of downpayment assistance, low-interest mortgages and/or deed-restricted housing products.

- **Low income**, earning between 51 and 80 percent of the MFI. These households may be renters or owners, depending on the market.

- **Moderate income**, earning between 81 and 100 percent of the MFI. Subsidized and/or workforce housing products are usually tailored to households in this income range, as well as "middle" income households (earning 120 percent of the MFI) in certain markets.

- Households earning more than the median family income are classified as "middle-" to "high-income".

In 2006, HUD estimated the median family income for Teton County, Idaho, at $54,200. Exhibit III-4 presents the number and percentages of households in each of the HUD income categories.

Exhibit III-4.
HUD Income Limits, 2006

Source:

U.S. Department of Housing and Urban Development.

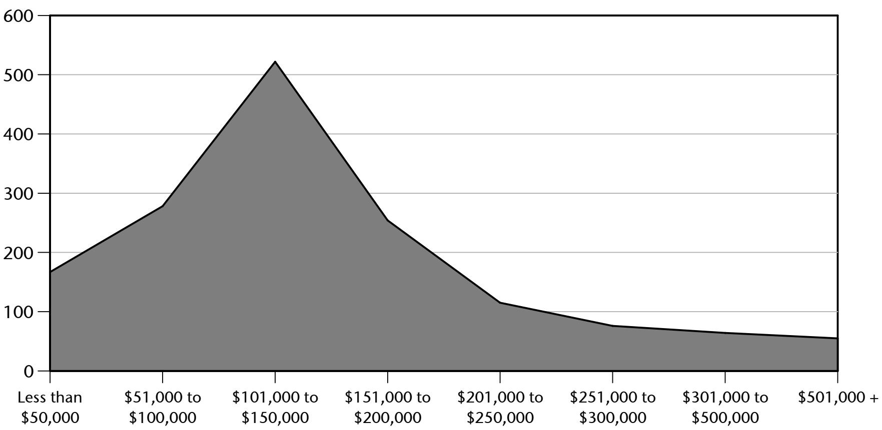
HUD 2005 MFI	$54,200	Teton County, ID	
30% of MFI	$16,260	269	9.8%
50% of MFI	$27,100	282	10.3%
80% of MFI	$43,360	557	20.3%
Over 80% of MFI	$43,360+	1617	59.5%

Homeownership housing. In 2000, the median value of an owner-occupied home in Teton County, Idaho was $131,800. The "median price" is the point at which half of the units are valued at less than the median and half are valued at more than the median[1].

To purchase the median-valued home in 2000, a household would need to earn about $38,000 per year. In 2000, about half of the renter households in Teton County could afford to purchase the median-valued home. Exhibit III-5 shows the distribution of home values in the County as of 2000.

Exhibit III-5. Distribution of Home Values, Teton County, Idaho, 2000

Source:
U.S. Census Bureau, 2000

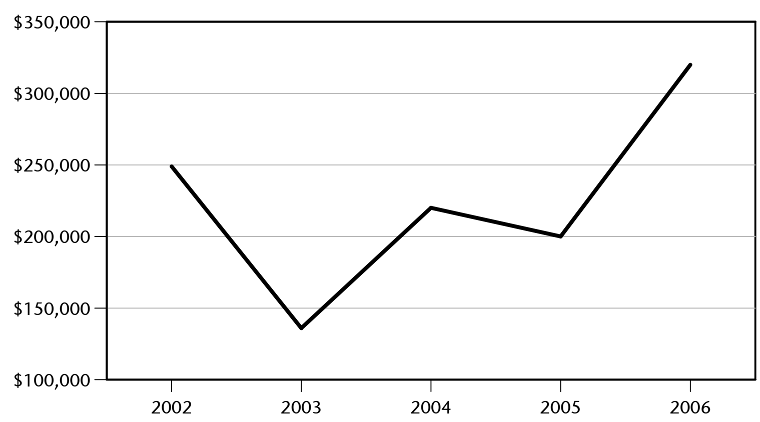


The most recent data on home prices in the County comes from the Multiple Listing Service (MLS), a listing of residential properties for sale and on the market in a given area and their prices (with the exception of properties that are being sold by owners or builders and not advertised on the MLS).

Exhibit III-6 shows the change in average prices in the Teton Valley between 2002 and 2006, according to the Teton Board of Realtors (TBOR). The Exhibit demonstrates that the largest jump in value has occurred very recently, in 2004 and 2005. The data suggest that the average price rose 31 percent in 2006 from the 2004–2005 average.

Exhibit III-6. Average Home Sale Prices, Teton County, 2002 to 2006

Source:
TBOR MLS.



[1] Using the median to measure overall prices is better than using an average because the median in not influenced by extreme prices (e.g., large, custom homes selling at prices far above the majority of the market).

Exhibit III-7 shows the types of sale that have occurred in the Teton Valley in 2006. The vast majority of sales have been for building sites and residential units.

Exhibit III-7.
Teton Valley, Idaho
2006 Sales

Source:
TBOR MLS.

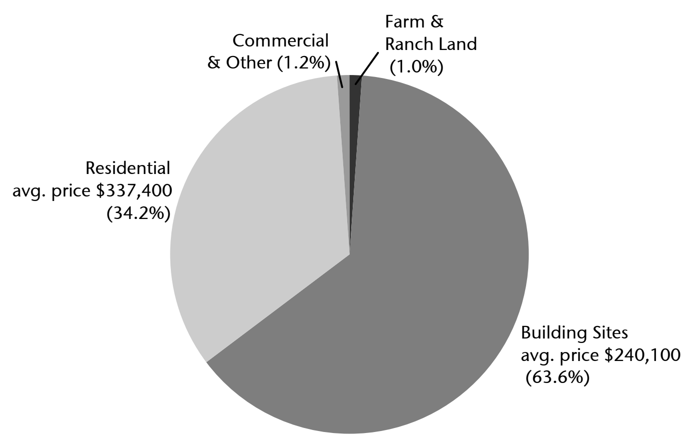


Exhibit III-8 compares residential listings in 2007 and 2006 as of January 29 for both years. The data show a 33 percent increase in the volume of residential units listed on the MLS, and a 24 percent increase in the average listed price. As of January 29,2007, the average price of residential units for sale in the Teton Valley and listed on the MLS was $582,900. To purchase the average priced residential unit, a household would need to earn more than $140,000 per year.

Exhibit III-8.
Teton Valley, Idaho Residential Listings as of January 29, 2007

	January 29th		2007 Higher than 2006	
	2006	2007	Amount	Percent
Number of Listings	178	236	58	32.6%
Average Listed Price	$470,900	$582,900	$112,000	23.8%

Source: TBOR MLS.

Affordability of for-sale housing. To measure affordability of for sale housing in the Teton Valley, we obtained MLS data for a point in time in early March 2007. We pulled the data for Teton County, Idaho, as well as for Teton County, Wyoming and areas surrounding the Teton Valley where workers are likely to locate if they cannot find housing in the Valley. These surrounding areas include Rexburg, Rigby, St. Anthony, Sugar City and Ashton.

We examined affordability by the HUD low- and moderate-income levels listed in Exhibit III-4. The HUD levels were because they reflect the income limits that are applied for federal, state and many local assisted housing programs and policies.

Exhibit III-9 shows how much households in the various income brackets could afford to pay to buy a home. The home prices are adjusted to account for property tax payments, hazard insurance and utilities[2].

Exhibit III-9.
Home Purchase Affordability Levels, 2006

HUD Income Category	Income Range	Maximum Affordable Mortgage Payment	Maximum Affordable Home Price
0–30% of MFI	$0–$16,260	$224	$38,076
31–50% of MFI	$16,261–$27,100	$444	$74,648
51–80% of MFI	$27,101–$43,360	$781	$131,343
81–100% of MFI	$43,361–$54,200	$1,023	$171,589
101–120% of MFI	$54,201–$65,040	$1,215	$204,486
120% of MFI+	$65,041+	$1,215+	$204,486+

Note: Mortgage payment is adjusted for property taxes, hazard insurance and utilities. Property taxes were based on the average property tax rate for Teton County reported by the Idaho Tax Commission, factoring in the homeowners exemption. Utilities are assumed to range between $100 and $150 per month. 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.

Source: Source: BBC Research & Consulting.

Exhibit III-10 compares the number and percentage of renter households in the various income brackets with the number and percentage of housing units for sale in the Teton Valley in early March.

Exhibit III-10.
Homeownership Gap for Renters, 2006

			Renter Households		Units for Sale, March 2007			
HUD Income Category	Income Range	Maximum Affordable Home Price	Number	Percent	Number	Percent	Cumulative Percentage	Percentage Gap
0–30% of MFI	$0–$16,260	$38,076	114	16%	-	0%	0%	-16%
31–50% of MFI	$16,261–$27,100	$74,648	99	14%	-	0%	0%	-14%
51–80% of MFI	$27,101–$43,360	$131,343	174	24%	2	1%	1%	-23%
81–100% of MFI	$43,361–$54,200	$171,589	96	13%	5	2%	3%	-11%
101–120% of MFI	$54,201–$65,040	$204,486	66	9%	2	1%	4%	-8%
120% of MFI+	$65,041+	$204,486+	177	24%	231	96%	100%	72%
Total			**726**	**100%**	**240**	**100%**		

Source: BBC Research & Consulting.

As demonstrated by Exhibit III-10:

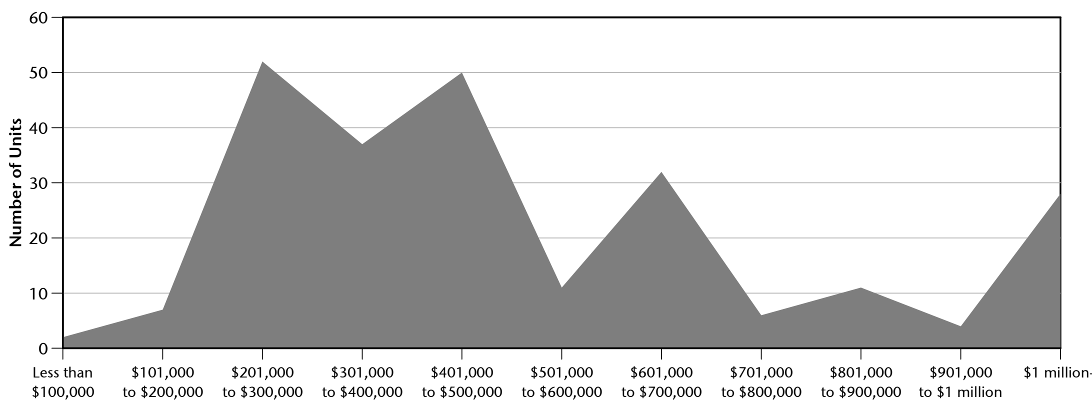
- There were only a handful of units to purchase priced below $200,000 in the Teton Valley in early March.
- A household would have to earn a minimum of $65,000 per year before *5 percent* of the units on the market became affordable. $65,000 is equivalent to 120 percent of the median family income, which is generally considered the upper bound of the workforce housing target.
- More than half of the County's renter households earned less than $50,000 per year. Based on the March MLS listings, these households are unable to find affordable housing to buy in the Valley.

[2] Property taxes were based on the average property tax rate for Teton County reported by the Idaho Tax Commission, factoring in the homeowners exemption. Utilities are assumed to range between $100 and $150 per month. 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.

- Almost one-quarter of renter households in Teton County, Idaho earned more than $65,000 per year. These higher income renters have many more options to purchase housing than renters earning less; however, they have not purchased housing in the Valley.

Exhibit III-11 shows the distribution of MLS listings in Teton County as of March 2007. For moderate-income households—earning more than $54,000 but less than $65,000—purchasing housing in the Valley is just slightly out of reach. There were 52 residential units for sale in the $200,000 to $300,000 range as of March 9; half of these were priced less than $250,000. Although some of these units are condominiums (which may not meet the needs of all households), many are detached single-family homes.

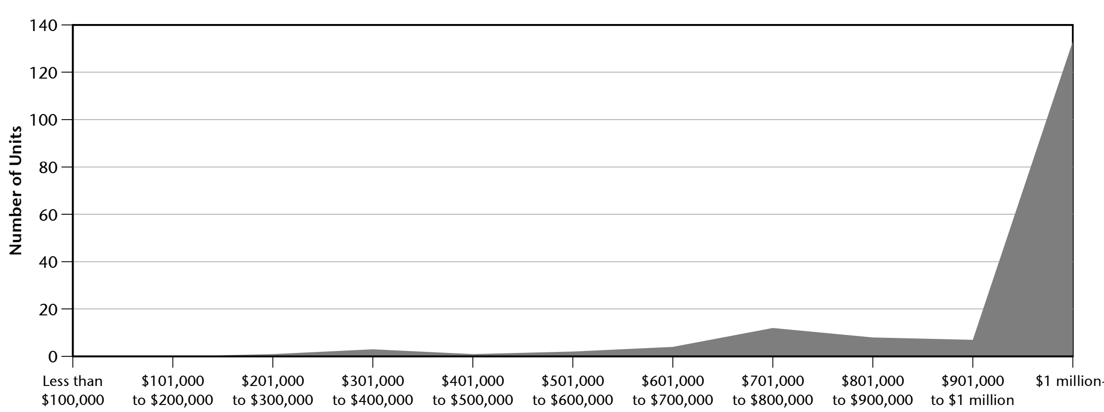
Exhibit III-11.
Distribution of Homes for Sale, Teton Valley, March 9, 2007



Source: Teton Board of Realtors.

Exhibit III-12 shows the distribution with MLS listings in Teton County, Wyoming as of the same date. Comparing Exhibits III-11 and III-12 visually demonstrates the considerable affordability of the Teton County, Idaho market. Clearly, Teton County, Idaho offers much more affordable housing than its Wyoming counterpart.

Exhibit III-12.
Distribution of Homes for Sale, Teton County, Wyoming, March 9, 2007



Source: Teton Board of Realtors.

If renter households cannot afford to buy in the Teton Valley, what are their options?

The 75 percent of renter households who cannot afford to buy in the Teton Valley—as well as households with incomes of less than $65,000 who want to relocate to the Valley—are forced to look outside of the County if they want to buy.

Exhibit III-13 shows the distribution of homes for sale in early March in surrounding communities, by affordability range.

Exhibit III-13.
Homes for Sale, March 2007

HUD Income Category	Income Range	Maximum Affordable Home Price	Rexburg Units for Sale			Rigby Units for Sale			Sugar City/St. Anthony/ Ashton Units for Sale		
			Number	Percent	Cumulative Percentage	Number	Percent	Cumulative Percentage	Number	Percent	Cumulative Percentage
0-30% of MFI	$0–$16,260	$38,076	0	0%		0	0%		4	6%	
31-50% of MFI	$16,261–$27,100	$74,648	1	1%	1%	3	2%	2%	4	6%	12%
51-80% of MFI	$27,101–$43,360	$131,343	11	10%	11%	22	12%	13%	16	24%	36%
81-100% of MFI	$43,361–$54,200	$171,589	18	17%	29%	22	12%	25%	14	21%	58%
101-120% of MFI	$54,201–$65,040	$204,486	11	10%	39%	24	13%	37%	10	15%	73%
120% of MFI+	$65,041+	204,486+	64	61%	100%	120	63%	100%	18	27%	100%
			105	100%		191	100%		66	100%	

Source: Teton Board of Realtors.

In Rexburg, households earning $54,000 would find almost one-third of the units in the City affordable to buy. These households could also choose from about one-fourth of the units on the market in Rigby, and 58 percent of units in St. Anthony, Sugar City and Ashton combined. Households earning $43,000 would find a little more than one-third of the units in the St. Anthony, Sugar City and Ashton areas affordable. These communities currently offer a much more affordable option for renter households wanting to purchase housing than does the Teton Valley.

Exhibit III-14 compares the median prices of housing for sale on March 9, 2007 with the length of the commute from Driggs. As demonstrated by the Exhibit, households who work in the Driggs area and are willing to commute—albeit long distances—are able to save considerable amounts on housing costs. The data also show that households who cannot afford to buy in the Teton Valley face relatively long commutes, particularly in winter weather.

Exhibit III-14.
Median Price, March 9, 2007 MLS Listings and Commute Time

Source:
BBC Research & Consulting.

	Median Price	Approximate Mileage from Driggs
Teton Valley	$449,000	0
Rexburg	$239,900	48
Rigby	$225,000	59
St. Anthony/Sugar City/Ashton	$149,950	40

Rental housing. According to the 2000 Census, the median rent in Teton County, Idaho was $603. To rent the median-priced unit in 2000, a household would need to earn about $24,000 per year. This was only about $13,000 less than the income needed to buy the median priced home in 2000. In 2000, two-thirds of renters in Teton County could afford to rent the median-priced unit.

Rental prices have also increased rapidly since 2000. Rental data obtained from a survey of newspaper ads in early 2007 conducted for this study puts the 2007 median rent at $900. It should be noted that because these are months during which the seasonal worker population swells in the County, the $900 median likely reflects the upper bound of the rental market.

Rental costs vary widely depending on the type of unit. For 2- and 3-bedroom units, apartments are much more affordable to rent than are single-family homes or trailers. Exhibit III-15 shows the median and average rents by unit type. These data were collected between January and March 2007, and reflect the rental market during this time period.

Exhibit III-15. Median and Average Rents, Teton County, Idaho, 2007

Source:
BBC Research & Consulting.

Median				
	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Apartment	$550	$565	$525	N/A
House	$520	$925	$1,100	$1,275
Average				
	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Apartment	$572	$589	$658	N/A
House	$573	946	$1,021	$1,270

Annually, HUD establishes Fair Market Rents (FMR) for metropolitan areas and counties, which are used to determine the subsidy that households are eligible to receive under subsidized programs. The FMRs reflect the 40th-percentile rent level in an area. This is the point at which 40 percent of units rent for less than the 40th percentile and 60 percent of units rent for more. The 40th-percentile rent is lower than the median (which separates at 50 percent).

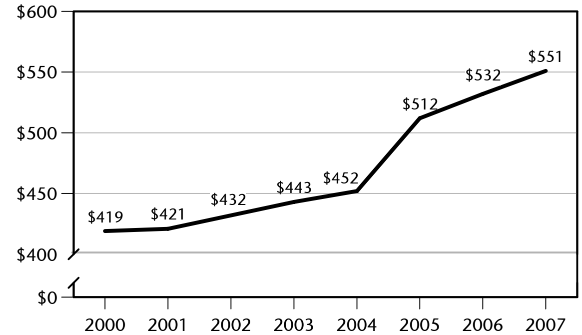
In 2006, the FMR for a two-bedroom unit in Teton County, Idaho was $551.

Exhibit III-16 shows the trend in FMRs since 2000. The rent levels have generally been on a steady increasing trend. For a two-bedroom unit, a renter would be paying $132 per month or $1,584 per year more in 2007 than in 2000.

Exhibit III-16.
Trends in Fair Market Rents for Two-Bedroom Units, 2000 to 2007

Source:

U.S. Department of Housing and Urban Development and BBC Research & Consulting.



Affordability of rental housing. To examine the affordability of rental housing in the Valley, we compared renter incomes as of 2006 with the cost of rental housing in 2007.

Exhibit III-17 shows the result of this comparison. The column on the far right (Gaps) shows where mismatches in the market are occurring. For renters earning less than $16,260 per year (extremely low-income renters), there is a shortage of 82 units in their affordability range to serve them. The County's extremely low-income renters are forced to rent at levels that are higher than what they can afford without being cost burdened (discussed below). At the higher end of the market, renters could afford to pay more than they are for housing if units were available. However, even if higher-priced units were available to serve them, these higher-income renters may choose to continue renting lower-cost units to save money (e.g., for a downpayment).

Exhibit III-17.
Rental Unit Gap, 2006

HUD Income Category	Income Range	Maximum Affordable Rent	Renter Households Number	Renter Households Percent	Number of Rental Units	Gap
0-30% of MFI	$0–$16,260	$307	114	16%	32	(82)
31-50% of MFI	$16,261–$27,100	$553	99	14%	204	105
51-80% of MFI	$27,101–$43,360	$934	174	24%	257	83
81-100% of MFI	$43,361–$54,200	$1,205	96	13%	209	113
101-120% of MFI	$54,201–$65,040	$1,476	66	9%	59	(7)
120% of MFI+	$65,041+	$1,626	177	24%	-	(177)
Total			726	100%	762	

Note: The maximum affordable rent is adjusted to account for utilities costs.

Source: BBC Research & Consulting.

Cost Burden

We defined "affordable" housing earlier as being less than 30 percent of a household's monthly income. Housing costs include mortgages, real estate taxes, insurance, utilities, fuels, and, where appropriate, costs such as condominium fees or monthly mobile home fees. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered "cost burdened." If the share of income spent on housing grows to 50 percent or more, households are considered "severely cost burdened."

The 2000 Census provides estimates of cost burdened households and includes some information about the characteristics of households that experience cost burden. The Census has the most comprehensive cost burden data available.

Exhibits III-18 and III-19 compare renter and owner cost burden for Teton County, Idaho and Teton County, Wyoming. The level of cost burden is similar for renter and owner households in both counties, despite much higher housing costs for ownership housing in Teton County, Wyoming. Renter cost burden is relatively low, and owner cost burden is moderate in both counties compared to other areas: For example, 39 percent of all renters and 16 percent of all owners in Pocatello were cost burdened in 2000, and 48 percent of all renters and 26 percent of all owners were cost burdened in Coeur d'Alene in 2000.

Exhibit III-18.
Renter Cost Burden, 2000

Source:

U.S. Census, 2000 and BBC Research & Consulting.

	Teton County, Idaho		Teton County, Wyoming	
2000 Income Ranges	# Cost Burdened	% Cost Burdened	# Cost Burdened	% Cost Burdened
$0–$9,999	32	89%	88	80%
$10,000–$19,999	38	75%	297	76%
$20,000–$34,999	30	31%	353	51%
$35,000–$49,999	10	9%	117	20%
$50,000–$74,999	0	0%	7	1%
$75,000–$99,999	0	0%	7	3%
$100,000+	0	0%	8	4%
Total	**110**		**877**	
Overall Cost Burden		**29%**		**30%**

Exhibit III-19.
Owner Cost Burden, 2000

Source:

U.S. Census, 2000 and BBC Research & Consulting.

	Teton County, Idaho		Teton County, Wyoming	
2000 Income Ranges	# Cost Burdened	% Cost Burdened	# Cost Burdened	% Cost Burdened
$0–$9,999	36	86%	43	100%
$10,000–$19,999	42	56%	140	92%
$20,000–$34,999	80	40%	203	53%
$35,000–$49,999	73	29%	140	43%
$50,000–$74,999	2	1%	199	24%
$75,000–$99,999	6	7%	57	14%
$100,000+	0	0%	97	10%
Total	**239**		**879**	
Overall Cost Burden		**25%**		**28%**

Future Housing Needs

As discussed in Section II, if population growth continues at 5.7 percent annually, consistent with historical growth, the County's population would be 10,400 in 2010 and 13,800 in 2015. At current household sizes (2.84 persons per household), the number of households will be 3,677 in2010 and 4,852 in 2015.

If the County wishes to maintain its current homeownership rate, estimated at 75 percent, an additional 193 rental units and 523 homeownership units will be needed by 2010. By 2015, population growth will require 487 new rental units and 1,404 homeownership units.

The housing price points needed by these new households will depend on their income levels. If the new residents have similar income distributions as current residents, then the housing units needed should be distributed as follows:

Exhibit III-20 shows the housing unit forecasts for 2010 and 2015.

Exhibit III-20.
Projected Housing Needs

	2010	2015
Residents added from 2006	2,077	5,412
Total Population	10,443	13,778
Total Households	3,677	4,851
Renters added from 2006	193	487
Total Renters	919	1,213
New rental units needed	193	487
Owners added from 2006	523	1,404
Total Owners	2,758	3,639
New homeownership units needed	523	1,404
	Rental Units	
Price distribution of new rental units	$0–$307	16%
in 2006 dollars	$308–$553	14%
	$554–$934	24%
	$935–$1,205	13%
	$1,206–$1,476	9%
	$1,477–$1,626	24%
		100%
	Homeownership Units	
Price distribution of new	$0–$38,076	8%
homeownership units	$38,077–$74,648	10%
in 2006 dollars	$74,649–$131,343	20%
	$131,344–$171,589	13%
	$171,590–$204,486	12%
	$204,487+	37%
		100%

Source: BBC Research and Consulting.

Under this scenario, homeownership would remain at 75 percent, and there would be no improvement over current rental and homeownership mismatches.

The biggest impact on future housing needs will be the incomes of new households and the fluctuations in household structures and incomes of current residents. Rather than try to produce housing to reflect the distribution of units shown in Exhibit III-20, it is best to target housing production to the areas where housing needs are the greatest. In Teton County's case, rental housing that is developed should target the County's lowest income households and future seasonal workers. This housing needs to rent for less than $400 per month.

Homeownership housing should be targeted to households earning between 80 and 120 percent of the median family income (workforce housing). This housing needs to be priced at between $130,000 and $202,000 to be affordable.

SECTION IV.
Employer Survey

Section IV.
Employer Survey

This appendix contains the results of an employer survey and discussion forum that were conducted for the Teton County Housing Needs Assessment.

Effects of Housing Costs on Employment

To analyze how the housing market in Teton County affects employers, BBC collected and analyzed survey from area employers. A total of 45 area employers participated in the survey effort, representing approximately 750 full-time equivalent jobs in the County.[1] The survey sample reflects a diverse spectrum of industries, and includes the County's four largest private employers. Occupations represented by the survey include teaching, hospitality and management, nursing, sales, landscaping and food services.

The wages paid by the employers represented in the surveys were also wide-ranging, from a low of $7.00 per hour to $70,000 salaried. Most wages were hourly. By far, the largest proportion of hourly positions paid $10 to $14 per hour (60 percent), followed by $15 to $19 per hour (16 percent). Fourteen percent of the positions reported paid over $20 per hour, and 10 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 on employers? 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—80 percent—said the changing market has affected their ability to recruit workforce negatively or very negatively (59 percent negatively, 21 percent very negatively). Twenty-one percent said the changes in the market had positively affected their ability to recruit workforce.

Exhibit IV-I.
"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	20%
Negatively	60%
Positively	13%
Very Positively	7%

Employers were also asked to characterize their workers' experience finding housing in Teton County. Exhibit IV-2 shows that the employers said their workers mostly have a difficult or very difficult time finding the housing they need. Finding housing to rent was characterized as difficult or very difficult by most employers (63 percent), and finding housing for homeownership was overwhelmingly characterized as very difficult and difficult by area employers (87 percent).

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[1] The employer survey data collected for this study collected full time equivalent (FTE) employees. If employees average 1.1 jobs, the employer surveys captured an estimated about 20 percent of the estimated FTE positions in the County.

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

Source:

Employer surveys and BBC Research & Consulting.

	Rental	Homeownership
Very Difficult	21%	50%
Difficult	44%	38%
Easy	32%	9%
Very Easy	3%	3%

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-$500 per month. There is not enough supply of such units to keep rents down.
- Housing prices in Teton Valley are too expensive for first-time homebuyers. Housing to buy priced under $350,000 is lacking.
- Mismatch between housing costs and wage/salary level attainable for workers in Teton County: *"Wages are too low" and "housing costs are sky high."*

Discussions with area employers suggest that housing constraints and the effect of the housing market on employment is a fairly recent phenomenon. According to area employers, most of their employees are "home grown"—they have resided in the valley for some time and did not need to find housing when they obtained their current jobs. Employers report that some employees commute from surrounding areas; however, this appears to be the minority of current employees.

"If [employees] didn't get into the market five years ago, they can't own with current prices and wages."

Employers have been creative in assisting their employees—offering downpayment assistance, renting apartments they own—but thus far, this has been an informal system applied on a case by case basis.

Employers are very concerned about the future. They acknowledge that the housing market will become more critical as they replace current employees and hire new employees as they grow.

[For future employees…] "I would like to see housing that is affordable with less than a 30 minute commute."

Housing Future Workforce

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. Market factors also strongly influence the housing choices of future workforce, particularly the relative affordability of housing in surrounding areas (e.g., Rexburg, Rigby). Finally, in the case of Teton County, Idaho, job growth and demands for services in neighboring Teton County, Wyoming, along with lack of housing, contributes to employment growth and demand for housing in the Teton Valley.

This section examines projected employment growth as measured through the number of new workers employers indicated they plan to hire, as well as recent growth in various industries in Teton County, Idaho.

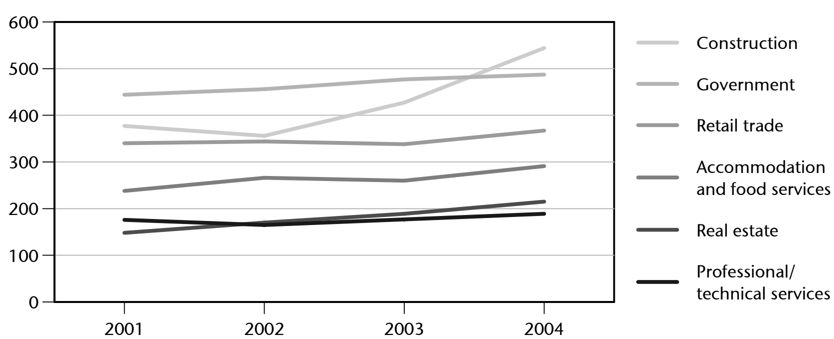
Employment projections. The Teton County, Idaho employers surveyed for this study projected that they will collectively increase their workforce over the next 10 years by an estimated 520 employees. The resident survey completed for this study found that Teton County households have 1.5 workers on average (equivalent to one full-time and one part-time worker). Using this ratio, the number of units needed to accommodate the future workforce during the next 10 years would be approximately 350 units. This assumes that unemployment rates stay very low, new employees are hired from outside of the Valley and, as such, need to find housing in the Valley. These data do not include Grand Targhee Resort (GTR), or the balance of employment in the Valley.

Teton County, Idaho added an average of 150 jobs per year between 2002 and 2004 (growth between 2001 and 2002 was stagnant, reflecting the national economic slump). The strongest growth in numbers of jobs occurred for construction, real estate, and accommodations and food services. The construction industry added 167 jobs; real estate, 67; and accommodations and food services, 53. Exhibit IV-3 shows the level of employment for key growth industries in the County between 2001 and 2004.

Exhibit IV-3. Primary Employment Growth by Industry, Teton County, Idaho, 2001 to 2004

Source:

Bureau of Economic Analysis and BBC Research & Consulting.



Assuming recent job growth is a predictor of growth during the next 10 years, 1,500 new jobs will be added to County employment by 2016. At 1.5 workers per household, and assuming new workers will relocate from outside the Valley, this growth will generate demand for 1,000 new housing units.

Based on Targhee's current development plan of 725 units, the resort could generate demand for an additional 180 units for new full-time equivalent employees and units for about 93 seasonal employees by 2016. Altogether, employment forecasts suggest a need for approximately 1,180 residential units for year-round workers (180 GTR related) and units to accommodate 93 seasonal workers (all GTR related) during the next 10 years. The units needed to accommodate employment growth generated by the GTR development will be developed by the resort as part of its current housing mitigation plan required by Teton County, Wyoming land development regulations[2].

The 10-year employment projections for the County overall, along with housing units needed to accommodate the growth, are summarized in Exhibit IV-4.

Exhibit IV-4. Projected Housing Needs for Future Workforce, 2016

Source:
Employer survey and BBC Research & Consulting.

Teton County Employers	
Average number of jobs added per year, 2002–2004	150
Esimated job growth by 2016	1,500
Workers per household	1.5
Housing units needed	1,000
Grand Targhee Projected Growth, 2016	
Units to house year-round workers	180
Seasonal workers needing housing	93

Housing. Seasonal employers are currently assisting some of their employees with finding housing by master leasing motel and hotel units during period of peak demand. Employers report that so far, development of market and subsidized rentals has generally kept up with demand from their seasonal workforce. It is unlikely that this practice will be adequate to meet future growth, and that employers will need to provide at least some of this housing for their seasonal workforce. GTR will provide housing for a significant portion of its employees as part of its housing mitigation plan required by Teton County, Wyoming.

Non-seasonal employees have a very difficult time finding affordable housing to buy in the County, and a difficult time finding affordable rentals, according to employer input. Indeed, as shown in the housing market analysis in Section III, households need to earn $65,000 before only 5 percent of units that are for sale in the market become affordable to them.

Based on the average wage information submitted by employers, to be affordable to the future workforce, housing will need to be priced as follows:

- Seasonal workers will need rental housing priced less than about $430, including utilities.
- According to wage estimates provided by employers who responded to the survey, about half of their future workforce will earn between $20,000 and $30,000 in today's dollars. These workers will need rents between $400 and $700, and homes to buy between $50,000 and $90,000.
- Another 22 percent of future workers will earn between $30,000 and $40,000, needing rents between $700 and $900 and homes to buy between $90,000 and $125,000.

[2] At build out, the GTR development is expected to generate demand for 201 housing units for year-round employees, along with housing to accommodate 108 seasonal employees.

- The last quarter of future employees will need rents no higher than $1,800 per month, and homes priced between $125,000 and $240,000.

These estimates assume one wage-earner per household. In reality, these future workers are likely to have one member of the household who is at least working part-time, which will raise their ability to afford housing to buy.

With these affordability ranges, there is likely to be a modest need for rental units at the $400 to $700 level. Except for the most highly paid future employees, finding a home to buy in the Teton County market will be cost prohibitive unless future housing is developed in their affordability ranges. Future housing needs is discussed in more detail at the end of Section III.

SECTION V.
Resident Input

Section V. Resident Input

This section reports the results of a mail survey of Teton County residents regarding their experiences and concern with finding or paying for housing in the Valley[1]. It also discusses the public input resulting from two focus groups that were conducted with residents in the County for the study.

Resident Survey

The survey asked residents a series of questions regarding their housing situation and associated payments, purchase price (if homeowners), barriers to homeownership (if renters), needed home repairs, employment, and composition of their households. A series of trade-off questions were included to gauge housing preferences in the Valley.

Household characteristics. This section discusses the household characteristics of respondents to the survey, and, where available, examines how well the survey sample represented the households in the County overall.

Place of residence. All respondents of the survey were living within Teton County when the survey was completed. The majority of the survey respondents—72 percent (97 respondents)—lived in Driggs. As such, the survey oversamples Driggs' residents and undersamples residents in Victor and the unincorporated area of the County.

Fifty-eight percent of the survey respondents had lived in their city or town for over 10 years. Ten percent of the respondents had lived in their town less than one year, and 17 percent less than two years. The median number of years of residence in Teton County of the survey respondents was 6 years.

All respondents to the survey who are renters have lived in Teton Valley for less than ten years, and all but one renter has lived in the Valley for less than 5 years.

Survey respondents who had lived in the area less than 10 years were also asked where they moved from. Of these 75 respondents, the largest percentage of respondents had moved from elsewhere in Idaho (21 percent) or from Jackson, Wyoming (13 percent), followed by Colorado (11 percent) and Utah (9 percent).

Age. Survey respondents ranged from 24 to 93 years old. The average age of the householder of the survey was 48 years.

Disability. Six percent of survey respondents (8 persons) responded "yes" when asked if they or any member of their household had a disability. Census data from 2000 indicated that 10 percent of the total population in Teton County had a disability.[2]

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[1] The survey was available in English and Spanish.

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.

The surveys represented more two- and three-person households and fewer larger households compared to the proportions in the 2000 Census. Exhibit V-1 displays the household size of the households represented by the survey respondents.

Exhibit V-1.
Household Size, Survey Respondents

Source:

Teton County Resident Survey 2007 and BBC Research & Consulting and U.S. Census Bureau.

	Survey		2000
	Number	Percent	Census
1-person household	29	22%	21%
2-person household	49	37%	32%
3-person household	34	26%	16%
4-person household	12	9%	15%
5+-person household	9	7%	16%
Total	133	100%	100%

Thirty-seven percent of the households responding to the survey had children. Eight percent of these households with children were single-parent households.

Household income. Forty-six percent of survey respondents had household incomes of less than $50,000, which is less than the 62 percent estimate for 2005. Middle-income and high-income individuals were most likely to respond to the survey, while low-income individuals were less likely to respond.

Exhibit V-2 displays respondents' income categories compared to the income estimates.

Exhibit V-2.
Household Income, Survey Respondents

Source:

Teton County Resident Survey 2007, BBC Research & Consulting and PCensus, 2005 Claritas database.

	Survey		2005
	Number	Percent	Estimate
Less than $15,000	2	2%	9%
$15,000 to $24,999	9	7%	9%
$25,000 to $34,999	14	11%	10%
$35,000 to $49,999	34	26%	22%
$50,000 to $74,999	36	28%	26%
$75,000 to $99,999	18	14%	13%
$100,000 or more	16	12%	10%
Total	129	100%	99%

[2] 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.

Employment and commute. Thirteen percent of the survey respondents reported that they were retired and the remaining 87 percent reported that they worked. In 53 percent of the households represented by the survey, more than one adult worked full time.

The primary occupations held by survey respondents included teacher/educator, professional services worker (accountants, consultants, attorneys), service laborer (mechanics, carpenters, school bus drivers), and construction worker.

Twenty-four percent of the respondents said that one or more persons in their household work more than one job.

Exhibit V-3 shows the commute times of the survey respondents. Most respondents reported commute times less than 20 minutes, with a small proportion (17 percent) reporting longer commutes. Almost all of those individuals reporting commute times longer than 31 minutes are employed in Jackson, Wyoming.

Exhibit V-3.
Commute Time, Survey Respondents

Source:

Teton County Resident Survey 2007 and BBC Research & Consulting.

	Number	Percent
Less than 10 minutes	66	59%
10 to 20 minutes	27	24%
21 to 30 minutes	2	2%
31 minutes to 1 hour	14	13%
1 hour or more	2	2%
Total	111	100%

Survey respondents were asked if they would like to live closer to their place of work. Twenty-six percent said they would; seventy-four percent said they would not. When the responses to this question are analyzed by occupation, there was no occupation where the majority wanted to live closer to their place of work.

For the minority of respondents who said they wanted to live closer to their place of work, the trade-offs they were willing to make to live closer to work included living in a home with a smaller yard or living in a smaller house. Only one respondent indicated he or she would be willing to rent rather than own in order to live closer to work, and none of the respondents were willing to move into a condominium or townhome to be closer to work.

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 V-4 shows the type of housing occupied by the respondents, and if they owned or rented.

Exhibit V-4.
Type of Housing Occupied by Survey Respondents

Source:

Teton County Resident Survey 2007 and BBC Research & Consulting.

	Number	Percent
Own	117	89%
Rent	15	11%
Single-Family Detached	102	77%
Townhome/Condo/Duplex	10	8%
Apartments	7	5%
Mobile home/manufacured home	13	10%
Total	132	100%

Rent or mortgage payments. Twenty-three percent of all survey respondents owned their homes outright, and, as such, did not have a monthly mortgage or rent payment.

Exhibit V-5 shows the distribution of all respondents' housing payments (both rent and mortgage).

Exhibit V-5.
Monthly Rent or Mortgage Payment, Survey Respondents

	Own		Rent		All Respondents	
	Number	Percent	Number	Percent	Number	Percent
$100 to $249	0	0%	0	0%	0	0%
$250 to $499	3	3%	0	0%	3	2%
$500 to $749	15	13%	7	47%	22	17%
$750 to $999	20	17%	7	47%	27	20%
$1,000 to $1,249	21	18%	1	7%	22	17%
$1,250 to $1,499	7	6%	0	0%	7	5%
$1,500 to $1,999	15	13%	0	0%	15	11%
$2,000 or more	5	4%	0	0%	5	4%
Own home outright	31	26%	n/a	n/a	31	23%
Total	117	100%	15	100%	132	77%

Source: Teton County Resident Survey 2007 and BBC Research & Consulting.

The average monthly payment for residents living in their home for less than 1 year was $1,116, less than 5 years $1,134, less than ten years $1,118 and more than ten years $807.

In addition to rent or mortgage payments, respondents must also pay for utilities. This may include electric, gas, water and sewer expenses.[3] The average utility expense for both owners and renters was $214 per month.

[3] 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 V-6 shows the four scenarios and the responses.

Exhibit V-6.
Monthly Mortgage or Rent and Monthly Expenditures, Survey Respondents

	Own		Rent		All Respondents	
	Number	Percent	Number	Percent	Number	Percent
My rent/mortgage payment does not put a strain on my overall monthly expenditures.	33	32%	2	14%	35	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.	46	45%	10	71%	56	48%
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.	21	20%	2	14%	23	20%
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.	3	3%	0	0%	3	3%
Total	103	100%	14	100%	117	100%

Source: Teton County Resident Survey 2007 and BBC Research & Consulting.

Of all the survey respondents, 30 percent replied that their rent/mortgage payment does not put a strain on their overall monthly expenditures. Twenty-three percent said they have difficultly making their monthly mortgage or rent payment.

Current housing satisfaction. Eighty-four percent of survey respondents are satisfied with the location of their home. Of the respondents who are not satisfied with the location of their home, almost all mentioned they would prefer to live in a more isolated setting—farther outside of town, away from major roads and with greater acreage. Very few expressed desire to live in a more densely populated area.

The survey respondents provided a wide range of reasons for why they would like to change their housing situations, as shown in Exhibit V-7.

Exhibit V-7.
Survey Respondents' Desired Changes to Housing Situation

Source:

Teton County Resident Survey 2007 and BBC Research & Consulting.

Most frequently mentioned changes
Live closer to work
Reduce monthly rent/mortgage payments
Have more acreage/greater privacy
Move into bigger house
Own rather than rent
Other often-mentioned changes
Live away from major roads
Have more trees/vegetation
Move to a place with lower home prices

Making repairs. A slight majority of renters (54 percent) indicated that their landlords did not make repairs promptly when needed. The most common types of repairs needed by the renters responding to the survey include heating, insulation, windows and painting. None of the survey respondents said the repairs needed to their rental units made them unlivable.

Forty-three percent of respondents who are homeowners said there were repairs they needed to make to their homes. The most common repairs or improvements need to be made include painting, windows, insulation and siding.

Respondents who needed repairs were then asked why they have not made the repairs or improvements. Fifty-two percent of respondents said they could not afford the repairs, and 29 percent said they had other priorities.

Affordability. Fifty-eight percent of 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. Specifically, 46 percent of the respondents who are renters said finding housing was "easy" or "very easy"; the balance, 64 percent, said it was "difficult" or "very difficult." Sixty percent of owners said their experience finding housing was easy or very easy; 40 percent said difficult or very difficult.

However, 92 percent of survey respondents thought that if they were looking for a home today it would be similarly difficult or even more difficult to find a home they could afford as it was when they found their current residences. Only the remaining 8 percent of all survey respondents indicated that it was easy or very easy to find housing when they moved to the Valley and that they thought this would still be true today. These same percentages applied to only those survey respondents who are homeowners, while 87 percent of renters thought that it would be similarly difficult or even more difficult to find an affordable rental.

All of the respondents that said it would be more difficult to find housing today attributed this to the rapid increase in home and property prices far outpacing growth incomes. The term "sky-rocketing" was used my many respondents to describe increases in home prices in Teton valley. Some respondents provided further detail in suggesting that speculative homebuying and second homeownership was to blame for growth in the cost of living that outpaced growth of salaries and wages in the Valley.

Approximately 12 percent of the survey respondents reported that someone is living with them who is not a student because he or she cannot afford to live alone.

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. Twenty-four percent of the respondents said the value of their homes when purchased was under $100,000. If these homes were sold today only 5 percent would be valued under $100,000, according to the survey respondents. Compared to the MLS listings (as discussed in Section III), the prices estimated by the survey respondents are lower than what was available to purchase in early March 2007.

Exhibit V-8 shows the distribution of home values today compared to the price of homes at their time of purchase. The Exhibit shows the sharp movement in values upward from when the homeowners initially purchased their homes to their estimated value today.

Exhibit V-8.
Home Value Comparison, Survey Respondents

Source:

Teton County Resident Survey 2007 and BBC Research & Consulting.

	Value When Purchased	Percent	Value Today	Percent
less than $50,000	10	9%	3	3%
$50,000 to $99,999	16	15%	2	2%
$100,000 to $149,999	15	14%	7	7%
$150,000 to $199,999	36	34%	8	8%
$200,000 to $249,999	13	12%	19	18%
$250,000 to $299,999	7	7%	20	19%
$300,000 to $349,999	3	3%	17	17%
$350,000 to $399,999	3	3%	6	6%
$400,000 to $499,999	0	0%	8	8%
$500,000 to $999,999	3	3%	11	11%
$1 million and over	0	0%	2	2%
Total	106	100%	103	100%

The median value of the home values reported by the survey respondents was $250,000. Approximately 57percent of the homes were purchased between 2000 and 2006, 28 percent were purchased during the 1990s and the remaining 16 percent were purchased prior to 1990.

Based on the information provided—current home value, original purchase price and year of purchase—the average compound annual growth rate of these homes is about 10 percent.

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. All but one of these respondents said they would prefer to own a single family home if they could. One respondent said he or she would prefer to own a condo, and no respondents said they would like to continue renting or 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 V-9.

It is interesting that even with the relatively high and increasing prices in the Valley, the largest barrier reported by renters is poor or no credit.

Exhibit V-9. Barriers to Homeownership, Survey Respondents

Note: Respondents could select more than one response.

Source:

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

	Number	Percent
Poor/no credit	12	29%
Do not have downpayment	9	22%
Cannot afford mortgage payments	8	20%
Cannot qualify for a mortgage	3	7%
Intimitated by buying process	3	7%
Desired type/location not available	2	5%
Uncertain future/may leave area	2	5%
No houses in my price range for sale	1	2%
Other	1	2%

Trade-off Questions. The survey respondents were asked to choose between a series of two alternatives of housing preferences. Answers to these trade-off questions were cross-tabulated with income brackets to determine how household income affects housing preferences. Exhibit V-10 indicates the proportions of each income category that indicated each alternative.

Exhibit V-10. Housing preferences by income bracket

Source:

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

Tradeoff	Income Bracket $25,000 or less	$25,000–$50,000	$50,000 or more
Live in your desired location and rent OR	13%	14%	11%
Own your own home and commute	88%	86%	89%
Live closer to where you work OR	38%	57%	35%
Have a large lot/land	63%	43%	65%
Have a big yard for your home/apartment OR	70%	53%	69%
Have a small yard with minimal yardwork	30%	47%	31%
Have a larger home/apartment OR	29%	27%	53%
Live in a smaller home/apartment to reduce mortgage/rent	71%	73%	47%
Reduce the cost of mortgage/rent and commute OR	25%	56%	41%
Live close to where you work	75%	44%	59%
Live in your desired location OR	63%	88%	81%
Have a larger home	38%	12%	19%
Live in an older home OR	38%	40%	27%
Live in a brand-new home	63%	60%	73%

Several conclusions can be drawn from these results:

- The preference ordering for households of all incomes can be said to be ownership, location, and then size: ownership is much more important to respondents of all income brackets than living in one's desired location, and desired location is more important than having a larger home.
- Most low- and middle-income households would live in a smaller residence if it meant a smaller monthly mortgage or rent payment, but high-income households are evenly split in this trade-off and more likely to accept higher monthly payments for a larger home.
- Most low- and high-income households would prefer to have large parcels of land than live close to work, but middle-income households are more likely to prefer large lots over a longer commutes. When weighing proximity to work and monthly payments, low-income households place more importance on proximity to work than middle and high-income households.
- Most low- and high-income households prefer a large to a small yard, but middle-income households are more likely to want a small yard to minimize maintenance and are evenly split on this trade-off.
- Households from all income brackets generally prefer brand-new over old homes.

Housing demand in the future. The survey respondents were also asked if they might move away from the Teton Valley and the surrounding area within the next three years. About 15 percent of respondents answered 'yes,' 59 percent 'no,' and 27 percent 'not sure.' Among those respondents who had plans move away from Teton County, the most commonly cited reasons were the desire to live somewhere where housing costs less (27 percent), inability to purchase a home in Teton County (16 percent), and the desire to live closer to friends and family (16 percent).

Forums

In December 2006 and February 2007, two forums were held to give Teton County, Idaho residents an opportunity to discuss their housing needs[4]. Residents were asked about their experience finding their current home, trade-offs they needed to make to find housing in the Valley, affordability of housing in the Valley and how they would like to see housing needs addressed.

This section summarizes their comments, organized around the major themes that arose from the discussions.

Price points needed

- "I feel like I need to leave Driggs because of the housing costs." This resident wants to own a home, and needs a mortgage payment no higher than around $800 per month. A smaller, attached home with a small yard/private area and near Driggs would be desirable.
- "We will need to leave if we can't afford to buy on one income." This forum attendee is looking for a 2- to 3-bedroom home, detached, priced around $150,000. Would be willing to compromise on lot size for the right price.
- One attendee at the forum looked for two years to find a home to buy, and found it less expensive to buy a lot and build a home on his own.
- Finding the right house in the $300,000 to $350,000 range is difficult!
- A home priced in the $200,000 to $250,000 range is a fixer upper. Workers have to stretch to buy in this price range, and then they have nothing left to make needed repairs.

Housing barriers

- It is difficult for the Spanish-speaking community to own because they do not have an established credit history. There are also no Spanish-speaking loan officers in town. Also, the only homeownership classes that are offered are in Idaho Falls.
- Relatively low wages: Commuting over the pass pays off—wages are $5 per hour more there.
- Access to rental housing does *not* appear to be a barrier; attendees said that finding rental housing is relatively easy.

[4] A third forum was arranged for the Spanish-speaking population living in the Valley. No attendance was received.

Preferences for housing

- "If owning means I need to commute, then I will commute."
- Owning a deed-restricted home would be better than renting.
- Manufactured housing seems to be the only affordable option in town. Potential buyers worry about losing value with manufactured homes.
- However, purchasing trailers is desirable to the Hispanic community because they do not require getting a mortgage loan.
- People move here with a vision that they will be able to own a lot of land.
- There are strong preferences—by stakeholders as well as residents—to have workforce housing integrated into the community.
- A sweat equity product, where the homeowner has to contribute time to constructing and finishing the house, would be desirable.

Other comments

- "There are a lot of people in the workforce basing their decision to stay or leave the area on housing costs."
- "It is unfair that people who have never visited here are buying homes and taking the stock away from the workforce."

SECTION VI.
Recommendations

SECTION VI. Recommendations

This section contains recommendations to meet the housing needs identified in Sections III through V of this report. The recommendations presented below are intended to offer a balanced approach for promoting affordable housing among and within the communities in Teton County. It is important to note that successfully meeting housing needs in the County will involve contributions from a number of parties—governmental entities, residents, the development community, area businesses and employers—all of whom benefit by having a well-balanced housing stock. A collaborative engagement, which spreads the cost, impact, and rewards among all interested parties, will have the greatest chance for success.

Greatest Housing Needs in Teton County

The most acute housing problem in Teton County, Idaho is lack of affordable housing for the current and future local workforce to purchase. The current market is not producing homeownership housing that is affordable for the majority of the County's current renters, or which is likely to be affordable to many in the future workforce. As such, these current and future renters must continue renting if they want to live in Teton County. If they desire homeownership, they are forced to buy outside of the County and commute between 30 minutes to an hour each day.

As of March 9, 2007, there were only a handful of units for sale and priced below $200,000 in the Teton Valley. A comparison of household incomes, affordability and existing units for sale found that a household would have to earn a minimum of $65,000 per year before *just 5 percent* of the units on the market became affordable. Renters earning less than $65,000 looking for housing to buy in early March had just 7 units from which to choose. $65,000 is equivalent to 120 percent of the median family income, which is generally considered the upper bound of the workforce housing target.

Undeveloped lots are more available and abundant in the County. At the current prices for built housing, buying a lot may be the most affordable option for many workers. However, it is unlikely to be the most desirable option, due to the uncertainly about construction costs, delay in getting a home constructed and the immediate need for housing.

Increasing the supply of affordable for sale housing—priced between $130,000 and $202,000—would enable these renters, as well as new workers moving into the county, to achieve homeownership. This would also free up the units these renters are occupying, and make these units available to other and new renters with housing needs.

A second, but less critical need in the County is for deeply affordable rental units. The rental market appears to be adequately serving all but the lowest-income renter households (those earning less than $16,000 per year). The gaps analysis conducted for this study found a modest shortage of deeply subsidized units (rents less than $400 per month including utilities) to serve the county's lowest-income renters. These renters are unable to find the housing they need and, as such, are cost burdened. To the extent that affordable homeownership units do not become available in the future, more demand will be placed on the rental market to supply housing in the County. This will in turn raise rental prices if supply does not keep up with demand, and the County is likely to have greater rental housing needs than it does currently.

Solutions

This section provides specific solutions to address the needs identified above by recommending ways in which the County can intervene in the market to produce more affordable housing.

Action Item No. 1: Acquire and make land available for workforce housing development. Accelerating home prices are driven in large part by the high cost of land in the County. In high cost areas, donation of land or sales at a greatly reduced price is key to making workforce and affordable housing developments pencil out. We believe the best way the County can address its housing needs is by acquiring, donating and assembling land, and then restricting and preserving the land for development of workforce housing.

There are several opportunities for land acquisition in Teton County:

Private party land donations. The County can encourage land donation by private owners in exchange for tax incentives by forming a vehicle through which to accept land donations (see Action Item No. 2 below). This would work much like the donation of conservation easements for environmental preservation. The Teton Regional Land Trust in Driggs serves this function for private landowners who wish to donate land for environmental preservation.

We recommend that the County engage in discussions with the Teton Regional Land Trust about a potential partnership where the land trust could either 1) receive and handle the legal and tax procedures of land donations and convey them to a County Housing Authority, or 2) manage the legal and tax procedures for a County Housing Authority. A model for such a partnership is the Island Housing Trust. The Trust is a 501c(3) nonprofit, "work[ing] to maintain the character, vibrancy and diversity of the six towns on the Island of Martha's Vineyard by acquiring land and creating permanently affordable homes." The Trust partners with Martha's Vineyard Land Bank in joint land purchases that have resulted in land conservation and affordable housing.

Developer exactions. The County can impose an exaction on the development community. This could work in two ways:

- In the first option, developers would be required to set aside a certain portion of the land in their development for workforce housing. Currently, Teton County and the City of Driggs require a certain percentage of land in a subdivision be preserved as open space. In the County, the percentage varies depending on the density and characteristics of the development; in Driggs, the general requirement is 25 percent of the area in a planned unit development.

  The County has considered a similar requirement for workforce housing. We recommend that the County and Driggs implement such a requirement. The percentage required should be on a sliding scale, tied to the affordability of the underlying development (e.g., a mixed-income or affordable development would not have a workforce housing set aside; a very high end development would have the maximum set aside requirement). The developer would have the option of developing workforce housing on the site, or donating the land or its cash value to the County Housing Authority. The Housing Authority should have refusal rights on the land donation, to ensure that it is appropriate for workforce housing development.

- A second option would be to require developers to integrate a certain percentage of workforce housing into their subdivisions (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. Many 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.

Conduct a private and public land inventory. The County and cities within the County should also inventory land—both public and private—and evaluate the suitability of the land for workforce housing development.

The City of Driggs has recently developed a GIS system of existing and potential residential developments, along with ownership (public/private), and reviewed these parcels for workforce housing appropriateness. The County is working on developing a similar GIS database of properties, which should be available in summer 2007. The City of Driggs and the County should use these systems to examine their inventories of private and public property that is most appropriate for workforce housing development.

If these parcels are dedicated to the development of workforce housing, the public donor (County, city, school district) would be entitled to dedicate the housing that is development for its workforce. Similarly, private landowners who donate land would be entitled to use the housing developed for their workforce.

The County and Cities of Driggs and Victor should also work with private developers who own land suitable for workforce housing to strongly encourage or require them to develop such housing. The Gemstone development in Driggs is one opportunity for private land that is currently underutilized and would be an ideal location for a workforce housing and mixed-income development. The current product does not appear to appeal to the workforce. Acquiring the land or working with the developer to modify the development plan into single family homes on small lots with private yards is strongly recommended.

Action Item No. 2: Form a public housing authority at the County level. We recommend that the County form a Housing Authority to accept land donations, oversee workforce housing development, raise funds through bonding powers and manage the affordability of the workforce housing units developed.

The core function of this Housing Authority would be to manage the development of workforce housing on land acquired through Action Item 1. At this point, we do not recommend that the Housing Authority be the developer of the workforce housing; rather, the Housing Authority would issue requests for proposals and engage the private development community in housing creation. The housing authority, through its power to raise revenues through bonds, could also generate funding for land acquisition and development construction. The Housing Authority would also be responsible for income-qualifying households for the developments, marketing the units, overseeing sales and resales and ensuring that the affordability of the units are preserved for future households (see the "keeping the units affordable" section below).

The powers of a Housing Authority incorporated under Idaho law include:

- To provide for the construction, improvement and repair of housing projects and to establish appropriate rents and charges and lease dwellings for low income individuals.
- To acquire real or personal property by purchase, lease, gift, grant, bequest or eminent domain.
- To invest funds in property or securities in which banks may legally invest funds.
- To issue bonds on which the principal and interest are payable from income from the housing project financed by the bond or grants from the federal government or other agencies.
- To investigate living and dwelling conditions its area of operation, to make appropriate recommendations, and to cooperate with a state or local agency in taking action related to problems identified.
- To assist low-income individuals in acquiring loans for the purchase or improvement of a dwelling.
- To sue and be sued.

Other requirements include:

- A housing project must include dwellings for low-income individuals that occupy at lease 30 percent of the total space or 50 percent of the total number of dwellings, whichever produces the greater number of affordable housing units.
- Commissioners of a housing authority are appointed by the county and serve 5-year terms.
- Households qualify for tenancy of a housing project as long as their annual net income is not more than 5 times the annual rental of the quarters, or for families of 3 or more minor dependants 6 times the annual rental of the quarters.

The County and the Cities of Driggs, Victor and Tetonia can help support the formation of the Housing Authority by providing seed money for creation of the entity, and also providing office space and administrative support (e.g., access to phone systems, computer networks) to the extent available.

Action Item No. 3: Incentivize developers to create workforce housing. Private sector developers can help address the homeownership needs for the County's workforce if they are given the proper incentives to do so. Many developers in the area have reportedly expressed an interest in creating more homeownership affordable and mixed income housing. Incentives in Teton County should include:

- **Density bonuses.** Many cities and counties give developers the right to increase densities in their developments or grant variances from building codes in exchange for incorporating affordable/workforce 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 workforce housing to the overall development plan.

- **Expedited review process.** The County and cities should offer an expedited review process for development applications with affordable housing. Developments with an affordable component would go to the top of the review pile, and the review process should occur within a guaranteed number of days and transparent as possible.

Action Item No. 4: Promote existing buyer resources and homebuyer counseling services. We also recommend that the County Housing Authority operate as a resource to residents who are interested in purchasing homes in the Valley. The Housing Authority should be knowledgeable about existing programs for downpayment assistance, low-interest mortgage loans and reverse mortgages. These programs are offered by the Idaho Housing and Finance Association (IHFA) to all Idaho residents. Pairing these programs with the affordable units created by the action items listed in this section can increase the subsidy—and purchasing power—of first time homebuyers and lower-income populations.

In addition, the Housing Authority should offer credit counseling services—in Spanish and English— to potential homebuyers to ensure that they are knowledgeable about appropriate lending products and are steered away from predatory or inappropriate loans. This is particularly important, as renters surveyed for this study cited poor or no credit as the largest barrier to homeownership, suggesting they might be vulnerable to alternative loan products.

Other Considerations

Keeping the units affordable. When affordable workforce housing units are created through special governmental concessions or contributions of community property and resources, there is a need to maintain the affordability of these units over time. The community's objective is not to enrich a single homeowner, but rather to facilitate the community's long-term affordable housing opportunities. There are few basic approaches for maintaining affordability:

- A property's future sales price is limited through deed-restriction. In other words, when an existing homeowner decides to sell his/her "workforce housing" property, the sales price is limited to some specified amount based on a pre-determined deed-recorded provision or formula. Only qualified buyers may purchase this property. Allowable appreciation for the homeowner is usually tied to the Consumer Price Index, but any marketable variation can be used. This approach usually involves some on-going administrative activity to facilitate property transfer, such as maintaining lists of qualified buyers. In some cases, this approach involves property ownership by a land trust or nonprofit entity that then leases ground to homeowners.

- Through deed-restriction and/or a subordinated property loan, market appreciation is shared with the homeowner. This can be accomplished through a simple sharing formula deed-recorded against the property, and/or it can include a subordinated due-on-sale loan, reflecting the community's financial subsidy in a workforce-housing unit. These approaches do not attempt to restrict the sales price or future purchasers of a given property; but rather, expect the initial community investment to be returned so another qualified buyer can benefit. Some administrative activity is required when the property is sold, as well as to qualify a new buyer.

  In alternative (1), the focus is on preserving affordability for a specific housing unit over time. In alternative (2), the focus is on maintaining financial assistance for targeted qualified homebuyers. Depending on the housing project and the financial assistance being invested, a community may find both approaches helpful.

- Develop the units using a land trust model, where the land is leased by the owner and the improvements are owned. The land is owned by the developer, nonprofit or city/County. Owners are allowed to recapture the appreciation on the structure and any improvements they have made to the home at the time of sale. By controlling the appreciation on the land, the units stay more affordable than they would be if they were not in a land trust (and did not have other affordability restrictions).

Consumer preferences will prevail. It is important to acknowledge that the surrounding communities—Rexburg and Rigby in particular—will continue to be part of the affordable housing solution. As shown in the resident survey, Teton County residents have a strong preference for ownership and for land. Even if more affordable housing were available in the County, there is a segment of the workforce that would continue to choose to commute for the lower housing prices, housing product and land available in these communities.

Real World Examples of Recommendations

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

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." [1]

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.

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

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.

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.

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, 3 duplex lots and 2 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.