

WORKFORCE HOUSING ACTION PLAN STAKEHOLDER WORK SESSION #3 AGENDA

Thank you for your participation in the Workforce Housing Action Plan, an important step in implementing our community's Comprehensive Plan. The overall process for this effort is shown below. Based on the discussion and results of the previous work sessions, this meeting has been added to the schedule to provide the group with an additional opportunity to review and refine the workforce housing concepts.



Workshop Objective: *Review the revised objectives and case studies of potential workforce housing tools. Identify additional refinements, expected outcomes, and details related to implementation of the spectrum of tools.*

Revised Objectives & Draft Strategies (Wednesday, October 9, 1:00 pm – 5:00 pm)

A. Agenda

B. Welcome & Introduction

C. Workshop Goals

D. Housing Objectives

- Staff and consultant will present the revised objectives based on the second stakeholder group meeting.

E. Housing Strategies

- Staff and consultant will present the results of the previous case study exercise and the resulting strategies for the application of workforce housing tools.
- You will be asked to review and discuss refinements and details related to the draft strategies. Each group will discuss strategies related to one of the following big topics:
 - a. Funding
 - b. Education
 - c. Collaboration

WORKFORCE HOUSING ACTION PLAN STAKEHOLDER WORKSHOP #3 PACKET

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Workshop Objective: *Review the revised goals, objectives, and case studies of potential workforce housing tools. Identify additional refinements, expected outcomes, and details related to implementation of the spectrum of tools.*

Revised Objectives & Core Strategies

A. Agenda

B. Welcome & Introduction

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- Staff and consultant will present the results of the previous case study exercise and potential strategies for the application of workforce housing tools.
- You will be asked to review and discuss refinements and details related to the draft strategies. Each group will discuss strategies related to one of the following topics:
 - a. Collaboration
 - b. Education
 - c. Funding
- Your group will discuss implementation details related to the tools and strategies, including action items, challenges, roles and responsibilities, monitoring, and other considerations.

**Workforce Housing Action Plan
Stakeholder Workshop #3 Packet**

09 October 2013

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F. Next Steps:

- Each stakeholder will be asked to present the results of the discussion to their respective groups after the meeting. Based on further discussion, any additional details and refinements should be sent to Christine Walker.
- The results of the exercise and discussion will form the basis of the Draft Housing Action Plan and monitoring program, which the Stakeholder Group will then have the opportunity to review at the fourth Stakeholder Workshop.

For more information, please contact Christine Walker, Executive Director, Teton County Housing Authority, at (307) 732-0867 or cwalker@tetonwyo.org.

HOUSING OBJECTIVES

HOUSING OBJECTIVES

1. Number of Units (Pace of Development)

Keep pace with new job generation from residential and commercial production plus projected loss of workforce housing stock to retirees, non-local residents, lodging, demolition, redevelopment, etc. Track pace of workforce housing development annually in monitoring plan.

2. Income Targets

Create opportunities for workforce housing market solutions to the largest extent possible. Historically; the market has been unproductive at providing ownership opportunities below 120% AMI and rental product below 80% AMI. Publicly subsidized housing programs should target these underserved markets with attention focused on the lower income ranges.

3. Workforce Priorities

Continue to prioritize critical service providers in the publicly subsidized housing programs. Additionally, the selection process for the publicly subsidized housing programs should be objective, equitable, and prioritize years working in valley, time looking for a home, and bedroom size. Employers should be encouraged through technical assistance and other incentives to provide housing in accordance with their priorities.

4. Owner/Renter Mix

Strive for an equal mix of ownership and rental product to meet employer priority for rental housing and entry-level for-sale housing for year-round employees. A higher percentage of rental units for seasonal workers and a higher percentage of ownership units for year-round workers will better suit their respective needs and be more cost effective to construct.

5. Bedroom Mix

Encourage a mix of bedrooms to serve different segments of the workforce across the spectrum. In other words, an equal mix of bedrooms in the lower income ranges as well as the higher levels. Publicly subsidized units should include larger units (2+ bedrooms) as the emphasis with this product is year-round employees and allows greater movement within workforce housing programs.

6. Type/Quality/Design

Continue to provide a variety of housing types that fit within the existing character of the neighborhood. Address inadequate market workforce housing stock.

7. Location

Locate workforce housing within complete neighborhoods according to the Character District.

CASE STUDY SUMMARY

CASE STUDY SUMMARY

During the second stakeholder workshop on July 19, 2013, participants were split into three groups and tasked with an exercise to find housing for workers within the Valley. Providing workforce housing is not a new challenge, but creative solutions need to be addressed in order to maintain our community goal as the housing stock, affordability, and employee needs change.

The following Case Study was given to each group in order to review existing and potential workforce housing tools and to apply them to the scenario to develop a balanced range of strategies. This following summary outlines each group's solution to the housing challenge.

Cowboy Western Motel Redevelopment Case Study:

Long-time owners, Nick and Margaret Hanson, of the Western Cowboy Motel have been approached by California Big Development to redevelop their North Cache two-story motel. A three story boutique hotel with 20 two-bedroom suites along with a restaurant, conference space, a retail shop and underground parking is proposed.

The owners currently employ 10 workers that have on average worked at the motel for over 15 years. The owners provide a two bedroom apartment on-site for the maintenance manager and head housekeeper, Jose Hernandez and his wife Maria. The Hanson's have also helped two other long-time employees with down payments on a trailer and a small condo in town. The Hanson's purchased a lot in Cottonwood Park in the late 80's and built a house there where they raised their three kids.

Andrew, their eldest son, a recent graduate in Hotel Management from UW, plans to move back to Jackson and act as General Manager of the new hotel to allow his parents to retire in five years. He recently married Linda, his high school sweetheart, and they are expecting their first child in six months. Linda plans to volunteer full-time at the Children's Learning Center when they return to Jackson this fall, but hopes to transition to part-time once their baby is born.

The restaurant will be open to the public serving breakfast, lunch and dinner with an emphasis on healthy food choices produced locally. "Created" will be housed in the retail space which features items created by local artists, and the conference room is designed to target small corporate retreats for sustainable businesses. The below grade parking is strictly for the lodging portion and with no spaces dedicated to on-site workforce housing.

The developer is incorporating 1,400 square feet (SF) of Employee Housing on-site which covers their housing requirement. This is proposed as:

- 550 SF one-bedroom
- 850 SF two-bedroom

They plan to rent the one-bedroom for \$900 per month and the two-bedroom for \$1,114 per month which includes utilities.

Challenge: *How to provide 10 affordable housing units to house the employees generated by this development consistent with the Comp Plan and Action Plan Objectives.*

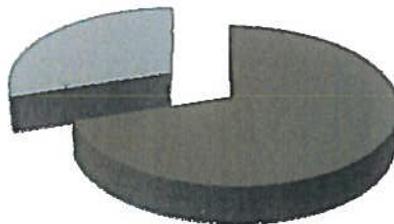
A. Solutions

o Group A:

Group A took two approaches to this exercise; the first focused on building and refining the existing methods, and the second relied on the free market. Both approaches wanted to keep at least 60% of the workers housed within the Valley. The general themes of the first approach concentrated on employer-provided housing, as well as placing lower incomes on-site. The second approach shifted focus to the free market, affordable market rental housing, and developer-restricted housing for lowest incomes.

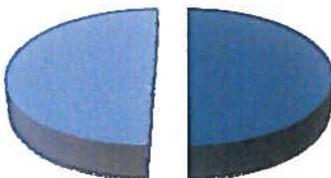
• Solution, Approach 1

The solution, using the first approach, would further modify mitigation requirements to address different types of employers to help balance who lives outside the Valley. Some cases could use these mitigation requirements while others could use bonuses. The solution utilizes employer-provided housing for highest and lowest incomes. The challenges with this approach were attracting key employees or managers without housing and making it work financially for the developer.

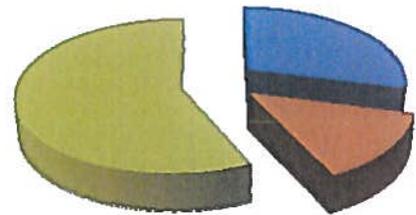


■ HOUSED WITHIN THE VALLEY, 70%
■ HOUSED OUTSIDE THE VALLEY, 30%

Free Market



■ Ownership, 50% ■ Rental, 50%



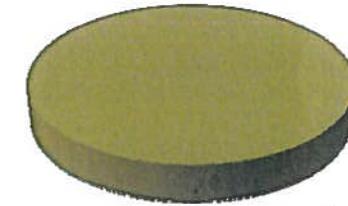
■ Within the Free Market, 29%
■ Within Restricted Product, 14%
■ Provided by the Developer, 57%

Restricted Product



■ Ownership, 100% ■ Rental, 0%

Developer-Provided



■ On-Site, 100% ■ Off-Site, 0%
■ In Lieu Fee, 0%

On-Site Product



■ Ownership, 0% ■ Rental, 100%

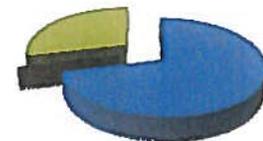
- **Solution, Approach 2**

The solution with the second approach would reduce development requirements so units can be built more affordably, allow maximum densities in key areas, educate the public about the importance of providing housing and the relationship to other factors such as economic development. This approach also investigated replacing mitigation requirements with an annual charge per employee, which would spread the cost to all employers, instead of just new developments. This charge could be pro-rated based on salaries, and could include an option to build workforce housing units instead of pay charges. Without a charge, the approach would require another stable funding source to offset cost, which might include sales or transfer taxes, or using a public or private fund.

This approach requires political will in order to implement key areas of density in accordance with the Comprehensive Plan's Character Districts. Other challenges include existing development requirements, encouraging construction of affordable rentals and keeping them affordable, and ensuring the construction of high-quality rental units.

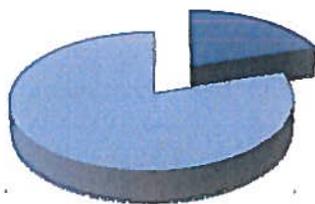


■ Housed within the Valley, 70%
■ Housed outside the Valley, 30%



■ Within the Free Market, 71%
■ Within Restricted Product, 0%
■ Provided by the Developer, 29%

Free Market



■ Ownership, 20%
■ Rental, 80%

Developer-Provided



■ On-Site, 100%
■ Off-Site, 0%
■ In Lieu Fee, 0%

On-Site Product



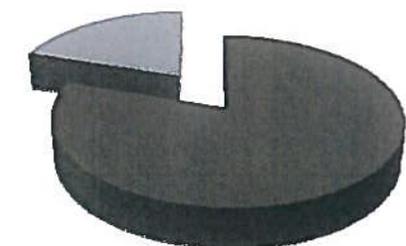
■ Ownership, 0%
■ Rental, 100%

o **Group B:**

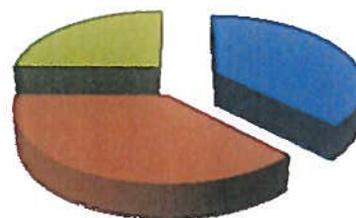
Group B tried to balance the free market and restricted product, while keeping more than 65% of the workers local, and 80% housed within the Valley. The variety of tools available made determining the correct solution extremely complicated, but the group looked specifically at how to maintain affordability, and how to finance more housing inventory.

With free-market solutions, the higher income workers can find housing, usually through additional Accessory Residential Units (ARUs) within the Valley. One the other hand, the restricted product solutions addressed the need for subsidies aimed at infill ownership products, education for employers about benefits in providing on-site units, as well as assistance with low income, multifamily tax credit applications. This approach would encourage the location of higher densities based on character districts, and otherwise utilize the entire available housing supply.

The challenges for this group were keeping affordable housing in the free market, finding funding for the restricted product, and identifying locations for the new housing. Infill development was more expensive than greenfield development, and new development along the highways seemed inevitable without subsidies or incentives.

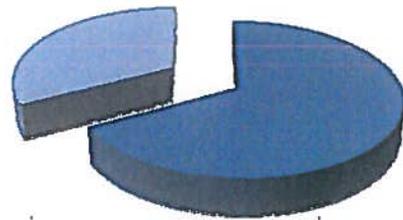


■ Housed within the Valley, 80%
■ Housed outside the Valley, 20%



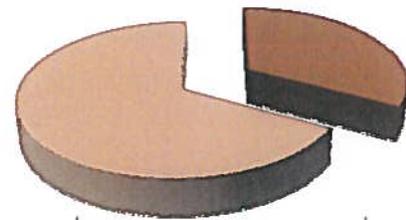
■ Within the Free Market, 37.5%
■ Within Restricted Product, 37.5%
■ Provided by the Developer, 25%

Free Market



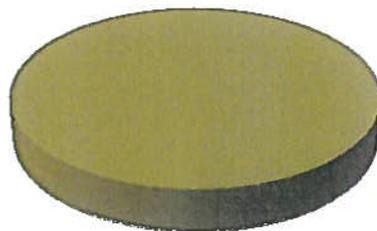
■ Ownership, 67% ■ Rental, 33%

Restricted Product



■ Ownership, 33% ■ Rental, 67%

Developer-Provided



■ On-Site, 100% ■ Off-Site, 0%
■ In Lieu Fee, 0%

On-Site Product



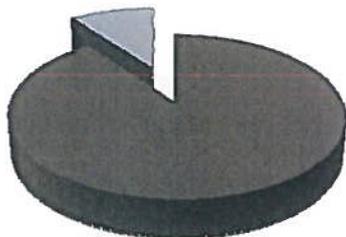
■ Ownership, 0% ■ Rental, 100%

○ **Group C:**

The third group approached the exercise by keeping mitigation as it currently is without relying on market solutions. They tried to utilize ARUs and find creative solutions to funding deed-restricted housing. Since transportation costs are high, this group decided to focus on local solutions and to spend money to house the workers within the Valley.

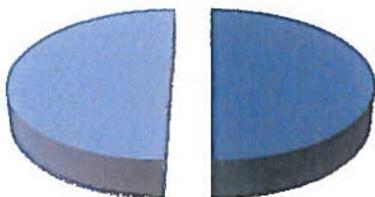
Group C's solution consist of raising mitigation requirements, re-orienting more units to restricted product instead of the free market, inclusionary requirements for anyone building houses, and equalizing the market by reducing land values and finding stable funding sources to offset costs. The funding solutions discussed included SPET of \$.07, angel investors, or an equitable tax solution for employers such as a business license tax. While higher density was encouraged, bonuses need to be designed to keep land values stable.

This group's primary challenges included funding sources, land value, the importance of on-site housing or off-site co-op housing, and the limited amount of existing housing stock. Market solutions had limitations, but mitigation also runs the risk of displacement of existing housing.

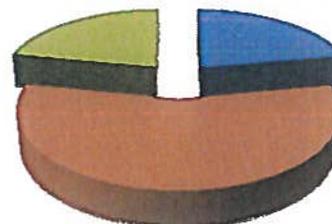


- Housed within the Valley, 90%
- Housed outside the Valley, 10%

Free Market

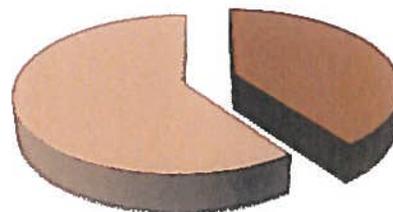


- Ownership, 50%
- Rental, 50%



- Within the Free Market, 22%
- Within Restricted Product, 56%
- Provided by the Developer, 22%

Restricted Product



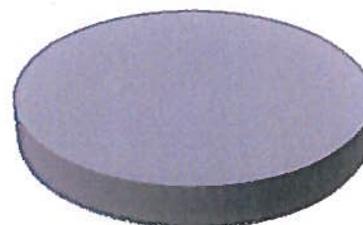
- Ownership, 40%
- Rental, 60%

Developer-Provided



- On-Site, 100%
- Off-Site, 0%
- In Lieu Fee, 0%

On-Site Product



- Ownership, 0%
- Rental, 100%

B. Common Themes:

Between the three groups, there were several commonalities in the approaches. Firstly, each group's solution used multiple tools, using restricted and private market solutions. All groups included all developer-provided housing as on-site rentals. Additionally, there was a strong need in each solution for regulatory or market changes for the private market to work.

Refer to the Additional Information section at the end of this packet for the individual tables.

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HOUSING STRATEGIES

COLLABORATION

A. Comp Plan Policy 5.4.c: Promote cooperative efforts to provide workforce housing

The diversity, generational continuity, and stability sought by the community also benefits employers and developers. Housing agencies and organizations should continue to cooperate with government and non-government employers as well as developers to pursue housing solutions that are mutually beneficial to all parties involved and the community as a whole. Housing agencies and organizations should also provide housing advice, sample contracts, sample deed-restrictions, and other aid to facilitate workforce housing provision and raise awareness of the benefits of workforce housing.

B. Summary of the Results from Stakeholder Homework:

1. Q1. Please rate the following:

- Overall Ranking (from highest ranked to lowest):
 - Development of restricted units 4.6
 - Management / stewardship of restricted units 4.4
 - One office or “one stop shop” for potential homebuyers 4.3
 - A comprehensive education strategy 4.2
 - One office or “one stop shop” for potential renters 4.2
 - Assistance to employers to help them provide employee housing 3.7

- Additional Comments:
 - Partnerships between non-profit and private sector to develop products
 - JHLT to secure appropriate land locations

2. Q2. What would your organization be willing to contribute?

- Funding:
 - Possibility of purchasing good and services, instead of diverting revenue
 - \$0 to \$500 to significant amounts
- Staff Time (hours per month):
 - 10 hours (4 responses)
 - 5, 8, and 40+
- Types of Expertise:
 - Architecture and planning services
 - Organizational development
 - Fundraising
 - Development services
 - Community planning to support regulatory or incentive mechanisms targeted to workforce housing
 - Community engagement, communications, and outreach staff support
 - Knowledge of the various needs of the workforce

3. **Q3. How much public funding would your entity support being utilized to further partnerships and collaborations (\$/year)?**
 - o Equivalent of 5% of the TCHA/JHCHT operating budget (example: Climb the King)
 - o \$20,000 - \$25,000, earmarked, benchmarked, and evaluated
 - o As an alternative to funding, consolidate administration functions and office locations into a single public building
4. **Q4. How could private funding be obtained and utilized for partnerships/ collaboration?**
 - o Establish credits to trade on marketplace for new construction and development
 - o Sponsor related local business
 - o Direct defined community fundraisers and traditional fundraisers
 - o Direct additional funding to TCHA to direct collaboration of the three entities
 - o Coordinated development efforts
 - o Utilize program grants and donations for the assistance center, outreach materials, and education programs
 - o Identify a comprehensive strategic plan that clearly states what is needed, what it costs, how it will be funded and why it is critical to the health of the community
 - o Educate potential donors that invest in workforce housing
 - o Create collaborations between community-minded philanthropists and commercial enterprises
5. **Q5. Who should take the lead on forming and staffing partnerships/ collaborative efforts?:**

	TCHA	JHCHT	All 3	Other
One office or "one stop shop" for potential homebuyers	8	1	1	0
One office or "one stop shop" for potential renters	8	1	0	0
Management / stewardship of restricted units	6	1	3	0
Development of restricted units	4	2	3	1
Assistance to employers to help them provide employee housing	7	1	1	0
A comprehensive education strategy	6	1	3	1

C. History

There have been many successful collaborative efforts to produce restricted workforce housing in this valley. Below are some prime examples:

- o Mountain View Meadows
- o Snow King Apartments
- o Pioneer Homestead
- o Land to Habitat

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- Hall
- Daisy Bush
- Homesteads at Teton Village
- Wilson Park
- EDI Funds

D. Challenges

- Adds complexity (cost and time)
- Managing perceptions and expectations
- Competition for acknowledgement
- Public perception
- Expanding outside production to management (EDI Funds) and education

EDUCATION

A. **Comp Plan Strategy 5.1.S.2: Seek opportunities to improve the public perception of workforce housing through education about the value of workforce housing.**

B. **Summary of the Results from Stakeholder Homework:**

1. *Q1. Please indicate the relative importance of education on the following:*

- Overall Ranking (from highest ranked to lowest):
 - Stewardship/use of restricted units as intended 4.6
 - Community impacts of workforce housing 4.5
 - Cost avoidance/money saved 4.5
 - Economic value of housing the workforce locally 4.3
 - Various homeownership programs available 4.1
 - Various rental opportunities 4.0
 - Options for employers to help assist employees with housing 4.0
 - Successes in housing 65% of the workforce 3.9
 - Use of taxpayer resources to develop restricted housing 3.9
 - Performance of restricted units (sales, prices, appreciation) 3.6
- Associated Comments:
 - Stewardship: biggest priority
 - Economic Value: lower public expenditures for emergency services, health care costs, additional LVE hookups, etc.
 - Community Impacts: volunteers valued at over \$18/hour, stability for children and families

2. *Q2. How would you prioritize target audiences in an educational strategy?*

- Overall Ranking (from highest ranked to lowest):
 - Media 4.5
 - Potential Donors 4.3
 - General Public 4.2
 - Employers 4.1
 - Elected Officials 3.9
 - Potential Homebuyers 3.6
 - Renters 3.5
 - Lenders/Realtors/Appraisers 3.5
- Associated Comments:
 - Elected Officials: ongoing and strategic by election cycles and housing/land development legislation
 - General Public: ongoing and strategic by election cycles and housing/land development legislation
 - Media: should be well-versed to become an improved vehicle for education/outreach, community discussions and messaging
 - Potential homebuyers: connect with renters/lenders, realtors, appraisers

- Lenders, realtors, appraisers: these groups should be part of the education and create positive actions to bring workforce housing product to developers

C. History

Various forms of education and outreach about need for affordable housing has taken place in this community; however, the efforts tend to focus on a particular organization or development instead of educating the community at large. Inconsistent and contradicting messages have caused some public distrust and created some perceived adversarial relationships among housing organizations and public entities.

Additionally, there have been limited resources or investment in community awareness for about a decade which has decreased the level of understanding within the community about the work that the community has accomplished in achieving its housing goals. This has led to a level of discomfort about ability to achieve the goal and questions about direction and oversight.

D. Challenges

- Many target audiences
- Regaining public trust
- Group Think, absence of diversity in voices
- Coordination or lead
- Resources
- Consistent message
- Government restrictions on “marketing” only education

FUNDING

A. Comp Plan Policy 5.4.e: Establish a reliable funding source for workforce housing provision.

A dedicated funding source should be explored to help meet the community's housing goal, in addition to allocations from the general fund for government housing program administration.

Funding will enhance public opportunities to engage in cooperative efforts, provide incentives, restrict existing workforce housing stock, and construct workforce housing developments that decrease the shortage of housing that is affordable to the local workforce. A reoccurring funding source will facilitate planning for implementation of our workforce housing goal by providing predictable expectations of available funding

B. Summary

1. GAP (Subsidy)

- The development of ownership and rental units that is affordable to the workforce requires an infusion of money to bridge the gap between development costs (land, soft, infrastructure, hard) and the amount the unit can be sold or rent can cover debt service. This is often referred to as the "subsidy" or "gap".
 - Land + Soft (Design) + Infrastructure + Hard (Construction) = Total Development Costs
 - Total Development Cost = \$300,000
 - Affordable Sales Price = \$200,000
 - Subsidy or GAP = \$100,000
- This gap has grown tremendously over the years primarily as a result of the escalation in land costs in relationship to local wages. Other development costs have increased as well related to Jackson's isolation (high transportation cost of materials), housing costs (higher wages for subcontractors), limited suppliers of materials (i.e. concrete), small pool of construction trades people (demand outstrips supply), etc.

2. Construction/Long-term

- Typically, some sort of financing from an institutional lender is needed to construct workforce housing units. This may be short-term financing for ownership units with an assurance that the units will be constructed and sold for a certain price in a determined time frame. This may also be in the form of long-term financing for rental product. Generally, a portion of estimated rental revenue based on a market analysis is used to pay for principal and interest (debt service) over a longer period of time (10 – 30 years).
- Currently, short and long-term financing from institutional lenders is historically low. There is the expectation that lending will become more expensive during the next 10 years which affects the cost of building a workforce housing project.

3. Administration/Operations

- The creation of workforce housing programs also creates the need for human and monetary resources to administer these programs. This includes:
 - Managing the sales of ownership units
 - Managing the rental and maintenance of rental units
 - Ensuring restricted units are used as expected (stewardship)
 - Administer Housing Regulations in the Land Development Regulations
 - Updating support study
 - Updating implementation guidelines
 - Reviewing development application to ensure consistency with LDRs
 - Tracking obligated units
 - General overhead (salary & benefits, office space, etc)
- There are many ways that Housing Organizations have funded their operations:
 - Ground Lease Fees
 - Rental Revenue – TCHA 25% of operations
 - ReStore – Habitat funds 85% of operations
 - General Funds – County for TCHA
 - General Funds – Town for Housing Trust
 - Private Donations

C. History of GAP Funding

- Public Funding
 - 2001 SPET \$9,300,000
 - 2006 SPET \$5,000,000
 - Land: Mountain View Meadows
 - Fee Waivers
- Private Donations
 - Non-Profits: \$?
- Developer Mitigation (County & Town)
 - County In-Lieu Fees: \$4,500,000
 - Town In-Lieu Fees: \$1,000,000
 - Land
 - Karns (Snow King Apartments)
 - Sage Meadows
 - Primrose
 - Wilson Third
 - Wilson Park
 - Love Ridge (Flat Iron)
 - Granite Ridge (Arbor Place / Twelve Pines)

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D. Challenges

- Resources to take the lead and evaluate options
- Public sentiment regarding need for workforce housing
- Political will to increase taxes
- Interest rate increases
- Allocation of funds
- Accountability of public funds

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EXERCISE

EXERCISE

A. Exercise

Please review and discuss refinements and details related to the draft strategies. Each group will discuss strategies related to one of the following big topics:

- Collaboration
- Education
- Funding

B. Results

Following the exercise, each group should report back and document their discussions.

The discussion is important, not consensus.

Be respectful by letting everyone talk.

Be nice to your facilitator.

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NEXT STEPS

NEXT STEPS

A. Week of October 14th

PowerPoint, Packet & Preparatory Guidance Distributed to Stakeholders

B. Mid-October through Mid-November

Stakeholder Presentations to Respective Boards/ Committees/ Entities

C. Week of November 18th

Feedback from Stakeholders Due

D. Mid-November through December

Development of Housing Action Plan

E. Early January

Draft Action Plan Distributed to Stakeholders

F. Mid-January

Stakeholder Meeting #4, Red Flag Discussion on Action Plan & Endorsement With or Without Changes

G. Mid- January through Mid-February

Stakeholder Presentations to Respective Boards/ Committees/ Entities for Adoption

ADDITIONAL INFORMATION