

Appendix D 1994 Affordable Housing Needs Assessment





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Appendix D

CHAPTER 5 **Appendix A**

AFFORDABLE HOUSING NEEDS ASSESSMENT

A. GENERAL INTRODUCTION

The community of Jackson/Teton County has been experiencing rapid development. The official population grew from 9,355 in 1980 to 11,172 in 1990 and this trend has continued after 1990. These data, however, reflect only the permanent population and do not show the full impact of the growth. The more dominant component of the growth has been in seasonal and nonresident population. For this reason employment is a better measure of the growth than population. The 1980 employment was 4,325 while the 1990 employment was 13,326. Employment grew seven percent per year while population grew two percent per year, eventually leading to the 1990 condition in which there were more jobs in Teton County than permanent residents. This indicates two significant events: (1) that permanent population growth is not the driving force in the local economy; and (2) that labor is imported.

This growth in Jackson and Teton County has resulted in significant economic opportunity together with rising property values. Both are generally considered desirable, however, there are negative sides to these results that must be addressed. The rapid pace of economic development has resulted in labor shortages and the rising property values have compounded the labor problem by increasing housing prices, making difficult the importation of a labor force. The rising housing costs have reached a point where, not only the importation of labor is difficult, but the resident labor force is unable to maintain housing in Jackson and Teton County unless they bought housing before the prices began to increase. The result is a trend in which the labor force is moving out of the county, creating the problems of long commutes, traffic congestion and high rates of absenteeism. The highly seasonal nature of the local economy compounds these problems.

These characteristics are shared by a number of areas within the country. Relatively isolated places with high amenities, especially natural amenities, all experience these problems. Tourists and second home purchasers discover these places and, in so doing, bring both opportunity and challenges. Colorado resort communities, several of the Florida and Hawaii communities, and areas such as Hilton Head, SC, all share these problems and have explored some means of alleviating these situations. The primary concern of Jackson/Teton County, together with all similar communities, is to address these problems in such a way that the basic reason for the community's success is not threatened.

There have been numerous examples of areas that either ignored the situation or proposed inappropriate solutions. Atlantic City, NJ, and Miami Beach, FL, are two well known examples. Both were popular

tourist areas that attracted a large number of seasonal residents along with tourists. These communities did not address the accompanying problems and eventually lost their attraction to the seasonal residents and tourists. Atlantic City turned to casino gambling in an attempt to reverse this situation and Miami Beach used its proximity to the Miami metropolitan area as a base for redevelopment. Atlantic City's success with casino gambling has been less than anticipated, although it certainly has brought back the tourists. But the large number of tourists visiting the Boardwalk casinos has not led to the renovation of the community (see George Sternlieb, *The Atlantic City Experience*, Rutgers.) Miami Beach enjoyed more success than Atlantic City but it is in the unique situation of being a prime ocean front community within a metropolitan area of over 2,000,000 population. Both of these experiences, along with many others, have taught the lesson that the best cure is prevention (see Fred Bosselman, *In the Wake of the Tourist*, Washington: Conservation Foundation, 1976).

Jackson and Teton County are approaching the same situation. Within the context of meeting legitimate community needs, it must preserve the essential attraction that was the basis for development to date. If this economic base is not protected, the Jackson/Teton County community will enjoy a brief moment in the sun, followed by the tattered remains that may readily be seen in once popular areas.

The need to protect and preserve Jackson Hole is obvious. But within this context, the community must meet the legitimate needs of the local economy and its citizens. One of the most fundamental needs of all individuals, together with the economy, is shelter. A successful economy requires an abundant supply of housing at prices consistent with prevailing wages. Individuals require affordable housing in order to attain any quality of life. This then is one of the fundamental goals of Jackson and Teton County: to provide an adequate supply of affordable housing in order to meet the legitimate needs of its citizens and to meet the needs of the local economy.

B. PROBLEM DESCRIPTION

Housing Costs

Between 1986 and 1993, as shown in Table 1, the median price of a residential lot increased from \$64,000 to \$180,000, an annual appreciation rate of 15.92 percent. The median price of a single-family house rose from \$90,000 to \$235,000, a 14.70 percent annual increase, for the same time period.

TABLE 1 MEDIAN HOUSING AND RESIDENTIAL LOT COSTS JACKSON/TETON COUNTY, 1986-1993						
Year	Single-Family Homes		Condos & Townhomes		Residential Lots	
	Median Sale Price	# Sold	Median Sale Price	# Sold	Median Sale Price	# Sold
1986	\$ 90,000	178	\$100,500	119	\$ 64,000	156
1987	\$120,000	197	\$ 95,200	138	\$ 75,000	145
1988	\$106,000	239	\$ 95,000	208	\$ 70,000	265
1989	\$150,000	234	\$109,000	276	\$107,000	515
1990	\$155,000	214	\$144,700	188	\$ 85,000	384
1991	\$157,500	209	\$152,700	189	\$110,000	274
1992	\$200,000	234	\$140,000	277	\$175,000	298
1993	\$235,000	230	\$126,000	230	\$180,000	335
Change from 1986 to 1993	161.11%		25.37%		181.25%	
Average Annual Change	14.70%		3.28%		15.92%	
Source: Multiple Listing Service, Jackson/Teton County, Wyoming 1993						
NOTES:						
¹ MLS data is supplemented by research into deeds at the Teton County Clerk's Office.						
² Residential lots consist of land that cannot be further subdivided.						

Data from the Multiple Listing Service further show that the number of homes sold for less than \$100,000 has been steadily dropping since 1988. One hundred homes sold for less than this price in the second half of 1988, but during the second half of 1991, only 18 single-family homes sold for less than \$100,000 (see Summit Management Consulting, *An Updated Study of the Affordable Housing Situation in Teton County, Wyoming, 1992*).

Between 1986 and 1990, approximately 1,100 residential units were built in Teton County, roughly a 21 percent increase in the housing stock compared to a 19 percent population increase for the entire decade. Despite this increase in the housing stock, the median price of a single-family house rose 72 percent from \$90,000 to \$155,000. The median price of townhouses and condominiums increased from \$100,500 to \$144,700, a jump of 44 percent.

Land Costs Drive Housing Cost

The comparison of the price increase of lots and single-family homes reveals that the increase in land value is the driving factor in the cost of housing in Teton County. The construction cost of building a house has increased at a more normal rate. Table 2 compares the median sale prices of single-family homes and residential lots between 1986 and 1993. When the median lot price is subtracted from the median house price, the lot price grew by 15.7 percent per year between 1987 and 1993, while the remaining unit value

(housing cost minus land cost) appreciated 3.4 percent per year. Figure 1 illustrates that of these two components of housing cost, the increase in land cost has driven the cost of housing in Teton County.

If land cost had grown at the same annual rate as the unit value, illustrated in Figure 2, the median sales price in 1993 would have been approximately \$130,000, easily affordable to families earning the County's median income.

**TABLE 2
COMPARISON OF MEDIAN HOUSING AND LOT COSTS
JACKSON/TETON COUNTY, 1986-1993**

Year	Median House & Lot Cost (Total Cost)	Median Lot Cost	Unit Value (Total Cost - Lot Cost)
1986	\$ 90,000	\$ 64,000	\$26,000
1987	\$120,000	\$ 75,000	\$45,000
1988	\$106,000	\$ 70,000	\$36,000
1989	\$150,000	\$107,000	\$43,000
1990	\$155,000	\$ 85,000	\$70,000
1991	\$157,500	\$110,000	\$47,000
1992	\$200,000	\$175,000	\$25,000
1993	\$235,000	\$180,000	\$55,000
Change from 1986 to 1993	95.8%	140.0%	22.2%
Average Annual Change	11.9%	15.7%	3.4%

NOTE:

¹ Base year for percentages is 1987.

FIGURE 1

HOUSING PRICES AND COMPONENTS TETON COUNTY

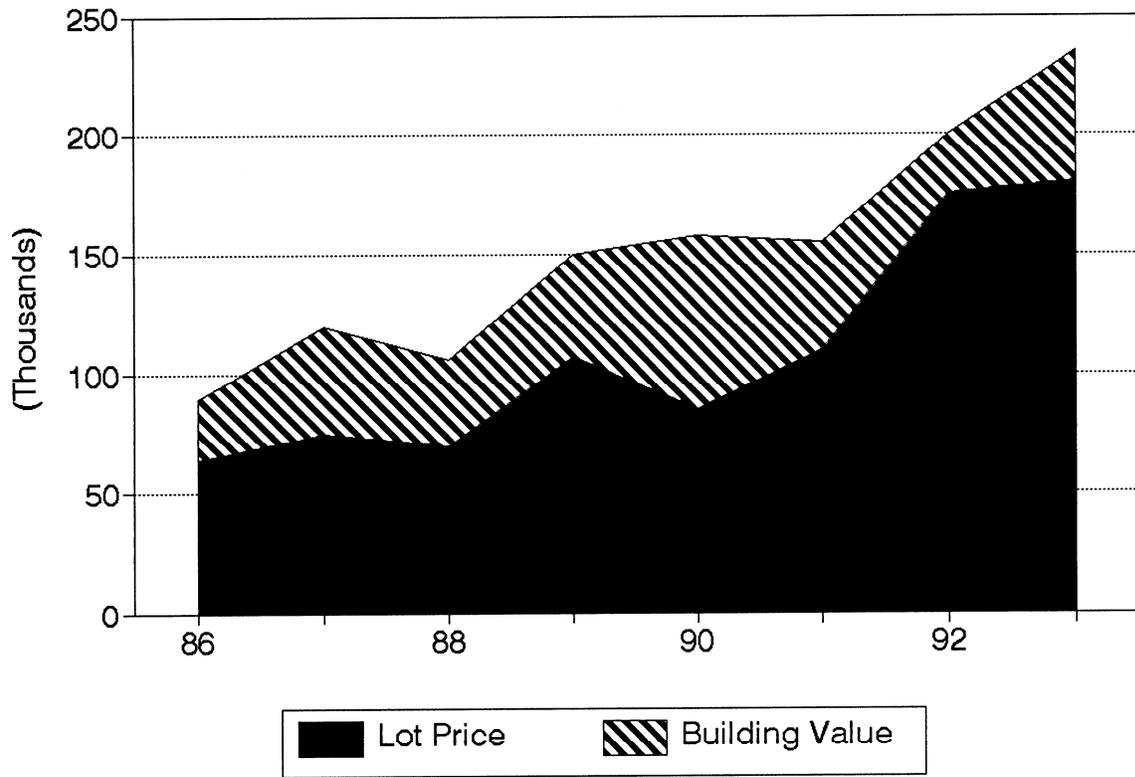
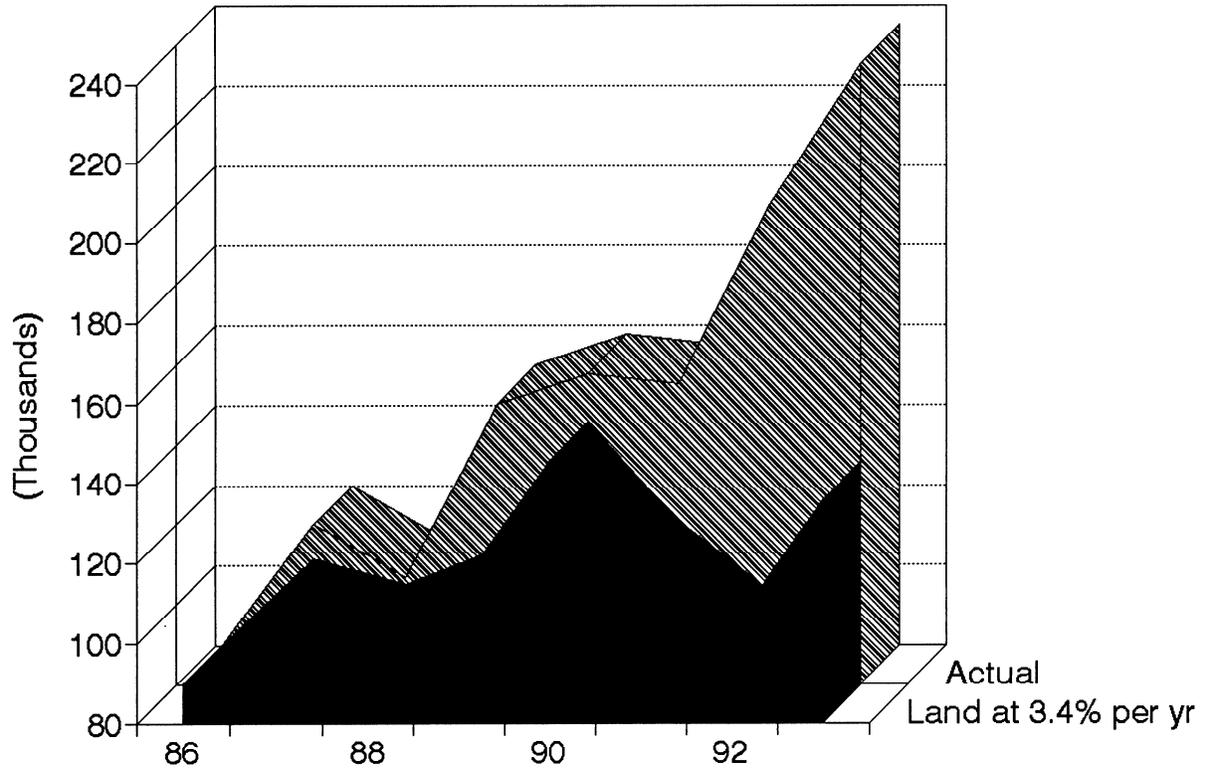


FIGURE 2

HOUSING PRICES

TETON COUNTY



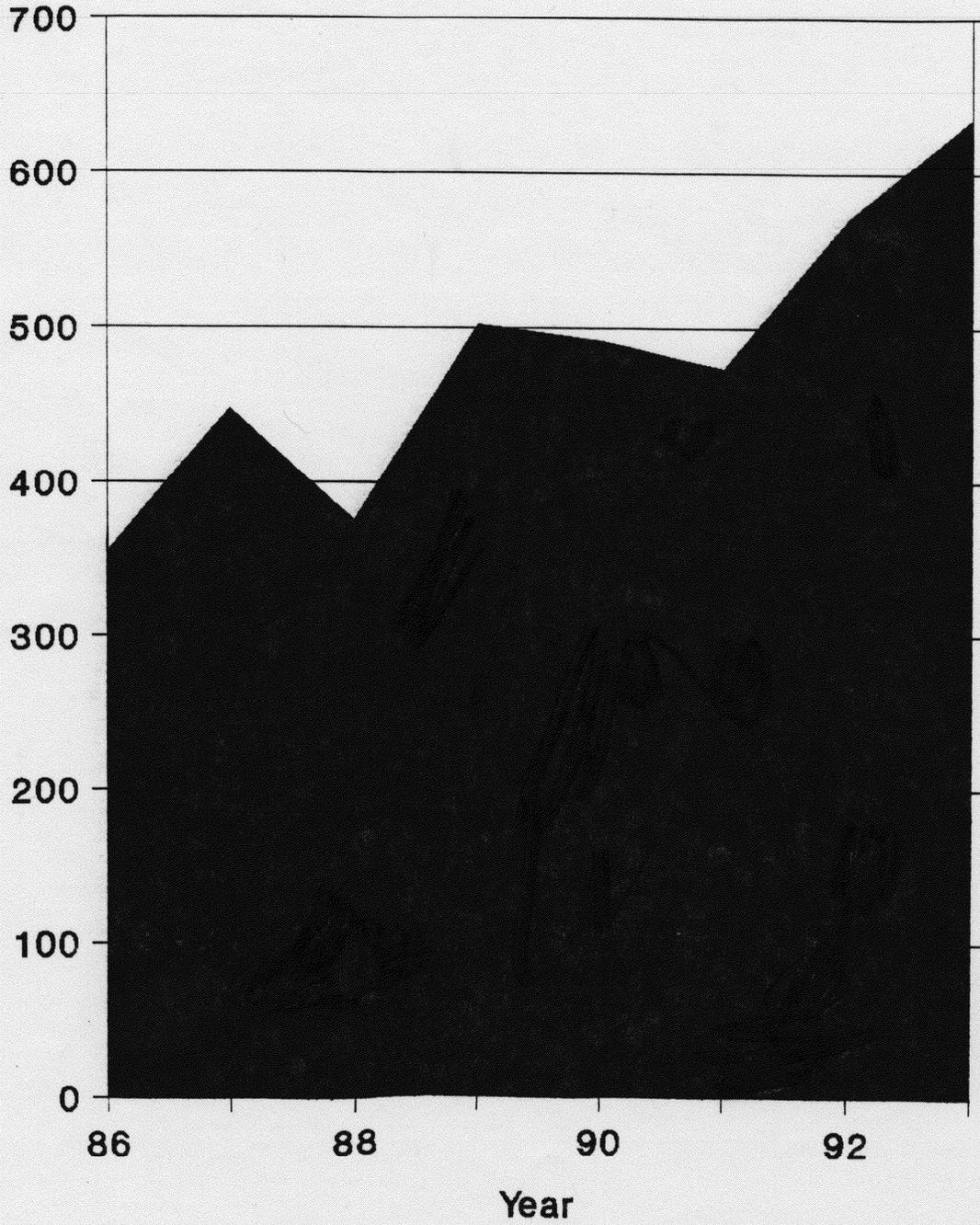
Housing Costs Outstrip Income Growth

Table 3 shows that the median income in Teton County grew at an annual rate of 5.51 percent during the same period in which the median housing cost grew at a rate of 14.7 percent per year. A general rule of thumb over the years has been that a household can afford housing valued at approximately 250 percent of the household income. Applying this rule, housing was clearly unaffordable in Teton County in 1986. But the most striking fact from Table 3 is the rate at which the growth of the median housing cost has outstripped the growth of the median income, demonstrating the rate at which housing is becoming increasingly unaffordable. Figure 3 depicts the trend of median housing price growing faster than the median income as the median house price reached 635 percent of the median income in 1993.

TABLE 3 MEDIAN SALES PRICES OF NEW SINGLE FAMILY HOMES AND MEDIAN HOUSEHOLD INCOME JACKSON/TETON COUNTY, 1986-1993			
Year	Median Single-Family Home Price	Median Household Income	Median Price as Proportion of Income
1986	\$ 90,000	\$25,417	354.09%
1987	\$120,000	\$26,818	447.46%
1988	\$106,000	\$28,296	374.61%
1989	\$150,000	\$29,855	502.43%
1990	\$155,000	\$31,500	492.06%
1991	\$157,500	\$33,236	473.88%
1992	\$200,000	\$35,067	570.34%
1993	\$235,000	\$36,999	635.15%
Average Annual Change	14.70%	5.51%	
Source: 1980 and 1990 Census of the Population.			
NOTE:			
¹ Household income data were available only for 1980 and 1990. All other years are interpolated or extrapolated from these points.			

FIGURE 3

HOUSING PRICE AS A % OF FAMILY INCOME TETON COUNTY



Teton County Incomes Are In Line with National Incomes While Local Housing Costs Exceed National Costs

The problem of unaffordable housing could be a result of unusually low incomes or uncommonly high housing prices. Looking first at income, the Teton County median income is comparable to the national median income. Table 4 depicts that the local median income was very close to that of the nation in the beginning of the 1980's and grew slightly faster through 1993. Teton County incomes are not out of line with the national incomes and are not the cause of the local housing problem.

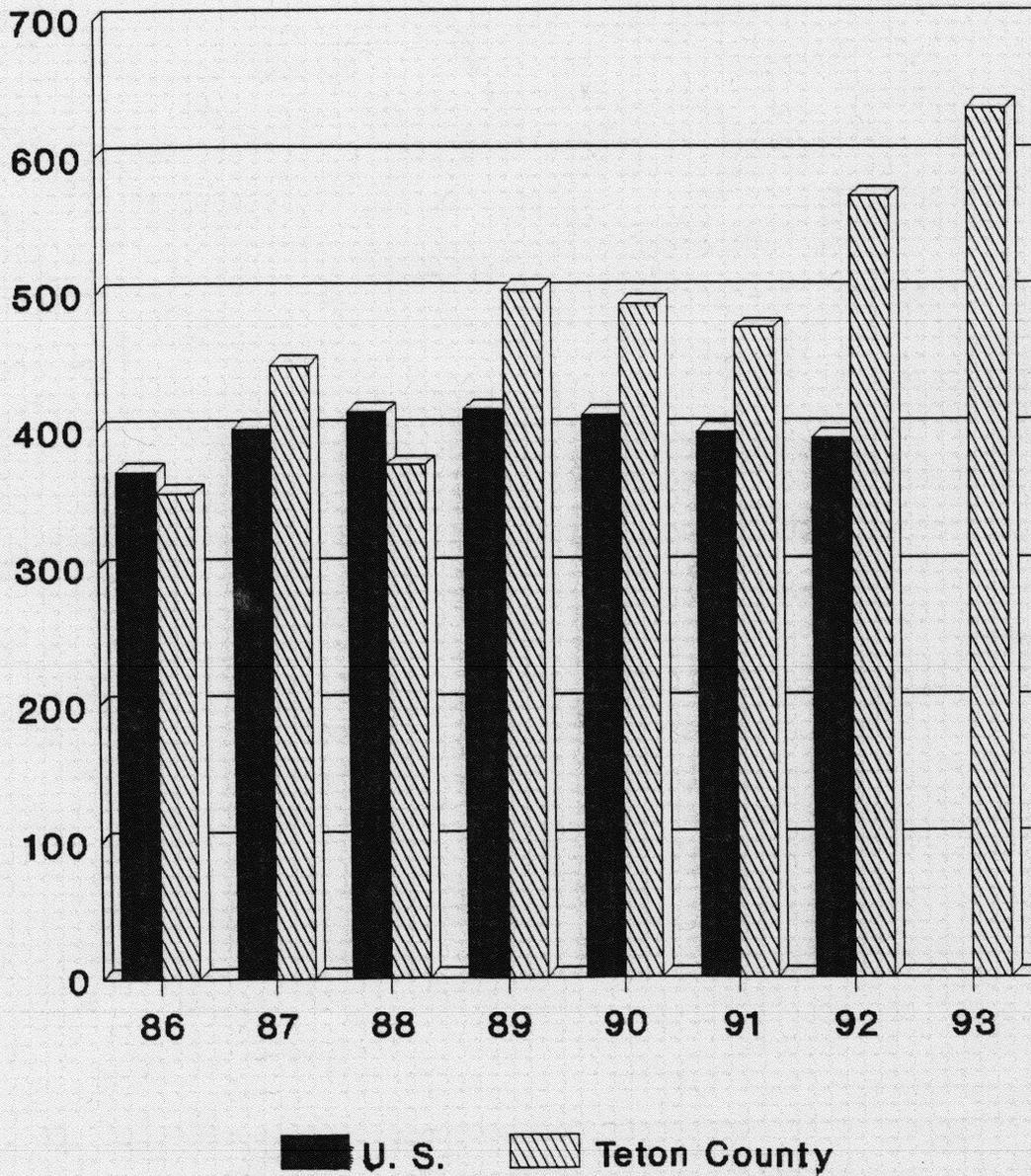
TABLE 4 MEDIAN INCOME FOR US AND JACKSON/TETON COUNTY 1980-1993		
Year	US Median Income	Teton County Median Income
1980	\$17,710	\$18,423
1981	\$19,074	\$19,438
1982	\$20,171	\$20,509
1983	\$21,018	\$21,639
1984	\$22,415	\$22,832
1985	\$23,618	\$24,090
1986	\$24,897	\$25,417
1987	\$26,061	\$26,818
1988	\$27,225	\$28,296
1989	\$28,906	\$29,855
1990	\$29,943	\$31,500
1991	\$30,126	\$33,236
1992	\$30,871	\$35,067
1993	N/A	\$36,999
Average Annual Change	4.95%	5.51%
Sources: National data are from Statistical Abstract of the US, 1993, page 720. County data are from 1980 and 1990 Census of the Population, with other years interpolated or extrapolated from these two points.		
NOTE: ¹ 1992 National income is estimated.		

While local incomes are comparable to national incomes, housing prices in Teton County have become significantly higher than in the nation as a whole. Table 5 states that the 1986 median housing price was \$90,000 in Teton County and \$92,000 in the US. However, the Teton County median cost for a new house grew 14.7 percent per year between 1986 and 1993, compared to 4.56 percent in the US, resulting in far more expensive housing in Teton County. The comparison of the median housing price to the median income reveals a problem of affordable housing in the entire nation, but the problem is growing much faster and much worse in Teton County where the median house price is 635 percent of the median income. Figure 4 illustrates, however, that the median house price as a percentage of median income has begun decreasing for the nation as a whole, but is significantly increasing in Teton County.

TABLE 5 MEDIAN HOUSING PRICES FOR THE US AND JACKSON/TETON COUNTY 1986-1993		
Year	US Median Housing Price	Teton County Median Housing Price
1986	\$ 92,000	\$ 90,000
1987	\$104,500	\$120,000
1988	\$112,500	\$106,000
1989	\$120,000	\$150,000
1990	\$122,900	\$155,000
1991	\$120,000	\$157,500
1992	\$121,500	\$200,000
1993	N/A	\$235,000
Average Annual Change	4.56%	14.70%
Sources: National data from the Statistical Abstract of the US, 1993, pages 720 and 712. County data are from Multiple Listing Service, Jackson/Teton County, Wyoming, 1993.		

FIGURE 4

HOUSING PRICE AS % OF FAMILY INCOME TETON COUNTY & USA

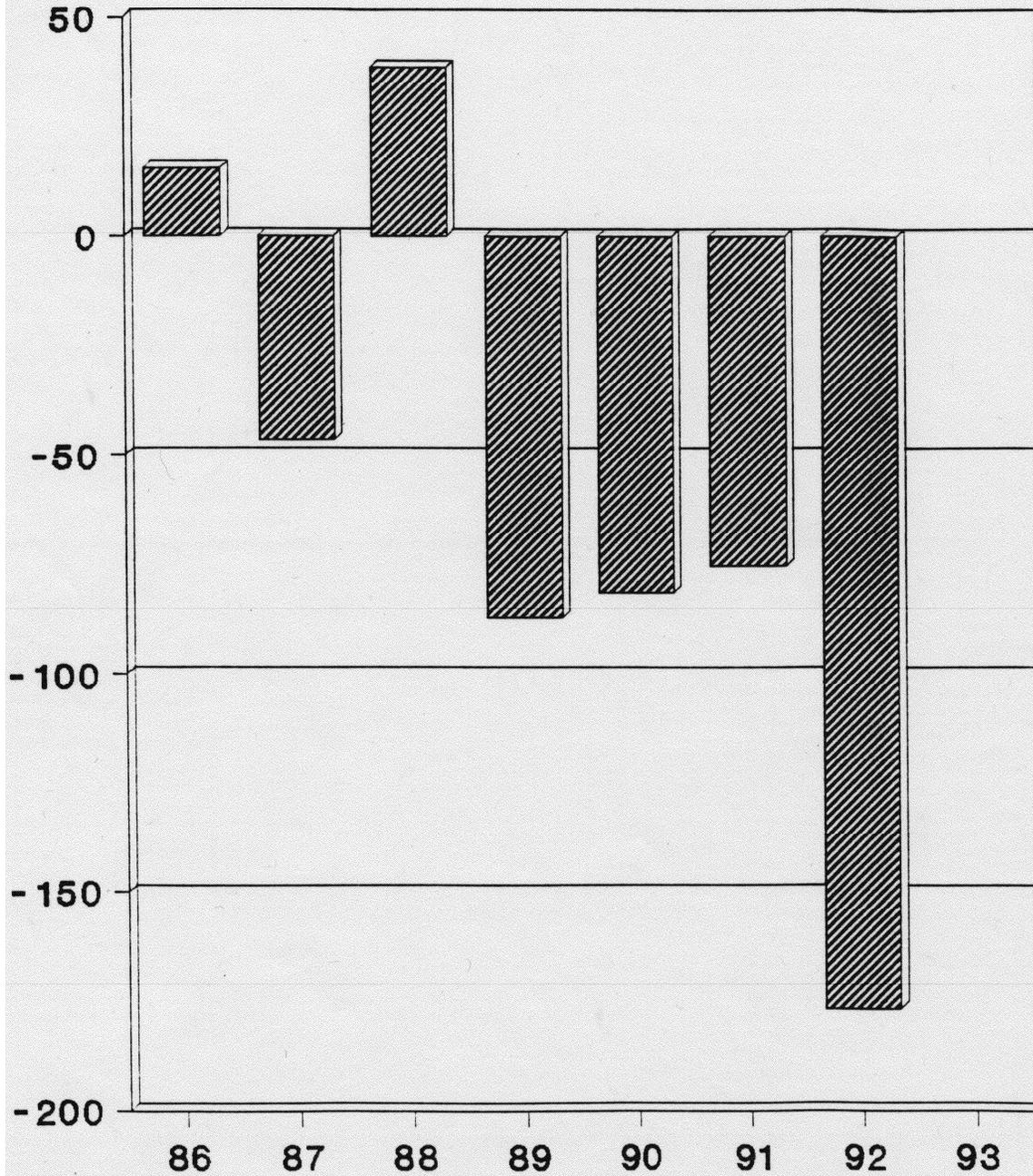


To further compare housing affordability of the nation to that of Teton County, Table 6 creates a comparative measure by subtracting the Teton County percentage from the national. In other words, subtracting the County affordability measure (median price as percentage of median income) from the national affordability measure shows a growing divergence from 1986 to 1992. Figure 5 depicts the trend graphically.

TABLE 6 HOUSING AFFORDABILITY JACKSON/TETON COUNTY, 1986-1992			
Year	US Median Housing Price as Proportion of Median Income	Teton County Median Housing Price as Proportion of Median Income	Teton County Affordability Difference
1986	369.52%	354.09%	15.43
1987	400.98%	447.46%	-46.48
1988	413.22%	374.61%	38.61
1989	415.14%	502.43%	-87.29
1990	410.45%	492.06%	-81.61
1991	398.33%	473.88%	-75.55
1992	393.57%	570.34%	-176.77
1993	N/A	635.15%	N/A

FIGURE 5

TETON COUNTY HOUSING AFFORDABILITY BASED ON NATIONAL NORM



Why the Affordable Housing Problem?

One possible reason is that the local industry mix has changed and created a different population distribution across income, and therefore altering the match between the ability to pay by local households and the cost of housing. However, Table 7 shows a high degree of stability in the industry mix of the County. Construction has increased its role in total employment but this is the only significant shift. Teton County was an economy highly dependent on trade and services, which is typical of tourist areas, in 1969 and the same mix existed in 1990. These data suggest stability in the composition of the work force and it would follow then that the housing situation in Teton County does not result from changes in the industrial character of the area.

TABLE 7 EMPLOYMENT BY INDUSTRY IN JACKSON/TETON COUNTY 1969, 1980, AND 1990						
Industry	1969		1980		1990	
	Jobs	Sector Proportion	Jobs	Sector Proportion	Jobs	Sector Proportion
Service	1,331	41.36%	1,561	36.09%	5,279	39.61%
Retail Trade	602	18.71%	1,277	29.53%	3,090	23.19%
Construction	237	7.36%	509	11.77%	1,633	12.25%
Finance, Insurance, Real Estate	81	2.52%	208	4.81%	842	6.32%
State/Local Government	299	9.29%	N/A	N/A	951	7.14%
Transportation, Public Utilities	63	1.96%	189	4.37%	326	2.45%
Manufacturing	90	2.80%	374	8.65%	310	2.33%
Wholesale Trade	30	0.93%	111	2.57%	185	1.39%
Federal Government	232	7.21%	N/A	N/A	382	2.87%
Agricultural Services	25	0.78%	15	0.35%	133	1.00%
Agriculture	198	6.15%	N/A	N/A	192	1.44%
Mining	30	0.93%	N/A	N/A	3	0.02%
Total	3,218	100%	4,325	100%	13,326	100%

Source: *An Economic Profile of Teton County, Wyoming: Diversity, Dependency, and Growth*, prepared for the Teton County Commissioners by David T. Taylor, Jean Skidgel and Robert R. Fletcher, 1993.

TABLE 8 JACKSON/TETON COUNTY EMPLOYMENT GROWTH BY INDUSTRY, 1969-1990			
Industry	Growth Amount	Percent Change	Average Annual Change
Service	3,948	296.62	6.78%
Retail Trade	2,488	413.29	8.10%
Construction	1,396	589.03	9.63%
Finance, Insurance, Real Estate	761	939.51	11.79%
State/Local Government	652	218.06	5.66%
Transportation, Public Utilities	263	417.46	8.14%
Manufacturing	220	244.44	6.07%
Wholesale Trade	155	516.67	9.05%
Federal Government	150	64.66	2.40%
Agricultural Services	108	432.00	8.28%
Agriculture	-6	-3.03	-0.15%
Mining	-27	-90.00	-10.38%
Total	10,108	314.11	7.00%
Source: <i>An Economic Profile of Teton County, Wyoming: Diversity, Dependency, and Growth</i> , prepared for the Teton County Commissioners by David T. Taylor, Jean Skidgel and Robert R. Fletcher, 1993.			

It should be noted, however, that employment growth in Teton County has been dominated by services, retail trade and construction. Collectively these industries constitute 78 percent of all employment growth in the County. The 7.00 percent annual economic growth is considered to be very rapid and compares to the national growth rate of 2.1 percent per year for the same time period (Statistical Abstract of the US, 1990, p. 378).

Two problems result from what would be an otherwise happy trend of economic development. First, the majority of new employment opportunities are in low wage industries and, the pace of growth is so rapid that it is unlikely that social and community infrastructure can keep pace.

Second Home Market

A second possible reason is the burgeoning second home market in the County. During the 1980's the number of new homes built to accommodate Teton County household growth was 1,076 while a total of 1,836 residential units were constructed (see Table 9). This shows a second home demand of 760 units; approximately 69 per year, or 41 percent of all new dwelling units during this period were for second home or vacationing nonresidents. The data reveal a ratio of 1.7 new dwelling units per new household.

This was a dramatic change in the housing trends in Teton County. It is the second home and vacation home market that has been the primary factor in the rising land and housing prices in the County by adding demand.

**TABLE 9
NEW RESIDENTIAL DWELLING UNITS AND NEW HOUSEHOLDS
JACKSON/TETON COUNTY, 1980-1990**

Year	Dwelling Units Permitted	Resident Population	Total Population	Total Households
1980	162	9,355	10,411	4,045
1981	156	9,900	10,982	4,288
1982	122	10,500	11,609	4,556
1983	139	10,700	11,837	4,668
1984	89	10,600	11,765	4,664
1985	78	10,100	11,294	4,500
1986	87	10,200	11,424	4,575
1987	101	10,500	11,755	4,732
1988	176	10,800	12,086	4,890
1989	378	11,000	12,318	5,010
1990	348	11,172	12,523	5,120
Total Increase from 1980 to 1990	1,836	1,817	2,112	1,076
Proportional Change from 1980 to 1990	N/A	19.42%	20.29%	26.60%
Average Annual Change	167	182	211	108

Sources: 1980 and 1990 Census of the Population; National League of Cities, 1985 estimates of population and households; Wyoming department of Administration, Division of Economic Analysis, for interim years population estimates between 1981 and 1989.

The 1990 Census of Housing confirms this by reporting 1,774 dwelling units occupied by nonresidents. This is up from 723 in 1980, meaning an increase of 1,051 dwelling units occupied by nonresidents. Given the fact that nonresident households grew by 1,051 while nonresident dwelling units grew by 760, 291 year-round households were squeezed out of the local housing market by nonresident households. This rapid increase in the number of second and vacation homes resulted in an increase of the "non-local" homes from 15 percent of the 1980 housing stock to 30 percent of the 1990 housing stock, while the percentage of the homes occupied by permanent residents dropped from 85 percent to 70 percent.

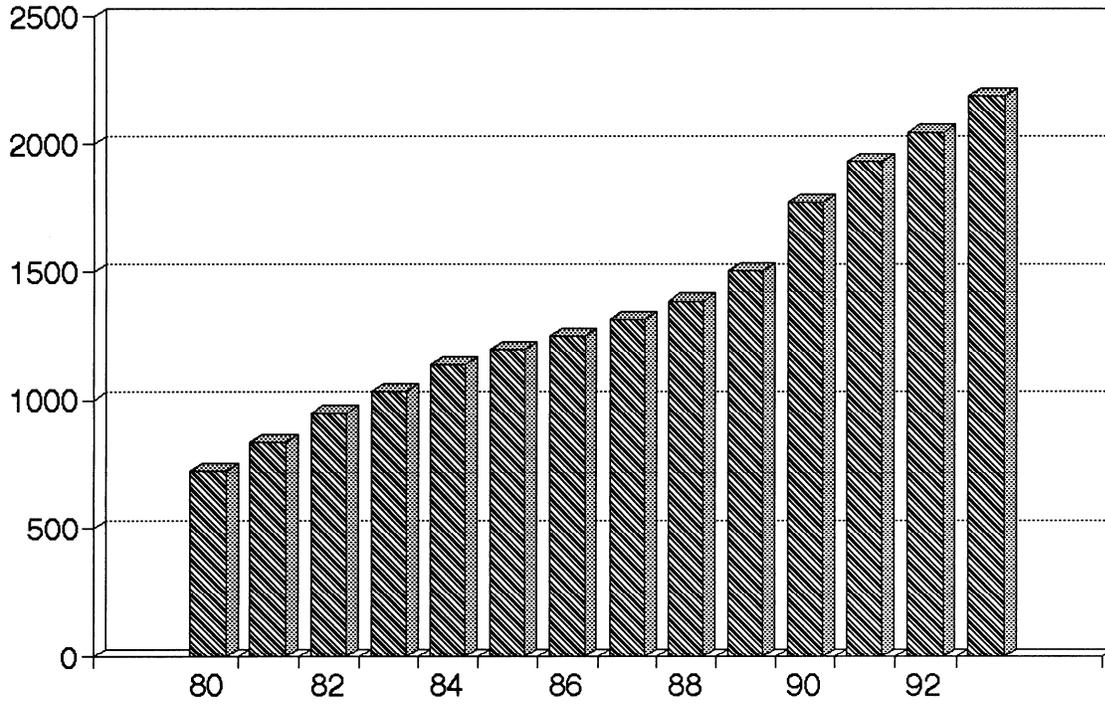
Figure 6 illustrates the steady growth of the external demand for housing represented by the increase in the number of households occupied by seasonal and short-term residents and residents who have their second home in Teton County. Table 10 shows the increase in total housing units and the growth of housing units that are fulfilling the external demand. Between 1980 and 1993, housing units for the external demand constituted 57.9 percent of the housing growth.

**TABLE 10
RESIDENTIAL BUILDING PERMITS, DWELLING UNITS
AND EXTERNAL HOUSING DEMAND
JACKSON/TETON COUNTY, 1980-1993**

Year	Building Permits	Total Dwelling Units	External Demand
1980	162	4,895	723
1981	156	5,057	837
1982	122	5,213	948
1983	139	5,335	1,034
1984	89	5,474	1,132
1985	78	5,563	1,195
1986	87	5,641	1,250
1987	101	5,728	1,311
1988	176	5,829	1,383
1989	378	6,005	1,507
1990	348	6,383	1,774
1991	265	6,731	1,932
1992	194	6,996	2,047
1993	235	7,190	2,187

FIGURE 6

EXTERNAL HOUSING UNITS TETON COUNTY



The Aspens development in the county presents an example of this trend. There are several hundred condominium units at the Aspens and for many years these were a repository for hundreds of seasonal workers. It is now more lucrative for landlords to rent their units to short-term vacationers. The experience of the Jackson Hole Racquet Club in the Aspens demonstrates this: while essentially as many units were under management in 1991 as in 1984, the mix of occupants has dramatically changed. In 1984, 55 percent of the units were rented on a long-term basis while 45 percent were rented short-term. In 1991, only 13 percent of the units were rented on a long-term basis and 87 percent were short-term rented. The result is that nearly 60 units that used to house permanent residents are no longer available for such individuals (see Summit Management Consulting, *An Updated Study of the Affordable Housing Situation in Teton County, Wyoming*, 1992.)

Further demonstrating the shift in the housing market from serving the demand of the permanent residents to serving the second and vacation home market is the fact that long-term rentals for occupancy by local residents increased by only 11 percent during the 1980's, barely more than one-half of the 19 percent population growth (see Summit Management Consulting, *An Updated Study of the Affordable Housing Situation in Teton County, Wyoming*, 1992.)

The portion of the Teton County population that occupies second homes is further illustrated by the 9,245 registered voters that may be contrasted with a 1990 census count of 11,172 permanent residents and a 1994 estimate of 13,321. It is not possible to have over 9,000 registered voters out of a total population of 13,000. This simply means that there is a group of individuals who count Teton County as their home but are not so counted by the definitions employed by the census. From the perspective of the housing market, however, these households would appear as permanent residents regardless of their census definition.

The data in this assessment clearly show that there is a substantial vacation and second home market in Teton County and that the dominant force in the housing market is the construction of vacation and second homes for this portion of the local population. This activity is primarily an adjunct of the tourist industry. Typically, individuals visit areas such as Jackson Hole as tourists and because of their enjoyment of the area select it as a place for a second or vacation home.

Reasons for the Growth of the External Demand

Several factors likely contributed to the growth of the second home market during the 1980's and continue to affect it now. The Federal Aviation Administration issued authority for commercial airlines to provide jet service into the Jackson Hole Airport in 1983. Prior to the commercial air service, Teton County was very remote and inaccessible. The nearest airports were in Billings, MT, Salt Lake City, UT and Denver, Co. Once commercial air service became available in Jackson Hole, the county became greatly more accessible and attractive to people across the country. The increase in airport activity prompted a terminal expansion in 1988.

In the late 1980's, two high end developments, Teton Pines and Spring Creek Ranch, began marketing to potential buyers of second and vacation homes. These marketing campaigns significantly increased the visibility of Teton County to people with the means to live in Jackson Hole on a part-time basis.

The national economic climate also contributed to the growth of the external housing demand. The economic prosperity enjoyed by many across the nation and the changes of the income taxing structure in the 1980's created the opportunity for many to look to Teton County as a second home or vacation area.

Second Home Buyers Have More Purchasing Power Than First Time Buyers

Second home buyers not only increase the demand for house lots in the local housing market, they bring greater purchasing power to the market. There is no direct data on point, but national data report that the median purchase price paid by first time home buyers is \$122,400 and \$158,000 by repeat buyers (Statistical Abstract of the US, 1993, page 734). This second home demand will cause the market to

serve it rather than the housing demand of permanent residents simply because second home buyers have greater means.

C. EXISTING INTERNAL HOUSING DEMAND

The Jackson Hole Chamber of Commerce and the Teton County Housing Authority conducted a survey designed to quantify the existing need for affordable housing units in Teton County. The existing need for affordable housing, as contrasted with the external need defined above, is the demand for housing created by the local work force.

The survey was distributed to local employees through all of the Chamber of Commerce membership and represents the local work force as of October, 1993. The respondents consisted of people who defined themselves as local, year-round, full-time employees. They may reside in the County or outside of the County but wish to live in Teton County because of their place of local employment.

The 1,699 responses were extrapolated to the total work force to produce the survey results. The October, 1992, work force was 10,602 based on data from the Wyoming Department of Employment and growing at an annual rate of 4 percent. Therefore the 1,699 responses were extrapolated to a work force of $10,602(1.04)$, or 11,026.

The survey revealed an internal demand for 172 owner-occupied housing units, as shown in Table 11 and 228 rental units, as described in Table 12. These results of ownership demand are based on the standard that the household can afford a mortgage of approximately three times the annual income and afford a 10 percent down payment. Note should be taken that if Teton County housing costs were roughly equivalent to the national norms, there would be no net need for affordable housing within the county.

TABLE 11 INTERNAL NEED FOR OWNERSHIP HOUSING UNITS JACKSON/TETON COUNTY, 1993			
Monthly Household Income Range	Maximum Mortgage Affordable	Maximum Sale Price Affordable	Internal Need
\$1,600 - \$1,999	\$ 71,000	\$ 78,000	14
\$2,000 - \$2,399	\$ 86,000	\$ 94,000	29
\$2,400 - \$2,799	\$102,000	\$112,200	32
\$2,800 - \$3,199	\$118,000	\$129,800	26
\$3,200 - \$3,599	\$133,000	\$146,300	22
\$3,600 - \$3,999	\$149,000	\$163,900	14
\$4,000 - \$6,000	\$189,000	\$207,900	35
Total Internal Need			172
Source: <i>Affordable Housing Needs Study</i> , Jackson Hole Chamber of Commerce and Teton County Housing Authority, 1993.			

Table 12 details the internal demand for rental housing based on the Chamber/Housing Authority survey. For purposes of this assessment, it was assumed that households had two incomes. A capitalization rate of 10 percent was used to determine the value equivalent for rental housing and the maximum affordable rent was 30 percent of the household income.

TABLE 12 INTERNAL NEED FOR RENTAL UNITS JACKSON/TETON COUNTY, 1993			
Monthly Household Income	Maximum Rent Affordable	Equivalent Dwelling Unit Value	Internal Need
Under \$1,800	\$ 540	\$ 64,800	18
\$1,800 - \$2,199	\$ 660	\$ 79,200	39
\$2,200 - \$2,599	\$ 780	\$ 93,600	42
\$2,600 - \$2,999	\$ 900	\$108,000	34
\$3,000 - \$3,399	\$1,020	\$122,400	30
\$3,400 - \$3,799	\$1,140	\$136,800	18
\$3,800 - \$4,999	\$1,500	\$180,000	47
Total Internal Need			228
Source: <i>Affordable Housing Needs Study</i> , Jackson Hole Chamber of Commerce and Teton County Housing Authority, 1993.			

The Chamber/Housing Authority study shows that the local housing market is not meeting the needs of resident households with annual incomes of less than \$72,000. This is significant in that \$72,000 is approximately twice the national and Teton County median household incomes.

The Chamber/Housing Authority survey may understate the problem. Given the employment growth of approximately 4,700 between 1980 and 1990 (WY Dept. of Employment) and the growth of external housing demand of 1,051 dwelling units for the same time period, contrasted with 1,826 residential units permitted for the 10 year period, one would expect a greater existing need than 400 housing units. Some of the housing demand may be fulfilled by local employees who commute from outside of the County and wish to continue living elsewhere. Other demand may be met by local employees who arrived in the County and secured housing early in the 1980's when housing was more affordable. Nonetheless, the Chamber/Housing Authority survey is used in this analysis because it is a recent and locally administered survey of housing need.

D. PROJECTED AFFORDABLE HOUSING NEED

Growth of Affordable Housing Need in Teton County

Teton County housing prices have been growing at a much faster pace than the ability to pay by Teton County residents. Given the growth rates described above it is possible to estimate when the problem of affordable housing began. Table 13 presents the median cost of a single-family house as a percentage of the median income for Teton County from 1983 to 1993. It is generally recognized that housing is affordable at 250 percent of annual income. The figure of 300 percent of income is frequently used as well. Table 13 demonstrates that the trend over the past ten years is growing unaffordability. In Teton County, median housing prices equaled 635 percent of median income in 1993. Working backwards, it appears that the general housing affordability problem in Teton County began in the early 1980's; in 1983 median housing prices equaled 260 percent of median income, by 1985 and after, the ratio never drops below 300 percent. This is not to say that individuals in Teton County did not suffer from affordability problems prior to the 1983, rather that housing affordability problems became a community problem in

the early 1980's and began to evolve as a matter of public concern. Between 1983 and 1993, affordable housing grew from not being a community problem to one needing 172 ownership units and 228 rental units.

TABLE 13 TREND IN AFFORDABLE HOUSING NEED JACKSON/TETON COUNTY, 1983-1993			
Year	Median Housing Price	Median Household Income	Median Housing Price as Proportion of Median Household Income
1983	\$ 56,210	\$21,639	259.76%
1984	\$ 65,893	\$22,832	288.60%
1985	\$ 77,245	\$24,090	320.65%
1986	\$ 90,000	\$25,417	354.09%
1987	\$120,000	\$26,818	447.46%
1988	\$106,000	\$28,296	374.61%
1989	\$150,000	\$29,855	502.43%
1990	\$155,000	\$31,500	492.06%
1991	\$157,500	\$33,236	473.88%
1992	\$200,000	\$35,067	570.34%
1993	\$235,000	\$36,999	635.15%

This analysis shows that the need for affordable housing began to amass slowly and increased as time passed. Thus, the annual increase in need did not grow at a steady pace as shown in Table 14. The need began slowly and has been rapidly increasing as the gap between housing prices and incomes has grown. This growth has not been at a steady or linear rate, but at a logarithmic or annually compounded rate.

However, projecting need into the future requires a different method. For future projected need a linear rate was used. During the recent past (1990-1993), the need for affordable housing grew at an approximate pace of 40 units per year for rental and owner-occupied units, as shown in Table 14. This recent trend was projected into the future as the base trend for projecting need. Additionally, this base trend was increased each year at the rate of growth of the general population.

For purposes of the projection, the use of the recent trend was thought to be preferable to the use of the historic compound growth rate. Compound growth rates are only practicable for short periods of time. Projecting needs for 10 years in the future at a compound growth rate would tend to over project the need for affordable housing. Thus, the recent linear trend is the most appropriate and reasonable way of projecting the future need because it is based on the most recent experience of Teton County and it avoids the possibility of over projection.

The population projections for Teton County to 2002 provide a basis to differentiate between total dwelling unit need and the affordable unit need. Population is projected to increase approximately 3,600 in the next 10 years. The number of resident households will increase by approximately 1,400. Therefore the total need for dwelling units will be 1,400 for resident households plus an additional 1,600 dwelling units for nonresident households or external demand, for a total dwelling unit need of 3,100. The total

affordable housing units needed, based upon the trend of need shown in Table 15, equals 800 units. This is approximately 25 percent of the total housing production.

TABLE 14 CHANGE OF AFFORDABLE HOUSING NEED JACKSON/TETON COUNTY, 1983-2002						
Year	New Dwelling Units	Affordable Units Needed				Need as Percent Dwelling Units
		Ownership		Rental		
		Total	New	Total	New	
1983	139	0	0	0	0	N/A
1984	89	5	5	12	12	11.34%
1985	78	7	2	17	5	10.97%
1986	87	11	4	23	6	5.90%
1987	101	16	5	32	9	13.76%
1988	176	24	8	44	12	11.46%
1989	378	35	12	62	17	7.11%
1990	348	52	17	85	24	9.17%
1991	265	78	25	119	33	22.09%
1992	194	116	38	164	46	43.14%
1993	235	172	56	228	64	50.98%
1994	242	212	40	268	40	33.06%
1995	249	253	41	309	41	32.93%
1996	257	295	42	351	42	32.70%
1997	264	338	43	394	43	32.63%
1998	272	382	44	438	44	32.47%
1999	280	428	45	484	45	32.33%
2000	289	474	46	530	46	32.10%
2001	297	521	48	577	48	32.02%
2002	306	570	49	626	49	31.85%

The projections for Teton County show a need of 88 affordable housing units, 44 ownership and 44 rental units (see Table 15). This projected need is in addition to the existing need of 400 units identified in the Chamber/Housing Authority study.

TABLE 15
PROJECTIONS OF POPULATION, RESIDENT HOUSEHOLDS,
DWELLING UNITS AND AFFORDABLE HOUSING NEED
JACKSON/TETON COUNTY, 1993-2002

Year	Population	Resident Households	Total Dwelling Units	Affordable Housing Need
1993	14,460	5,829	7,966	400
1994	14,821	5,975	8,269	480
1995	15,192	6,125	8,584	562
1996	15,572	6,278	8,911	646
1997	15,961	6,435	9,250	732
1998	16,360	6,596	9,602	821
1999	16,769	6,761	9,968	911
2000	17,188	6,930	10,347	1,004
2001	17,618	7,103	10,709	1,099
2002	18,058	7,280	11,082	1,196
Change from 1993 to 2002	3,598	1,451	3,116	796
Average Annual Change	400	161	346	88
Ratio of affordable units to total units: 25.43 percent				

E. ALLOCATING AFFORDABLE HOUSING OBLIGATIONS

On the basis that the ratio of affordable housing need to total housing need is approximately 25 percent, one quarter of all future residential developments need to be priced within the affordable price range if the County is going to accomplish its objective of ensuring housing is affordable to the local work-force. These units should be priced within three price ranges to more evenly address households with different levels of ability to pay for housing.

Furthermore, proposed developments that include housing priced below the median priced housing in the County, impact the affordable housing problem less than developments with higher priced housing. For this reason a sliding scale is established to reduce the affordable housing obligation assigned to a development. The reduction is proportional to the prices of the proposed housing. As the prices drop below the County median housing price, the affordable housing obligation reduces until it becomes zero for housing units that are priced to be affordable for households earning 120 percent of the County median income. Housing that is priced to be affordable for households earning less than 120 percent of the County median income shall be exempt for the affordable housing obligation.

Maximum Sales Prices and Monthly Rents for Affordable Housing

The affordable housing units shall be priced so as to be affordable for three income levels. The three levels correspond with incomes equal to 120 percent of county median family income or \$50,000, 100 percent of median family income or \$41,000, and 80 percent of median family income which is approximately \$32,000. The maximum sales prices of owner-occupied units, which are adjusted downward for unit sizes, are based upon the income capacity for a mortgage and reflect variables such as down payment and interest rate. Table 16 contains the restricted sales prices for the anticipated unit types in each income category. Table 17 presents the maximum allowed rents for the likely unit types based on the standard that a family can afford 25 percent of its income for housing.

TABLE 16 MAXIMUM SALES PRICES FOR AFFORDABLE DWELLING UNITS			
Housing Unit Type	Household Income Category		
	Low	Moderate	Middle
Studio	\$ 67,243	\$ 71,543	\$115,090
One Bedroom	\$ 77,329	\$ 83,985	\$124,422
Two Bedrooms	\$ 87,416	\$ 99,537	\$133,753
Three Bedrooms	\$ 97,502	\$115,090	\$146,196
Single-Family Detached	\$107,589	\$130,643	\$155,527
NOTES: ¹ Low income = \$32,000 or less annual income Moderate income = \$32,001 - \$41,000 annual income Middle income = \$41,001 - \$50,000 annual income ² Households are classified into low, moderate, and middle income categories based upon both the total household income and household size.			

TABLE 17 MAXIMUM RENTS FOR AFFORDABLE DWELLING UNITS			
Housing Unit Type	Maximum Monthly Rent by Household Income		
	Low Income	Moderate Income	Middle Income
Studio	\$417	\$479	\$ 771
One Bedroom	\$479	\$563	\$ 833
Two Bedrooms	\$542	\$667	\$ 896
Three Bedrooms	\$604	\$771	\$ 979
Single-Family Detached	\$667	\$875	\$1,042
NOTES: ¹ Low income = \$32,000 or less annual income Moderate income = \$32,001 - \$41,000 annual income Middle income = \$41,001 - \$50,000 annual income ² Households are classified into low, moderate, and middle income categories based upon both the total household income and household size.			

Payment-in-lieu Schedule

In some instances a payment-in-lieu may be preferable to the construction of residential units. For these occasions a payment schedule was calculated to equal the amount of subsidy, or the difference between the market price and the restricted sales price, for one, two and three bedroom units. The market price for each of the unit types covered by this option is based on Multiple Listing Service data and is shown in the "market cost" column in Table 18. The restricted sales price is from Table 16 above and the subsidy represents the difference between the two figures.

Each unit type is credited in the Teton County Affordable Housing Guidelines with a number of persons per dwelling unit. For example, a two bedroom unit is credited with providing affordable housing for 2.25 persons. The subsidy per person is computed by dividing the subsidy for each unit type by the credited number of persons. The three subsidy/person amounts for each category are averaged to produce the payment-in-lieu amount for each of the three income categories. As shown in Table 18, the payment-in-lieu for a category three unit, for example, is the average of the subsidy amounts for 1BDRM CAT3, 2BDRM CAT3 and 3BDRM CAT3, or \$2,437.

TABLE 18 PAYMENT IN LIEU SCHEDULE					
Housing Unit & Income Category	Market Price	Restricted Price	Subsidy	Persons per Unit	Subsidy per Person
1BDRM CAT1	\$100,000	\$ 77,500	\$22,500	1.75	\$12,857
1BDRM CAT2	\$100,000	\$ 84,000	\$16,000	1.75	\$ 9,143
1BDRM CAT3	\$100,000	\$124,500	(\$24,500)	1.75	(\$14,000)
2BDRM CAT1	\$148,000	\$ 87,400	\$60,600	2.25	\$26,933
2BDRM CAT2	\$148,000	\$ 99,500	\$48,500	2.25	\$21,556
2BDRM CAT3	\$148,000	\$133,800	\$14,200	2.25	\$ 6,311
3BDRM CAT1	\$191,000	\$ 97,500	\$93,500	3.00	\$31,167
3BDRM CAT2	\$191,000	\$115,000	\$76,000	3.00	\$25,333
3BDRM CAT3	\$191,000	\$146,000	\$45,000	3.00	\$15,000
Payment in lieu:	Category 1 = \$23,652 Category 2 = \$18,677 Category 3 = \$ 2,437				

Sliding Scale for Housing Priced Below the County Median Price

Affordable housing is defined as housing affordable to a Teton County family earning 120 percent of the median income. The median income is approximately \$40,000 and an affordable house is set to equal 300 percent of the family income. Thus, 120 percent of \$40,000 at 300 percent equals a house priced at \$144,000.

Teton County MLS data show the 1993 median price of a single family unit is \$235,000. Housing proposed at this price or higher shall have an affordable housing requirement of 25 percent. Between \$144,000 and \$235,000, the requirement is determined by the following sliding scale:

$$P - AP * 25 \text{ percent}$$

$$MH - AP$$

P = Price of Individual Unit

AP = 3 * (1.2 * Median Income)

MH = Median Housing Cost

CHAPTER 5

Appendix B

SEASONAL EMPLOYEE HOUSING NEEDS ASSESSMENT

Teton County's economy is primarily based on tourism. Nearly 3 million tourists come to Teton County during the peak tourist season of June, July and August. The pattern of taxable sales and lodging tax revenues indicates the magnitude of the local economy's reliance on these tourists. Employment during this summer peak grows by more than 4,500 jobs. While some of these seasonal employees are year round residents and high school or college students whose families live in the valley, many of these employees come to the valley for just these three months. These seasonal employees may be necessary to support the lucrative tourist based businesses, however, they also have considerable impacts on the community.

In terms of housing, seasonal employees impact Teton County whether they enter the local housing market or not. Some employees enter the rental market, impacting the already strained housing market in Teton County. The housing market in Teton County is already falling short of providing adequate housing for permanent residents. This market is simply not meeting the needs created by an influx of seasonal employees. In view of this, some employees attempt to find housing without entering this market, choosing options such as camping, introducing sanitation and other problems of environmental degradation. The seasonal employee housing requirement or fee-in-lieu is designed to help the Teton County community address the impacts caused by these seasonal employees.

A. SEASONAL NATURE OF TETON COUNTY'S ECONOMY

Tourists come to Teton County to take advantage of the natural amenities in the area. While there are three ski areas in Teton County and many tourists come to the area in the winter for both downhill and cross country skiing, by far the great majority of tourists come to Jackson and Teton County during the summer to take advantage of the two National Parks, National Forests and numerous Wilderness Areas.

In 1993 over 2.5 million people visited Grand Teton National Park, two-thirds of those during June, July and August. Estimates of annual visitation to Yellowstone National Park are over 3 million, again with two-thirds of those arriving during the summer months (Jackson Hole Chamber of Commerce). Visitors to Teton County also come to take advantage of other wilderness and natural amenities as well as the two National Parks. There are the Targhee and Bridger-Teton National Forests as well as the Teton, Gros Ventre and Jedediah Smith Wilderness Areas, all of which provide camping and hiking opportunities. The Snake River is another tourist attraction during the summer months. There are 19 float companies listed in the Jackson phone directory. The Chamber of Commerce reported that permits were issued for more than 130,000 people to float the Snake during 1993. These companies operate almost exclusively during the summer months of June, July and August. Teton County and the Snake River are also important fly fishing destinations. The Jackson Hole Chamber of Commerce estimates overall visitation to Teton County to be about 2 million during the three month peak period, or just greater than visitation to Grand Teton National Park.

Offering recreational services to tourists, as well as providing other services which these tourists demand, such as lodging, restaurants and retail stores, means that many more employees are necessary during the summer than during the remainder of the year.

Magnitude of Summer Peak

The commercial activity is dramatically higher during the summer months than during the remainder of the year. This summer peak requires a significant increase in the number of employees. The local economy

does not or cannot sustain this number of employees on a year round basis, resulting in the large number of employees entering the County for a short period of time. These employees have been largely unaccommodated by the housing market, yet they arrive every year.

To give an indication of the magnitude of the summer peak, over half of Teton County's lodging business occurs in the months of June, July and August, as shown by the revenues from lodging tax. The average monthly revenues from these taxes in the summer months are over three times greater than the average revenues for the remaining nine months, which include the winter tourist season as well as the "shoulder" season months. Table 1 shows average lodging tax revenues for the last 3 years, for each month of the year.

Table 1			
Average Monthly Lodging Tax Collected for 1991 through 1993			
Estimated Month of Collection	3 Year Average Monthly Revenue	Percentage of Total Yearly Revenues	
October	\$48,439	4.1%	
November	\$33,430	2.8%	
December	\$48,572	4.1%	
January	\$84,470	7.1%	
February	\$84,751	7.1%	
March	\$51,032	4.3%	
April	\$24,857	2.1%	
May	\$62,512	5.3%	
June	\$191,736	16.1%	51.4%
July	\$205,347	17.3%	
August	\$214,608	18.0%	
September	\$140,619	11.8%	
Total	\$1,190,373	100.1%	
Source: Jackson Hole Chamber of Commerce			

Retail activity during these summer months are similarly higher than the remaining nine months of the year. During the last three years, taxable sales for the nine months outside of the peak season averaged just over 29 million dollars per month. For the same years, taxable sales during the peak months of June, July and August, averaged twice that, or \$58 million per month. Table 2 shows the average monthly taxable sales for the years 1991 through 1993.

These data show that summer is by far the busiest period of year in Teton County. During this peak period of the summer essentially every lodging unit and campsite is filled. Seasonal residents or second home owners return to the area during this time as well. During this period of the year the customers whom these employees have been hired to serve are using nearly all of the available housing units. With the exception of seasonal employees who already reside in or near the County, employees hired during the summer season must locate housing in this saturated market.

Table 2		
Estimated Monthly Taxable Sales for 1991 Through 1993		
Estimated Month of Sale	3 Years Monthly Average	Percentage of Total Taxable Sales
November	\$23,364,337	5.33%
December	\$27,206,706	6.21%
January	\$32,860,418	7.50%
February	\$25,992,642	5.93%
March	\$26,455,427	6.04%
April	\$23,396,661	5.34%
May	\$32,457,547	7.41%
June	\$49,365,131	11.27%
July	\$60,886,789	13.90%
August	\$65,175,617	14.88%
September	\$42,247,767	9.64%
October	\$28,618,824	6.53%
Total	\$438,027,866	99.98%
Source: Jackson Hole Chamber of Commerce		

B. SUMMER SEASONAL EMPLOYEES

Commercial businesses in Teton County do a large portion of their business in the summer months and accordingly, must hire extra employees to meet this demand. Different businesses, of course, cater to this summer peak to varying degrees and will need to hire differing numbers of seasonal employees. Table 3 shows the number of employees per month broken down by Standard Industrial Classification Division. These figures show all employees in Teton County in each division for the three month peak period, for the remaining nine months of the year and, finally, show the difference between these two numbers.

Table 3 shows both that a large portion of Teton County's employees are seasonal and that the number of seasonal employees varies by type of business. Standard Industrial Classification Divisions do not necessarily correspond with Teton County's definitions of land use categories, however, and it is more useful to analyze the number of seasonal employees with regards to Teton County's own use categories.

Table 4 shows the number of summer season employees for the various land use categories defined in the Jackson and Teton County Land Development Regulations. These numbers were obtained by using data provided by the Wyoming Department of Employment which further disaggregated the SIC Divisions to the point where each land use type could be separated out to match the Jackson and Teton County land use categories.

Table 3			
Average Number of Employees for June through August versus September through May For Standard Industrial Classification Divisions			
	Number of Employees		
	Average June-August	Average September-May	Difference
Agriculture	158	79	79
Mining	3	3	0
Construction	1,552	1,349	203
Manufacturing	327	318	9
TCPU	401	390	11
Wholesale Trade	137	121	16
Retail Trade	4,114	2,858	1,256
FIRE	462	448	14
Services	6,976	4,037	2,939
Total	14,130	9,603	4,527
Source: Wyoming Department of Employment, Employment Resources Division, Research and Planning Section			

The highest percentage of seasonal employees is found in the 'Other Lodging' category with 154 percent of employees during the summer peak being seasonal employees. This category consists of bed and breakfasts, dude ranches, short term rental and campgrounds. Although the total number of employees is small, the land use with the next highest proportion of seasonal employees is Nurseries, at 138 percent. The third highest proportion and the greatest actual number (2,285) of summer season employees are hired in the Hotel and Motel Lodging field. Ninety-four percent of the annual average number of employees in this field are summer season only. Retail establishments, restaurants and bars employ the next highest percentage of seasonal employees, with seasonal employees comprising 42 percent, of the annual average work force per month. The remaining land use types show percentages of seasonal employees during the summer months covering a range from a low of 4 percent for Aeronautical uses, to 22 percent for Heavy Retail and Service.

Wages of Employees

Seasonal employees are generally not paid enough to enter Teton County's rental housing market without being cost burdened or overcrowded. Their difficulty in finding housing is exacerbated by the fact that they are often looking for housing for only a three month period. The majority of seasonal employees are employed in the sectors with the lowest wages. Figures are not available for the actual wages of summer employees, however the assumption was made that summer employees earn average wages for the sector in which they are employed. A general measure of housing affordability is that no more than 30 percent of income should be spent on housing.

Table 4 Seasonal Proportion of Average Number of Summer Employees Jackson/Teton County Land Use Categories, 1993					
Land Use	Average Employees per Month, Jun-Aug	Average Employees per Month, Sep-May	Summer Season Employees	Annual Average Employees per Month	Proportion of Summer Employees to Annual Average
Hotels/Motels	4,156	1,871	2,285	2,442	94%
Other Lodging	373	106	267	173	154%
Restaurant/Bar	1,905	1,300	605	1,451	42%
Retail	1,866	1,272	594	1,421	42%
Commercial Amusement and Indoor/Outdoor Recreation	921	760	161	800	20%
Office	1,159	1,060	99	1,084	9%
Heavy Retail/Service	490	396	94	420	22%
Service	465	401	64	418	15%
Industry	2,122	1,886	236	1,945	12%
Nursery	49	16	33	24	138%
Aeronautical	117	112	5	113	4%
Other (Ag, Utilities, Institutional, Public/Semipublic)	507	423	84	444	19%
Totals	14,130	9,603	4,527	10,735	
Source: Wyoming Department of Employment, Employment Resources Division, Research and Planning Section					

Table 5 shows the average yearly income for each land use category and the amount an employee could afford monthly for housing with the average wage in that sector. The employment data demonstrates that 70 percent of summer seasonal employees work in sectors where the average wage is less than \$14,000 per year or \$1,167 per month. It is likely that many seasonal employees earn less than the average wage in each sector; however, with out concrete data to support this, the average wage is used to estimate what these employees can afford to pay for housing. In general, if seasonal employees enter the housing market, they will be in the rental market (as opposed to the buyers market,) due to both their low incomes and the short period of time they will be in the community.

Table 5			
Average Income and Maximum Monthly Housing Costs by Land Use Category			
Land Use	Seasonal Employees	Average Annual Income	Maximum Monthly Housing Cost
Hotels/Motels	2,285	\$12,688	\$317.20
Other Lodging	267	\$13,416	\$335.40
Restaurant/Bar	605	\$11,388	\$284.70
Retail	594	\$15,652	\$391.30
Commercial Amusement and Indoor/Outdoor Recreation ¹	161	See Footnote	
Office	99	\$25,523	\$638.07
Heavy Retail/Service	94	\$21,245	\$531.13
Service	64	\$15,566	\$389.15
Industry	236	\$26,100	\$652.50
Nursery	33	\$14,092	\$352.30
Aeronautical	5	\$20,124	\$503.10
Source: Wyoming Department of Employment, Employment Resources Division, Research and Planning Section and Teton County			

As the majority of seasonal employees earn less than \$1,167 per month, they can afford to pay a rent of \$350 per month or less. A household of two wage earners could afford \$700 per month for rent. The Teton County Housing Authority (TCHA) supports these findings, estimating that seasonal employees can afford to pay \$312 per month, each. TCHA calculated this figure by assuming an average wage of \$6.00 per hour, estimating average monthly income and assuming these employees can pay 30 percent of their income on rent. These rental amounts fall into the category of housing which is already at a deficit in Teton County (see Table 6.)

Although average wages in some of the land use categories are higher than the \$1,167 per month figures, the majority of even these higher paying land use categories still fall into income ranges needing affordable housing assistance. There is currently an estimated year round deficit of 228 units in the \$1,500 per month and below rental range in Teton County. Employees earning greater than \$2,500 per month can afford housing costs of \$750 per month, or \$1,500 per month for a two wage earning household, which is above this “deficit range”. However, as Table 5 demonstrates, there are no land uses in which the average wage is this high.

¹Available income data does not separate income for Commercial Amusements, and Indoor and Outdoor Recreations as defined in the Jackson/ Teton County LDRs from income earned by Teton County residents outside of Teton County in employment such as movie acting or producing. Because the County has a number of residents in that area of employment, this data does not give an accurate representation of salaries in the Commercial Amusement and Indoor and Outdoor Recreation categories. The wage factor for this type of land use may be determined by independent calculation (see Table 8).

Table 6		
Internal Need for Rental Units, Teton County, 1993		
Monthly Income	Maximum Rent	Needed Units
Under 1,800	\$540	18
1,800 - 2,199	\$660	39
2,200 - 2,599	\$780	42
2,600 - 2,999	\$900	34
3,000 - 3,399	\$1,020	30
3,400 - 3,799	\$1,140	18
3,800 - 4,999	\$1,500	47
Total Need		228
Source: <i>Employee Housing Needs Survey</i> , Jackson Hole Chamber of Commerce and Teton County Housing Authority		

C. HOUSING MARKET

The problem of housing for County employees has been growing worse. The official population grew from 9,355 in 1980 to 11,172 in 1990 and this trend has continued after 1990 (1980 and 1990 Census of the Population). These data, however, reflect only the permanent population and do not show the full impact of the growth. The more dominant component of the growth has been in seasonal and nonresident population. For this reason employment is a better measure of the growth than official population. The 1980 average annual employment was 5,742 while the 1990 average annual employment was 10,326 (State of Wyoming, Department of Employment)². Employment grew 80 percent during the 80's (six percent per year) while population grew 19 percent or two percent per year. This indicates two significant events: (1) that permanent population is not the driving force in the local economy; and (2) that labor is imported. The first point emphasizes the importance of the tourist to the local economy. The second point illustrates that seasonal employees as well as other imported employees are holding an increasing portion of jobs in Teton County.

The demand for housing these employees comes at the time of year when Teton County's housing market is stretched to its very thinnest. Furthermore, this demand also falls into the affordable category where Teton County is experiencing a year round shortage. According to the *Employee Housing Needs Survey*, in 1993 there was a year round deficit of 228 rental units which would be considered affordable. Table 6 shows the deficit of rental units in the affordable range to adequately house Teton County's permanent residents. The needed units are further split up over income categories whose needs are not being met. Summer seasonal employees would generally fall into the lower half of the income and rent categories.

In spite of their low incomes, not all summer seasonal employees are in need of housing. It is estimated that 34 percent of summer employees have housing. This number includes high school and college students

²The Department of Employment figures for 1980 do not include Federal Employment, there for the number was adjusted by adding the estimated number of Federal Employees in 1980 from "An Economic Profile of Teton County, Wyoming: Diversity, Dependency and Growth." Prepared for the Teton County Commissioners by David T. Taylor, Jean Skidgel and Robert R. Fletcher, 1993. The Department of Employment figures for 1990 include Federal Government Employment.

whose families are from the County and other year round residents. The number of year round residents, aside from local students, was estimated by dividing the number of seasonal employees by the average number of jobs per employee in Teton County. According to the study completed by the Chamber of Commerce and the Teton County Housing Authority, there are approximately 1.2 jobs per employee in Teton County. Dividing by this number accounts for year round residents who, take on second jobs in the summer and seasonal employees who have more than one seasonal job and would otherwise be double counted. As for high school students, high school administrators estimate that 88 percent of high school students, or a total of 440, are employed in nonfarm jobs during the summer. The number of employees from local families who work during the summer, but not throughout the year, such as college students, is estimated to be an additional 220 employees. This totals 660 employees. These calculations indicate that 3,113 or 69 percent of 4,527 total seasonal employees are in need of housing. This demand is in addition to the year round deficit of 228 affordable rental units identified by the study completed by the Chamber of Commerce and the Teton County Housing Authority.

There are a number of reasons for the affordable housing shortage in Teton County. The main reason is that tourists and seasonal residents (owners of vacation homes) generally have more purchasing power than permanent residents and employees, both permanent and seasonal. The housing market is affected in terms of both rental and for purchase housing. Over 40 percent of all new dwelling units constructed in the 1980's were purchased for second home use. The second home and vacation home market has been the primary factor in the rising land and housing prices by adding demand and causing resources to be shifted to the higher paying high-end housing market. The effect this has on seasonal employees is indirect in that they are not purchasing housing. However, as this situation prevents permanent employees and residents from purchasing housing and forces them to compete in the rental market, it does affect seasonal employees indirectly.

More directly affecting seasonal employees is the fact that the rental market is also catering to the tourist. It is now more lucrative for landlords to rent their units to short-term vacationers than to longer term occupants, be they permanent or seasonal employees. The experience of the Jackson Hole Racquet Club in the Aspens demonstrates this: while essentially as many units were under management in 1991 as in 1984, the mix of occupants has dramatically changed. In 1984, 55 percent of the units were rented on a long-term basis while 45 percent were rented short term (less than thirty days). In 1991, only 13 percent of the units were rented on a long-term basis and 87 percent were rented short term.

Further demonstrating the shift in the housing market from serving the demand of the permanent residents and employees, both seasonal and permanent is the fact that long-term rentals for occupancy by local residents increased by only 11 percent during the 80's, barely more than one-half of the 19 percent population growth (and 80 percent employment growth.)

D. IMPACTS TO TETON COUNTY

There are a variety of ways seasonal employees cope with the housing situation. As mentioned earlier, many camp out in National Forests or camp illegally in other places. The United States Forest Service estimates that there are between 300 and 500 people living for extended periods of time in undesignated areas of the Bridger Teton National Forest during the peak season. This does not include people camping for recreational purposes, but comprises mostly people working in Jackson and a small number of transients. The Forest Service cites concerns with resource damage, water quality problems resulting from the lack of sanitary facilities and finally law enforcement problems. The maximum permitted stay in one site in the National Forest is 16 days, meaning that these campers must move their camps every two weeks unless they wish to camp illegally. In addition to those living in the forest, some people are camping in areas where camping is illegal altogether, such as close to town on Cache Creek. Others end up living unofficially with friends or relatives who already have a home in the valley. Some summer employees end up with 6 or 8 people renting one housing unit. This situation is often arranged by the employer and, even though each person pays a fairly low rent, the combined rent they can afford is quite high. Units which might otherwise

be rented for a price affordable to local residents are rented out at inflated prices to seasonal employees. Finally, still others choose to live in Orville's Mission, which is Teton County's homeless shelter. Conversation with the Mission representatives revealed that, they have never turned anyone away, as long as people were willing to sleep in whatever space was available, however, they actually had more people than official sleeping spaces on many occasions this summer.

Addressing these Impacts

This huge number of people needing housing during the period of time when none is available has several impacts on the community. First of all, the increased demand competes with demand generated by the permanent population. The housing market is failing to meet the needs of permanent residents, not to mention seasonal employees. This serves to further constrict the rental market in Teton County, and inflates rental rates. People who do not enter the rental market, but instead choose to camp out for the summer have serious environmental impacts to natural areas they utilize, as discussed above. The seasonal employee housing requirement is designed to address the additional need created during the peak period by requiring the businesses that utilize seasonal employees to provide housing or the funds to provide affordable housing.

The seasonal employee housing requirement is designed to address the impacts caused by seasonal employees. The housing needs analysis has determined that the permanent housing shortage is largely a result of the second home and vacation market. Housing for permanent employees is therefore being addressed through the residential housing requirement.

Sixty-nine percent of a business' seasonal employees are estimated to be in need of housing. Table 7 shows the year round deficit of units in each price category, as well as the deficit introduced by seasonal employees, assuming two employees per unit. As discussed earlier, there is already a shortage of rental housing in Teton County costing less than \$1,500 per month. Two people living together, each earning \$2,500 per month can afford housing costs of \$750 per month each, or a total of \$1,500. Accordingly, employers in land uses where the average wage is more than \$2,500 should not be required to provide employee housing. Additionally, in the range of salaries below that threshold, employers in higher paying land use categories should be required to provide proportionally less employee housing.

Table 7 Year Round and Peak Season Rental Housing Deficit				
Maximum Rent	Per Person Maximum Rent	Existing Year Round Deficit	Additional Units required by Seasonal Employees	Total Peak Season Deficit
\$540	\$270	18		
\$660	\$330	39	1,084	1,102
\$780	\$390	42	136	178
\$900	\$450	34	225	259
\$1,020	\$510	30	2	32
\$1,140	\$570	18	35	53
\$1,500	\$750	47	128	175

The following sliding scale formula can be used to calculate a reduction in an employer's seasonal housing obligation (69 percent of seasonal employees) based upon the average wage paid. For land uses in which the average wage is \$2,500 per month or more, the formula reduces the obligation to zero since the wage is high enough for the employee to obtain housing above the \$1,500 per month rent mark, assuming two wage earners per household.

$$1 - \frac{0.30 * \text{Average Monthly Salary}}{750} = \text{Average Wage Factor}$$

750

Table 8 shows the resulting number of employees for whom seasonal housing should be provided. The entire calculation involves taking the total number of full-time equivalent employees, multiplied by the seasonal employee percentage, multiplied by 69 percent (seasonal employees assumed to be in need of housing,) multiplied by the average wage factor (resulting from the above equation,) equals the number of employees for whom seasonal housing must be provided.

There are four basic options open to nonresidential developers in terms of providing the required employee housing. The first three options involve the developer providing the housing. The fourth option would be a payment or fee-in-lieu of actually providing the units. The County would provide housing by pooling the funds gained by this payment.

Table 8 Required Employee Housing for Jackson Teton County Land Use Categories				
Land Use Category	Full Time Equivalent Employees Generated	Seasonal Employee Percentage	Average Wage Factor	Employees to be Provided with Seasonal Housing
Hotels & Motels	.45 per bedroom	94%	.58	0.17 per bedroom
Other Lodging		154%	.55	
Short Term Rental	1 per 3 bedrooms			0.58 per 3 bedrooms
Dude Ranch	1.4 per guest			0.82 per guest
Campgrounds	1 per 1000 sf + 3/acre			0.58 per 1000 sf + 1.75 per acre
Restaurant/ Bar	7.5 per 1000 sf	42%	.62	1.35 per 1000 sf
Retail	4 per 1000 sf	42%	.48	0.56 per 1000 sf
Commercial Amusement and Indoor/Outdoor Recreation	2 per 1000 sf	20%		To be determined by independent calculation.
Office	5 per 1000 sf	9%	.15	0.05 per 1000 sf
Heavy Retail/Service	1.3 per 1000 sf	22%	.29	0.06 per 1000 sf
Service	4 per 1000 sf	15%	.48	0.20 per 1000 sf
Industry	3 per 1000 sf	12%	.13	0.03 per 1000 sf
Nursery	.5 per 1000 sf + 3 per acre	138%	.53	0.37 per 1000 sf + 1.51 per acre
Aeronautical	To be determined by independent calculation	4%	.33	To be determined by independent calculation
Resort	To be determined by independent calculation			To be determined by independent calculation

Option 1: Accessory Residential Housing Units. These units would be provided on the same site as the new nonresidential development and would meet all standards applying to accessory residential units. These standards include a maximum floor area of 500 square feet. Additional standards apply depending on the land use district.

Option 2: Conventional Year Round Housing. A developer may provide, or cause to be provided, housing which would be suitable for year-round employees. This housing may be provided off-site. This could be conventional single family housing or multifamily housing. This housing would have to be reserved for

seasonal employees. If rented, the rate must be affordable to the seasonal employees during the summer months. During the remainder of the year the units may be rented at market rate.

Option 3: Campgrounds. Campgrounds provided with suitable sanitation and bathing facilities for the number of employees and situated to minimize environmental impact are a suitable option.

Option 4: Fee-In-Lieu. In the event that a fractional unit of housing is required or extenuating circumstances prevent the developer from utilizing one of the first three options. The developer may have the option of paying a fee-in-lieu to the County. The County will use this money to provide the seasonal housing. This money will be returned to the employer if the County has not used the money to implement affordable housing programs within 7 years. The payment required will be \$16,864 per employee required to be provided with seasonal housing. This number represents:

Total cost of housing per employee (\$35,000) - Present value of future rental payments (\$18,136)

The "total cost of housing per employee" is calculated assuming:

1. 350 square feet minimum living area per employee
2. \$65 per square foot structure cost
3. \$150,000 per acre land cost, at 20 units per acre, plus \$5,000 development cost per unit

The "present value of future rental payments" is calculated assuming:

1. 15 year depreciation of housing
2. Rental income for three months at maximum rental rate in "deficit range," (currently \$750)
3. Discount rate of 9 percent