

# **WORKFORCE HOUSING ACTION PLAN**

## **Stakeholder Exercise Packet**



## Workforce Housing Action Plan

### Stakeholder Exercise

02 July 2013

LOGAN SIMPSON DESIGN, INC.



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Thank you for your participation in this exercise, an important next step in implementing our community's Comprehensive Plan. This is an exercise to complete prior to the stakeholder workshop on July 18<sup>th</sup> and 19<sup>th</sup>. This exercise will ensure the best use of your time and a productive workshop.

**Please return your exercise to Christine Walker no later than Friday, July 12<sup>th</sup>.**

**To assist you, an information packet is attached to this document.**

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Please review the July 18<sup>th</sup> and 19<sup>th</sup> Agenda, Background Information, Housing Action Plan Draft Objectives as well as the description of Existing and Proposed Housing Action Plan Tools. The summary of each tool type includes the following components:

- General Description of Tool Type
- Targeted Category of Use
- Pros & Cons
- Locational Examples

#### Part 2: Return the Screening Matrix

Once you have reviewed the tools, please fill out the screening matrix on the following pages. This will form the basis of our discussion at the upcoming workshop. Please keep in mind that the purpose of this exercise is to determine the pros and cons of each tool relative to Teton County, using the descriptions as a starting point. If your perception of a tool differs from how it is presented in the descriptions, please factor that into your evaluation in the screening matrix.

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## WORKFORCE HOUSING ACTION PLAN STAKEHOLDER WORKSHOP AGENDA

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**Workshop Objective:** *Review existing and potential workforce housing tools and apply them to scenarios to address Teton County's housing problems.*

### Part I. Review of Housing Tools (Thursday, 9:00 am – 12:00 pm)

#### A. Agenda

#### B. Welcome & Introduction

#### C. Workshop Goals

#### D. Housing Objectives

- Staff and consultants will present the objectives developed based on the first stakeholder group meeting.

#### E. Housing Tools Review

- Staff and the consultants will describe the pros, cons, and applicability of the various tools, including potential changes.
- You will be asked to review the compiled results of input from the stakeholder group's homework assignment. The group will discuss tools for which major refinements or modifications are recommended:
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### Lunch (12:00 pm – 1:00 pm)

## **Part II. Case Study Testing (1:00 pm – 4:00 pm)**

### **A. Exercise**

- You will participate in a small group case study charrette (3 groups) to provide potential solutions for a series of problem statements. Existing tools previously outlined will be used to meet the challenge.

### **B. Results**

- Following the exercise, the groups will report back results for a large group discussion.
- Two members will be selected by each group to present at the luncheon on Friday.

## **Part III. Friday Luncheon**

### **A. Presenter Preparation Session (Friday, 11:00 am – 12:00 pm)**

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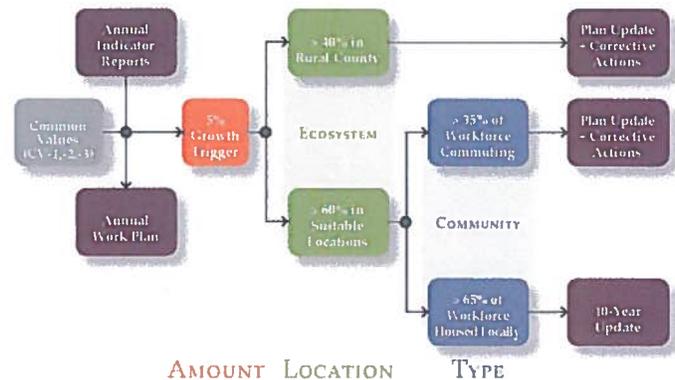
- A lunch presentation will be held outlining the potential solutions to each problem statement, common solutions identified by the groups, and recommended modifications to improve the effectiveness of Teton County's housing tools.

## **Part IV. Next Steps:**

The results of the exercise and discussion will form the basis of the Draft Housing Action Plan, which the stakeholder group will then have the opportunity to review at the third Stakeholder Workshop. For more information, please contact Christine Walker, Executive Director, Teton County Housing Authority, at (307) 732-0867 or [cwalker@tetonwyo.org](mailto:cwalker@tetonwyo.org).

## Action Plan Introduction

To maintain this community's Quality of Life, the Comprehensive Plan sets a goal to ensure a variety of workforce housing opportunities exist so that at least 65% of those employed locally also live locally. Workforce housing is defined as both local market and deed-restricted housing occupied by people working locally who would otherwise commute from outside the community. This coordinated 10-year plan will provide direction for helping to reach the Comprehensive Plan's goal of continuing to house at least 65% of our workforce locally.



The Principles in the Comprehensive Plan that provide specific direction for this Action Plan are:

- Principle 5.1 - Maintain a diverse population by providing workforce housing
- Principle 5.2 - Strategically locate a variety of housing types
- Principle 5.3 - Reduce the shortage of housing that is affordable to the workforce
- Principle 5.4 - Use a balanced set of tools to meet our housing goal

In particular, Policy 5.4.a: directs the creation of a community housing implementation plan or key action plan. This Action Plan is to be a coordinated effort of the Town, County, all local housing agencies and organizations, and other workforce housing stakeholders. It is to accomplish the following:

- Evaluate the costs and benefits of various housing tools
- Establish a system for monitoring the success of tools in meeting our housing goal
- Establish the roles of various entities, including the free market, in meeting the housing goal

*A stakeholder group of 20 community members have come together to develop a coordinated workforce housing action plan to meet this direction.*

## **Plan Purpose and Need**

The ability to work and live in our own community has as much to do with character as it does with sustainability. Our community is well aware of the affordability problem in our Town and County. Historically, as housing prices have increased, wages did not match this upward trend. Fortunately, this community has taken bold steps to provide a variety of affordable housing choices to its workforce and has many established tools. However, as outlined in the following graphics, the use of tools to address this problem have been concentrated on higher household incomes which affects the ability of the market to produce workforce housing and housing availability becomes more severe at the lower end of household incomes.

Workforce Housing Action Plan

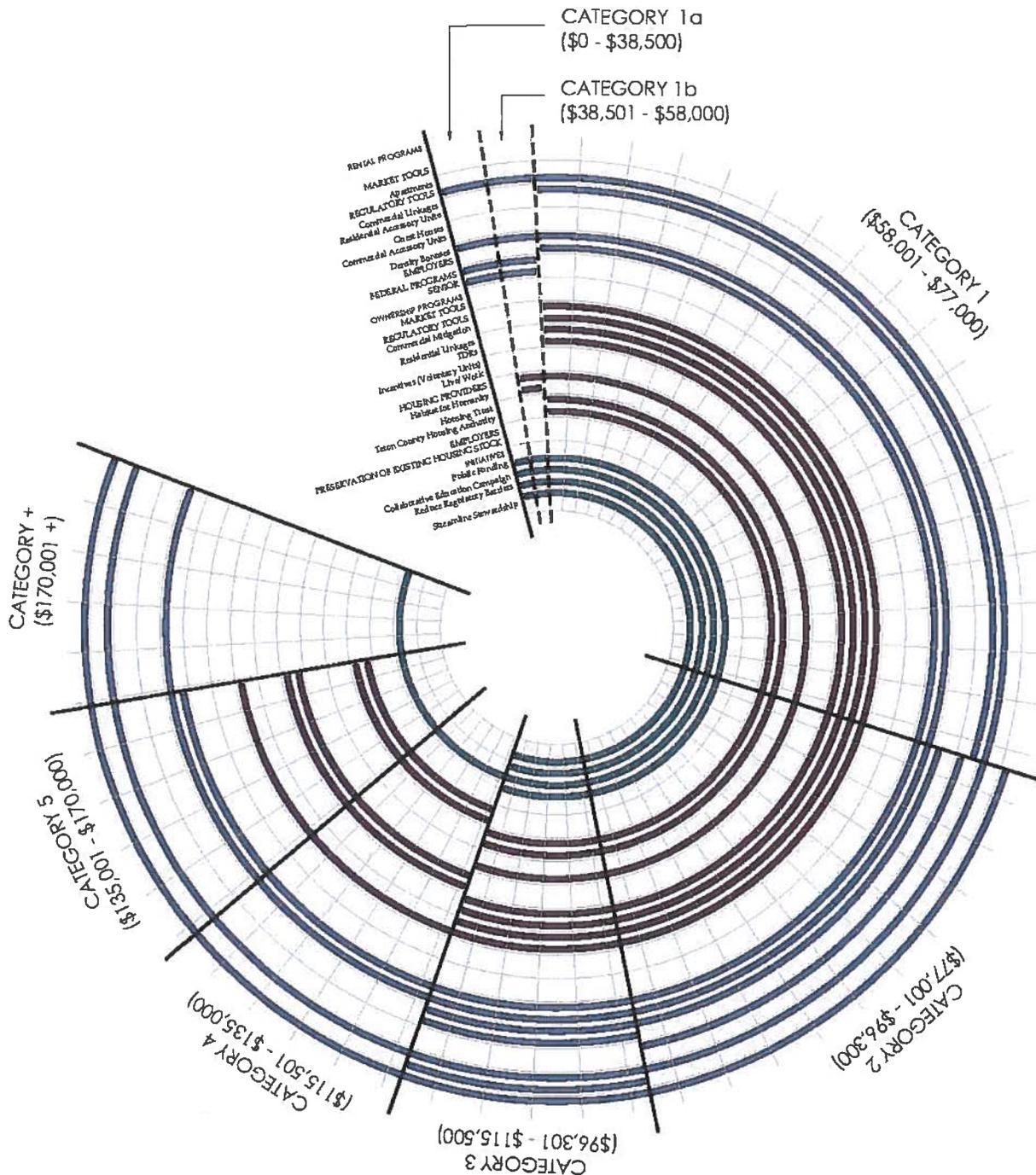
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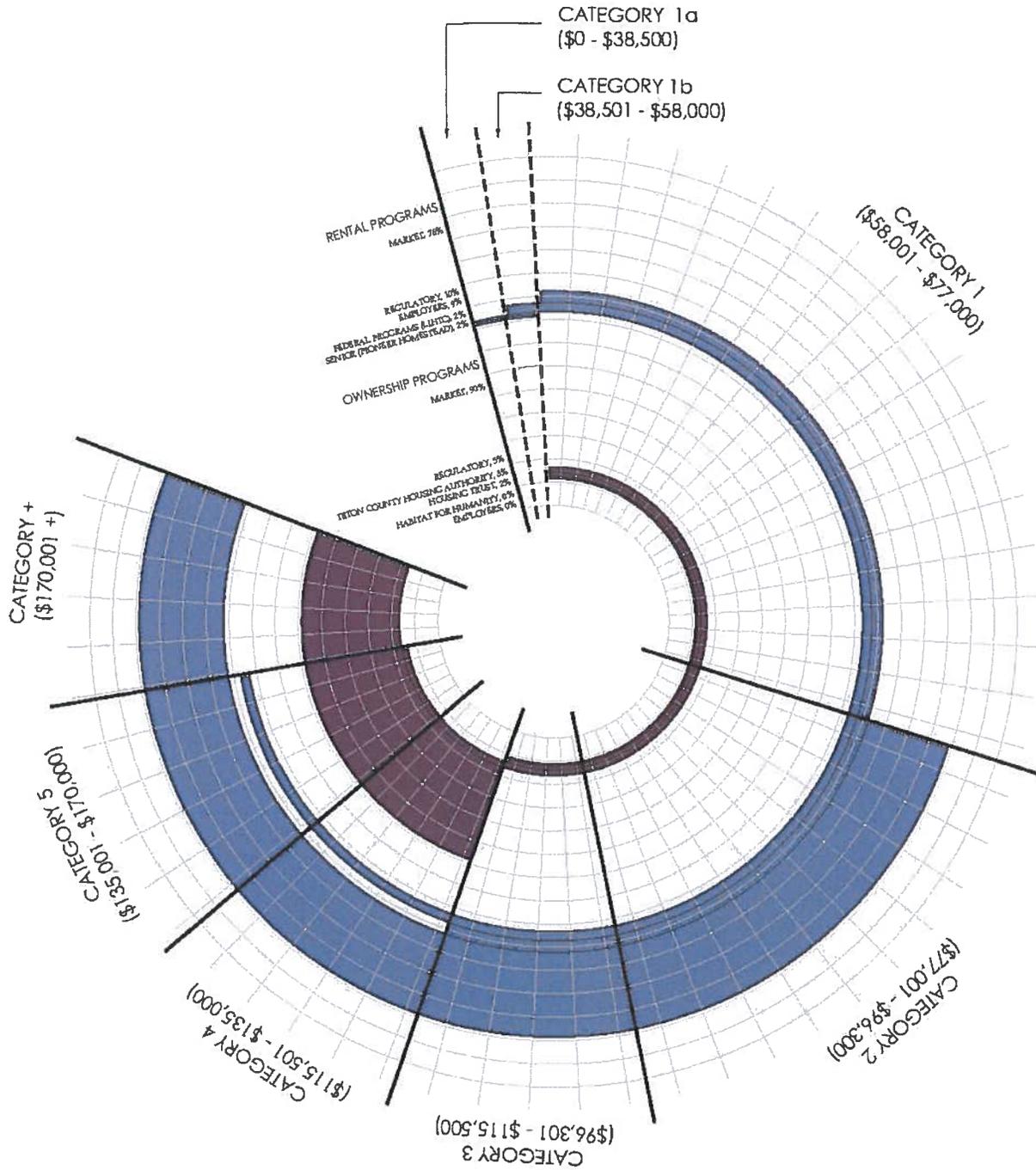


Housing Spectrum – Tools



The spectrum represents existing and proposed housing tools, and which income category each tool addresses. Our current housing tools are predominantly oriented towards category 2 and 3, but tend to under represent the need for housing support within Category 1.

Housing Spectrum - Available Housing Units



The spectrum illustrates the actual amount of housing units available within each income category. The width of each band represents the percentage of available units. Currently, the overwhelming majority of housing units are available for Categories 2, 3, 4 and 5.

The ability to own or find suitable rental housing is beyond the reach of most of the workforce. As outlined in the Comprehensive Plan, there is a clear need to adjust our tools to meet our community's goals.

*The Action Plan's purpose is to align our housing spectrum to where tools and housing products more closely reflect the makeup of our workforce and overall community.*

### Draft Action Plan Objectives

The Stakeholder Group has developed the following draft Objectives during their first meeting:

- **Number of Units (Pace of Development):** Keep pace with new market residential unit production (90 – 140 units) plus projected loss of housing stock to retirees.
- **Income Targets:** Create 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. Restricted housing programs should target these underserved markets with attention focused on the lower income targets.
- **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 to provide housing in accordance with their priorities.
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- **Location:** Locate workforce housing as identified in the Comp Plan Character Districts.
- **Other**
  - **Collaboration:** Encourage greater collaboration among all housing providers including the private sector, housing organizations, and employers.
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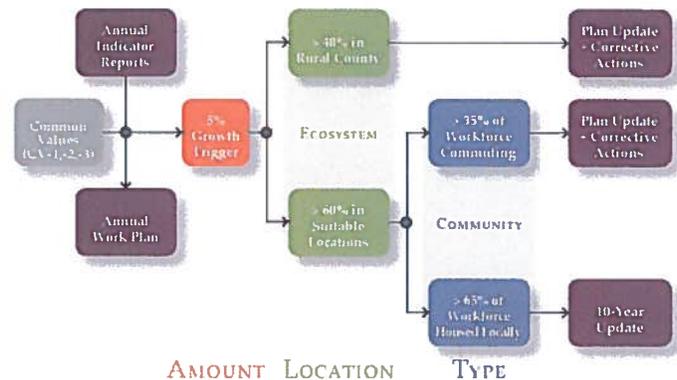
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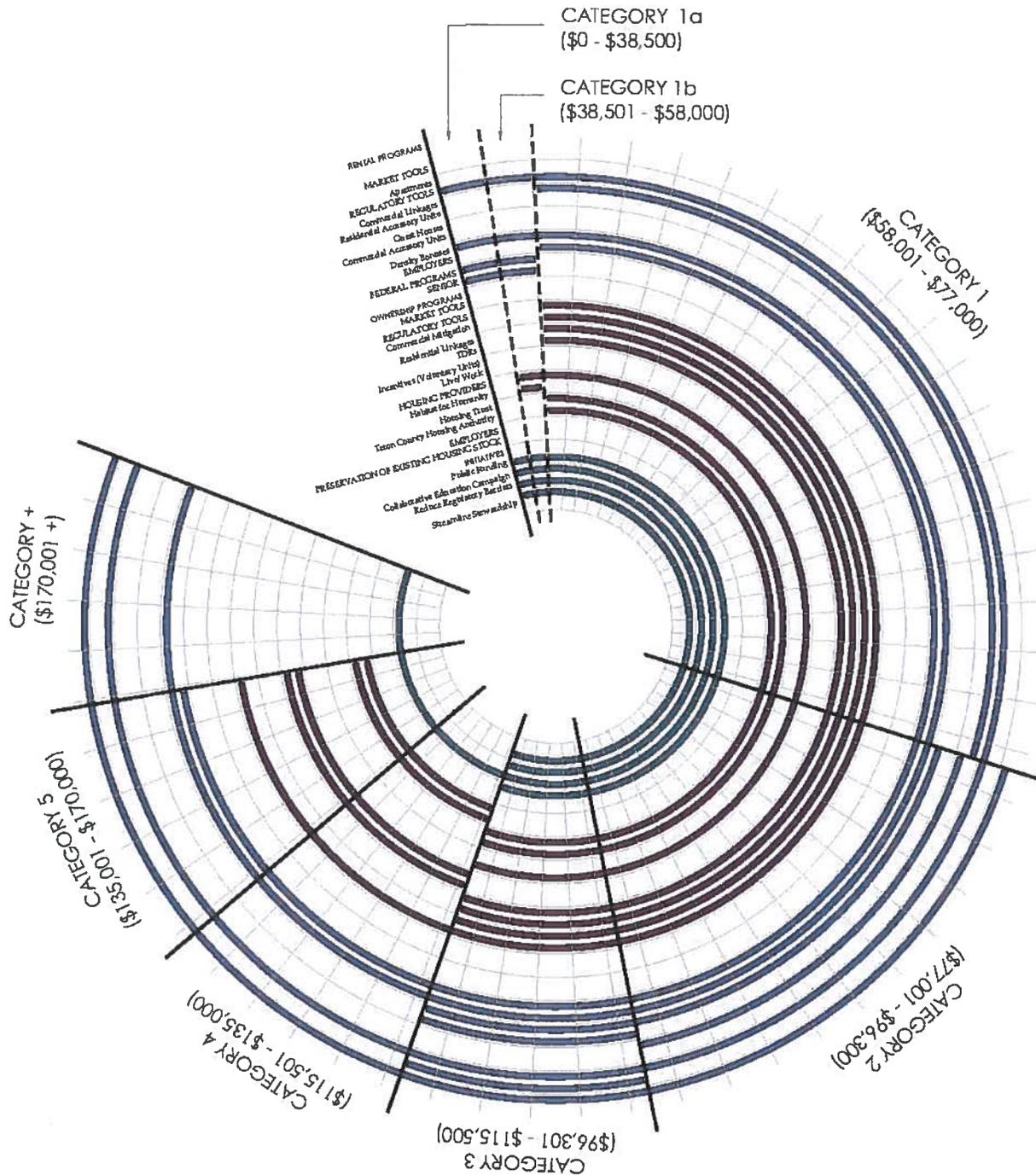
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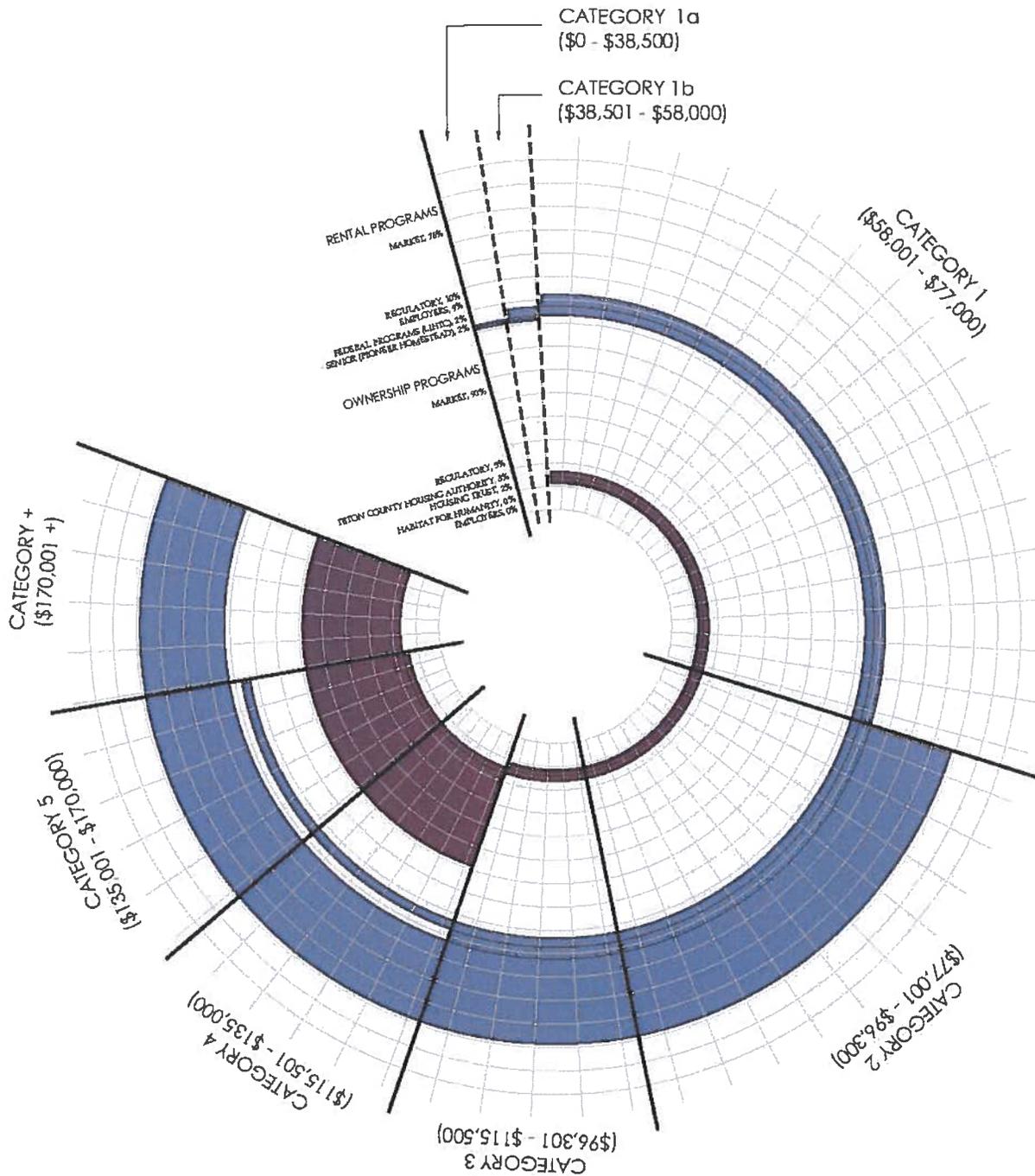


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# Housing Tools

## *Section 1. Rental Tools*

### *Market Tools*

Apartments

### *Regulatory Tools*

Commercial Linkages

Residential Accessory Units (TOJ)

Guest Houses (TC)

Commercial Accessory Units (TOJ & TC)

Density Bonuses in TOJ & TC

### *Employers*

### *Federal Programs (LIHTC)*

### *Senior (Pioneer Homestead)*

## *Section 2. Ownership Tools*

### *Market Tools*

### *Regulatory Tools*

Commercial Mitigation

Residential Linkages

TDRs

Incentives (Voluntary Units)

Live/ Work

### *Housing Providers*

### *Preservation of Existing Housing Stock*

## *Section 3. Initiatives*

### *Public Funding*

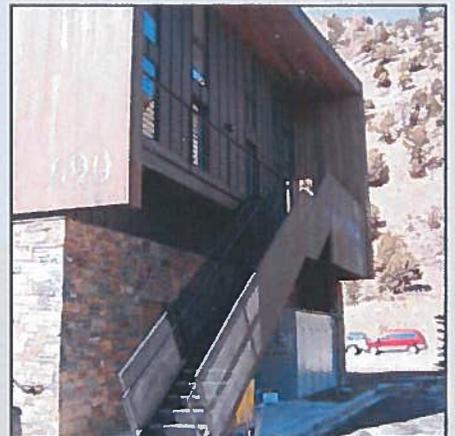
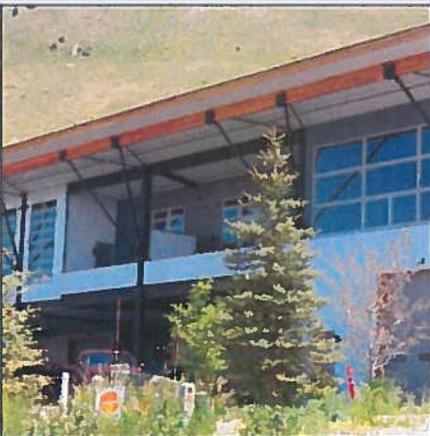
### *Collaborative Education Campaign*

### *Reduce Regulatory Barriers*

### *Streamline Stewardship*



# SECTION 1. RENTAL PROGRAMS



# Market Tools

## *Apartments*

Apartment buildings are the quintessential workforce housing tool and are used across the country to provide rental opportunities for the workforce. Unlike ownership sales prices, rental rates tend to track with local wages. In Jackson, the Lodging Overlay and resulting restriction on short-term rentals (a rental term less than 30 days) outside of this overlay helps to keep rental rates in line with local wages. A similar requirement exists in the County that limits short-term rentals to Resort Districts and the Aspens. This tool is a great private sector solution to providing workforce housing. And, because of the intensity of development associated with apartment complexes, there is the ability to minimize the impact to natural resources.

### **Owner/ Rental Mix**

- Rental

### **Income Target**

- >100% of Area Median Income

### **Pros**

- No taxpayer subsidy per unit
- Market-based Solution
- Compatible with transportation and resource goals

### **Cons**

- Limited zoning districts
- Neighborhood compatibility concerns
- Difficult financial model
- Design can be unimpressive
- Maintenance incentive may be less with rental product

### **Location**

- Blair Place Apartments
- The Timbers
- Virginian Apartments

### **What Could Change?**

- Required Amount
- Zoning Districts which provide the by-right ability to provide long-term rental product (apartments including duplex, tri-plex, four-plex, etc.)
- Should prohibit the ability to condo
- Include Design Guidelines to assist with aesthetics
- Consider minimum rental codes



# Regulatory Tools

## *Commercial Mitigation*

Commercial mitigation is a land-use regulation, which requires a commercial development to provide housing for a certain amount of the employees that it generates. Currently, it targets 25 percent of the “peak seasonal” employees that a business generates who earn less than 120 percent of area median income. Both Teton County and the Town of Jackson raised the rate from 15 percent to 25 percent in 2006 (Town of Jackson) and 2007 (Teton County).

Commercial mitigation is an effective tool at mitigating the impacts of housing employees generated from new commercial development. However, the methodology for determining the requirement does not seem to align with the true generation of new jobs. Also, the requirement can result in overwhelming hardship for restaurants or other small, locally owned businesses the community would like to see created.

### **Owner/ Rental Mix**

- Rental

### **Income Target**

- <120% of Area Median Income

### **Pros**

- Low taxpayer subsidy per unit
- Integrated with the commercial element
- Directly related to impact
- Compatible with transportation and resource goals

### **Cons**

- Viewed as inequitable burden on developers
- Difficult to determine true impact
- Potential conflict with non-compatible uses
- Hard to dictate unit design for livability
- Cost of long-term stewardship

- Certain business types have greater burden
- Can conflict with encouraging types of businesses

### **Location**

- Teton Mountain Lodge
- Four Timbers
- Four Seasons
- Field Building

### **What Could Change?**

- Policy 5.3.a. Mitigate the impacts of growth on housing, calls for some changes to this tool. Those include moving from “peak seasonal” employees generated to year-round employees or FTEs (Full Time Equivalent). It also calls for a sliding scale that considers both the size and type of development.
- The TCHA is wrapping up a Housing Legal Nexus Study which allows the elected officials to implement changes to this tool.
- Eliminate “Change in Use”. This is where if a tenant in an existing building changes use from office to restaurant (or from a Use that generates more peak seasonal employees) the tenant is charged a fee. Uses estimated at time of development based on zoning district.
- Include “Institutional” Uses, currently these are exempt from providing housing.
- Evaluate the priority of On-site, Off-site, and Fee-In Lieu. A threshold is recommended to provide predictability to land owners. Use Character Districts to determine whether on-site is practical and off-site acceptable.

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## ***Residential Accessory Units (TOJ)***

The Town of Jackson permits accessory residential units in many zoning districts. They are attached and detached units that are less than 800 square feet and are accessory in nature to the primary residence or commercial use. These units serve as rentals and cannot be subdivided from the property's main residence. They are not required to be rented to local workers as in the County; however, they tend to serve as long-term rentals for local employees as they are not allowed to be used as guest houses.

In the Town's AR (Auto-Urban Residential) Zone, property owners may build one main residence plus two accessory residential units. This tool has provided a significant supply of rental housing for the local workers; however, some feel that the character of the neighborhoods has been compromised as there has been a transition away from owner occupancy to rental. Additionally, some believed that reinvestment in the area could provide a higher quality of housing for the workforce.

Rentals in Town outside of the Town's lodging overlay cannot be rented short-term or less than 30 days. Residential units not in the lodging overlay provide some assurance that the accessory residential units will serve as long-term rentals and will likely serve as workforce housing if rented.

## **Owner/ Rental Mix**

- Rental

## **Income Target**

- <100% of Area Median Income

## **Pros**

- No taxpayer subsidy per unit
- Integrated with the community
- Limited size helps affordability
- Flexibility for owner
- Market-based solution

## **Cons**

- Concentration of rentals can disrupt traditional neighborhoods
- Occupancy limit enforcement is difficult
- Maintenance incentive may be less with rental product
- Perceived that incentive to redevelop is limited
- Enforcement/Verification

## **Location**

- Town of Jackson – outside lodging overlay (East Jackson and AR district is commonly known)

## **What Could Change?**

- Minimum rental standards to ensure public health, safety of rental unit
- Ability to subdivide AR lots



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## ***Guest Houses***

Guest houses are the common name for Accessory Residential Units in the County. They are attached or detached units that are less than 1000 square feet and are accessory in nature to the primary residence. They are not allowed to be subdivided from the property's main residence.

Traditionally, accessory residential units served as housing for family members or guests. The County expanded the scope in 2000 to allow property owners to rent accessory residential units to local workers. In 2009, there were 976 accessory residential units in the County. It's likely that approximately 25 percent of the accessory residential units serve as workforce housing.

## **Owner/ Rental Mix**

- Rental

## **Income Target**

- <120% of Area Median Income

## **Pros**

- No taxpayer subsidy per unit
- Integrated with the community
- Flexibility for owner
- Market-based solution
- Limited size helps with affordability

## **Cons**

- Actual use is unclear
- Total number allowed is unclear
- Location can conflict with transportation goals
- Location can conflict with resources protection goals
- Enforcement/Verification

## **Location**

- Caretakers

## **What Could Change?**

- Policy 5.2.e: Allow accessory residential units (ARUs) and County guesthouses. Accessory residential units have historically provided a number of workforce housing opportunities. This will continue to be an encouraged housing type in the Town and mixed use subareas in the County as part of our balanced workforce housing program. Guesthouses will continue to be allowed in the County and may be rented long-term as part of our workforce housing program. Restrictions on size, rental period, rental occupancy, guesthouse location, and other considerations should ensure guesthouse rental is consistent with all three Common Values of the community.

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## ***Commercial Accessory Units (TOJ & County)***

In some commercial zoning districts in the Town and County, land owners may receive extra buildable square footage if this space is used to house Teton County employees. These units must be accessory to the commercial use and associated with that use. These accessory residential units (ARUs) are separate spaces from the commercial uses which is different from live-work units which share the same space.

This tool has been very popular with developers, particularly in the South Park Business Park.

### **Owner/ Rental Mix**

- Rental

### **Income Target**

- <120% of Area Median Income

### **Pros**

- Low taxpayer subsidy per unit
- Integrated with the community
- Mix of uses and sizes helps with affordability
- Flexibility for owner
- Market-based solution

### **Cons**

- Potential conflict with non-compatible uses
- Hard to dictate unit design for livability
- Location can conflict with transportation goals
- Limited zoning districts

### **Location**

- Elk Avenue Condos
- Osprey Landing

### **What Could Change?**

- It would be helpful to record a covenant to track the units and inform owner and a potential buyer on limitations on use. A covenant is recorded in the County but not in the Town.
- Encourage use in other locations in town
- Size restrictions would help with affordability
- Design standards would help with adequacy, or livability and neighborhood context (storage requirements is a big piece to help keep things looking tidy)



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## ***Density Bonuses in TOJ & County***

In addition to requirements for housing, the Town and County land development regulations also include some incentives to encourage the development of workforce housing. These incentives allow more square footage or units on a property for permanent restricted workforce housing.

Prior to 1994, the County approved two large developments; Melody Ranch and Wilson Meadows, using the Planned Unit Development (PUD) density bonus tool. These developments were successful due to a combination of available land and density bonuses in return for open space and affordable housing. This concept was converted to “inclusionary zoning.”

The Town and County both implemented density bonus tools and later repealed them. The Planned Mixed-Use Development (PMUD) tool in the Town of Jackson allowed increased density in some cases if the applicant demonstrated additional public benefit in at least two of the four categories. One category related to housing, where the applicant exceeded the deed restricted affordable and/or employee housing requirement by at least 20 percent. The Town placed the PMUD under a one-year moratorium in 2010 and repealed via ordinance 1012 effective 12/19/12.

In Teton County, the Affordable Housing Planned Unit Development, or AH-PUD allowed a density bonus for deed restricted affordable housing. A minimum of 50 percent of units in a development were required to be deed restricted affordable in exchanged for increased density. The County repealed the AH-PUD in 2010.

The Town maintains a substantive density bonus which allows buildings to be 25 percent larger if the extra square footage is deed restricted affordable or employee housing. This floor area ratio, or FAR, increase pertains only to non-residential zoning districts.

### **Owner/ Rental Mix**

- Rental

### **Income Target**

- All income ranges

### **Pros**

- No taxpayer subsidy per unit
- Integrated with community
- Market-based solution

### **Cons**

- Extra square footage can cause conflicts – deemed unpredictable
- Other dimensional limitations (Landscape Surface Ratio, setbacks, height limits, etc.) may limit availability of extra FAR
- Used primarily to meet development requirement on-site instead of providing additional units

### **Location**

- Miller Park Lofts
- Trapper Motel (Lexington)
- Hilton-Homewood Suites

### **What Could Change?**

- Criteria to allow established reductions in other dimensional limitations to allow greater use of 25% bonus
- Created incentive to provide units beyond minimum requirement
- Create prescriptive tools to gain density for restricted workforce housing in areas consistent with comprehensive plan.



# Employers

## *Employers*

Historically in our valley, business owners have played an important role in providing housing for our workforce. Survey data from the 2007 Housing Needs Assessment indicated that 30 percent of all businesses provide some form of housing assistance to their employees. This takes many forms from a housing allowance, rental property, down payment assistance, or shared appreciation mortgages.

The type of direct housing businesses provide is typically rental product. Of the larger businesses contacted, employer provided rental housing makes up nine percent of the rental housing stock in the valley. This does not take into account the smaller businesses.

## **Owner/ Rental Mix**

- Rental

## **Income Target**

- All income ranges

## **Pros**

- No taxpayer subsidy per unit
- Integrated with community
- Controlled by business
- Helps maintain stable employees
- Market-based solution
- Business tends to keep affordable

## **Cons**

- Can be high cost to business
- Housing expertise required outside of running business
- May not be long-term
- Requires strong commitment of business
- Difficult to track units

## **Location**

- Hospital
- Town of Jackson
- Teton County
- Forest Service
- National Park
- Teton Science Schools

## **What Could Change?**

- Technical assistance to Businesses
- Management assistance to Businesses
- Incentives for businesses to provide housing, with mechanism to track the units provided

# Federal Programs (LIHTC)

## *Federal Programs (LIHTC)*

Several apartment complexes in Jackson have been developed utilizing federal financing programs. Currently, the most utilized in mountain communities is the Low Income Housing Tax Credit program (LIHTC), created through the tax reform act of 1986. Through this program, tax credits are allocated by the Wyoming Community Development Authority to projects on an annual, highly-competitive application basis. Equity is raised through the syndication of these credits. Bond proceeds, HOME funds, conventional mortgages and other forms of debt are combined with the equity raised to finance development of the rental units.

The program can be utilized by private, non-profit and public-sector developers. It often inspires public/private partnerships that bring needed resources, expertise and long-term management to the project.

The rental units are restricted for occupancy by households with incomes no greater than 60 percent of the area median income. After the negotiated timeframe (a minimum of 20 years), the property may become free from income restrictions; however, if a public entity is a partner, permanent affordability is often achieved.

## **Owner/ Rental Mix**

- Rental

## **Income Target**

- <60% of Area Median Income

## **Pros**

- Local taxpayer subsidy per unit minimized
- Targets households most in need
- Most difficult niche to fill
- Sufficient funding can be raised to make designs attractive and compatible (Snow King apts)
- Market for tax credit syndication is very good now

## **Cons**

- Requires developer with expertise/experience and capable management
- Competitive funding process with limited allocation (\$2.2 million for all of Wyoming in 2013)
- Limited zoning districts
- Neighborhood compatibility concerns (as with other dense, multifamily projects)
- Restriction may be in effect for a limited time

## **Location**

- Snow King Apartments
- Brandy Chase Apartments

## **What Could Change?**

- Area identified for multifamily projects

# Senior (Pioneer Homestead)

## *Senior (Pioneer Homestead)*

Pioneer Homestead is a non-profit corporation furnishing apartments for low-income senior and disabled citizens. This entity has developed 78 rental units in three complexes located adjacent to the Senior Center of Jackson Hole. The bedroom mix is primarily 1-bedroom units with eight 2-bedroom units.

## **Owner/ Rental Mix**

- Rental

## **Income Target**

- <60% Area Median Income

## **Pros**

- Successful organization that has developed three low-income rental projects for senior and those with disabilities
- Utilized land effectively
- Central location near senior and medical facilities

## **Cons**

- Combining seniors with younger households with disabilities
- Variety of housing choices is limited
- Land has been developed, difficult to create more opportunities
- No integration throughout the valley

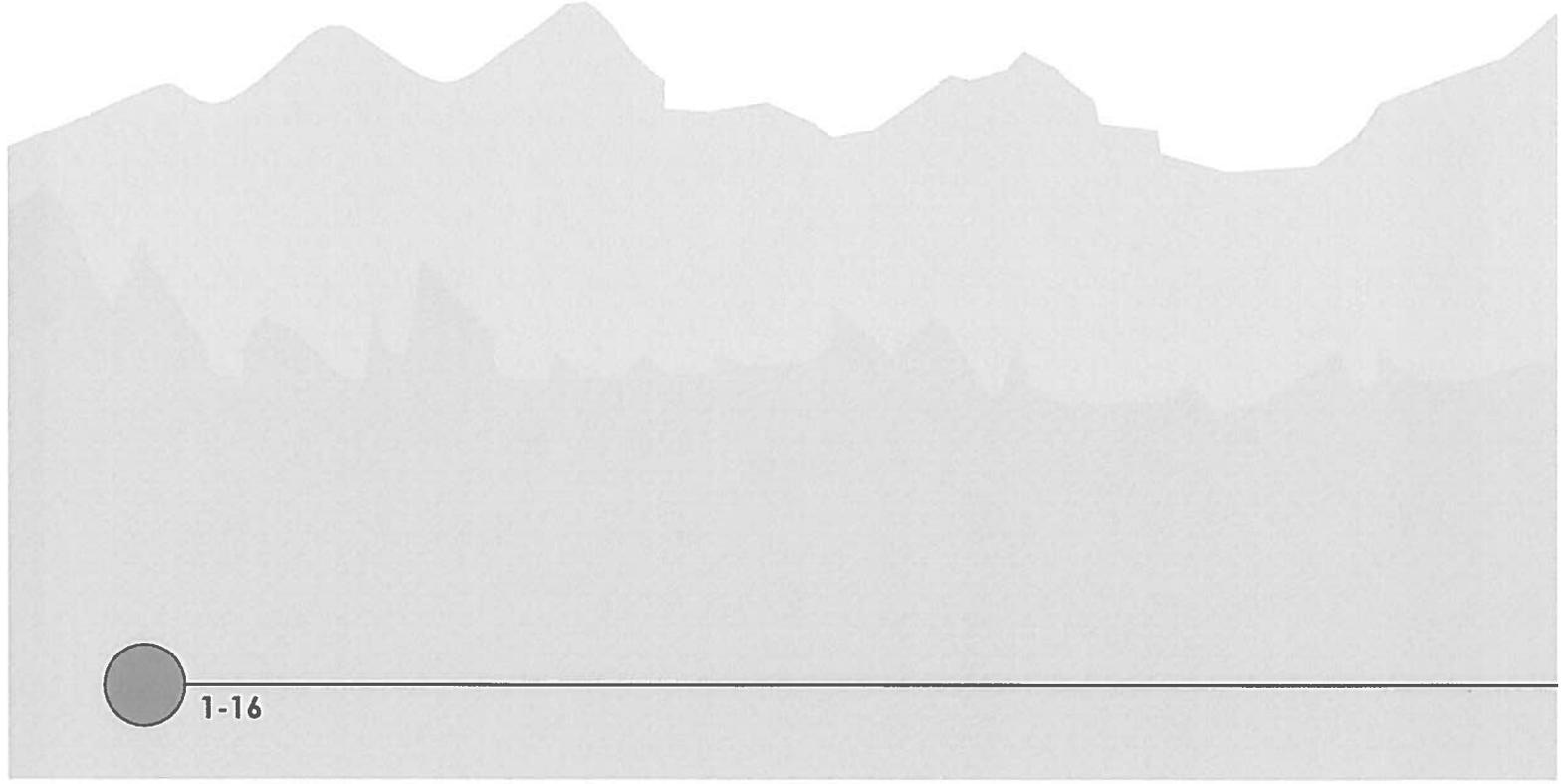
## **Location**

- Pioneer Homesteads I, II, and III

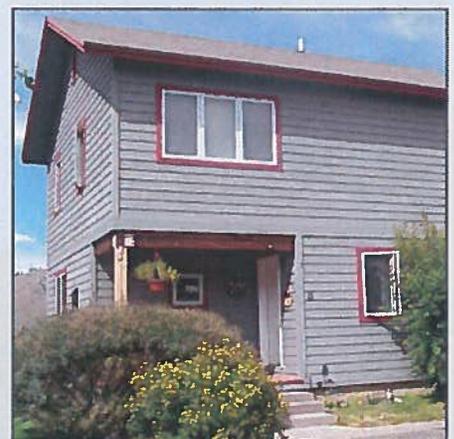
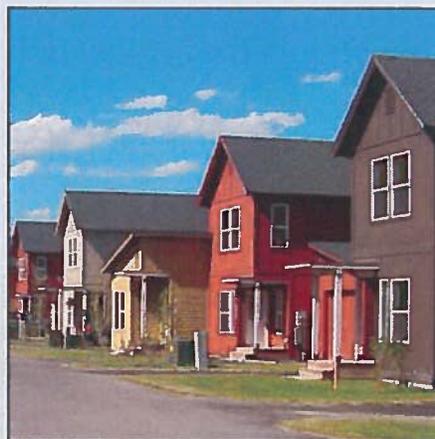
## **What Could Change?**

- Integration throughout the community, with emphasis near transit hubs
- Greater collaboration with other Housing Providers to leverage resources and help with integration and provide greater diversity within neighborhoods





# SECTION 2. OWNERSHIP PROGRAMS



# Market

## *Market*

The market has been successful in providing ownership opportunities for our workforce primarily through zoning tools. Leveraging the free-market is key to the continued success in meeting the community's goal. However, there are clear areas where the market has not been capable of providing housing opportunities to the workforce. This is primarily below 120% of the area median income.

An example of a successful workforce neighborhood is Cottonwood Park. The "success" was measured by the development's use of mixed housing types that range from single family units to apartment, duplexes and townhomes or small lot offerings. While some deed restricted housing is also offered, the overall neighborhood is targeted at working families and have typically offered free-market ownership opportunities for working households

The other key to its success was that the neighborhood was master planned, which provided predictability to neighbors and was designed as a "complete neighborhood" in a location that was a logical extension of the Town.

There have been other workforce housing neighborhoods built (Rafter J and Melody Ranch); however, all of the workforce housing neighborhoods were zoned prior to 1994.

## **Owner/ Rental Mix**

- Ownership

## **Income Target**

- All income ranges

## **Pros**

- No taxpayer subsidy per unit
- Promotes market-based solutions
- Zoning provides predictability to neighbors
- Mix of housing types
- Compatible with transportation and resource goals

## **Cons**

- Limited locations
- Intensity of use can conflict with neighborhood character goals

## **Location**

- Cottonwood Park
- Rafter J
- Melody Ranch

## **What Could Change?**

- Tools within Character Districts (Complete Neighborhoods) to create and encourage workforce housing

# Regulatory

## ***Residential Inclusionary (PRDs)***

Often called residential mitigation, Residential Inclusionary is an Inclusionary Zoning Tool that requires a percentage of new residential development to be affordable to local workers.

That means if 100 units are proposed to be built, 25 must be included for households with low to moderate incomes. The term inclusionary zoning is generally used to counter exclusionary zoning practices which include minimum lot and house sizes which are cost-prohibitive for modestly priced homes.

This regulation works, essentially, as a trade-off between the Town/County and a developer. A developer sells a percentage of units in a new development at prices that low to moderate-income families can afford, and, in return is given a “density bonus,” which gives permission to build more units than zoning regulations allow. Additional units are created because of increased density (units per acre), and not through the purchase of additional land. This “free land” acts as a subsidy, since land costs are not included in the rent or sales prices of affordable units.

Instead of constructing units on site, developers may be permitted to pay a fee in lieu of providing units; provide units at another location; or provide land elsewhere for the construction of affordable units.

Residential inclusionary targets families who earn incomes less than 120 percent of the Area Median Income, and requires 25 percent of new residences to be deed restricted affordable housing. Both Teton County and the Town of Jackson raised the rate from 15 percent to 25 in 2007 (Teton County) and 2009 (Town of Jackson).

## **Owner/ Rental Mix**

- Ownership

## **Income Target**

- <120% of Area Median Income

## **Pros**

- Low taxpayer subsidy per unit
- Integrated within neighborhoods
- Directly related to impact
- Compatible with transportation and resources goals

## **Cons**

- Too high of a mitigation rate could hinder development, which would prevent new free market housing opportunities
- Hard to dictate unit design for livability
- Cost of long-term stewardship

## **Location**

- Jackson Hole Golf and Tennis
- Eagle Village
- Ellingwood
- Pearl at Jackson

## **What Could Change?**

- The change to PRDs will likely affect this tool

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## *Residential Linkage*

Residential linkage is a commonly used term to describe the imposition of a requirement on the construction of new homes based on the employment and resulting workforce housing demand generated by those homes. It applies to new homes on existing lots and is particularly effective when many lots have been platted but are still vacant. Larger residential developments, like a condominium project, may produce the restricted workforce units on site; however, in most cases, compliance is through the payment of a fee.

A sliding scale is often used to determine the amount of fee charged with larger homes, which generate more employment, paying relatively higher amounts. Smaller homes or homes being built by local employees may be exempted. Construction of restricted workforce housing is typically exempted or credited. In Pitkin County, Colorado, second homes are assessed higher fees than ones occupied by local residents though this adds complexity to the program.

The Nexus Study soon to be completed by Clarion Associates provides the justification and documentation for establishing a linkage program in Jackson and/or Teton County. The amount of revenue that could be raised by a linkage program could be modeled based on historic building permits.

Linkage differs from inclusionary zoning (IZ) in several ways. It is not assessed at subdivision/PUD but rather when the homes are built. It typically produces fewer units through fees than IZ does on site yet tends to be more flexible. It can be used in conjunction with IZ by targeting different income categories or by use of a crediting system. A voluntary real estate transfer assessment could potentially be used to satisfy the fee requirement.

## **Owner/ Rental Mix**

- Either – depends on local priority

## **Income Target**

- Typically low or very low income due to the types of jobs created (maintenance, yard work, housekeeping, etc)

## **Pros**

- No tax subsidies
- Can target households most in need; targets can change as need changes
- Helps widely spread responsibility for workforce housing

## **Cons**

- Linkage programs are often opposed by the building industry
- Revenues received must be spent producing units in a timely manner

## **What Could Change?**

- This is a new tool based on Policy 5.3a in the comprehensive plan
- Sliding scale based on size of development



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## **TDRs**

Transfer of Development Rights (TDR) is intended to reduce or eliminate development potential in areas that are a high priority for preservation by increasing development potential in areas where growth is desirable. The basic elements of a TDR program are: (1) sending areas, or regions of a community to be protected from future land-use change; (2) receiving areas, or regions designated for more intensive growth, development, or housing; and (3) transferable development rights and the process by which they may be transferred from one place to another. TDR tools can transfer development potential between noncontiguous parcels under a single ownership, between unconnected parcels under different ownerships, or between jurisdictions (such as between the Town of Jackson and Teton County).

The existing TDR mechanism used in Teton County is the Noncontiguous Planned Residential Development (PRD) tool, which allows a density bonus (increased number of units) for clustering development which creates usable Open Space and for creating housing affordable to the local workforce. In Teton County, TDR programs are used by developers who acquire greater development potential in receiving areas, and greater potential revenue, by voluntarily using the TDR option. Transactions for development rights are negotiated privately between the sending area landowners and the receiving area developers. Once a parcel's development right has been sold, a conservation easement is commonly placed on the property to limit its future use.

## **Owner/ Rental Mix**

- Ownership

## **Income Target**

- All income ranges

## **Pros**

- No taxpayer subsidy per unit
- Uses market forces to incentivize development in appropriate locations
- Achieves multiple goals of the Comprehensive Plan

## **Cons**

- Use of tool has been limited
- Does not necessarily result in the creation of workforce housing (as currently written is does as in order to get the increased density a portion must be affordable)
- Can be difficult to understand and utilize
- Increased densities in receiving areas can conflict with neighborhood character goals

## **Location**

- Rock Springs/Stilson Ranch Subdivision
- Granite Ridge Subdivision

## **What Could Change?**

- County is considering updates to this tool

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### ***Incentives (Voluntary Units)***

During the peak, it was common to have developers propose additional workforce housing or voluntary units. This was used in two manners, 1) to add “community benefit” to help obtain development rights; and 2) to build housing for their employees. The second aspect was more successful than the first which seemed to conflict with other community goals.

As the Housing Standards in the LDRs do not address these Voluntary Units, there were negotiations with the elected officials and the applicant. The applicant would typically request relief from the income limitations to allow the production of housing for upper level management and this was generally accepted.

### **Owner/ Rental Mix**

- Typically rental

### **Income Target**

- All income ranges

### **Pros**

- No taxpayer subsidy
- Integrated within the community
- Housing located near place of work

### **Cons**

- The additional density can conflict with other community values

### **Location**

- Three Creek Employee Housing
- Jackson Hole Golf and Tennis Employee Housing
- Shooting Star Employee Housing

### **What could change?**

- Update to LDRs to define parameters of voluntary units
- Incentives to encourage developers to provide



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## ***Live/ Work***

The live-work unit is actually an old idea that has been modernized to meet the needs of entrepreneurs, small businesses and professionals. A live-work unit is a space that combines your workspace with your living quarters.

Live-work units were proposed with several applicants in the TOJ. Therefore the Town adopted Section 2210 b.7 via ordinance 976 in January, 2010.

These units are exempt from housing regulations as they are said to be workforce housing units. There is a restriction recorded which helps with education, enforcement if necessary, and tracking.

## **Owner/ Rental Mix**

- Owner/renter

## **Income Target**

- All income ranges

## **Pros**

- Helps with transportation goals – live where you work
- Mix of uses helps to keep prices lower and available to working households
- Market solution

## **Cons**

- Potential safety codes with mix of uses
- Ensuring a mix of uses to meet intent – have seen used as just residential or just commercial

## **Location**

- Pine Box

## **What Could Change?**

- Could require use as primary dwelling of the occupant to keep prices more attainable.



# Housing Providers

## *Housing Providers*

There are three primary housing groups that serve the Jackson community: Habitat for Humanity of the Greater Teton Area, Jackson Hole Community Housing Trust and Teton County Housing Authority (TCHA).

They all provide long-term affordable housing opportunities to families working in our community; however, they all have different organizational structures, target different segments of our workforce, have different application processes and provide different housing choices.

For example, Habitat is a non-profit entity that provides ownership opportunities for families earning less than 60 percent of the median income. The Housing Trust is a private, non-profit that builds affordable housing for families earning up to 120 percent of the median income.

The TCHA is a governmental entity that provides grants to these and other housing providers to leverage public and private funds to cost effectively produce housing for the workforce. TCHA also helps implement the housing land development regulations and develops workforce housing where the market is unsuccessful, primarily below 120 percent of the median income for ownership and less than 80% for rental.

These three organizations have been instrumental in providing homeownership opportunities in the valley where the market has been unsuccessful. They are most successful when working in collaboration and leveraging public and private donations

## **Owner/ Rental Mix**

- Ownership/ renter

## **Income Target**

- <120% of Area Median Income

## **Pros**

- Provide opportunities where market is unable
- Primarily entry-level ownership
- Leverage public and private funds
- Great neighborhoods

## **Cons**

- High subsidy for ownership units
- Limited zoning districts
- Neighborhood compatibility concerns
- Cost of long-term stewardship
- Raising funds

## **Location**

- Wilson Park
- Arbor Place
- Millward
- Flat Iron
- Mountain View Meadows
- 5-2-5 Hall

## **What Could Change?**

- More substantive collaboration
- Predictability in the entitlement process for the affordable housing organizations is deemed as important as for land owners

# Preservation of Existing Housing Stock

## *Preservation of Existing Housing Stock*

As mountain resort communities age and units once occupied by local residents become second homes/vacation accommodations, preservation of existing units is gaining in importance. Techniques include acquisition and buy down with deed restrictions protecting permanent affordability, rehabilitation and weatherization. Typical funding sources include Community Development Block Grants (CDBG), HOME grants, funding from USDA's Rural Development and Low Income Housing Tax Credits as well as local revenues. When Federal funds are used, the occupants must be low income ( $\leq 80\%$  AMI). Both ownership and rental housing are possible depending upon funding source: CDBG usually funds rehabilitation of owner occupied housing while LIHTCs support renovation of apartment properties.

Acquisition and buy down of existing units is challenging because of their purchase prices; however, the gap that must be subsidized (the difference between the initial market price and the price at which the units when deed restricted are sold to eligible households) is often lower than the per-unit subsidy associated with new construction. Some communities increased their efforts to acquire units after prices dropped in 2009/10. The window of opportunity is decreasing now that market prices are rebounding. Mapping areas where units transfer from local to non-local buyers can be used to target resources.

Rehabilitation efforts typically target safety and conservation. Replacement of old heating systems with energy efficient boilers/furnaces, insulation, new windows and new appliances all reduce utility cost and make housing more affordable while providing the opportunity to limit ownership and appreciation. Adding a bedroom can address overcrowding. Dividing larger homes that were once needed to house families can make housing more affordable for empty nesters while providing an accessory apartment for the workforce.

## **Owner/ Rental Mix**

- Both depending upon funding source

## **Income Target**

- $\leq 80\%$  Area Median Income for rehabilitation
- 50% - 120% for acquisition/buy down with local funding

## **Pros**

- Preserves local neighborhoods
- Can be less expensive than new construction
- Can be targeted to specific areas of the community where losses are occurring

## **Cons**

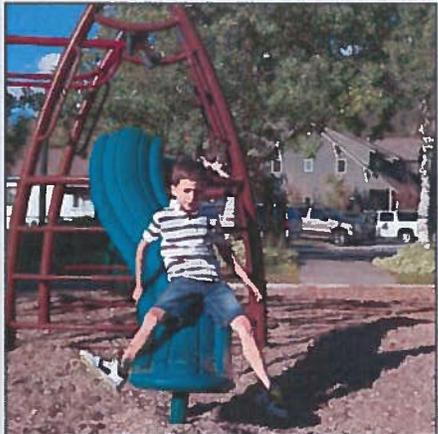
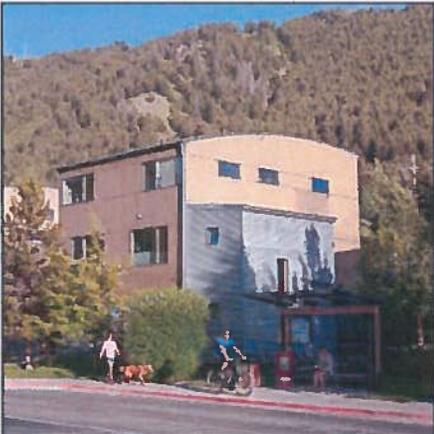
- Is administratively intense; requires staff expertise in inspections, work write ups, bidding, contracting, and management.
- Funding sources are highly competitive
- Gentrification may be a concern

## **What Could Change?**

- Policy 5.3.b: Preserve existing workforce housing stock. Over 80% of current workforce housing is market housing (See Appendix B). Preserving the existing workforce housing stock is critical to achieving the community's housing goal. The resale and/or redevelopment of existing market workforce housing and the combination of small lots to build larger houses are examples of possible "net losses" of housing that is affordable to the local workforce. The Town and County will explore a combination of tools to restrict and otherwise preserve the future affordability of existing workforce housing stock to avoid a shortage of housing that is affordable to the workforce. However, these tools to preserve existing workforce housing should not inadvertently deplete market workforce housing opportunities.



# SECTION 3. INITIATIVES



# Public Funding

## *Public Funding*

Secure funding for all aspects of workforce housing programs is essential for achieving our housing goal. The aspects include not only the production of workforce housing, but the stewardship of units created and oversight of housing regulations. This can be separated into development and administration.

This valley has supported two Special Purpose Excise Tax (SPET) initiatives, one in 2001 for \$9,300,000 and another in 2006 for \$5,000,000. These two sales tax opportunities have been integral in developing workforce housing and securing land to enable the development of workforce housing. SPET has been responsible for over 50 low-income rental units, more than 100 Category 1 – 3 ownership units, and secured over 14 acres of land to build Category 1 – 3 deed restricted affordable housing over the next 15 years. Funding for the development of restricted workforce housing also comes from in-lieu fees and land from developers, County/Town General Funds, governmental waiver of development fees, and private donations.

The administrative costs to manage workforce housing programs should not be overlooked, as this is long-term burden and is an important element in the success of reaching our housing goal. The TCHA utilizes rental income, ground lease fees, and facilitation (sales commission) fees to help fund administration, but primarily administration funding comes from the Teton County General Fund.

Habitat primarily utilizes the ReStore, Housing Trust utilizes ground lease fees, facilitation fees and private donations, Pioneer Homestead utilizes rental income and has a "Friends Of" to raise private donations.

## **Owner/ Rental Mix**

- Owner/Rental

## **Income Target**

- <120%

## **Pros**

- Streamlines both development and administration
- Allows for the development of new housing or rehabilitation
- Allows for the effective stewardship of units created

## **Cons**

- Challenging to achieve
- Public support has diminished

## **What Could Change?**

- Policy 5.4.e: Establish a reliable funding source for workforce housing provision. This policy in the Comprehensive Plan expresses a desire to explore a funding source to help the community meet its housing goal. 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.

# Collaborative Education Campaign

## *Collaborative Education Campaign*

While the goal of housing 65 percent of the workforce is achievable, we need a renewed emphasis on the need for workforce housing to accomplish that goal. It is important to raise the level of understanding within the community about ways to achieve our workforce housing goals while preserving other community values such as wildlife, open spaces and transportation.

### What Could Change?

- Collaboration among all housing providers
- 5.1.S.2: Seek opportunities to improve the public perception of workforce housing through education about the value of workforce housing.



# Reduce Regulatory Barriers

## *Reduce Regulatory Barriers*

The Town of Jackson and Teton County both make efforts to reduce regulatory barriers for the production of restricted workforce housing. This is typically in the form of fee waivers and generally requires a formal public process to make the request.

## **Owner/ Rental Mix**

- Ownership/ Rental

## **Income Target**

- Subsidized housing only, less than 120%

## **Pros**

- Helps to get subsidized units constructed

## **Cons**

- Funding for other community values is often the compromise

## **Location**

- The Town of Jackson and Teton County both make efforts to reduce regulatory barriers of offer opportunities for fee waivers.

## **What Could Change?**

- Policy 5.4.b: Avoid regulatory barriers to the provision of workforce housing.

# Streamline Stewardship

## *Streamline Stewardship*

As there are limited resources for the development and administration of restricted workforce housing, streamlining stewardship among the housing providers seems prudent. There are multiple references in the Comp Plan to coordinate efforts, collaborate, etc. Having multiple organizations manage restricted units with different qualification procedures is duplicative and causes confusion to the public.

## **Owner/ Rental Mix**

- Owner/Rental

## **What Could Change?**

- 5.4.S.2: Evaluate the appropriate governmental structure for the Housing Authority.

