

Housing Diversity: Supporting Community and Economic Stability

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What you need to know about housing



Homes make communities possible. To be sustainable* housing must be affordable and accessible to all residents—first responders, seniors or retirees, working families and professionals, and those living with disability. *Healthy housing infrastructure reflects the needs and incomes of real people.*

The aim is to support *community housing choices*[†] within reach of people who:

- *work for a living—at all wage levels;*
- *provide essential community services;*
- *engage in community and civic activities; and/or*
- *spend their retirement years and incomes locally*

“Idaho needs more homes within reach of our workforce, families, and friends.”

Economic development role. Housing affordability supports [sustainable](#) economic development, representing a *perpetual wage subsidy* for local employers and *net salary increase* for working households—benefits that remain in the local community as long-term assets. Think of local housing stock as *critical infrastructure*; essential to a recruitment and retention strategy for outside investment, good-paying jobs and dynamic *workforce development*. Employers know a stable *local* labor force is important for productivity, planning, and competitiveness; they also know long commute times and financial strain can impact job performance and reliability.

“Employers know that housing is where jobs go to sleep at night.”

†Housing choice = economic opportunity. Fair housing laws give Americans the right to live where we choose and where we can afford. This ‘housing choice’ affects access to essential community assets such as health care, education, food, government, law enforcement, retail and recreation. Policies distributing housing types/prices across neighborhoods, communities and regions—thereby supporting access to services—are more defensible in the long run. Always include the needs, incomes, and voices of diverse community members when discussing, reviewing or revising comprehensive plans, zoning ordinances, development applications, etc.

***sustainable** used here means enduring forever—just like Idaho’s state motto [esto perpetua](#)

Affordability = stability. Since the National Housing Act of 1937, housing costs below 30% of household income have been considered *affordable* whether you're a doctor, minimum-wage worker, mechanic or retiree. When housing costs exceed 30%, households are *cost burdened*; if they exceed 50%, households are *severely cost burdened*. This puts households at risk, with negative consequences for families and entire communities. Alternately, we can consider a *residual income* measure—household resources available for housing after other essential costs are met.

We all benefit from diverse markets. When working households, retirees and others can comfortably meet basic costs associated with local housing, they have more time, money and energy to invest locally. Communities benefit from less traffic, more stability, and engaged residents. School and job attendance go up, while public costs associated with community health and safety go down. Stable households are better able to build *social capital* and supportive networks essential to economic mobility and opportunity, which in turn reduces reliance on social programs or public assistance.



“Stable housing lets each of us build the ‘social capital’ needed to reach our full potential.”

Housing + Utility + Transportation (HUT) Index. Housing is made affordable by increasing household incomes or lowering the *HUT index*, where *Housing + Utilities + Transportation = the net cost of housing choice and location*. Creating sustainable housing assets means focusing on location, quality and performance to reduce life-cycle and household costs. Utility costs can be extremely variable and significant.

Local needs require local partners and solutions. A sustainable and diverse range of housing options starts with understanding housing's role in economic and community development; it also requires teamwork among interested parties. These include housing, community and economic development professionals, policy makers, building officials, planners and developers, people with disabilities, seniors (and seniors in training), along with business, corporate, neighborhood, and community leaders who identify local needs and define the scope and direction of planning efforts.

Idaho's housing crisis limits workforce development. Employers throughout Idaho say the lack of housing options means they *can't* recruit or retain the workers they need—from health care, education or retail, to construction trades or first responders. *We're all affected.*

Five takeaways:

- *Healthy housing markets are like ecosystems—diversity equals strength*
- *Housing types and prices that reflect the needs and incomes of local residents create stable communities and economies.*
- *Housing that is affordable to a range of incomes serves as a perpetual wage subsidy to all local employers.*
- *Workers effectively provide a subsidy to employers and customers by commuting or living in substandard housing to provide services at a price we consider affordable.*
- *Housing that accommodates students, retirees, seniors or persons living with disability helps families, knowledge and incomes stay put.*

Housing Needs Assessment: Know Your Local Market

Purpose and outcomes. The goal of a housing needs assessment is to understand local housing inventory in broad categories such as *availability*, *affordability*, *accessibility* and *quality/condition*. These findings can be compared to local wages or households by income, demographic information and anticipated growth or change to arrive at a *gap analysis*, or the difference between supply and demand. This tells local leaders and housing providers what to build and where to build it—also known as a *Community Housing Plan* to meet the housing needs of all local residents.

Typically, any housing needs assessment/community housing plan should:

1. Identify the needs of residents and reflect current market conditions. This “descriptive” component should create a reliable picture of what exists within the plan’s geographic scope (housing market supply and demand, relevant assets and resources, challenges, wage and income data, political/economic dynamics, etc.). Planners learn about a community through data collection, observation and above all, listening to what local residents and stakeholders say.

There are two main types of data:

Primary data include information from “live” local sources, commonly gathered in community meetings or public forums; key person interviews; focus groups; and/or household, employer or ‘windshield’ surveys to assess the condition of housing stock.

Secondary data include information from the U.S. Census, Idaho Department of Commerce and Labor, or sources such as utilities, social service agencies, real estate and building professionals and others that track demographics, housing stock and tenure, etc.

2. Analyze demographic, economic and other trends to anticipate future needs. This might reflect current and projected land-use, employment, transportation, employment, and migration patterns.

3. Offer practical strategies and recommendations that can help achieve the stated goals. This “prescriptive” phase is where most communities need help. Although local assets and challenges are apparent to most residents and leaders, the prospect of tackling fundamental community issues can be overwhelming. A plan helps break the issue down into recognizable, manageable components and presents a range of options that have proven effective in similar situations. In some cases, an outside professional offers valuable objectivity and accountability.

4. List resources available to the community. State, federal and private/corporate funding sources can help communities address needs. Increasingly, communities must be more creative in seeking and securing resources, as traditional government sources are limited.

Where to find more information

- Visit idahohousing.com/federal-programs/legal-notice-plans-and-reports/
- Visit fairhousingforum.org and search for ‘[Housing Toolbox](#).’

For additional information about the role of housing in strategic economic and community development or IHFA’s work in supporting community and workforce housing choices, contact IHFA Housing Resources Coordinator Erik Kingston, PCED at erikk@ihfa.org

Housing Market Realities: Where We Are and How We Got Here

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Trends and Basics: How We Got Here

Shifting Priorities. After WWII, federal housing finance and urban renewal policies sought to raise the standard of living for urban dwellers through ‘bigger, better’ housing. The feds—and subsequently private lenders—shifted support from downtown residential and mixed-use to suburban development, at a time when the federal highway system was transforming Main Street.

Larger suburban homes separated from employment centers meant increased costs and dependence on cars to move the workforce. This combined cost is known as the ‘Housing Transportation Affordability Index. See htaindex.cnt.org for more details.

Housing Financialization. Subsequent changes in tax policy and investment patterns meant housing was seen increasingly as a commodity. Housing speculation led to housing costs inflating at a faster rate than incomes. In the years since the recent housing market crash, several factors have contributed to current challenges:

- Institutional and foreign investors saw low prices in primary/coastal North American markets as a hedge against inflation. Foreign ownership means loss of local control of residential infrastructure.
- As primary markets overheated, investment activity moved into (and helped inflate) secondary markets in places like Idaho. This includes REIT activity (Real Estate Investment Trusts).
- Homeowners—in both subprime and prime mortgages—found themselves underwater as prices crashed; they subsequently lost their homes to foreclosure and saw their credit damaged.
- These former owners joined existing renters, increasing demand for a housing supply either held in limbo by banks or temporarily removed from the market by investors paying pennies on the dollar.
- Rising prices are triggering another wave of ‘flipping’ (i.e., selling a home within 12 months of purchase). Windermere Chief Economist Matthew Gardner described flipping as a ‘precursor to a housing bubble.’ —10/10/17 *Economic Summit, JUMP*

Other factors influencing rental *supply and demand* or prices include conversion of primary residential units to short-term rentals, limited federal support for housing, industry emphasis on higher-cost residential development, and purchase/conversion of affordable multifamily complexes driving rents up and tenants out.

Rental Vacancy Rates (RVRs)

The percentage of residential property available for rent. A ‘healthy’ RVR is between 5% and 7%, which balances supply and demand. Pre-recession RVRs in Treasure Valley markets were in the low-to mid teens. In the past 2-5 years, these and other markets are now consistently below 0.5%. This drives up rents and limits housing choices for full-time workers earning less than \$20/hour, seniors and others on fixed incomes. The statewide RVR* has dropped steadily since hitting 5.47% in Q4 2011.

County	Available Units	Total Units	RVR*
Ada	3	6213	0.05%
Adams	0	38	0.00%
Bannock	4	629	0.64%
Bear Lake	4	137	2.92%
Benewah	0	38	0.00%
Bingham	5	546	0.92%
Blaine	0	351	0.00%
Boise	0	24	0.00%
Bonner	8	356	2.25%
Bonneville	28	1657	1.69%
Boundary	0	16	0.00%
Butte	12	53	22.64%
Camas	0	2	0.00%
Canyon	13	2325	0.56%
Caribou	2	58	3.45%
Cassia	12	424	2.83%
Clearwater	0	32	0.00%
Custer	7	57	12.28%
Elmore	7	324	2.16%
Franklin	0	49	0.00%
Fremont	1	53	1.89%
Gem	0	111	0.00%
Gooding	2	121	1.65%
Idaho	4	100	4.00%
Jefferson	1	188	0.53%
Jerome	4	354	1.13%
Kootenai	22	2173	1.01%
Latah	29	534	5.43%
Lemhi	1	74	1.35%
Lewis	0	1	0.00%
Lincoln	0	5	0.00%
Madison	2	406	0.49%
Minidoka	3	139	2.16%
Nez Perce	1	527	0.19%
Oneida	0	1	0.00%
Owyhee	0	62	0.00%
Payette	0	320	0.00%
Power	1	126	0.79%
Shoshone	3	146	2.05%
Teton	0	111	0.00%
Twin Falls	53	1579	3.36%
Valley	3	153	1.96%
Washington	5	206	2.43%
*Statewide	240	20,819	1.15%

*Source: housingidaho.com 3/1/19 (mostly multifamily)