

**MINUTES OF THE SPECIAL MEETING OF THE
HAILEY CITY COUNCIL
HELD FRIDAY, SEPTEMBER 21, 2007
IN THE HAILEY TOWN CENTER MEETING ROOM**

The special meeting of the Hailey City Council was called to order at 7:30 a.m. by Mayor Susan McBryant. Present were Council members Rick Davis, Martha Burke and Carol Brown. Don Keirn was absent. Staff present included City Attorney Ned Williamson.

3RD READING ORDINANCE 993

Burke moved and Davis seconded to read the third reading of Ordinance 993, setting in place encroachment permit review procedures by city departments. The motion carried unanimously.

2ND READING ORDINANCE 994 - SUBDIVISION ORDINANCE AMENDMENTS

Mayor McBryant read the 2nd readings of ordinance 994 by title only.

HOUSING MANAGEMENT AND DEVELOPMENT WORKSHOP

Mayor McBryant introduced Anna Mathieu as Hailey's appointee to the Blaine County Housing Authority

Williamson presented the workshop materials, saying today's topic includes how to manage deeds, restricted in several ways by ordinance, and how Hailey's inventory of property would be developed and managed. Hailey is currently under the pilot of the Blaine County Housing Authority. Gates Kellet Duncan had been invited to workshop the issue of community housing management. She subsequently developed a report, which is included in the council's packet. The recommendations of that report are based on maximizing existing resources and minimizing the need for additional staff or staff time.

The report poses seven questions dealing with issues of management of the housing units. One more significant recommendation is that we get the real estate community more involved in the management of units. Real estate brokers would become trained in the nuances of housing, and once certified, they could assist in the sale of community housing. An approval process before the city council would require that the developer market the community housing by developing a list of community housing units. Thus, members on the realtors list would be notified of the timing and availability of units.

Guidelines were initially adopted in 2002, and have been amended since then and have become more complicated. Kellet's report suggests that we develop guidelines more particular to Hailey itself. She suggests that the council consider directing staff to begin working on guidelines, with or without any new system.

Blaine County Housing Authority currently is charged with the responsibility of monitoring the use of the community housing units, making sure that the qualified persons are those actually occupying the units. She suggests that BCHA continue that service.

These units will be resold and change ownership over time. Maintaining the broker method of selling properties is recommended. There should be one list of services, so that potential applicants have only one place to go. The housing authority should assist in the development of ordinances and guidelines. Hailey developed its inclusionary housing ordinance on its own, and have processed several development applications. Although we could do the process by ourselves, we suggest the housing authority get involved and continue to give us comments.

Hailey has received title to property on River Street as part of the Sweetwater application, a significant, expensive piece of property representing a major step in the development of community housing. We are also looking at the receipt of significant in lieu funds. How we're going to start developing that property and that land is a secondary issue to the management issue, but still an important topic to begin thinking about. Kellet suggests that we do a request for proposal soliciting methods of developing community housing. Hailey should either oversee that process itself, or through a third party, such as a construction manager.

Williamson summarized the services obtained through the Contract for Services with BCHA. The 2 changes summarized as important include using real estate community and developing guidelines specifically for Hailey.

Williamson then began a discussion of the management of restricted deeds. One idea is that the developer would grant Hailey an interest in the property for the purpose of managing and restricting the deed. The deed sets forth definitions of who would qualify as a buyer. In Hailey, setting forth alternative deed restrictions is part of our process. Residency, employment, and restrictions on the ownership of any developable real property are all elements of the alternative deed restrictions. There is no cap on appreciating over time, or the initial sales price. A smaller group of people would be potential buyers of these properties, and the market range is expected to remain lower than non-restricted housing available to speculators, investors, and the populace at large. A 3% management fee is not included in Hailey's current arrangements; although a fee to commensurate with the time Hailey would spend monitoring the deed would be allowed. An anti-flip clause could promote long-term ownership of a deed, and prevent buyers from turning over property quickly if market conditions appreciate significantly. The anti-flip concept would show appreciation going to Hailey at a high percent in the first year, then reducing by increments each year through five years. Hailey has to approve a deed in the near future, and thinking about alternative deed restrictions in advance is part of the intent of this discussion.

Davis noted that Williamson had said both the developer and realtors would be involved in marketing. Williamson confirmed that.

McBryant said her primary concern is that the asset held by Hailey is suddenly substantial. We don't really know what goes on after we've approved a project. Buyers don't look at units until they are complete, and finishes and carpeting already installed

may not be palatable to buyers. We know that some units did not get certified timely by BKHA. We have had a developer who has had to put in lawn twice because the units sat vacant for so long even though there is a long list of approximately 300 interested occupants. We have stepped away from the management details. She contacted Gates Dunaway because of these reasons, because the housing authority has no responsibility to the citizens as do the elected officials. She liked the idea of requiring the developer to participate in the marketing. The developer pays a price if the units don't move; why wouldn't the developers want to be involved in the marketing?

Davis said the timing of this is important as a lot more community housing comes on. He felt elements to infill the city and rejuvenate existing housing units are important. He felt strongly about getting real estate professionals involved in marketing. Potential buyers can choose finishes as long as the cost is not driven up; a cost threshold should be established. Involving staff would drive up costs. We have companies that can roll management capabilities and development capabilities into one. The prequalification of potential buyers is a process about which he would seek knowledge from BCHA. He liked the idea of having our own set of guidelines less complicated than those currently exiting under BCHA.

Burke said BCHA has a very complete document, and has set forth standards for the Wood River Valley. Efforts to individualize the needs of our community are important. The idea of having a real estate community involved is a common-sense approach, but there is a return to them that justifies their time. She would be interested in hearing from the real estate community itself on this. She agreed with not changing certain points, as illustrated in the presentation today. We need to start defining what our particular needs might be, including streamlining the financial process. Some clients have no credit (not bad credit) and are hampered by that. There are mechanisms where the city might help finance, and she was interested in pursuing that. When we talk about taking out the 3% fee for any sale, would the fee remaining have a not-to-exceed limit? Williamson said it is only fair to have some fee to ensure compliance. This fee should be looked at as other city fees are, assessed to be commensurate with the costs incurred.

Brown noted that an email had come from Don Keirn, who supports the recommendations of Kellet in the report. A report from Anna Mathieu had been submitted to her as well. Sitting on a lot of assets makes this a great opportunity right now. We did a full court press to get Anna Mathieu on the BCHA, and she thanked Mathieu for accepting that nomination. Some things are not working, and the re-formed housing authority can rectify much of that. She wanted to work with BCHA on all these guidelines; she didn't see any mismatch to that concept. She liked the flat fee.

Davis said we are collecting in-lieu fees. Can we use those to supplement financing for housing applicants? Mayor said it is her understanding that we can. Davis said there are means of employer assistance to applicants as well. We need to ask businesses what kind of housing they need for their employees. Brown said a housing needs assessment update may occur.

Brown said she had heard comments at the housing authority meetings that the guidelines are complicated.

Erin Dunn, potential buyer, said touching on the guidelines, he didn't like having separate guidelines for Hailey, and asked how a master list would be developed and then isolated to Hailey. Managing the list and identifying who gets Hailey housing first is a management question.

Anna Mathieu said the issue as to whether Hailey needs different guidelines is an important question. Circulation between jobs and multiple jobs ties to that, and that is not a criterion that should give birth to a new set of guidelines. Assistance to Hailey Police and Firefighters may be a method to assist them into housing. Real Estate communities maintaining the list, consider a joint oversight committee made up of reps from several entities. Another method is a community development corporation, and exploring the urban renewal district funding. The real estate involvement does not need to be complicated; realtors will move to assist buyers without time limits.

Geoffrey Moore said if buyers have to live and work in Hailey, the list will be short. Much of our work force works in Ketchum and Sun Valley. McBryant asked if it is Hailey's job to provide housing for the whole valley. Moore said he chooses to live in Hailey, but because of the type of construction he does, he has to work in the North Valley. Williamson said the current structure is that residency in the Wood River Valley is a requirement (not just Hailey).

Rebecca Housel said every community should participate in the supply of housing, to enhance the ability of workers currently living elsewhere to live here, bringing their earned dollars back into our economy. ARCH is partnering with Habitat of Humanity to get housing in Bellevue for a Sheriff's Deputy currently commuting from Twin Falls.

Jim Laski, present on behalf of Sweetwater, said he would love to see the River Street property developed. The resident occupied deed restriction said occupants are not required to work in Blaine County. It required 1762 hours worked in Blaine County per year. That will preclude almost everyone except school teachers. It would preclude waiters or waitresses, construction workers, seasonal workers, single parent who can't work that many hours. We are not supplying second housing opportunities because the deed doesn't allow you to have a second house. In order to retire, you have to have lived in Blaine County for 20 years and worked 15 of those years here. That precludes a huge category of retired people. That deed restriction needs some more work. Not opposed to any anti-flip, 5 years is too long and monitoring that adds to the administration costs. Having the housing authority take a percent of every transaction is not supported by him. Real estate brokers involvement needs be identified in terms of resident occupied housing; a category in which realtors should be involved, but not in finding residents off a list. He hasn't heard that distinction in this discussion. How to develop the real property owned by the city for community housing is important, and a housing authority should be involved in that development. The authority is created under Idaho law to develop housing, not necessarily manage it. 1.8million dollar value, owned free and clear

by Hailey, can be borrowed against. A developer shouldn't be invited in with a profit motive to develop that property. There are plenty of people interested in volunteering to do that, and it is incumbent upon Hailey, because it has the power, to use that.

Jim Fackerell corrected a couple of comments on administrative issues. He said quarterly reports have been submitted, and an offer of presentations has never been accepted.

Jim Speck said qualifications on work force housing, suggested that qualified buyers be taken out of deed restriction and put into a guideline document. You may want to change that as time goes on, and deeds sold now may later become subject to new restrictions. The city would have to have control over that without going to individual owners.

Michael Ruse, board member of Blaine County Housing Authority, said he is hearing an isolationist strategy, determined to be an unsuccessful strategy. 4 members of BCHA are present here this morning volunteering our time on the commission, and we absolutely feel we have a responsibility to the entire county. City should not isolate itself from the county. He is amazed that Hailey could contemplate wanting its own set of guidelines. They are complicated because it is a complicated subject, and he urged Hailey to work with the BCHA to improve them. Hailey's liaison hasn't attended a meeting in the past year. Come work with us and try to make things more workable for all. Hailey has a responsibility to everyone in the county as well. We could use Hailey's help in making things better.

McBryant said she served on the board for 2.5 years. Hailey has not had funding available to the board, paid for through taxes, and the issue of double taxing its residents is a political discussion point. The point of the discussion is how Hailey is, as a responsible party of assigning housing requirements to developers, overseeing and making sure that our requirements are actually being carried out. We've got past members of the authority who have walked off, and she is delighted that the authority is being rebuilt, but she doesn't have time to wait right now for it to become whole, because of Hailey's significant assets. In this conversation, then, we are trying to identify our role with our ordinance to design more housing in Hailey, that is currently open to any resident of Blaine County, and are performing our due diligence to make sure the program is effective.

Craig Eccles, Planning Director of Bellevue, said Bellevue is going through the same thing Hailey is. How Bellevue city links to the BCHA, and identifies what fits Bellevue, is a similar discussion.

Michael David said the difference between community housing, and the city's needs for its employees, are two distinct conversations. Housing created under Hailey's ordinance is specified as community housing, and needs to remain as such. The guidelines give priorities to Hailey employees. He liked the involvement with the professional real estate community, but that may sacrifice some of the preference to Hailey employees. Hailey needs to be careful not to have a knee jerk reaction to the current real estate market. There were a lot of successful projects and sales.

Marissa Nelson, Government Affairs Director of Sawtooth Board of Realtors, expressed willingness to poll the members for information about what level of involvement they are interested in.

Mike McNees, County Administrator, said he had come from a place of housing shortage. There was full engagement of decision makers to actually put people in homes.

Mathieu viewed this work as important a role as custodians who come to other organizations with this information.

Rebecca Helzel said she only got the document to the city yesterday, and felt it great to have the community engaged. She encouraged the consideration of employer assisted housing programs, and matching funds from employers. Green taping should not be overlooked, putting projects at the top of the applications list. Offering incentives to developers, and carrying property while this is going on are tools that can be used. There are income restrictions on the units.

Mike Chatterton, School District, said his concerns are the attraction of housing for street department, custodians, bus drivers, and other low income employees who currently have no access to any type of housing at all. The market approach scares him a bit, because the housing costs could get out of hand again, and will eliminate those employees just mentioned.

Heather Dawson asked decision makers to keep in mind, during creation of anti-flip provisions, that some residents would have to move for reasons other than making profit. She cited as an example a local school teacher who, over the past 10 years, owned a house in Hailey, then in Carey, then another house back in Hailey again. These moves were made for the purpose of living in the town in which he worked.

Ray McClure spoke in the context of keeping prices low that may have an impact on driving costs up. McClure thought they should get together and talk about this.

Jim Laski asked what the October 15, 2007 meeting is. Tom Bowman said that date is set as a housing summit, an introspective day to review ordinances and review how people can be moved into housing units.

Beth Robrahn said the discussion is intriguing, and she too has served on the housing commission. There is tremendous opportunities to work inter-jurisdictionally and with other experts in the field, taking the housing discussion and our tool box to the next level.

Renee Shaufant asked how citizens of Hailey would get comments to city officials. Mayor said it is most effective at a meeting, failing that, a letter.

Michael David said a component for Hailey city employees, is to decide what you want on the property first, because that may dictate how it is developed. Mixed ownership will have different development requirements.

Diane Shay said people that actually are in community housing should share their experiences. One city employee did not have a good experience getting into community housing.

Burke said it has never occurred to her that this would be Hailey residents only. The reality of where our children will live and work is more driving than the politics. Our guidelines and rules keep many of these young professionals out of our workforce because of the housing reality. We have to solve some very big problems, and we will.

Davis asked if we should make a definition for work force housing and community housing. He urged the council to be cognizant of how we might provide both. He wanted to get through Community Housing Week before he gives staff direction.

McBryant said when we adopted our community housing ordinance, we knew we would have to amend it; we stated it did not precisely fill all our needs. We can't be territorial, and other bodies shouldn't be so possessive that they can't allow us to find our way as well. The elephant in the room is the politics. There should be an analysis for Hailey with the tools available, and the other bodies could be the same. All entities do the same. She suggested that the housing ordinance be reviewed by each council member. Create your own list of changes you would like to articulate in our ordinance. Williamson asked the council to focus on the alternative deed restriction, because we will have to approve one in the future. Excluding a qualified buyer as a deed restriction and making it a guideline was mentioned in today's discussion.

McBryant noted that the next time we meet it will be for the purpose of taking an action. Brown wanted to see a small sub group meet to talk about Hailey's interaction with BCHA.

Mayor adjourned the meeting at 9:25 p.m.

Susan McBryant, Mayor

Heather Dawson, City Clerk