

**AGENDA ITEM SUMMARY**

**DATE:** 9/26/22    **DEPARTMENT:** Administration    **DEPT. HEAD SIGNATURE:** LH

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**SUBJECT:**                      FY 2022-23 Housing Capital Fund

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**AUTHORITY:**  ID Code \_\_\_\_\_     IAR \_\_\_\_\_     City Ordinance/Code \_\_\_\_\_  
(IF APPLICABLE)

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**BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:**

While many of the initiatives related to the provision of housing involve land use code changes, tonight's meeting focuses on Hailey's FY 22-23 financial commitment to community housing. Through the years, Hailey has financially participated in Community Housing in two primary manners: contracts for services with housing nonprofits and long-term leases of city-owned land for housing projects.

For the first time, the Hailey City Council has set aside \$500,000 in the FY 22-23 Capital Improvement Plan towards community housing. Tonight's meeting will be the first of multiple Council discussions as to how to allocate those funds.

The Mayor is recommending that only a portion of the funds be allocated at this time. This is primarily due to the ongoing process underway with Hailey City staff to determine if any staff wishes to purchase one of the two units under construction on River Street that are earmarked as first priority for Hailey or Hailey assigns to purchase. The Mayor recommends the following:

- Adopt the recommended Housing Assistance Policy for Hailey City Employees (separate funding source of \$50,000, but integral to the policy discussion regarding housing affordability. - see additional agenda item in the Council packet on this matter).
- Fund \$120-150,000 towards the purchase of Housing E-Note (bond) that enables first rights to place a Hailey employee in a 2- or 3-bedroom rental unit. The Notes last for ten (10) years at an interest rate of 3%. At the end of the term, the City can choose to reinvest, or to pull the funds out for other purposes.
- Fund \$25,000 for kickoff costs for Landing for Locals. This startup program led by the City if Ketchum pairs homeowners with potential tenants by offering cash incentives to rent their homes to qualified local employees. A separate workshop dedicated to program details is recommended.
- Wait until January 2023 to allocate the remainder of the \$500,000 so that the process is complete with City staff regarding staff interest in the purchase of the community housing units on River Street.

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**FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS:**

Budget Line Item # _____	YTD Line Item Balance \$ _____
Estimated Hours Spent to Date: _____	Estimated Completion Date: _____
Staff Contact: _____	Phone # _____
Comments: _____	

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**ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS:** (IF APPLICABLE)

City Attorney       Finance       Licensing       Administrator  
 Library       Community Development       P&Z Commission       Building  
 Police       Fire Department       Engineer       W/WW  
 Streets       Parks       Public Works       Mayor

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**RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:**

Discussion by City Council and direction to staff as to next steps.

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**ACTION OF THE CITY COUNCIL:**

Date \_\_\_\_\_

City Clerk \_\_\_\_\_

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**FOLLOW-UP:**

\*Ord./Res./Agrmt./Order Originals: Record

\*Additional/Exceptional Originals to: \_\_\_\_\_

Copies (all info.):

Copies (AIS only)

Instrument # \_\_\_\_\_

## I. Overview

The City of Hailey has been working on housing issues since 2010. While the 2010 Hailey Comprehensive Plan contains a stated goal related to community workforce housing, more detail is needed. The City Council has funded an update of the Comprehensive Plan in the FY 22-23 budget. That plan will include a Housing Strategic Plan. If staff resources permit, the Community Development Department will accelerate the preparation of a Housing Strategic Plan in the next six (6) months. That plan would include analysis, goals, and an implementation strategy. Ideally, a Housing Needs Assessment that addresses the most needed types of housing in Hailey would be prepared.

Discussions about housing are grouped into two main categories: “**market housing**” and “**community housing**”. Both market housing and community housing are needed for a healthy housing economy.

Market housing is not defined in Hailey codes but is generally considered any and all housing that is not restricted in any manner in terms of the sales or rental price. Market housing spans all housing types from large-lot single family to duplexes, townhouses, cottages, accessory dwelling units and apartments.

Community Housing is defined in the Hailey Municipal Code as follows:

**COMMUNITY HOUSING UNIT: Through a deed restriction, a dwelling unit that is restricted by size, type and cost, and/or that is for sale or rent exclusively to individual(s) meeting income, occupancy and/or other affordable community housing criteria established in a community housing plan approved by the City of Hailey.**

The term Community Housing is therefore very specific and is used ONLY to describe housing units that are restricted in some manner in terms of their sales price, and/or who may buy them. Staff has developed an inventory of Community Housing in Hailey, attached to this report. The list only includes built or under construction housing units which meet the above definition. Hailey has 476 community housing units, which equates to approximately 14% of the overall housing stock. (3,400 housing units).

## II. Hailey Financial Commitment to Community Housing

While many of the initiatives related to the provision of housing involve land use code changes, this report focuses on Hailey’s financial commitment to community housing. Through the years, Hailey has financially participated in Community in two manners: contracts for services with housing nonprofits and by long-term leases of city-owned land for housing projects.

For the first time, the Hailey City Council has set aside \$500,000 in the FY 22-23 Capital Improvement Plan towards community housing. Tonight’s meeting will be the first of multiple Council discussions as to how to allocate those funds.

The Mayor is recommending that only a portion of the funds be allocated at this time. This is primarily due to the ongoing process underway with Hailey City staff to determine if any staff wishes to purchase one of the two units under construction on River Street that are earmarked as first priority for Hailey or Hailey assigns to purchase. The Mayor's recommendation is found under Housing Action Options in this report.

### **III. Interim Housing Policy Statement**

Once a Housing Strategic Plan is developed, clear policy statements will be identified. In the interim, Staff recommends that the Council discuss and refine the following Interim Housing Policy Statement:

*The City of Hailey is committed to the following housing goals:*

- 1) Work with existing and new employees who are struggling to find housing, are housing-burdened in their current housing situation and/or wish to move on the continuum towards home ownership.*
- 2) Partner with housing organizations, local governments, and others to increase community housing supply.*
- 3) Strengthen and/or expand our partnerships with new and emerging community housing providers, including both rental and for-purchase housing.*
- 4) Work with area employers on securing employee and community housing, particularly Hailey employers.*
- 5) Continue to implement code changes that increase local community housing and market opportunities, and to modernize Hailey Codes so that housing opportunities are available, accessible, and affordable to all.*
- 6) Continue to promote housing diversity by enabling the production of a wide variety of housing types in applicable zoning district.*

### **IV. Implementation Options for Interim Housing Policy Statement**

- 1) Work with existing and new employees who are struggling to find housing, are housing-burdened under their current housing option and/or wish to move on the continuum towards home ownership.*

- Immediate housing needs- current employees who are in transition, or new employees in need of housing
- Long-term rental options for housing-burdened employees
- Purchase, or continued long-term rental if home ownership is not a goal of the employee

The Mayor is proposing to set aside \$50,000 towards the Employee Housing Program. The Council approved these funds in the FY 22-23 budget in the General Fund. (These funds are in addition to the \$500,000 capital fund). See the following staff report on this item.

- 2) Partner with housing organizations, local governments, and others to increase workforce housing supply.**
- 3) Strengthen and/or expand our partnerships with new and emerging housing providers, including both rental and for-purchase housing.**

These goals directly relate to allocation of the \$500,000 Capital Fund.

## V. Housing Action Options

The following table of options relates specifically to the allocation of the \$500,000 identified in the Hailey FY 22-23 capital budget

<b>Action</b>	<b>Program elements</b>	<b>Cost</b>	<b>Pros</b>	<b>Cons</b>
<b>Purchase Real Estate to rent to employee(s) in need</b>	Purchase one (or more) units: best option at this time is River Street Apartments: 3 br, 2 bath at \$375,000	\$375,000 or more	Deed-restricted unit will be made available to the City in summer/fall 2023-  City has control of unit	Property management and oversight is required  Uses the majority of the funds in a narrow (1 unit) capacity
<b>Create employee housing stipend</b>	See following proposal for Hailey Housing Stipend	Mayor/Council have set aside \$50,000 for pilot project	Helps those who are the most housing-challenged based on independent 3 <sup>rd</sup> party analysis of income	The program is intrinsically not 100% equal: not all employees with qualify.

			Will greatly serve Hailey employees that are housing-burdened based on staff interviews	
<b>Partner with ARCH</b>	City has long-standing partnership and has provided land in several instances. New partnership would need land or capital	Varies	Long-standing project partner: the city will likely continue to partner as opportunities arise	
<b>Partner with Wood River Housing Trust on the Purchase tax-exempt Employer Notes dedicated towards housing</b>	<p>Purchase Employer Notes (type of bond) at materially less than the cost of purchasing the units</p> <p>No management issues that would come with ownership</p> <p>Will spread \$\$ and human capital resources farther than buying units outright</p>	\$120,000-150,000 per unit (based on number of bedrooms)	<p>Guarantees Hailey or assigns the first option on unit for the life of the note- 10 years</p> <p>Cash investment is returned at the end of the bond life, plus interest, or reinvested</p> <p>Partnership Opportunity</p>	<p>Rental only</p> <p>New program- untested</p>
<b>Partner with Ketchum on Landing for Locals</b>	This program pairs homeowners with potential tenants by offering cash incentives to rent their homes to qualified local employees	\$25,000 to partner with Ketchum on the program launch (total cost \$100,000)	Could tap into Hailey second home ownership pool (approx. 20% of Hailey's	<p>New program- untested</p> <p>Cost per person/family housed may</p>







		If qualified homeowners are identified in Hailey, cost is approx. \$4,000	housing stock)  Partnership opportunity	prove to be high as compared to other options
<b>Buy down deed restrictions on existing units</b>	Best example is in Vail, CO, called In Deed: <a href="https://www.vailindeed.com/">https://www.vailindeed.com/</a>  This program is being explored and is not yet available in the Wood River Valley.	Premature to develop a budget		

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## Background

Hailey has been working on community workforce housing since the 2010. The Hailey Comprehensive Plan has the following goal(s) related to housing:

Goals	Indicators	Desired Trends or Benchmarks
8.1 Encourage development that provides opportunities for home ownership and rental homes for individuals and families of all socio-economic levels.	Supply of Affordable Rental Housing	
	Percent of Income for Housing Costs	
	Home Affordability	
	Housing Costs in Relation to Income	
	Distribution of Community Housing Units	
	Public Dollars Spent for Community Housing	

Housing Goals related to land use and development:

- 4) Working with area employers on securing employee and community housing, particularly Hailey employers.**
- 5) Continue to implement code changes that increase local community housing and market opportunities, and to modernize Hailey Codes so that housing opportunities are available, accessible and affordable to all.**
- 6) Continue to promote housing diversity by enabling the production of a wide variety of housing types in applicable zoning district.**

The Community Development Department is working on the above. The following has been completed or is underway:



**Accomplishments: Promoting Diverse Housing Development within the City of Hailey**

<b>Code Amendments</b>	<b>Applicable Zoning District</b>	<b>Date Approved by Council</b>
Establishment of Small Residential Overlay (SRO)	Downtown Core: Business (B)	8/7/2017
Establishment of Downtown Residential Overlay (DRO)	Downtown Core: B, LB, GR	8/13/2018
Amendment: Building Height increase in Floodplain	Residential Parcels in Floodplain	1/28/2019
Extension to Timeline for Submittal of Final Plat	All Zoning Districts	12/9/2019
Establishment of Accessory Dwelling Unit (ADU) Code	All Residential Zoning Districts	1/25/2021
Seasonal RV Amendment	All Zoning Districts	6/28/2021
Reducing Base Setbacks	General Residential (GR)	8/9/2021
Increasing Lot Coverage for Lots Smaller than 4,500 sq. ft.	Townsite Overlay: GR and LR	3/14/2022
Revision to Planned Unit Development (PUD) Code	All Zoning Districts	5/9/2022
Adoption of Appendix Q (Tiny Homes)	All Residential Zoning Districts	5/23/2022
RV: Allow for Occupancy with active Building Permit	All Zoning Districts	7/11/2022
Rezone: 525 North First Avenue into DRO	Townsite Overlay: GR	8/22/2022
<b>Upcoming Code Amendments</b>	<b>Applicable Zoning District</b>	<b>Date Scheduled at PZ/CC</b>
Rezone: Corners of First Avenue + Myrtle into DRO	Limited Business (LB) and GR	10/3/2022 (PZ)
Establishment of Tiny Homes on Wheels Code	All Residential Zoning Districts	10/17/2022 (PZ)
Amendment: Allow for Employee/Business Owner Housing	Light Industrial (LI)	Not Scheduled (N/S)
Amendment: Reduction of Minimum Lot Sizes	All Residential Zoning Districts	N/S
Amendment: Develop Cottage Unit Standards	All Residential Zoning Districts	N/S

# Hailey Community and Workforce Housing

## Existing Units

### ARCH

Project	# of Units	Ownership/Rental	Income Target	Year Created
2550	1	Rental	0	NA
2560	1	Rental	0	NA
2711 A	1	Rental	0	NA
2711 B	1	Rental	0	NA
2711 C	1	Rental	0	NA
2711 D	1	Rental	0	NA
2721 A	1	Rental	0	NA
2721 B	1	Rental	0	NA
2721 C	1	Rental	0	NA
2721 D	1	Rental	0	NA
3561	1	Rental	0	NA
3831	1	Rental	0	NA
3841	1	Rental	0	NA
3920 A	1	Rental	0	NA
3920 B	1	Rental	0	NA
3920 C	1	Rental	0	NA
3920 D	1	Rental	0	NA
226	1	Rental	0	NA
2450	1		0	NA
2570	1		0	NA
2580	1		0	NA
2590	1		0	NA
2600	1		0	NA
2610	1		0	NA
2620	1		0	NA
3821	1		0	NA
Blaine Manor Family	30	Rental	0	NA
Blaine Manor Senior	30	Rental	0	NA
River Street Sr. Apts.	28	Rental	0	NA
C Escroe	1		0	NA
M Escrow	1		0	NA
1516	1	Rental	0	NA
1518	1	Rental	0	NA
1520	1	Rental	0	NA
1522	1	Rental	0	NA
3702	2		0	NA
1411 A	1		0	NA
1411 B	1		0	NA
Quigley Farm	1		0	NA
Quigley Farm	1		0	NA
Shenandoah Phase 2	1		0	NA

Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Shenandoah Phrase 2	1		0	NA
Sunbeam 1	1	Rental	0	NA
Sunbeam 2	1	Rental	0	Na
Sunbeam 3	1	Rental	0	NA
Sunbeam 4	1	Rental	0	NA
Sunbeam 5	1	Rental	0	NA
Sunbeam 6	1	Rental	0	NA
Sunbeam 7	1	Rental	0	NA
Sunbeam 8	1	Rental	0	NA
Bullion	3	Rental	0	NA
Croy	2	Rental	0	NA
McKercher	1	Rental	0	NA
Buttercup	1		0	NA
Green Meadows	2		0	NA
River Street 4 Plx	4		0	NA
Various Units	5		0	NA

**Total 164**

### ARCH/Hailey Joint

See ARCH : Approx. 37 ARCH units are on city-owned property

### ARCH/BCHA Joint

Project	# of Units	Ownerships/Rental	Income Target	Year Created
Alpine House	1	Ownership	3	
Green Meadows	2	Ownership	4	
Walnut Street	2	Ownership	3	

**Total 5**

### Blaine County Housing Authority (BCHA)

PROJECT	# of Units	Ownership/Rental	Income Target	Year Created
Edgewood	2	Ownership	3	
Silverstone	1	Ownership	3	
Winterfox	2	Ownership	3	
Winterhaven	4	Ownership	4 and 5	

**Total 9**

### OTHER

PROJECT	# of Units	Ownership/Rental	Income Target	Year Created
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Balmoral/Hailey Leased Housing Assoc. III, LLP	192	Rental	Section 42 Tax Credit Project Serving up to approx. 60% of AMI	
Snow Mountain Apts.	40	Rental	Section 8 Housing (rental vouchers)	
Baldy View Apts	49	Rental	Section 8 Housing (rental vouchers)	
Sunnyside Apts.	22		Section 515 Housing Program	

**Total 303**

**Total Existing Units 476**

## PENDING UNITS

### City of Hailey Negotiated:

PROJECT	# of Units	Ownership/Rental	Income Target	Year Created
River Street Townhomes	2	Ownership	City Employee or 100% of AMI	2023
LIDO Apts.	12	Rental	100% of AMI	2023-2025

**Total 14**

### ARCH

PROJECT	# of Units	Ownership/Rental	Income Target	Year Created

**Total 0**

### BCHA

Project	# of Units	Ownership/Rental	Income Target	Year Created
Woodside /Tanner	12	Rental	80-100% of AMI	2022

**Total 12**

### Wood River Community Housing Trust

Project	# of Units	Ownership/Rental	Income Target	Year Created
Woodside/Tanner	12	80-120%AMI		2022

**Total 12**

### ARCH

Project	# of Units	Ownership/Rental	Income Target	Year Created
Shenandoah	4		Employer Housing (305 of Adjusted Income)	
Quigley	27		Various	2022?
Cottage Units Sunbeam	8		140% of AMI or less	2024

**Total 39**

**Total Pending and Existing Units: 553**

## 2022: Approved and Upcoming Housing Opportunities

Approved Projects	Total # of Units	Community Housing (Deed or Rent-Restricted)	Potential Employee Housing
Airport Inn	21	0	0
ARCH Shenandoah	12	12	0
Lido Equities Apartment Homes	104	12	0
River Street Townhomes	12	2	0
Saddle Lofts	27	27	0
Spruce Street Duplexes	4	0	0
Sunbeam Subdivision Phase I	71	0	0
Sweetwater Block 2 Phase II	50	0	0
1551 Aviation Drive	4	0	4
ArborCare Resources	1	0	1
40 McKercher	44	0	0
<b>Totals</b>	<b>350</b>	<b>53</b>	<b>5</b>
Upcoming Projects	Total # of Units	Community Housing (Deed or Rent-Restricted)	Potential Employee Housing
Maple Street Apartments	18	0	18
Sweetwater Block 2 Phase II	80	0	0
River Lane	51	0	0
Sunbeam Subdivision Phase II	55	0	0
<b>Totals</b>	<b>204</b>	<b>0</b>	<b>18</b>