October, 2023

# Regional Housing Coordination Plan

## ADA AND CANYON COUNTIES, IDAHO

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COMPASS
COMMUNITY PLANNING ASSOCIATION
of Southwest Idaho

# Acknowledgements

This Regional Housing Coordination Plan is the result of a nearly year-long effort from numerous stakeholders, staff, and experts. The Community Planning Association of Southwest Idaho (COMPASS) wishes to acknowledge and thank all those who participated and provided insight, data, and feedback during the process.

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# Executive Summary

The increasing housing affordability challenges in Ada and Canyon Counties (herein referred to as the Treasure Valley) have brought partners together to seek solutions. Over the past 10 years, the region saw the median for-sale home price increase more than 150% while median homeowner incomes increased only 55%. Rent increases were not as severe as home prices, but still strain household budgets: as of 2019, 43% of renters were cost-burdened, spending more than 30% of their income on housing. COMPASS and its member agencies understand that these trends are not sustainable. In addition to forcing low-income households into impossible financial choices to maintain housing, increasingly unaffordable housing threatens the region's economic competitiveness and vitality. This document is the first step toward an ongoing commitment to action.

The core of the region's housing challenges is the underproduction of market-rate and regulated affordable housing units.[1] Regionally and in every Treasure Valley community, housing production has fallen behind demand from growing population, creating a housing shortage, especially at more affordable price ranges.

Unless the pace of market-rate production and investment in regulated affordable housing units increases to match demand, these trends will continue, and prices will continue to rise**. The research in this report found that the region will need to build about 10,100 units per year for the next eight years to meet total demand:**[2]

| 18,060 | + 62,730 | = 80,790 |
|---|---|---|
| Units needed now to meet current demand from households (underproduction) | Units needed to meet population growth by 2030 | Total units needed by 2030, or about 10,100 units per year |

The region's recent pace of production has been rapid, but it will need to increase. On average, the region built about 8,400 units per year for the past eight years. **The region will need to increase its pace of production by 20% to meet forecasted need.**

Total supply will need to increase to meet projected population demands, but the region's shortfalls have largely been concentrated in lower cost units. Market-rate production cannot

[1] Here and throughout the document, we use the term "regulated affordable housing" to mean units that are price or income restricted to ensure that they are affordable to households at the lowest end of the income spectrum. The term "market-rate units" refers units built by private developers that sell or rent at market prices without price regulation. The vast majority of housing in all cities are market-rate units. See Appendix G. Common Affordable Housing & Planning Definitions for more information.

[2] Methodology described in report, based on census data and COMPASS population projections. Note that the number of units needed is greater than the number of households COMPASS projects, to allow for vacancy, second homes, and demolitions.

meet the needs of the region's lowest income residents, because the rents or sales prices in those units must be high enough to cover the cost of construction and financing to feasibly build the units, and those rents or sale prices are not affordable to those with low incomes. The research in this report found that the region will need to build about 2,950 units per year for the next eight years to meet the needs of those earning below 50% of the Area Median Income (AMI) ($44,550 for a family of four).[3]

| 13,420 | + 10,190 | = 23,610 |
|---|---|---|
| Units needed now to meet current demand for households earning less than 50% of AMI [74% of the 18,060 units underproduced] | Units needed to meet population growth for households earning less than 50% of AMI [16% of the 62,700 units for total household growth] | Total regulated affordable housing units needed by 2030, or about 2,950 units per year |

From 2017 to 2022, the Idaho Housing Finance Association (IHFA) has funded[4] 874 units of regulated affordable housing in the Treasure Valley through the Low-Income Housing Tax Credit (LIHTC) program, which are typically affordable to households earning up to 60% of AMI. This equates to only 146 units per year – a fraction of the level of production that would be needed to meet future housing need at these income levels. The region will need to dramatically increase its pace of production and investment in affordable units to meet the need. Many local jurisdictions and housing agencies are working to close these gaps but given the magnitude and the low levels of affordable housing gap funding available to significantly boost production, the workgroup should consider setting an aspirational yet achievable target for affordable housing development around the region.

Regional growth means that every city has a part to play; every city in the region has unmet housing needs across the entire income spectrum. Meeting this challenge will require a shared vision and coordinated action. The workgroup that supported this research agreed on the following guiding themes, which serve as the foundation for the actions described in this plan.

**Supply and demand are imbalanced.** Treasure Valley communities are growing FAST and in uncoordinated ways. Housing supply has not kept pace with demand.

**Affordability is at risk.** Every community has housing needs at every income level. Safe, healthy, and affordable housing is essential to community and household stability.

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[3] The Area Median Income (AMI) is the annual income that a family of four in the middle of an area's income distribution would earn. AMIs are expressed as a percentage of the median. See Appendix A. Treasure Valley Area Median Incomes.

[4] Projects funded in 2021 and 2022 may still be under construction.

**Every partner is needed.** Every community has a role to play in meeting housing needs at every income level.

**Regional coordination is a missing piece.** There are many ways to meet housing needs and regional coordination is needed.

This last guiding theme – the need for regional coordination – is the key focus of this action plan. The recommended near-term actions that COMPASS could take to improve regional coordination are:

### 1) Continue convening the Workgroup

COMPASS convened representatives from regional jurisdictions and other stakeholders in housing production (including affordable housing developers) to develop this plan. Given that the Treasure Valley region is forecast to see continued strong population growth and demand for housing, the workgroup should continue to explore how different levels of government and housing actors can work together to achieve affordability in the market, and how COMPASS can best help to achieve that goal. The full plan contains a list of policies that can be implemented at the local level that the workgroup can discuss in future meetings.

### 2) Identify ways to encourage growth where infrastructure exists

Comments from stakeholders and workgroup members suggest that the region is generally supportive of market-rate development and, relative to some other markets, has fewer regulatory and cost barriers to development. However, the location and type of housing allowed could be better aligned with housing need and regional infrastructure and transportation plans. COMPASS and the cities and counties in the Treasure Valley should identify ways to redirect housing growth toward areas that are already developed and have suitable infrastructure, zoning, and access to transit and active transportation options.

### 3) Adjust COMPASS's population forecast methods

As the regional long-term transportation agency, COMPASS is responsible for forecasting population growth for the region and allocating those forecasts to jurisdictions. To better coordinate housing production efforts with population forecasts, COMPASS should continue to evaluate growth scenarios that direct more of the population to already developed areas that have suitable infrastructure, zoning, and access to transit. Within cities, it could also direct population growth to city centers and transportation corridors for the public to consider.

## 4) Continue offering housing education and training opportunities

A key barrier identified in the outreach for this plan is that the general public and many leaders don't understand the need for affordable housing production or how governmental actions and new development can help to ease affordability challenges. COMPASS should continue offering and/or partnering to offer educational and training programs that expand and focus on housing production and affordability. These training opportunities should (a) be open to a cross-sectional audience, (b) be focused on housing production solutions across the region, and (c) include relevant and recent market data. These opportunities should aim to build a cohort of informed, aligned regional housing leadership in the Treasure Valley.

## 5) Advocate for state policy changes to increase affordable housing gap funding

Funding is the main missing ingredient to building more regulated affordable housing units. Without increasing funding, the need cannot be met. COMPASS and interested jurisdictions should advocate for state policy changes that can increase affordable gap funding for regulated affordable housing development, and for changes to local taxing authority to enable more local funding of affordable housing products.

This plan is a critically important first step in what will be an ongoing journey. Setting the foundation for regional coordination on housing development is an essential first step to ensure that communities across the region have a shared vision for growth and recognize the steps that must be taken to improve housing affordability. However, additional work will be needed by local governments and private developers to directly influence the types of housing built for Treasure Valley residents. More work is needed, but this plan creates a vision and a framework to guide these important conversations, and COMPASS is uniquely well-suited to convene these stakeholders and host these discussions on how the region should grow.

# 1. Introduction

Recognizing the growing housing affordability and supply issues in the region, the COMPASS Board of Directors and COMPASS member agencies wanted to identify regional housing solutions. As the Metropolitan Planning Organization (MPO) for Ada and Canyon counties (see Figure 1 on next page), COMPASS plays a significant role in determining how the region can and should develop. COMPASS is uniquely suited to monitor and coordinate regional housing planning efforts because:

This chapter summarizes why COMPASS created this plan, the plan creation process, and expected work in the future.

- It is the region's planning organization, and has representation from each jurisdiction in the region
- It already collects population, growth, and development permit data and could expand its purview to monitor housing issues
- It understands and is already tasked with monitoring the linkages between transportation and development

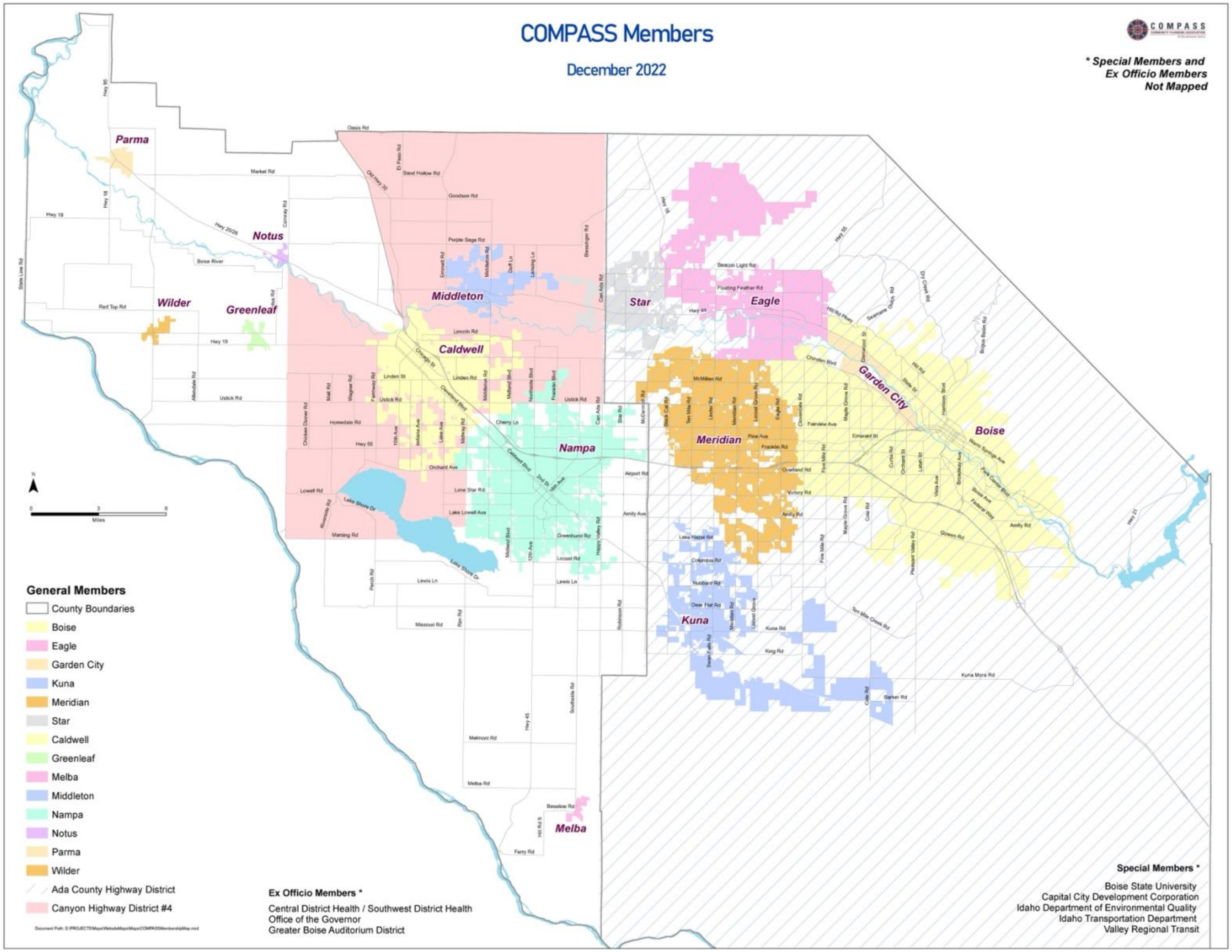
The Treasure Valley region has been one of the fastest growing regions in the United States in the past decade, and growth accelerated during the Coronavirus pandemic as households around the country sought more affordable and more spacious housing options.[5] While significant housing production has occurred in response to this population growth, it has been insufficient to meet the growing demand for housing, and has occurred in ad-hoc, uncoordinated ways.

Housing markets are undeniably regional in nature, but COMPASS does not have direct influence on how much and what types of housing are developed or where. Through local zoning and permitting processes, local governments control the levers that encourage or discourage different types of housing in different parts of the region. Other influencers in this space include local and statewide housing authorities, private and public sector developers, neighbors and residents, financial institutions, and land management agencies, among others. Each of these contribute to housing solutions, but none of these entities sit at a regional nexus.

Because COMPASS already steers regional transportation investments and growth, it is well suited to driving other regional conversations. COMPASS' role in collecting and sharing regional population, growth, and development permit data positions the organization to monitor and share additional data around housing development as well. COMPASS has the regional perspective to provide housing growth targets, the data to track and monitor progress, and the ability to create shared understandings across the myriad jurisdictions who do influence the levers of housing production.

[5] Forthcoming research from Up For Growth, *Housing Underproduction in the U.S. 2023*, October 2023.

Figure 1. Map of COMPASS Member Agencies



Many partners in the region, including COMPASS member agencies, identified the need for early coordination of regional housing development efforts with the understanding that additional work will be needed over the next several years to influence overall housing supply and affordability.

## Phase 1 Efforts: Affordable Housing Advisory Workgroup & Regional Housing Coordination Plan

As an initial phase, COMPASS initiated this Regional Housing Coordination Plan (the "plan") to explore its role in regional housing coordination, build a common understanding of the affordability and supply challenges in the region, and foster regional conversations on housing goals.

The plan creates the foundation for shared coordination among partners to better meet the housing challenges facing the region. It brings together local partners' perspectives and offers solutions that respond to differing levels of need, staff capacity, land availability, and market conditions, among other considerations. The plan quantifies the regional need for housing, the trade-offs inherent in land use planning for housing development, and the actions and strategies COMPASS and its member agencies can pursue to improve housing choice, affordability, and connections to transit for current and future residents.

### Affordable Housing Advisory Workgroup

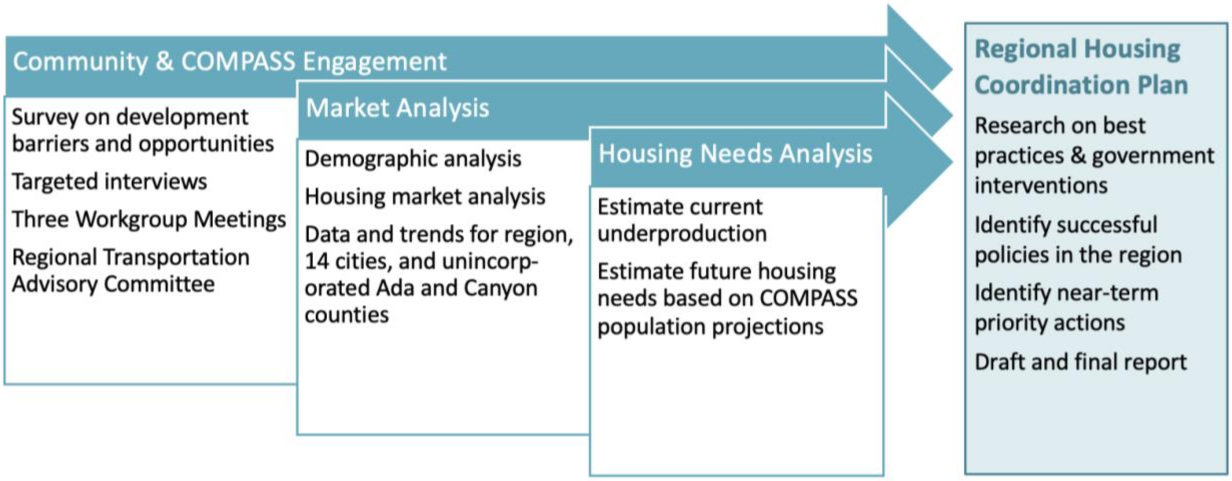
To begin conversations around regional housing coordination, COMPASS created an Affordable Housing Advisory Workgroup (the "workgroup"), consisting of local planners, public sector staff, housing developers, nonprofit service providers, researchers, and experts in real estate and related sectors. The first task of the workgroup was to "provide guidance and feedback for the development of the COMPASS Housing Coordination Plan" and the workgroup is anticipated to help implement the plan. The near-term priority actions outlined in Chapter 5 can be considered a near-term workplan for the workgroup.

### Regional Housing Coordination Plan

The plan development process began in December 2022 and will end in late 2023. As shown in Figure 2, community engagement – through the workgroup and broader stakeholder communication – was an important part of the plan development process. This work aimed to identify the opportunities and barriers to regional housing coordination, and to highlight the policies and programs that are working well in the region.

In addition, an in-depth analysis of the region's current housing stock and demographics as well as recent changes in housing and population, guided the creation of the plan. The findings from this market analysis and the housing needs analysis are hosted on an interactive web-based data tool[6] that COMPASS intends to integrate into its other data reporting mechanisms going forward. The dashboard includes the housing market and population data as well as estimates of total housing needs by 2030 – including estimates of current underproduction – for the region as a whole, the 14 cities in the Treasure Valley, and unincorporated Ada and Canyon Counties.

**Figure 2. COMPASS Regional Housing Coordination Plan Development Process**




Based on a survey conducted early in the project, most respondents hoped this Regional Housing Coordination Plan would **identify implementable policies** that could **make a difference in housing choices** and to identify ways to **foster regional collaboration amongst the numerous players** involved in housing provision.

## Phase 2 Efforts: Local Government Policy and Zoning Changes

Setting the foundation for regional coordination on housing development is an essential first step to ensure that communities across the region have a shared vision for growth and recognize the steps that must be taken to improve housing affordability. Because housing development is more directly influenced at the local level, the specific policy and zoning changes that will have the biggest impact – such as specific policy, program, or zoning changes – will need to be taken by local jurisdictions and private and nonprofit developers.

Recognizing the roles that different players have in housing development is important and allows jurisdictions to focus on how they influence development, both by preventing it and encouraging it. COMPASS and the workgroup understand that additional work beyond the near-term priority actions will need to happen. This work will need to be undertaken by local jurisdictions and those with more direct influence on housing development.

[6] Link to data tool: https://econw.shinyapps.io/compass_regional_housing_app/#section-existing-housing

## Shared Vision for Housing Development

Throughout the development of this Regional Housing Coordination Plan, the following guiding themes were identified and agreed upon by the workgroup (Figure 3).

**Figure 3. Key Themes from Affordable Housing Advisory Workgroup**

**Supply and demand are imbalanced.** Treasure Valley communities are growing FAST. Housing supply has not kept pace with demand.

**Affordability is at risk.** Every community has housing needs at every income level. Safe, healthy, and affordable housing is essential to community and household stability.

**Every partner is needed.** Every community has a role to play in meeting housing needs at every income level.

**Regional coordination is a missing piece.** There are many ways to meet housing needs and regional coordination is needed.

The workgroup agreed that every community and partner has a role in offering affordable housing choices to Treasure Valley residents; recognizing those roles and understanding how to coordinate and implement housing development regionally are new and vital outcomes of this process.

# 2. Housing Challenges in the Treasure Valley

### Key Takeaways

- The Treasure Valley region underproduced 18,000 housing units as of 2021, which is the number of units that would be needed to bring the market into balance with recent growth and have enough extra capacity for vacancy, second and vacation home demand, and units for people experiencing homelessness.
- As a consequence of this housing underproduction, home prices and rents have risen rapidly in the Treasure Valley in recent years.
- Rising housing costs hurt low-income households most as they often have too little income leftover to spend on other necessities like food, transportation, health care or their children. Paying too much on housing costs (becoming cost burdened[7]) can lead to housing insecurity and higher incidences of homelessness.[8]
- New housing supply is essential to a healthy, functioning housing market experiencing strong demand, and enables households to self-sort into the housing type that best meets their needs.
- Housing development can occur (i.e., be "feasible") when the anticipated revenues exceed the costs of development. Affordable housing has specific feasibility challenges due to the intentionally reduced rents for low-income households.

This chapter summarizes the housing challenges in the Treasure Valley. The appendices offer more information on these topics.

Treasure Valley communities have been building a lot of housing in recent years (over 32,000 units were permitted between 2019 and 2021, or roughly 12% of the 2021 total stock), but housing affordability pressures have barely lessened, as evidenced by rapid increases in prices and rents and steep declines in vacancy. These factors – the run-up in prices and rents, low vacancies, and the lagging impact of new development – can all be understood through the lenses of housing market fundamentals.

The region grew quickly before and during the pandemic but has been failing to build enough housing units to meet demand since at least 2012.[9] This imbalance in supply and demand has led to housing underproduction, which has resulted in increased competition for housing and rising prices and rents and reduced vacancy.[10]

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[7] "Cost burdening" occurs when a household pays more than 30% of its gross income on housing costs. "Severe cost burdening" occurs when a household pays more than 50% of its income on housing. See Appendix G. Common Affordable Housing & Planning Definitions.

[8] Zillow Research. 2018. "Homelessness Rises Faster Where Rent Exceeds a Third of Income," https://www.zillow.com/research/homelessness-rent-affordability-22247/

[9] Forthcoming analysis from Up for Growth, *Housing Underproduction in the U.S. 2023.* October 2023.

[10] Housing underproduction occurs when supply and demand are imbalanced in a housing market. The amount of underproduction is the number of units that are needed to bring supply into equilibrium with demand.

## Housing Challenges: Quick Facts

The region has seen rapid changes in the housing market in recent years, including declining vacancy rates, and rising rents, prices, and rates of cost burdening.

### Declining Vacancy

- The 2021 regional average rental vacancy was 3.7%, well below the national average of roughly 5.0%.[11]

### Rent Increases

- The 2023 regional median 1-bedroom rents were roughly $1,740, [12] only affordable to[13] households earning more than 80% of AMI.
- Median 1-bedroom rents increased more than 20% from $1,490 in 2013.
- Median 1-bedroom rents rose rapidly during the pandemic, increasing nearly 9% from 2020 to 2023.

### Price Increases

- The 2023 median home price was $450,000, up 153% from about $178,000 in 2013. Only households earning greater than 100% of AMI can afford to buy a home priced at the median.
- Home price increases sped up during the pandemic – the regional median price rose nearly 36% in just two years between 2022 and 2020. This severely limits affordability and homeownership opportunities.
- However regional median home prices fell roughly 5.5% between 2022 and 2023, an indicator that the region should continue to watch.
- 2023's high interest rates further limit homeownership opportunities, both due to higher borrowing costs raising overall purchase costs and due to the "lock in" effect of homeowners with extremely low interest rates from 2020-2021 choosing not to sell and reducing inventories.

### Cost Burdening

- In 2019 43% of renters were cost burdened, spending more than 30% of their income on housing.
- Of these households, nearly 20% were severely cost burdened, spending more than 50% of their income on housing.
- Cost burdening is worse for low-income renters--of the 28,000 households earning less than 50% of AMI in the region, more than 83% are cost burdened.
- Cost burdening is a huge problem at lower income levels because these households may not have enough income after paying rent to afford necessities like childcare, food, transportation, or medicine.
- Cost burdened low-income households are at severe risk of homelessness due to a major life crisis like a job loss, medical emergency, or unexpected car bill.

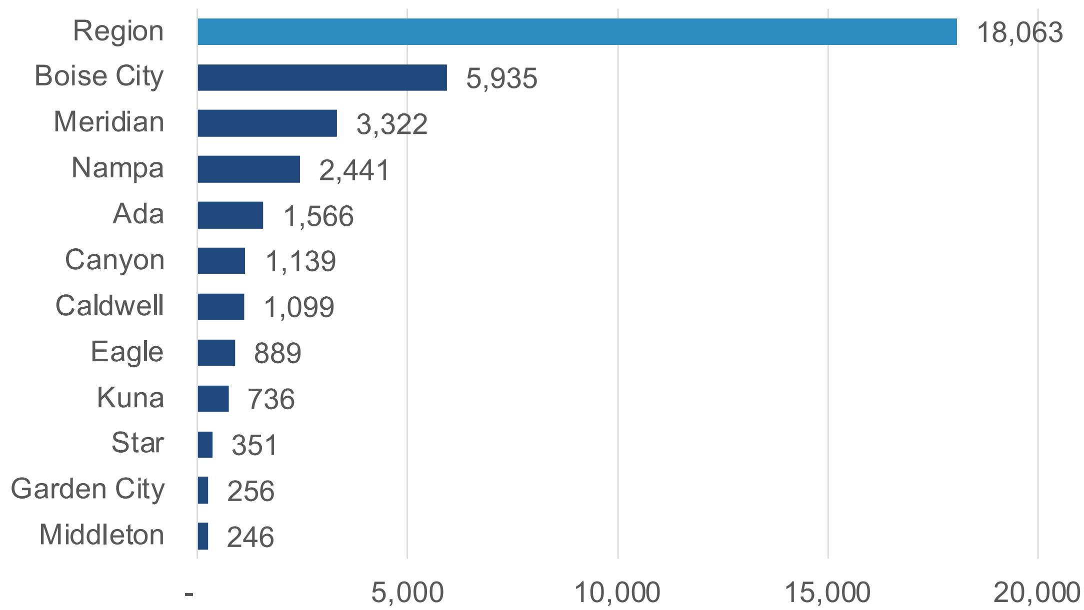
Appendix B. Additional Treasure Valley Population and Housing Market Data offers additional context and data for individual jurisdictions.

## Imbalance in Supply and Demand

Because everyone needs a home at the end of the day, undersupplied housing markets in growing areas present many problems. Without enough new supply to meet growing demand, the Treasure Valley has seen steep competition for housing, rising prices and rents, low vacancy, and higher rates of housing instability for low-income households, including homelessness. As of 2021, the Treasure Valley would need 18,000 more units to meet the demand from its growing population. Every city in the region contributes to this undersupply.[14]

When comparing the total number of households against the total number of housing units needed—including vacant units, units needed to meet demand for second and vacation homes, and units to accommodate people experiencing homelessness—the region underproduced an estimated 18,000 housing units as of 2021 (Figure 4).

**Figure 4. 2021 Housing Underproduction in Larger Treasure Valley Jurisdictions**
Source: ECONorthwest analysis of ACS 5-year 2021

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[11] ECONorthwest analysis of 2021 tenure-weighted average statewide housing market vacancies ranged from 2.6% to roughly 6.6%.

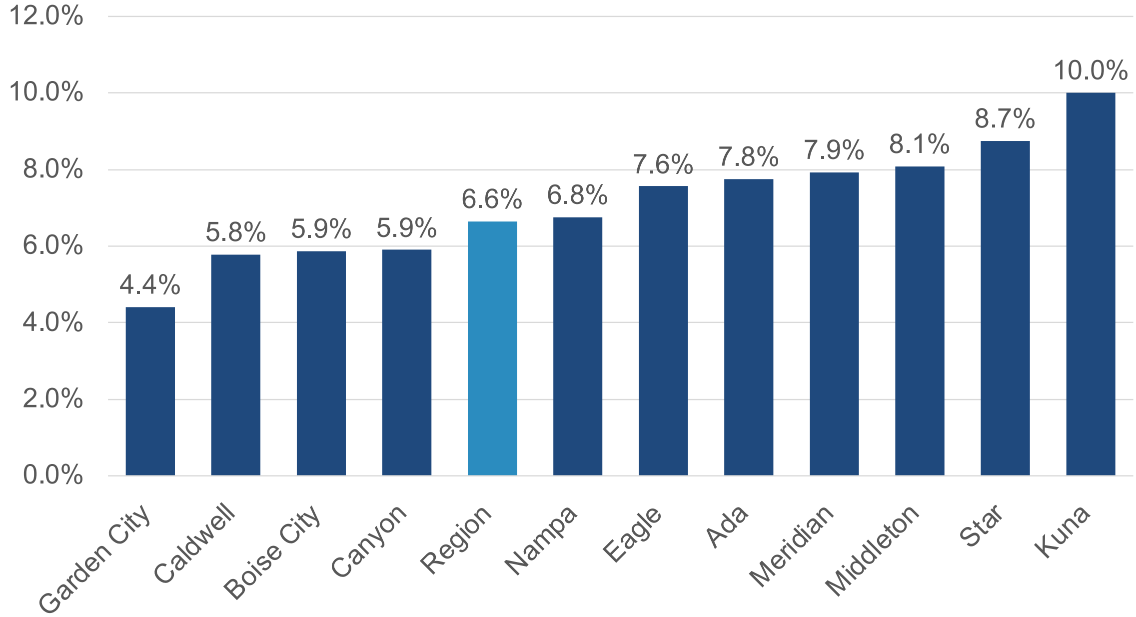
[12] CoStar Ada and Canyon County multifamily asking rent as of August 2023.

[13] Housing is considered "affordable to" a household if it consumes less than 30% of the household's gross income.

[14] This methodology compares the total number of households in the region against the total number of housing units needed, which has been adjusted to include extra capacity to allow for vacant units, units needed to meet demand for second and vacation homes, and units to accommodate people experiencing homelessness. The total regional need is the sum of each jurisdiction's estimated underproduction. The methodology does not rely on past development trends or land availability. The estimate of underproduction is a snapshot in time, not an estimate of units that need to be developed annually or within one year. See Appendix C. Housing Underproduction Methodology for more detail.

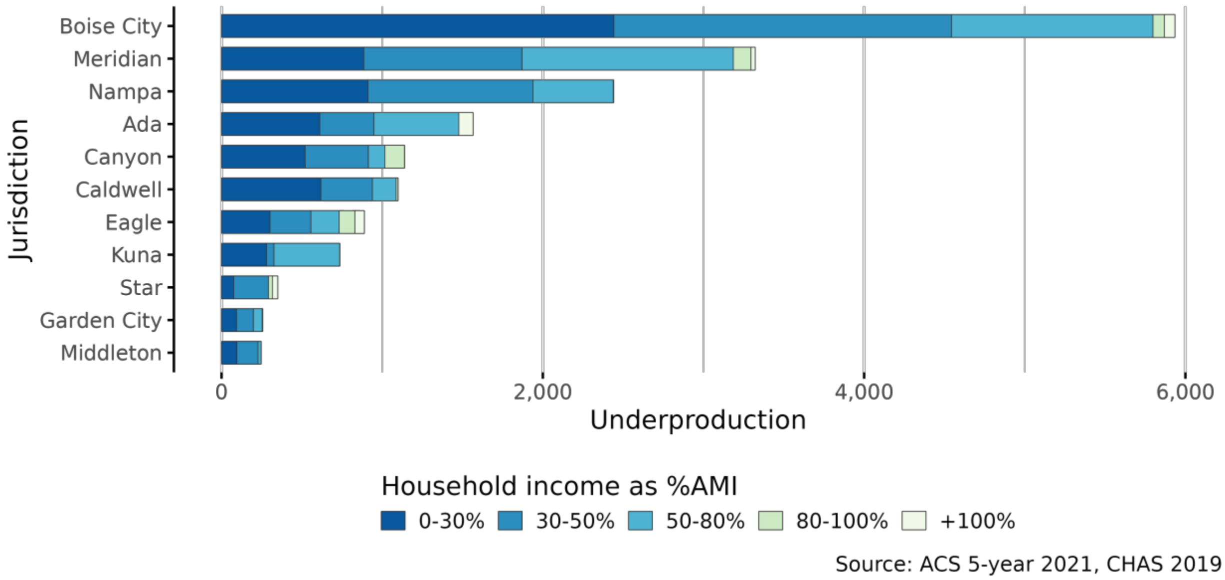
As shown in Figure 5, normalizing underproduction as a share of total current housing stock demonstrates that although Boise has the most underproduction nominally, all communities have a role to play in increasing production to meet need.

**Figure 5. Normalized 2021 Housing Underproduction in Larger Treasure Valley Jurisdictions**
Source: ECONorthwest analysis of ACS 5-year 2021




Housing underproduction can also be estimated at different income levels using the area median income (AMI). One approach is to use the number of cost burdened renters as a proxy for the income levels where there are too few housing units to meet demand (forcing households to pay more than they should for housing). Figure 6 displays underproduction by income level for the larger jurisdictions in the Treasure Valley. Because lower-income renters are more likely to be cost burdened, this approach demonstrates that the vast majority of underproduced units would be needed in the 0-80% of AMI range (the blue colors in Figure 6).

**Figure 6. 2021 Underproduction of Total Housing Stock by Area Median Income in Larger Treasure Valley Jurisdictions**
Source: ECONorthwest analysis of ACS 5-year 2021 and CHAS 2019



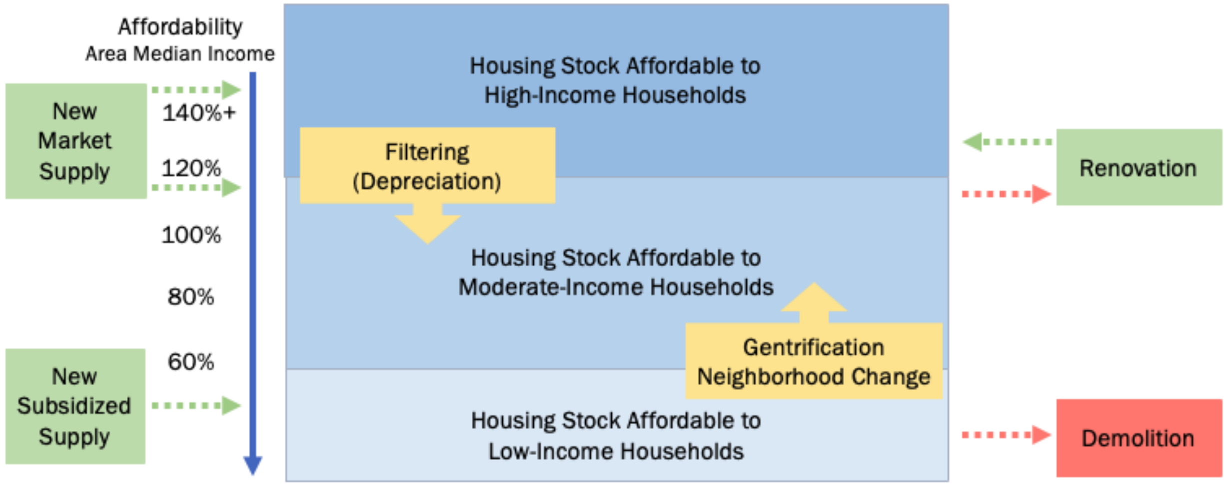

## How New Housing Supply Affects Affordability

In a growing region, new housing supply is needed to accommodate new households arriving to the area as well as changing preferences, natural turnover and vacancy, and demand for second or vacation homes, without taking away the stock of housing for year-round residents. New supply is essential to allow households to move and self-sort into the neighborhoods, housing types, and housing prices that meet their needs. Housing markets in low growth or declining areas have very different challenges, but markets in growing areas like the Treasure Valley need ample new supply.

In a well-supplied housing market, households can move through the stock via a process called "filtering" or the "housing ladder." Over time, housing ages and depreciates, becoming relatively more affordable for different housing households. As new housing becomes available it is typically occupied by higher income households. And as these households move, their old housing becomes vacant for lower income households to occupy. This creates a "migration chain" where households can move up the housing ladder, vacating older, smaller, or more affordable units and making them available to lower-income households (see Figure 7).

In under-supplied markets, this filtering process can slow, stop, or move in reverse. In the latter case, with steep competition for housing units, higher income households might occupy the region's oldest or lowest cost units which can cause gentrification and involuntary displacement. Most often, an area's low-income, minority, or other marginalized communities bear the burden of the housing challenges brought about by undersupply.

**Figure 7. Illustration of Housing Market Filtering**
Source: ECONorthwest




## Every Market Needs Regulated Affordable Housing

Even when filtering is occurring and housing is becoming relatively more affordable over time, governments still must invest in building new regulated affordable units to meet the needs of lower income residents. In almost all cases, market-rate housing costs more to operate than lower-income households can afford to pay in rent; the market simply will not meet the needs of these households with safe, adequate, and affordable housing. This type of housing, as explained in the call-out box below, almost always needs government intervention and public subsidy to be developed.

### Housing Development Feasibility

Housing supply is increased one unit, one building, or one master development at a time. All new development, whether regulated affordable or market-built, must survive a "feasibility test," which occurs when the developer compares the costs of building and operating the new housing to the rent or sales revenues that can be achieved.

Affordable housing developments have added challenges in feasibility testing because the rents or sales prices are necessarily capped at a level that is affordable to lower income residents. This creates a "funding gap" in the project that is typically filled by mission-driven financial investors, grants, low-cost loans, or development incentives. Public subsidies are an essential part of affordable housing development financing and help to ensure that the units remain affordable and in good condition. Appendix F. Housing Development Feasibility goes into more detail about housing development feasibility.

The solution to housing affordability challenges requires both public and private actors: the private market can by-and-large produce market-rate housing for middle and higher-income households, and government subsidies and mission-driven investors can help to ensure that regulated affordable housing is produced for lower-income households.

# 3. Treasure Valley Housing Needs

### Key Takeaways

- The Treasure Valley needs to produce about 80,000 new housing units over the next eight years to meet anticipated population growth and generate enough capacity for healthy vacancy, second and vacation home demand, and units for people experiencing homelessness
- Over the past eight years, the region produced about 8,380 units per year, but it will need to increase the rate of production to roughly 10,100 units per year, a 20% increase
- When evaluated by income level, the market has been overproducing high-cost units and underproducing low-cost units. This is common due to the way the market functions and requires government intervention to overcome.
- The market can deliver the high-cost units needed but will need government subsidies to produce the nearly 3,000 housing units per year that are needed for households earning less than 50% of AMI ($44,550 for a family of four). From 2017-2022, the Idaho Housing Finance Association (IHFA) funded 874 units of regulated affordable housing in the Treasure Valley through the Low-Income Housing Tax Credit (LIHTC) program, which are typically affordable to households earning up to 60% of AMI. This equates to only 146 units per year – a fraction of the level of production that is needed.

## Future Housing Need

COMPASS projects another 57,000 households will seek housing in the region by 2030. Because the market needs more than one unit for each household to account for vacancy and second and vacation homes, the region will need about **62,700 more housing units in the eight-year time period between 2022 and 2030**.[15] Figure 8 below displays the current underproduction and number of new housing units needed by 2030 for the largest jurisdictions in the region.

When considering the 18,000 units underproduced as of 2021, the region's **total housing units needed by 2030 rises to about 80,800**. Figure 8 includes underproduction in addition to the number of new households and expected housing units.[16]

This chapter summarizes the housing needs in the Treasure Valley and explores potential growth scenarios across the region.

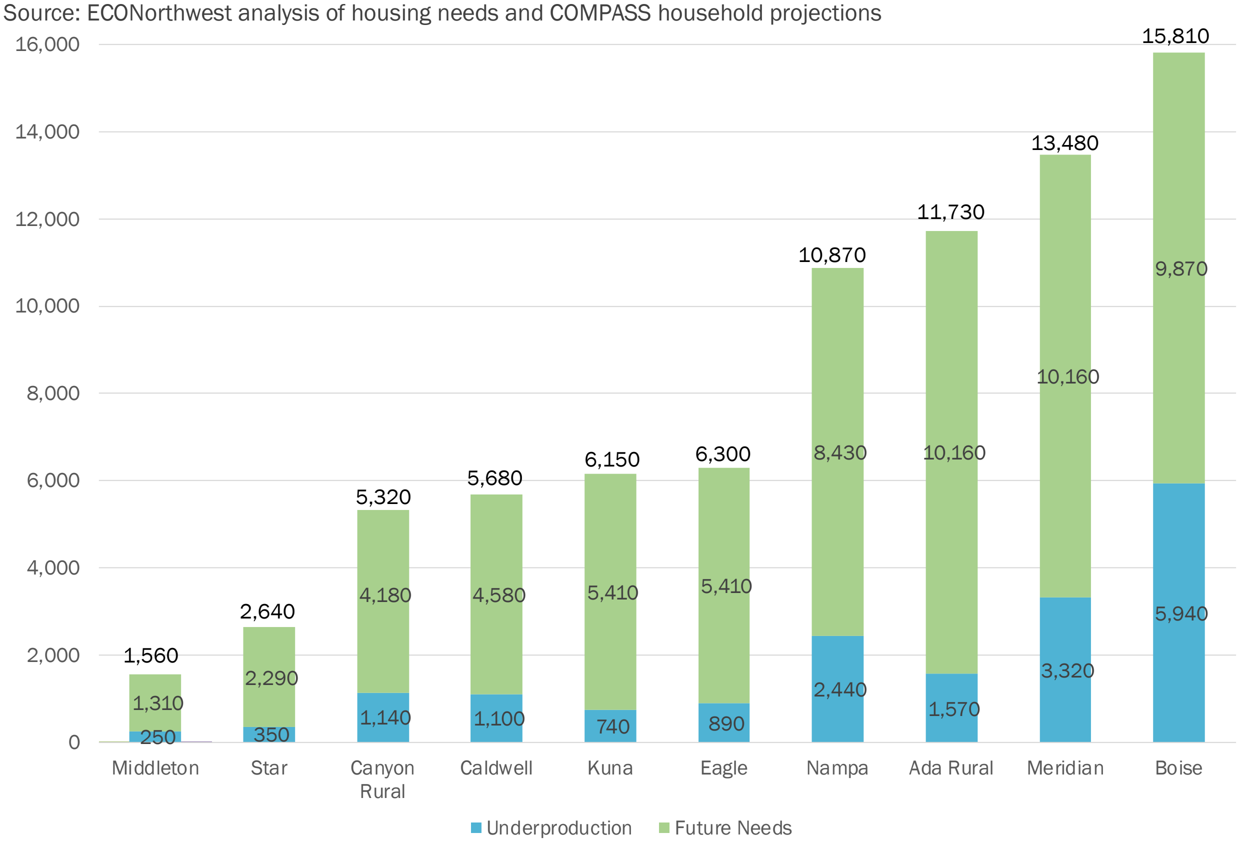
Appendix D. Total Housing Needs by 2030 Methodology provides more information on the data and methods used.

[15] Estimates of future need use COMPASS's projections for new households by 2030 and are adjusted upwards by a factor of 1.10 to include extra capacity in the market for vacancy and second and vacation home demand.

[16] This assumes that all the underproduced units are built in an eight-year period. It likely took a decade or more for the region to reach this level of underproduction, so building out of underproduction in only eight years is an ambitious target. However, without overcoming current housing underproduction, demand will continue to outpace the housing stock available, and prices and rents will continue to rise.

**Figure 8. 2030 Total Housing Need in Larger Treasure Valley Jurisdictions**

Source: ECONorthwest analysis of housing needs and COMPASS household projections

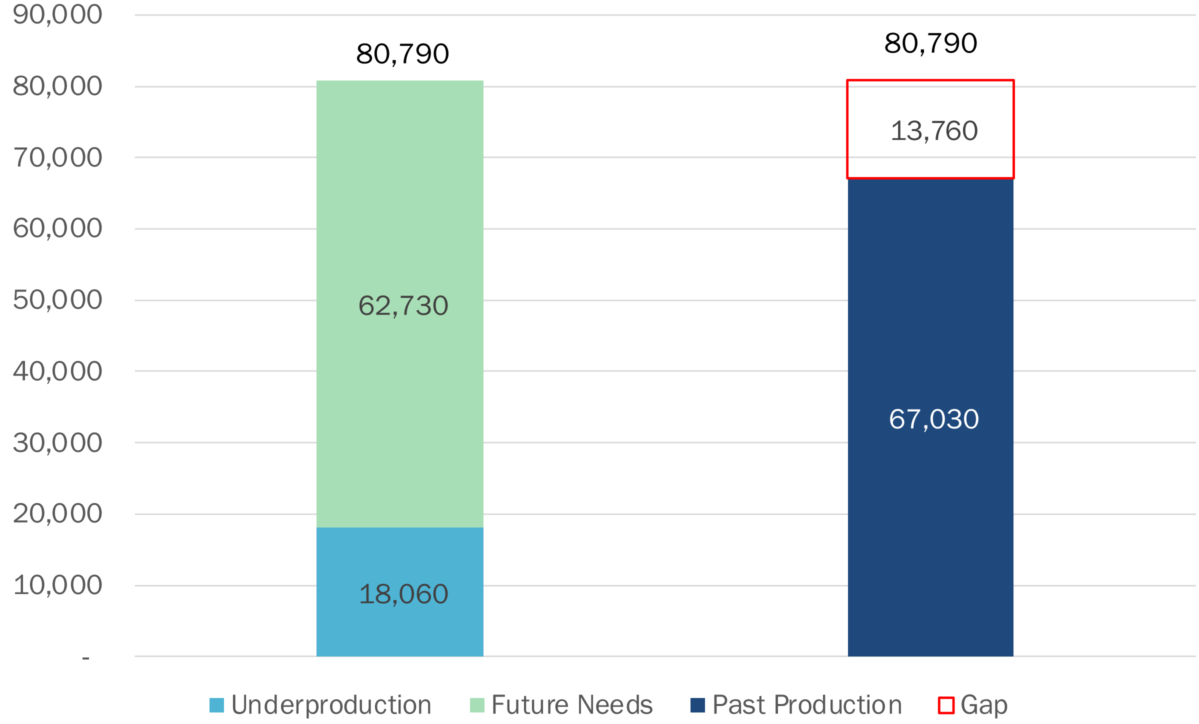



## Past Development Trends & Production Gaps

When looking at these estimates of total housing needed in the eight years between 2022 and 2030, it is helpful to compare to what has been produced in the past eight years and see if the region's recent rate of production is sufficient. Figure 9 show that, between 2014 and 2021, the region developed 67,030 units of all types, sizes, and tenures. In the next eight years, the region needs to produce about 80,800 units to meet population growth and build in enough extra capacity to accommodate second and vacation home demand, vacancy and demolition, and units needed for people experiencing homelessness. This is a gap of about 13,670 units across the region that need to be developed on top of past trends.[17]

[17] This assumes the production rate seen over the past eight years can and will continue. Given rising interest rates, costs of development, and development ready land, production may not be able to continue its recent pace for the foreseeable future. However, this exercise is still helpful to understand development needs and trends.

**Figure 9. Treasure Valley Regional Housing Needs Analysis, 2022-2030**
Source: ECONorthwest Analysis of CoStar data




The region produced 8,378 units annually over the last eight years. Going forward, it will need to increase production to roughly 10,100 units per year, a 20% increase. Many jurisdictions would need to increase the rate of production to overcome their development gaps. Other areas have produced more than enough housing over the past eight years to meet their total need by 2030. See Appendix E. Total Housing Needs by 2030 and Past Development Trends.

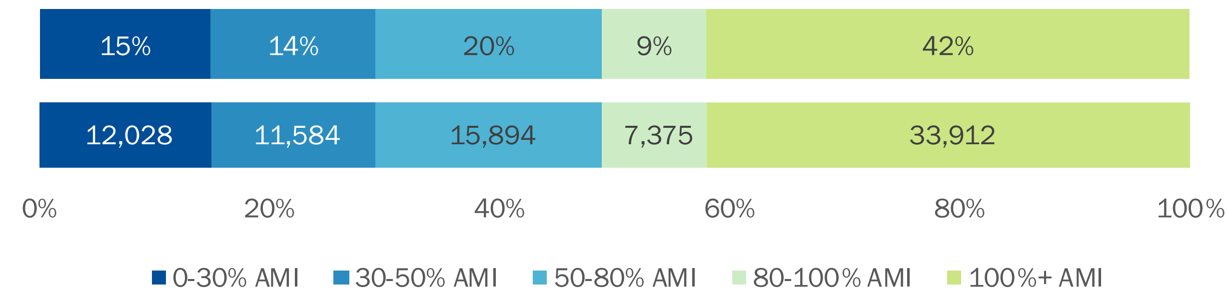
## Affordability Considerations

As with housing underproduction, total housing needs by 2030 can be allocated into different affordability levels based on incomes. This is an important methodological step and relies on the assumption that **all jurisdictions use the regional median income** and have the same share of affordable housing. Workgroup members recognized that despite variations in income distributions across jurisdictions, all have high- and low-income residents who need adequate, safe, and affordable housing options. Much empirical research demonstrates the benefits of diverse, mixed income communities on employment, education, health, and other important social outcomes.[18] Workgroup members also generally agreed that using the regional median income to allocate housing need could help to ensure that enough housing gets built that would be affordable to residents in every city and county.

[18] Opportunity Insights, "Neighborhoods Matter: Children's lives are shaped by the neighborhood they grow up in."
Chetty & Hendren, "The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects."
Pollack, et al., "Association of a Housing Mobility Program with Childhood Asthma Symptoms and Exacerbations."

Figure 10 displays the total regional housing need by 2030 by income level. This analysis distributes total need to income levels based on the current income distribution in the region (using 2021 data, the most recent available). Using this approach, approximately 29% of the 2030 future housing units will be needed for households earning less than 50% of AMI, another 29% will be needed for households earning between 50% and 100% of AMI, and 42% of units will be needed for households earning more than 100% of AMI. See Appendix D. Total Housing Needs by 2030 Methodology for more detail.

**Figure 10. Regional 2030 Total Housing Needs Allocation by Income Level**
Source: ECONorthwest analysis of Census data and COMPASS household projection data




| AMI Level | Income Range | # of Units | Units / Year | Rent Range[19] | Home Price Range[20] |
|---|---|---|---|---|---|
| 0-30% | $0 - $30,000 | 12,000 | 1,500 | $0 - $750 | $0 - $102,000 |
| 30-50% | $30,000 - $44,550 | 11,600 | 1,450 | $750 - $1,115 | $102,000 - $152,000 |
| 50-80% | $44,550 - $71,300 | 15,900 | 1,990 | $1,115 - $1,780 | $152,000 - $243,000 |
| 80-100% | $71,300 – $98,300 | 7,400 | 925 | $1,780 - $2,460 | $243,000 - $335,200 |
| 100%+ | $98,300 + | 33,900 | 4,230 | $2,460+ | $335,200+ |

Over the next eight years, the region will need to produce 4,240 units per year that are affordable to households earning more than 100% of AMI. Housing for this segment of the income spectrum can be delivered by the private market without any intervention, and over the past eight years, the market has delivered more than this each year.

However, the region will also **need to produce 2,950 housing units per year that are affordable to households earning less than 50% of AMI** ($44,550 for a family of four). From 2017 to 2022, only 874 units of regulated affordable housing were funded (not necessarily built) in the Treasure Valley through the Low-Income Housing Tax Credit (LIHTC) program, which are typically affordable to households earning up to 60% of AMI.[21] This equates to only 146 units per year – a fraction of the level of production that is needed.

[19] This estimate assumes the household spends 30% of its income on housing costs, inclusive of utilities.

[20] This estimate assumes the household spends 30% of its income on housing costs, a 30-year mortgage at 6.3% interest, a 10% down payment, and private mortgage insurance, taxes, and home insurance.

[21] Idaho Housing Finance Association, Multifamily Financing Awards, https://www.idahohousing.com/multifamily-financing/.

As described in the Housing Challenges Chapter, this type of housing requires meaningful public subsidy to close the funding gap between what the reduced rents generate and what it costs to develop. Many local jurisdictions and housing agencies are working to close these gaps but given the magnitude and the low levels of affordable housing gap funding available to significantly boost production, more work needs to be done. The next two chapters describe some policies that can help spur housing production, particularly at these lower income level. [22]

[22] In 2022 the Idaho State Legislature created the Idaho Workforce Housing Fund (IWHF) using part of Idaho's allocation of federal American Rescue Plan Act funding. In these past two years the program has developed about 600 units affordable to households earning less than 80% of AMI. IHFA hopes the program will ultimately fund about 1,400 workforce housing units. The funding needed to be dedicated to affordable housing projects by June 2023 and is not set to renew.

# 4. Policies to Encourage Housing Production

### Key Takeaways

- Comments from stakeholders and workgroup members suggest that the region is generally supportive of market-rate development and, relative to some other markets, has fewer regulatory barriers to development.
- The region has insufficient affordable housing gap funding to build the units needed for low-income households.
- Zoning changes can help to ensure that multifamily housing (including affordable housing) is allowed.
- Additional programs and incentives, such as financial or development boosts, can actively encourage multifamily development (including affordable housing).
- Allowing *and encouraging* denser housing can help prevent sprawl and the loss of natural areas to greenfield development.

So how will the Treasure Valley accommodate 80,800 new housing units in the next eight years? And how will it build the regulated affordable units that have been undersupplied and are not typically produced by the private market?

Sufficient housing supply is necessary to ensure that the market has enough vacancy and capacity to allow filtering to occur and households to self-sort into the housing that best meets their needs. The region has not been producing enough housing in general, which has resulted in underproduction, cost increases, and housing instability for lower-income households. However, when evaluated in depth, important nuance demonstrates that the market has been oversupplying high-cost housing and undersupplying low-cost housing. This is common due to the way housing markets function and requires government intervention to overcome.

As noted in the Housing Challenges Chapter, the solution to the region's underproduction and affordability challenges is two-fold: the private market can by-and-large produce market-rate housing for higher-income households, and government subsidies and mission-driven investors can help to ensure that enough regulated affordable housing is produced for lower-income households. And Chapter 3 demonstrated that the private market is oversupplying housing for higher-income households, and undersupplying housing for lower-income households across the region.

This chapter summarizes the how housing is developed, the common barriers to housing production, and the opportunities to unlock housing supply at different levels of government.

This chapter unpacks the housing challenges in the Treasure Valley discussed in Chapter 2 and provides context for the growth scenarios presented in Chapter 4 as well as the Housing Action Plan and near-term actions discussed in Chapter 5.

## Few Market-Rate Housing Production Barriers

Prior to the first workgroup meeting, a survey was sent to workgroup members and other planning and real estate experts in the region to assess the housing challenges and potential solutions facing the region. The survey asked about some of the biggest barriers to housing production in the region, as well as solutions. The most commonly cited development barrier was **local attitudes toward development** (often referred to as NIMBY-ism, which stands for Not-In-My-Backyard sentiments), as well as the **stigma many people associate with multifamily development and regulated affordable housing**. Ensuring that people understand housing needs and how development works was also discussed as both a challenge and a potential solution. The survey results did not suggest that fees, permitting processes, or lengthy development periods were significant barriers development barriers in place, a sentiment that was reiterated by members of the workgroup and the Regional Transportation Advisory Committee.

Total supply will need to increase to meet projected population demands, but the region's shortfalls have largely been concentrated in lower cost units. The private market does not need much government intervention to continue supplying enough units for higher income households, other than regional coordination on where to build. Instead, the focus should be on encouraging more units for low-income households.

## Lack of Coordination and Lack of Affordable Housing Funding

Overall market-rate supply is important and needed. But the market has relatively few barriers that governments can influence, and generally the market has been building enough units to meet demand from the region's high-income earners. In the workgroup survey, the second most commonly cited barrier was **the cost of development**, and closely following this was the **lack of financial subsidies and gap funding** for housing development. These two are intricately related as the need for financial subsidies and gap funding grows as the overall cost of development grows. If developers are relying on rental revenues to cover the increasing costs of development, then rents must increase too (see Appendix F. Housing Development Feasibility for a description of operating revenues and costs).

- The region does not have coordinated land use and growth management, meaning that housing growth has been occurring in ad hoc and uncoordinated ways resulting in unplanned and uncoordinated growth, loss of natural areas, and increased traffic congestion and pollution.
- There is too little funding available for regulated affordable housing, which has resulted in the underproduction of units affordable to households earning low incomes.

### Land Use and Coordinated Planning

Governments can support housing markets by undertaking comprehensive planning efforts, ensuring their zoning codes are updated and aligned with their comprehensive plan and housing plan goals, and safeguarding that there is sufficient land capacity that has the proper infrastructure to support new development. These efforts build from the site level (proper zoning, proper infrastructure, land stewardship) to form the regional land inventory with adequate capacity to absorb new development.

Communities should be striving for a series of planning efforts that can provide the technical basis for land use changes, while also ensuring that the public is educated and aware of the necessities of planning changes. These include a) comprehensive plan updates, b) zoning ordinance updates, c) design review guidelines updates, and d) education for decision-makers about updates and changes. Comprehensive plan changes that do not have enough technical education or clear messaging on why the changes are necessary can lead to conflict and misunderstanding.

Without longer-term, regional planning efforts, the housing market can grow unchecked, in uneven and ad hoc ways. This growth often occurs parcel by parcel or project by project, without a holistic view of how each new project fits together with the needs and goals of the region, local government, or immediate community. Adequate transit and transportation planning play large roles in ensuring housing development is available and accessible to all types of households, and that land and other resources are used efficiently.

### Affordable Housing Gap Funding

If the private market is not building enough housing that is affordable to lower income households, local governments should offer incentives or subsidies to encourage this type of housing. These must be calibrated to ensure that the public good offsets the added cost of development. Local governments can also ensure that their zoning allows—and actually encourages[23]—higher density development so that larger multifamily projects, including affordable housing projects which are typically built to a certain size and scale, are feasible.

In addition, governments should establish mitigation measures to reduce the consequences of market failures. These are needed in healthy markets and underproducing markets. These can include preservation efforts to keep affordable housing and mobile home parks from redeveloping, emergency homeless shelters, fair housing laws, tenant rights and legal support systems, or rent assistance programs. These important mechanisms help to reduce the ways that racism or discrimination affect access to housing, or when a market gives too much leverage to landlords.

## A Range of Solutions, Many at Work

Housing markets are built one unit or one project at a time, and government interventions can begin at the site level and build to regional efforts. But as this report has shown, that often

[23] Oftentimes zoning codes may technically allow a certain type of housing to be developed, but other requirements—such as side or front setbacks, height limits, or parking requirements—effectively make it impossible to build the allowed housing type.

means adequate housing production at the high end of the market and an underproduction of housing at the lower end. Figure 11 demonstrates a range of interventions local and regional governments can enact to encourage coordinated development, reduce specific regulatory barriers where they exist, and provide funding and financing for lower cost developments.

**Figure 11. Local Government Interventions on Housing Development & Housing Supply**

| Group | Intervention | Impact on Development | Scale of Impact |
|---|---|---|---|
| Planning | Land Supply and Growth Management | Influences whether or not housing can be built; influences cost of land which impacts development costs and overall feasibility | Region wide |
| | Infrastructure | Influences where housing can be built quickly; influences cost of land which impacts development costs and overall feasibility | Region wide |
| | Placemaking & Amenities | Influences desirability and cost of land which impacts development costs and overall feasibility | Region wide |
| | Transit & Parking Availability | Influences desirability and cost of land which impacts development costs and overall feasibility; transit and parking infrastructure influence transit use, overall vehicle miles travelled, greenhouse gas emissions, and combined housing and transportation costs | Region wide |
| Regulations | Property Tax Laws | Influences ongoing costs of operating a property, which impacts development feasibility | Jurisdiction wide |
| | Zoning | Influences what types and how many units can be built on a site which impacts development feasibility | Jurisdiction wide |
| | Parking Requirements | Requiring a certain amount of parking per unit influences what types and how many units can be built on a site which impacts development feasibility | Jurisdiction wide |
| | Infrastructure Requirements | Requiring a development to pay for infrastructure (sidewalks, road improvements, etc.) impacts total development costs which influences what types and how many units can be built on a site | Jurisdiction wide |
| | Permitting & Impact Fees | Influences the total cost of development which impacts overall feasibility | Jurisdiction wide |
| | Permitting & Design Review Processes | Influences the time to complete a project which typically requires debt servicing which influences the total cost of development and overall feasibility | Jurisdiction wide |
| | Materials or Building Requirements | Influences the total cost of development which impacts overall feasibility | Jurisdiction wide |
| | Requirements for Contracting | Influences the supply of contractors, impacting the total cost of development which impacts overall feasibility | Jurisdiction wide |
| | Inspections & Certifications | Influences ongoing costs of operating a property, which impacts development feasibility | Jurisdiction wide |

| Group | Intervention | Impact on Development | Scale of Impact |
|---|---|---|---|
| Funding & Incentives | Loans or Grants | Influences availability of funds, impacting the total cost of development which impacts overall feasibility | Specific project or type of project |
| | Tax Abatements | Influences ongoing costs of operating a property, which impacts development feasibility | Specific project, type of project, or location |
| | Rental Subsidies | Influences ongoing costs of operating a property, which impacts development feasibility | Specific project or type of project |
| | Incentives | Influences what types and how many units can be built on a site, can directly or indirectly influence total cost of development which impacts overall feasibility | Specific project, type of project, or location |
| | Land Write Downs | Influences the total cost of development which impacts overall feasibility | Specific project or type of project |

Data on the number of permits approved in recent years in Treasure Valley communities makes it clear that many cities are doing a lot of good work to encourage and steward housing development. Information gathered from the survey, discussion at the workgroup, and targeted interviews with housing experts identified several encouraging policies that are working to promote housing production in the Treasure Valley, as shown in Figure 12.

**Figure 12. Encouraging Housing Policies in the Treasure Valley**

| Encouraging Policy | Areas Currently in Use (not comprehensive) | Other Applicable Areas |
|---|---|---|
| Identifying housing needs via comprehensive plans and long-range planning | City of Boise, City of Nampa, Canyon County, | All jurisdictions |
| Rezoning efforts or overlay zones, including allowing accessory dwelling units (ADUs), allowing gentle density, encouraging more housing choices, and/or reducing administrative and permitting requirements for low-income housing developments | City of Boise many policies, City of Greenleaf includes ADUs in ordinance, Cities of Notus and Caldwell are exploring policies, City of Kuna is working with specific developers | Any low-density neighborhood |
| Strong partnerships with non-profit developers, service providers, and housing authorities | City of Boise, City of Caldwell | All jurisdictions |
| Working with Urban Renewal Agencies to identify land, identify infrastructure needs, secure funding, move development along | City of Boise, City of Meridian, City of Garden City | All jurisdictions |
| Providing financial resources and incentives for development gap funding | City of Boise | Larger jurisdictions |
| Affordable housing density bonus | City of Boise | All jurisdictions |
| Waiving fees for affordable housing development | City of Meridian, City of Boise (starting Oct 1, 2023) | Larger jurisdictions |
| Creating rental housing and mobile home park preservation programs | City of Boise | All jurisdictions |

| Encouraging Policy | Areas Currently in Use (not comprehensive) | Other Applicable Areas |
|---|---|---|
| Providing recreational vehicle (RV) parking for moderate- to low-income persons owning older-model RVs | Canyon County and City of Caldwell are exploring options | All jurisdictions |
| Land banking surplus publicly owned land for affordable housing | City of Boise | All jurisdictions |
| Transferring tax-deeded properties from County to housing authorities for development of low-income housing | Canyon County, City of Caldwell | All jurisdictions |
| Adopting stratified rent structures for non-subsidized units to ensure continued affordability | Canyon County, City of Caldwell | All jurisdictions |
| Housing Authority performing community development activities on behalf of the city to generate funding for low-income housing development | Canyon County, City of Caldwell | All jurisdictions |
| Operating Continuums of Care to assist people at risk of or experiencing homelessness | City of Boise, Ada County | N/A |

# 5. Housing Action Plan

The strategies in this Housing Action Plan serve as a near-term workplan for the workgroup, guiding COMPASS and the various players who influence housing development toward the shared vision of ample supply and housing choice.

This chapter summarizes the housing actions that COMPASS and its partners can take to unlock housing production in the next 8-10 years.

If COMPASS implements the near-term priorities identified in Phase 1, and many of the jurisdictions in the region implemented some of the long-term priorities in Phase 2, the region could successfully increase the pace of development (including regulated affordable housing development) to reach the needed housing units estimated in Chapter 3. Meeting this production goal could help to bring housing supply and demand back in balance thereby moderating rent and price increases and bringing vacancy back to healthy levels.

## Near-Term Priorities

The workgroup prioritized the following five actions that it felt could set the foundation for improved regional coordination on issues relating to housing production and affordability. Each near-term action has been evaluated with an Action Sheet, describing the strategy, implementation steps, and potential partners.

**Figure 13. Five Near Term Actions for COMPASS**

1) Continue convening the Workgroup

2) Identify ways to redirect growth from unincorporated areas

3) Adjust COMPASS's population forecast methods

4) Continue offering housing education and training opportunities

5) Advocate for state policy changes to increase affordable housing gap funding

# 1. Continue Convening the Workgroup

## Description and Need

COMPASS has committed to continue convening the Affordable Housing Advisory Workgroup to discuss housing policy solutions and regional coordination needs, and to guide COMPASS's decision-making relating to the colocation of housing near transit investments.

The Treasure Valley region is likely to see continued strong population growth and demand for housing. The region needs to continue discussing how different levels of government and housing actors can work together to achieve affordability in the market, and how COMPASS can best help to achieve that goal. The workgroup can create the space to coordinate these conversations and be a guide for regional policy setting.

## Considerations to Explore

- COMPASS leadership should clarify the organization's role in supporting housing production across the region. To successfully convene and host the workgroup, COMPASS should understand the outcomes leadership desires from the workgroup and the steps it can take to reach those outcomes.
- COMPASS should consider dedicating a staff person to housing issues, including handling the workgroup logistics, tracking, and monitoring data, and hosting educational and training programs (Strategy 3). This person would help COMPASS coordinate the various housing issues and solutions.
- COMPASS and the workgroup should pay strong attention to other regional housing and social policy efforts to ensure they are as coordinated as possible and share data, such as the Treasure Valley Community Health Needs Assessment and the Western Idaho Community Health Collaborative.

## Implementation Steps

- The workgroup should continue to meet monthly or bi-monthly.
- COMPASS and the workgroup should create a charter that outlines the roles and responsibilities of members, tenure on the workgroup, member alternates, and expectations for participation. The charter should identify the number of members, and outline ways to secure representation and commitment from a variety of cities, nonprofits, developers, funders, and service providers across the region. It should set expectations for the number of meetings per year, and overall operating structure of the workgroup.
- COMPASS should dedicate a staff person to managing the workgroup, creating agendas, coordinating meeting logistics, and overseeing membership.
- COMPASS and the workgroup could produce a "State of Housing and Transportation" report each year monitoring progress and renewing regional housing coordination goals.
- COMPASS and the workgroup should coordinate to implement these actions over the workgroup's first few years.

### METRICS TO EVALUATE SUCCESS

The workgroup should create housing production metrics

### COMPASS' ROLE

Convener and guide, monitor housing production metrics

### POTENTIAL PARTNERS

Existing workgroup members, local governments, housing nonprofits, developers, homeless service providers, transit providers, etc.

# 2. Identify Ways to Encourage Growth Where Infrastructure Exists

**Description and Need**

COMPASS and its member agencies should identify ways to redirect housing growth from unincorporated areas, areas to be annexed, or other impact areas and toward areas that are already developed and have suitable infrastructure, zoning, access to transit, and active transportation options. This can help protect farmland, forestland, and natural open spaces, help prevent unfunded infrastructure costs, and build up existing commercial centers and transit corridors. Directing growth in these ways could also help to enhance placemaking efforts and walkable mixed-use areas, and reduce commute times, traffic congestion, and greenhouse gas emissions.

## Considerations to Explore

- COMPASS should identify which cities are likely to annex new land into their jurisdictions in the coming years and develop a plan to manage this growth. This type of planning should include considerations on how newly incorporated areas are zoned, which greatly influences the types of housing that are developed. COMPASS and member agencies should work to ensure that housing in newly annexed or newly developed areas has a range of types and allows for mixed income communities.
- COMPASS and member agencies should consider transit access when developing housing in newly incorporated areas, which will impact the types of households who can occupy and afford this housing, as well as congestion and greenhouse gas emissions from car travel.
- COMPASS and member agencies should discuss to provide incentives that direct growth and development toward cities and developed areas, and/or support housing programs within cities.
- COMPASS and member agencies should explore whether "specific area plans" or "special area plans" can help direct growth toward areas with existing infrastructure. These types of plans are more specific than a comprehensive plan but not as specific as zoning changes.

## Implementation Steps

- COMPASS should have discussions internally about access to transit in greenfield development in unincorporated areas.
- COMPASS should consider its role in reviewing "significant developments" that may have an impact on regional coordination. It should talk with leadership about the criteria for determining whether a development is "significant."
- COMPASS should task the workgroup with establishing guidelines for the co-location of housing and transit in these areas.

### METRICS TO EVALUATE SUCCESS

Number of units (and type and regulated / unregulated) developed in unincorporated areas

### COMPASS' ROLE

Convener, educator, and guide

### POTENTIAL PARTNERS

Counties and cities on the edges of the region, real estate developers, transit agencies

# 3. Adjust Population Forecast Methodology in Unincorporated Areas

## Description and Need

As the regional long-term transportation agency, COMPASS forecasts population growth for the region and jurisdictions. The population forecasts are developed in three components, guided by the COMPASS Demographic Advisory Workgroup (DAWG). After establishing a control total forecast, a critical step is to allocate the growth to different subregions in Ada and Canyon Counties. This allocation directs where and how growth should occur and is largely driven by community input on various scenarios developed by COMPASS and the DAWG. Each year COMPASS and the DAWG adjust the forecasts to account for newly entitled developments while maintaining the control total.

In light of the housing development and transportation challenges of building housing in greenfield and unincorporated areas, and the high cost of newly detached single-dwelling units in these areas, COMPASS and the DAWG could adjust the methodology for allocating growth across the region. It should continue to offer scenarios that direct more of the population to already developed areas that have suitable infrastructure, zoning, and access to transit. Within cities, population growth should continue to be directed to city centers and transportation corridors. Changing the population forecasts could lead to less development in greenfield and unincorporated areas.

## Considerations to Explore

- Similar to Strategy 1, the COMPASS team should continue having internal discussions with its leadership to clarify COMPASS' role in influencing housing production in certain areas across the region.
- The scenarios should continue to evaluate the political and financial implications of changing population forecast methods, including the financial implications of low-density housing development in unincorporated and greenfield areas (such as traffic congestion, greenhouse gas emissions, lack of housing diversity, and housing costs, among other considerations).
- COMPASS staff and the DAWG should continue to explore the allocation methodology behind the scenarios presented to the public and evaluate the influences that different methodological assumptions have on the population and housing outcomes in each area.

## Implementation Steps

- COMPASS' long-range planning work is updated every five years and work has already begun on Communities in Motion 2055 (the five-year update to Communities in Motion 2050). Communities in Motion 2055 is scheduled for adoption by the COMPASS Board of Directors by December 2027.
- COMPASS could incorporate community engagement on the methodological changes when it conducts one-on-one conversations with member agencies each year.

### METRICS TO EVALUATE SUCCESS

Number of units (and type and regulated / unregulated) developed in unincorporated areas

### COMPASS' ROLE

The COMPASS DAWG would oversee adjustments to the methodology

### POTENTIAL PARTNERS

Counties and cities on the edges of the region, real estate developers, transit agencies

# 4. Continue Education and Training Programs

## Description and Need

COMPASS should continue offering and/or partnering to offer educational and training programs that expand and focus on housing production issues. While general housing education programs already exist, new housing production focused training could dive deeper into housing market fundamentals, housing development basics, the nuances of affordable housing development and financing, and the consequences of undersupply. These training opportunities could be differentiated by (a) being open to a cross-sectional audience, (b) being focused on housing production solutions across the region, and (c) including relevant and recent market data. These opportunities should be open to any local government planning, housing, or development staff; local developers; nonprofit housing providers; homeless service providers; advocates; and other interested parties. These opportunities should aim to build a cohort of informed, aligned regional housing leadership in the Treasure Valley.

## Considerations to Explore ▶

- Training opportunities could help overcome barriers and resistance to development by ensuring local planners, elected officials, and members of local design review or planning commissions understand the fundamentals of how housing markets operate and the consequences of undersupply.
- Training opportunities focused on how zoning differences across jurisdictions contribute to ad-hoc, uncoordinated, and or low-quality development can help the region achieve high-quality, mixed-use, placemaking successes from the development already happening by the market.
- Training opportunities could help reduce financing and funding barriers that contribute to the undersupply of regulated affordable housing units by ensuring that market-rate real estate professionals, lenders, and public sector staff understand the specific nuances and challenges facing affordable housing development.
- Informational materials should identify transportation corridors and land uses that pair well with transit infrastructure in each jurisdiction to help elected officials understand the implications of greenfield development.
- Informational materials should make a clear economic argument for more housing diversity and abundance as an investment that can help limit demands on taxpayers and pay dividends in terms of workforce productivity, household, and community stability.
- These education and training opportunities could align with the bi-annual Conference on Housing and Economic Development sponsored by the Idaho Housing and Finance Association.

## Implementation Steps ▶

- COMPASS should continue to discuss the importance of a more equitable distribution of affordable housing and housing access to opportunity—two fundamental aspects of planning for housing production region-wide.
- COMPASS could create a "planning academy" program that helps newly elected officials and interested parties gain a basic understanding of housing issues facing the region.
- COMPASS should expand the housing market data and development trends information it already provides to the region to include more nuanced information on the rates of cost burdening by jurisdiction by income level, the housing + transit burdens facing many households, the scarcity of regulated or low-cost housing compared to the need, and the loss of greenfield areas, open spaces, agricultural lands and industrial areas that are developed or redeveloped into single-dwelling unit housing.
- COMPASS might want to consider dedicating a staff person to housing issues including tracking and monitoring data and managing these educational and training programs. This person would help COMPASS coordinate the various housing issues and solutions.

| METRICS TO EVALUATE SUCCESS | COMPASS' ROLE | POTENTIAL PARTNERS |
| --- | --- | --- |
| Number of training opportunities held; number of participants | Educator and trainer | Local governments, elected officials, housing nonprofits, developers, homeless service providers, transit providers, etc. |

# 5. Advocate for State Policy Changes to Increase Affordable Housing Gap Funding

### Description and Need

COMPASS and interested jurisdictions should advocate for state policy changes that can increase affordable housing gap funding to support regulated affordable housing development. Until pandemic-related affordable housing funding arrived, Idaho did not dedicate any state funding to affordable housing gap financing, contributing to the undersupply of regulated affordable housing for low-income households across the state.

In 2022, the Idaho State Legislature created the Idaho Workforce Housing Fund (IWHF) using part of Idaho's allocation of federal American Rescue Plan Act funding. The IWHF received initial funding of $50 million and is likely to help fund about 1,400 regulated affordable housing units for households earning less than 80% of the AMI. The funding needed to be dedicated to affordable housing projects by June 2023 and is not set to renew.

Conversations with staff in the Idaho Housing Finance Agency which oversees the IWHF demonstrated that this state gap funding was uniquely helpful in boosting affordable housing development, allowing for greater leverage of other funding sources, such as the Low-Income Housing Tax Credit (LIHTC) program. However, as the funding source is set to expire, additional advocacy to the state to renew and expand the program is needed.

In addition, COMPASS and interested jurisdictions should continue to advocate for state policy change relating to local option levies and local taxing authority. At present, local governments in non-resort communities do not have the authority to levy non-property taxes for infrastructure projects, including affordable housing development. This limitation hampers local governments' ability to provide development gap funding to affordable housing developments and overcome insufficient state gap funding.

## Considerations to Explore

- COMPASS should clarify the role it can play in fostering or supporting a coalition that advocates for a specific policy.
- COMPASS staff team and workgroup members should have conversations with leadership on its willingness to take a position on housing-related topics.
- COMPASS and advocates should clarify the specific housing-related policies they intend to support.
- COMPASS and advocates should identify the ideal amount of gap funding needed or targeted from public and private sources.

## Implementation Steps

- Identify and work with existing coalitions already advocating for similar affordable housing policy or tax policy changes at the state.
- Draft a policy paper/position on need for affordable housing gap financing and potential solutions across a range of incomes, from permanent supportive housing units for people experiencing homelessness to workforce rentals for households over traditional affordable housing income limits.

### METRICS TO EVALUATE SUCCESS

Percent increase in state affordable housing gap funding; percent increase in regulated affordable housing units by income level

### COMPASS' ROLE

Convener, educator, supporter

### POTENTIAL PARTNERS

Local governments, affordable housing developers, or nonprofit organizations working in housing, homelessness, anti-poverty efforts, or early childhood education

## Longer-Term Strategies

In addition to the five near-term strategies, the workgroup agreed with the following longer-term solutions. The majority of these actions need to be taken by local jurisdictions who have more direct control over the levers that influence housing development. Many jurisdictions in the region are already implementing some of these policies, but more can work to adopt them and plan for more housing and more affordable housing development.

### Longer-Term, Relatively Easier Actions

- Increase planning for accessible housing and work to identify funding for accessibility retrofitting as homeowners age and increasingly age-in-place.
- Increase efforts and investments in homelessness solutions and coalitions.
- Develop strong partnerships with non-profit developers, service providers, and housing authorities.
- Adopt stratified rent structures for non-subsidized units to ensure continued affordability.

### Longer-Term, Relatively Harder Actions

- Align zoning codes with comprehensive plan goals to help protect open spaces, forestlands, and agricultural areas.
- Develop buildable lands inventories, including inventory of publicly owned sites, to help protect open spaces, forestlands, and agricultural areas.
- Identify areas designated for transit and mixed uses and increase the allowable zoned housing density in these areas.
- Allow creation of housing within commercial development, i.e., increase mixed-use development that incorporates a variety of housing types.
- Adjust land use regulations to incentivize and increase the amount of housing and affordable housing in more "naturally occurring" ways. For example, rezone or establish overlay zones, including allowing ADUs, allowing gentle density, encouraging more housing choices, and/or reducing administrative and permitting requirements for low-income housing developments.
- Provide financial resources and incentives for development gap funding including affordable housing density bonuses or fee waiver programs for affordable housing.
- Work with local Urban Renewal Agencies to identify land, identify infrastructure needs, secure funding, and encourage more walkable/transit-oriented and mixed-use housing development.
- Provide RV parking for moderate- to low-income persons owning older-model RVs.
- Create regional rental housing and mobile home park preservation programs.

- Land bank surplus publicly owned land for affordable housing.
- Transfer tax-deeded properties from local governments to housing authorities for the development of low-income housing.
- Operate and fund Continuums of Care to assist people at risk of or experiencing homelessness.

# 6. Appendices

## Appendix A. Treasure Valley Area Median Incomes

A concept helpful for understanding housing development and planning needs is the Area's Median Income (AMI), or the annual income that a family of four in the middle of an area's income distribution would earn. AMIs are expressed as a percentage of the median – a family earning the median income (100%), 30% of the median, or 120% of the median.

The U.S. Department of Housing and Urban Development (HUD) defines an area's Median Family Income (MFI), but AMI is often used interchangeably.[24] HUD defines the Boise Fair Market Rent Area as Ada, Boise, Canyon, and Owyhee counties. Importantly, these definitions apply to *family households*, not non-family households, which are typically smaller (e.g., single person households, roommates) and typically lower income than family households. It is also important to note that the 100% median is calculated for a family of four persons when making comparisons.

As shown in Figure 14, the region's 2023 AMI is $98,300 for a family of four. HUD adjusts the income limits up or down based on family size and provides income limits for 30% of MFI, 50% of MFI, and 80% of MFI. Additional income limits (such as 60% or 120%) can be calculated off the 100% income limit to get an approximation of other affordability thresholds.[25]

**Figure 14. 2023 AMI for the Boise City Metro Fair Market Rent Area**
Source: HUD

| | Persons in Family | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 100% AMI | | | | $98,300 | | | | |
| 80% AMI | $49,950 | $57,050 | $64,200 | $71,300 | $77,050 | $82,750 | $88,450 | $94,150 |
| 50% AMI | $31,200 | $35,650 | $40,100 | $44,550 | $48,150 | $51,700 | $55,250 | $58,850 |
| 30% AMI | $18,750 | $21,400 | $24,860 | $30,000 | $35,140 | $40,280 | $45,420 | $50,560 |

Figure 15 displays the area median income limits for 2019, to align with much of the data used in the plan. The region's median income rose significantly between 2019 and 2023, almost $25,000 or a 34% increase (an average annual growth rate of 7.5%). This exemplifies the region's dramatic growth and changing demographics a short time period.

**Figure 15. 2019 AMI for the Boise City Metro Fair Market Rent Area**
Source: HUD

| | Persons in Family | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 100% AMI | | | | $73,600 | | | | |
| 80% AMI | $41,250 | $47,150 | $53,050 | $58,900 | $63,650 | $68,350 | $73,050 | $77,750 |
| 50% AMI | $25,800 | $29,450 | $33,150 | $36,800 | $39,750 | $42,700 | $45,650 | $48,600 |
| 30% AMI | $15,500 | $17,700 | $21,330 | $25,750 | $30,170 | $34,590 | $39,010 | $43,430 |

[24] Source: HUD. 2018. "FY 2018 Income Limits Frequently Asked Questions." www.huduser.gov/portal/datasets/il/il18/FAQs-18r.pdf

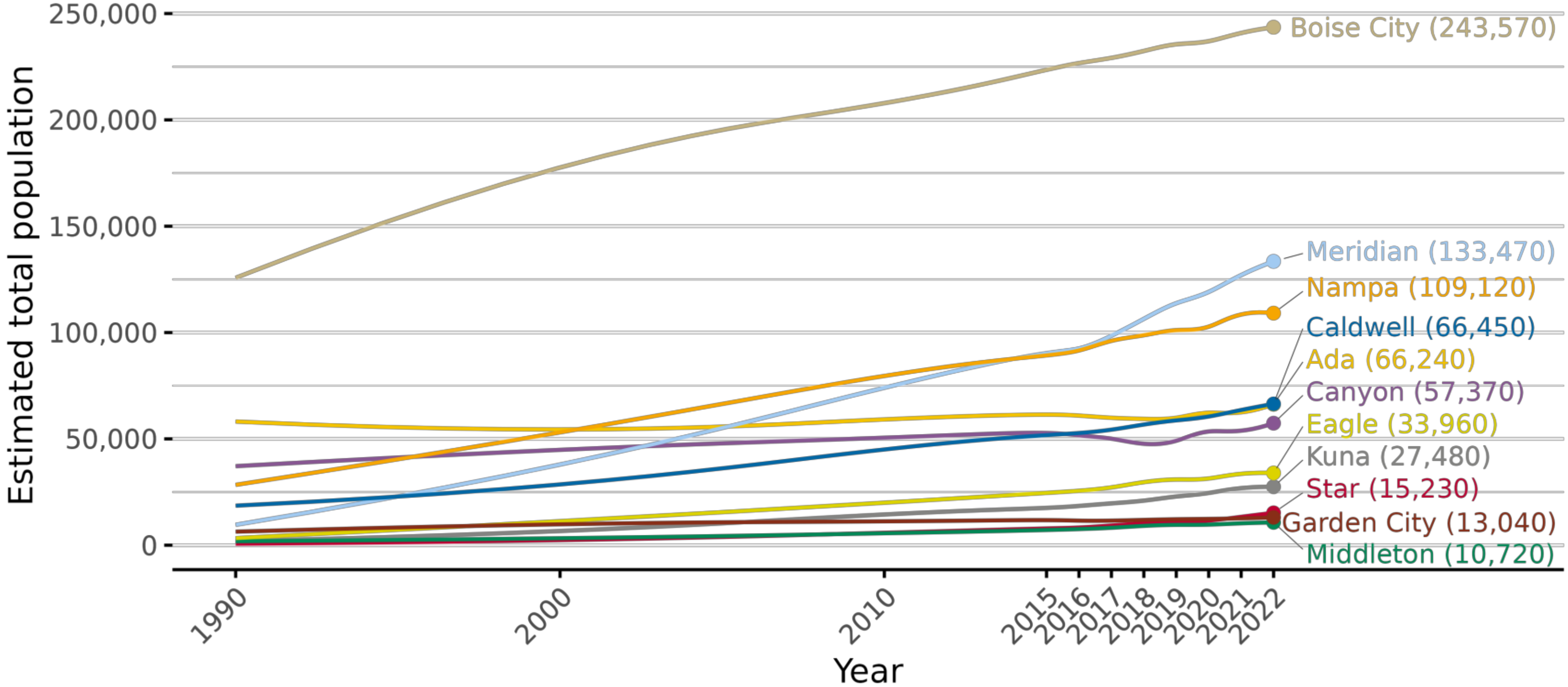
[25] These approximations—and HUD's official limits—may not be exact fractions of the 100% median income (in the table, the official 50% income limit for a family of four is lower than half of the 100% limit).

# Appendix B. Additional Treasure Valley Population and Housing Market Data

This appendix provides additional information on the Treasure Valley population and housing market, including historical trends. These data can provide helpful context for the affordability challenges and range of policy solutions identified in the plan. More information can be found in the interactive web-based data tool.[26]

**Figure 16. Population Growth, Select Treasure Valley Communities, 1990-2022**

Source: ECONorthwest Analysis of COMPASS data




[26] Link to data tool: https://econw.shinyapps.io/compass_regional_housing_app/#section-existing-housing

**Figure 17. Distribution of Housing Stock by Jurisdiction and Number of Units in Structure, 2021**

Source: ECONorthwest analysis of 2021 American Community Survey data

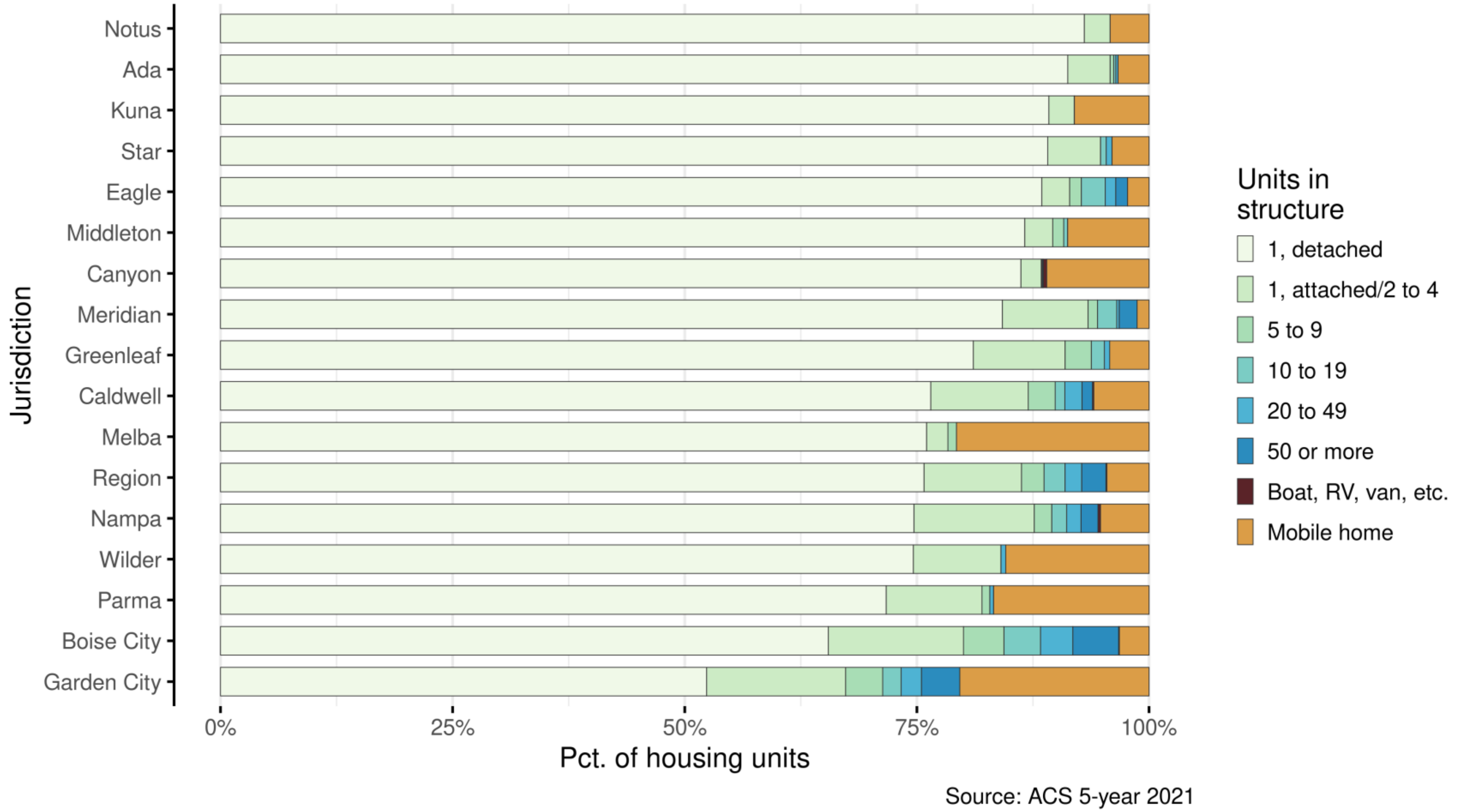


**Figure 18. Number of Housing Units Permitted by Type, Treasure Valley Region, 2000-2021**
Source: ECONorthwest analysis of 2000-2021 COMPASS data

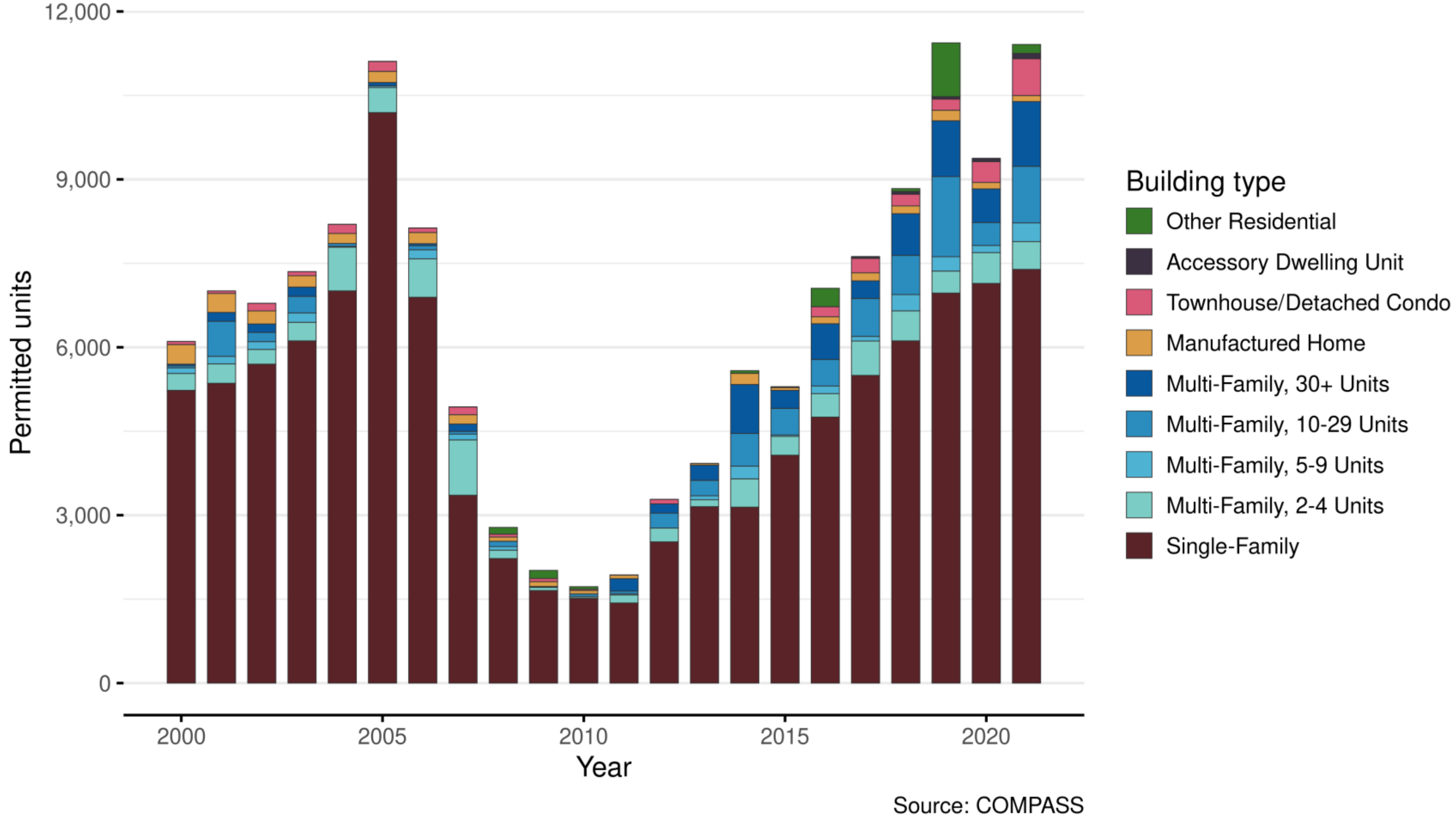


**Figure 19. Number of Multifamily Housing Units Permitted by Type, Treasure Valley Region, 2000-2021**
Source: ECONorthwest analysis of 2000-2021 COMPASS data

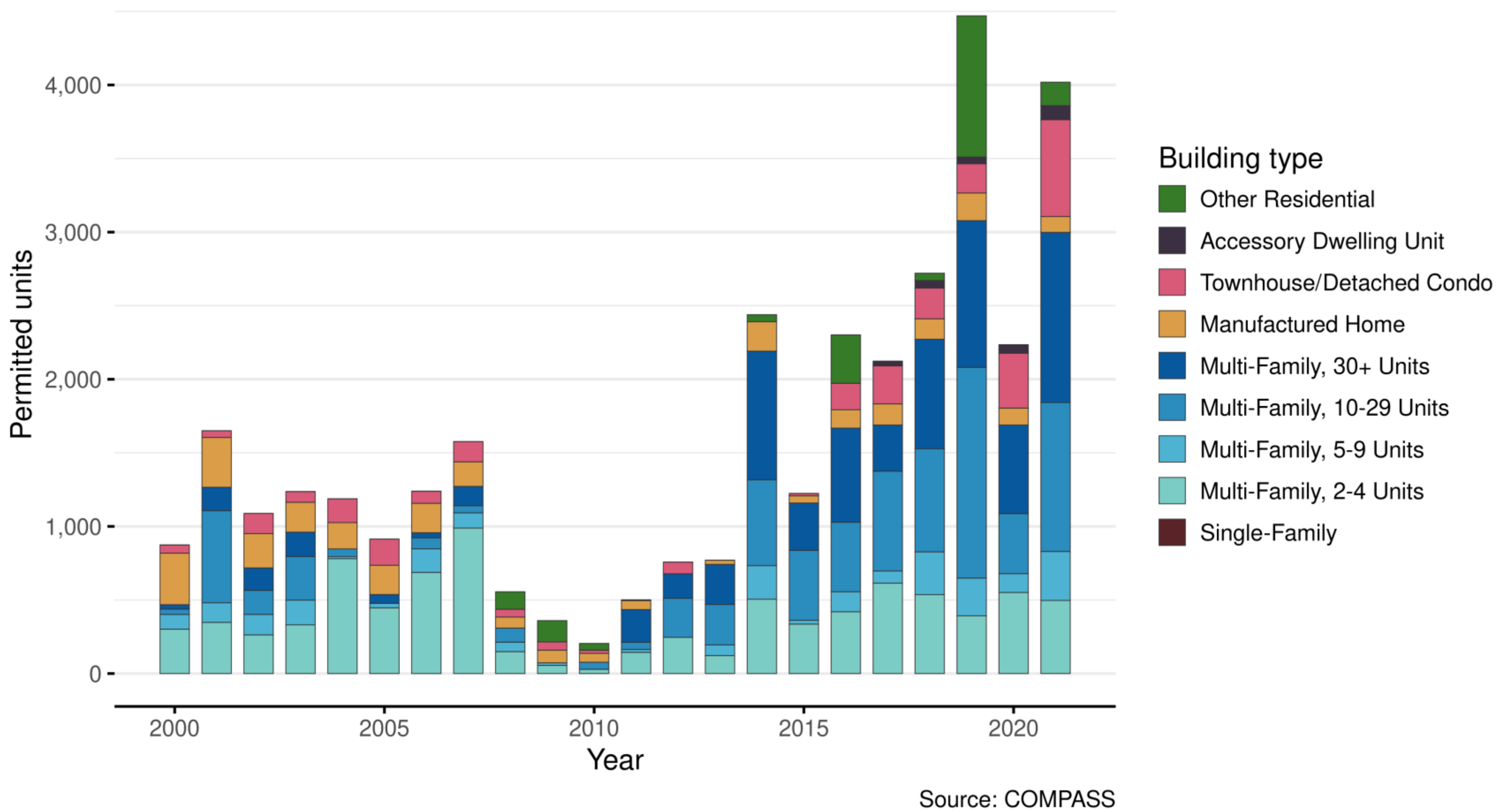


**Figure 20. Renter Occupied Units Housing Cost Distribution as Percent of Area Median Income, 2019**
Source: ECONorthwest analysis of 2019 CHAS data

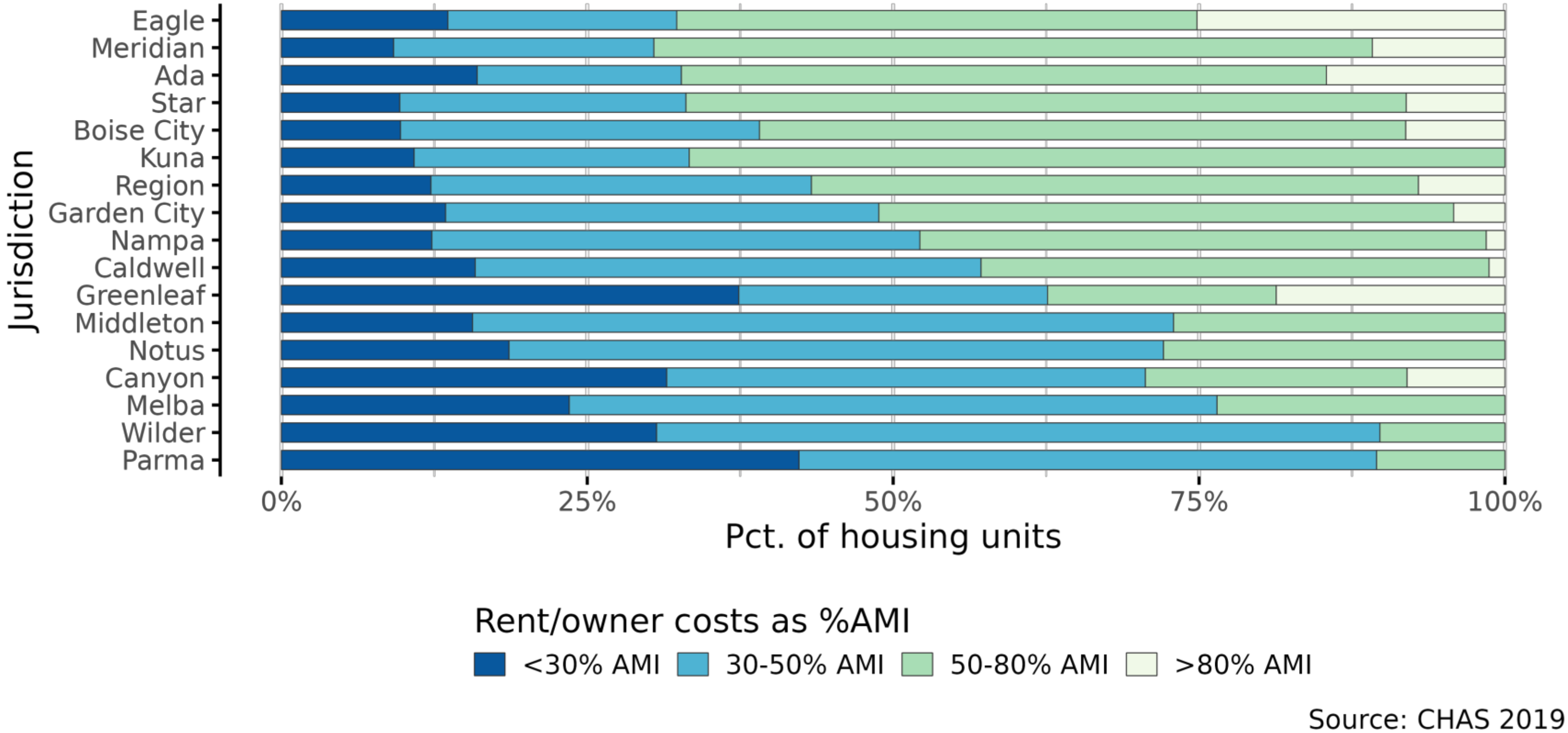


**Figure 21. Renter Income Distribution as Percent of Area Median Income, 2019**
Source: ECONorthwest analysis of 2019 CHAS data

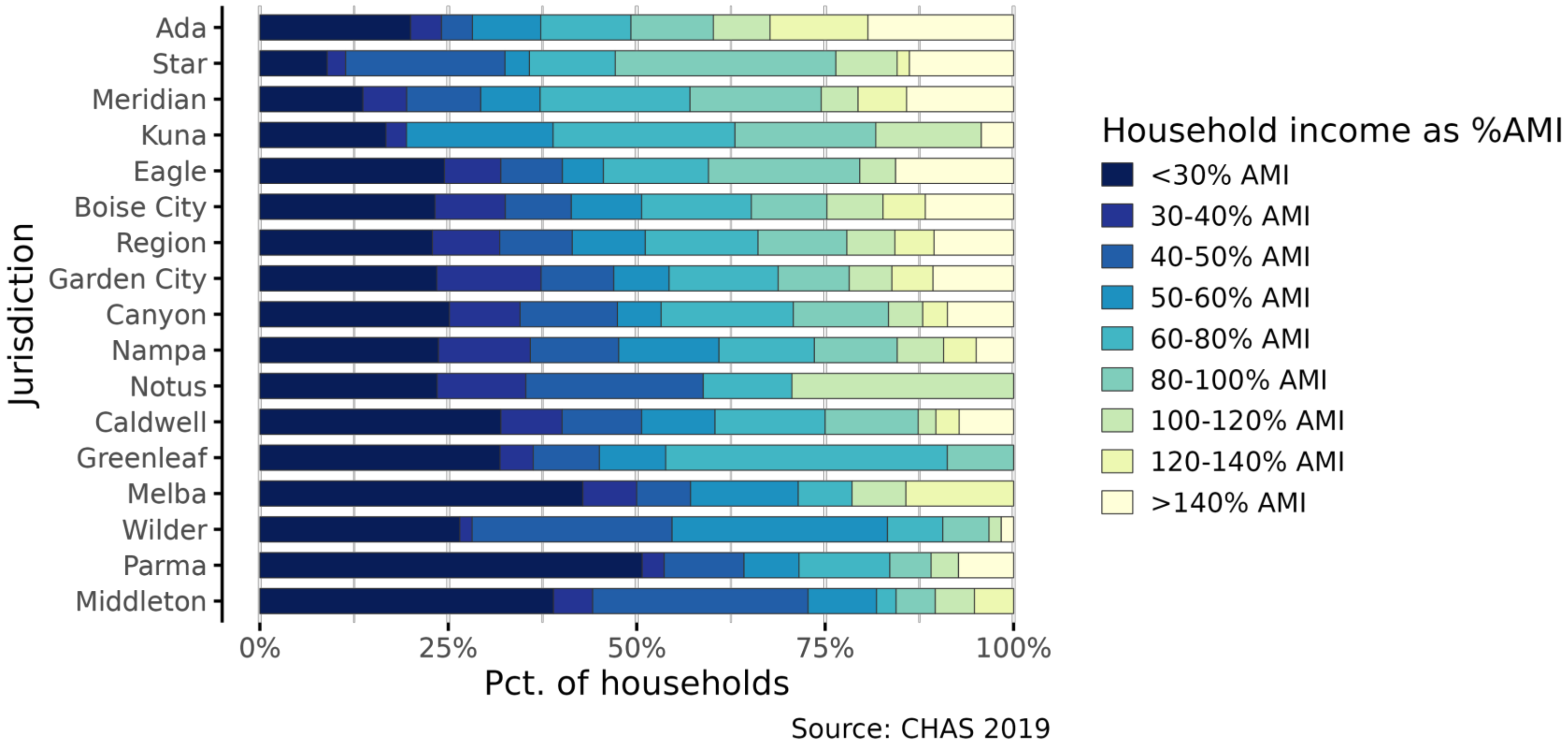


**Figure 22. Homeowner Occupied Units Housing Cost Distribution as Percent of Area Median Income, 2019**
Source: ECONorthwest analysis of 2019 CHAS data

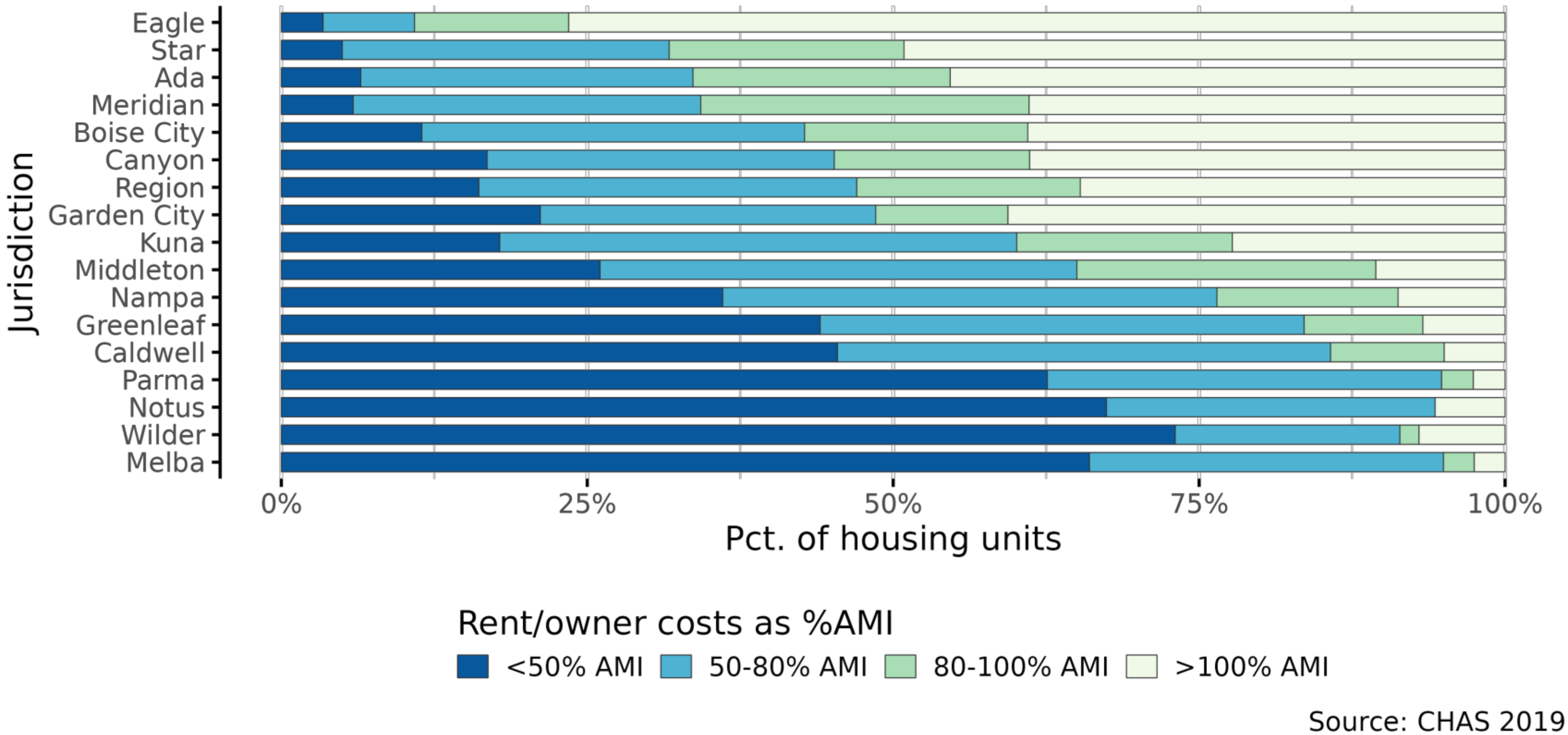


**Figure 23. Homeowner Income Distribution as Percent of Area Median Income, 2019**
Source: ECONorthwest analysis of 2019 CHAS data

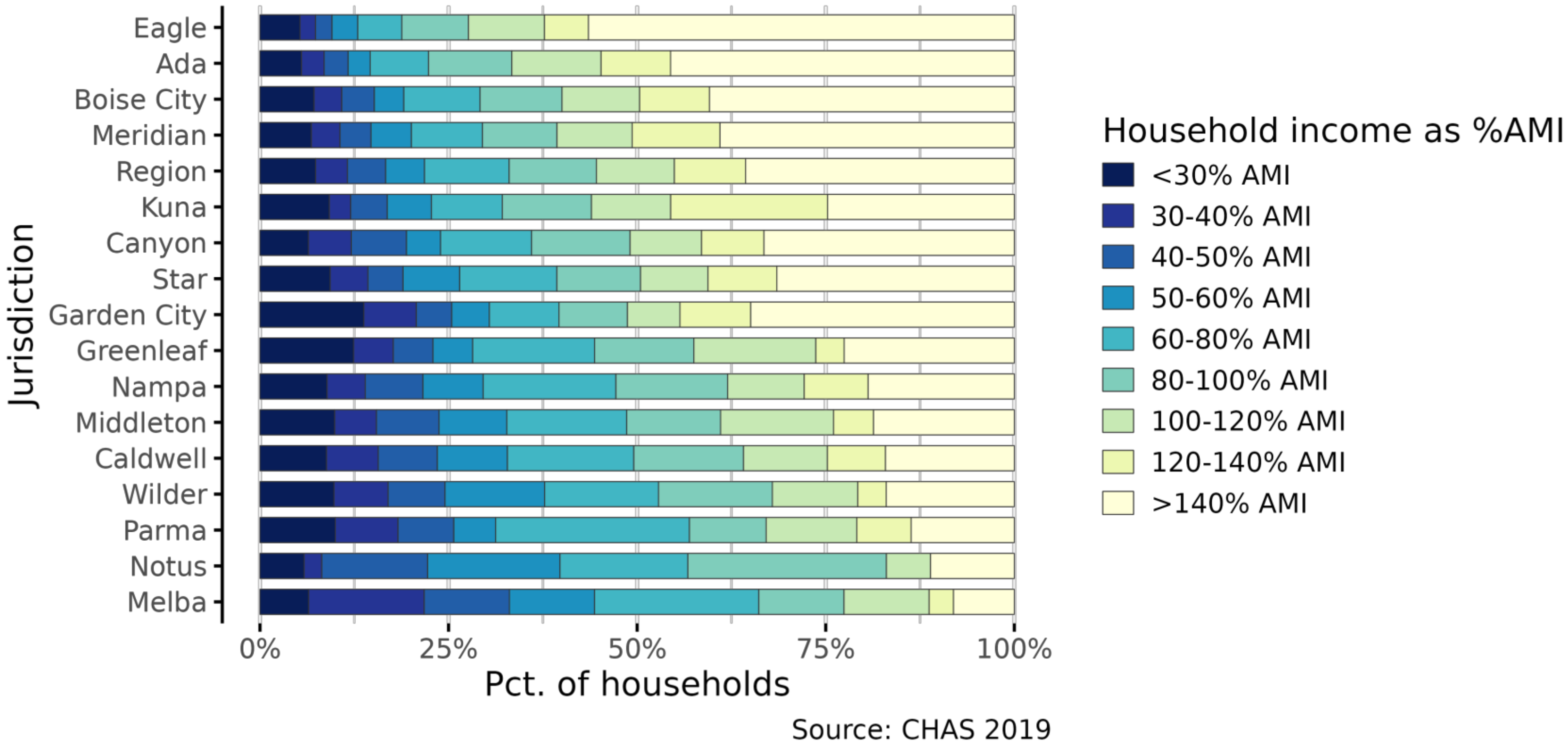


**Figure 24. Zillow Median Single Family / Condominium Prices, Treasure Valley, 2005-2023**
Source: ECONorthwest Analysis of Zillow data

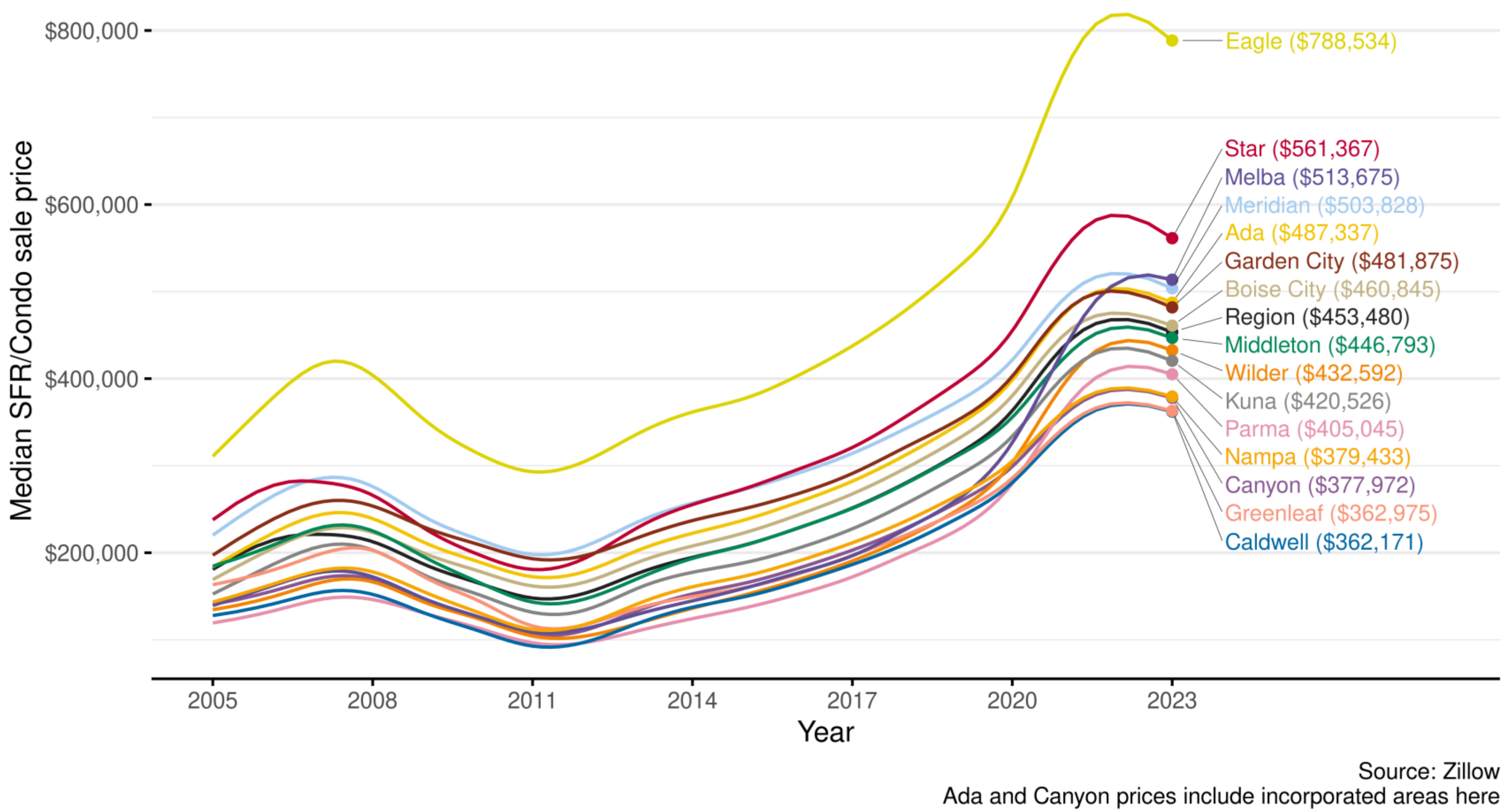
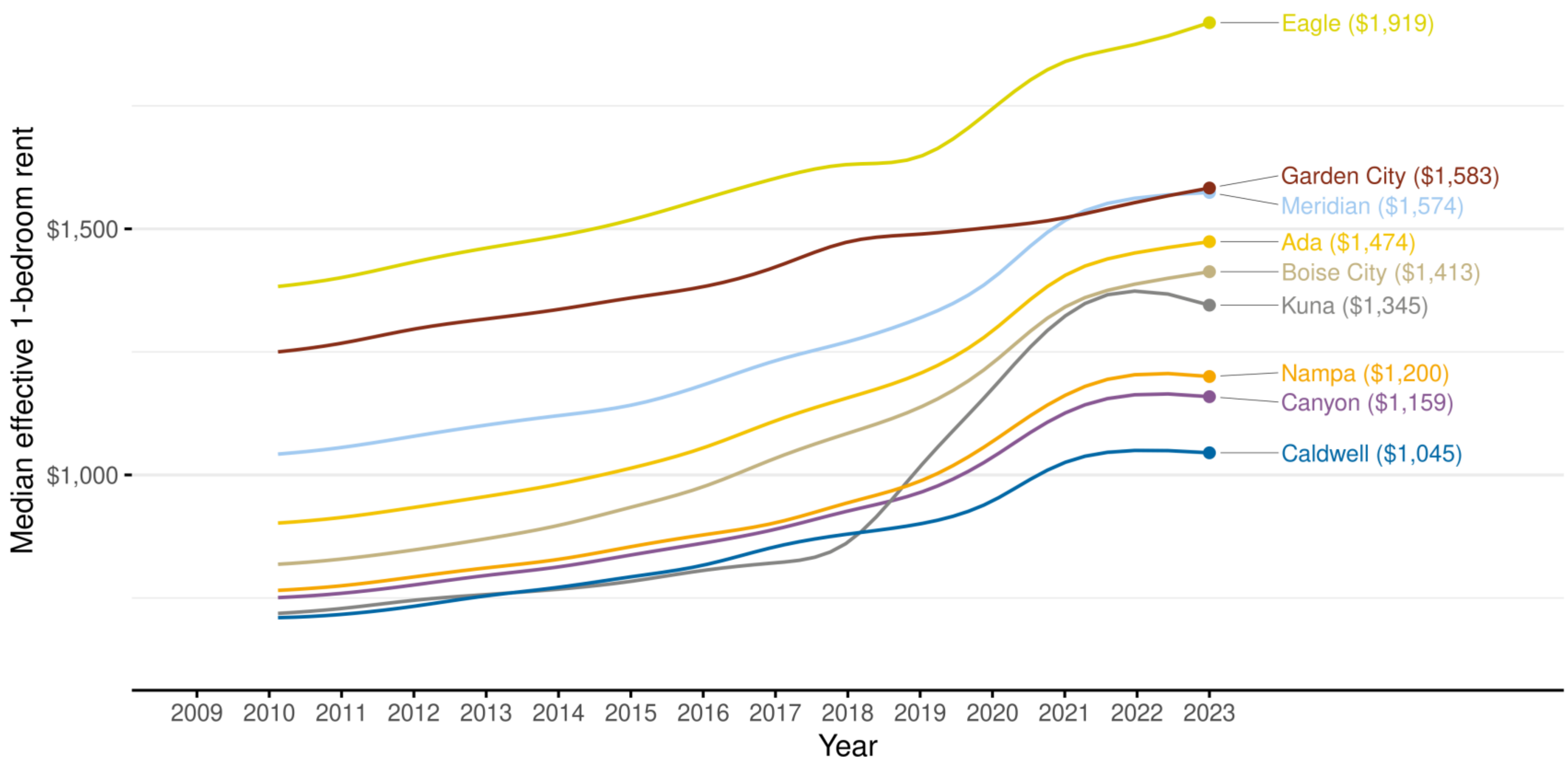
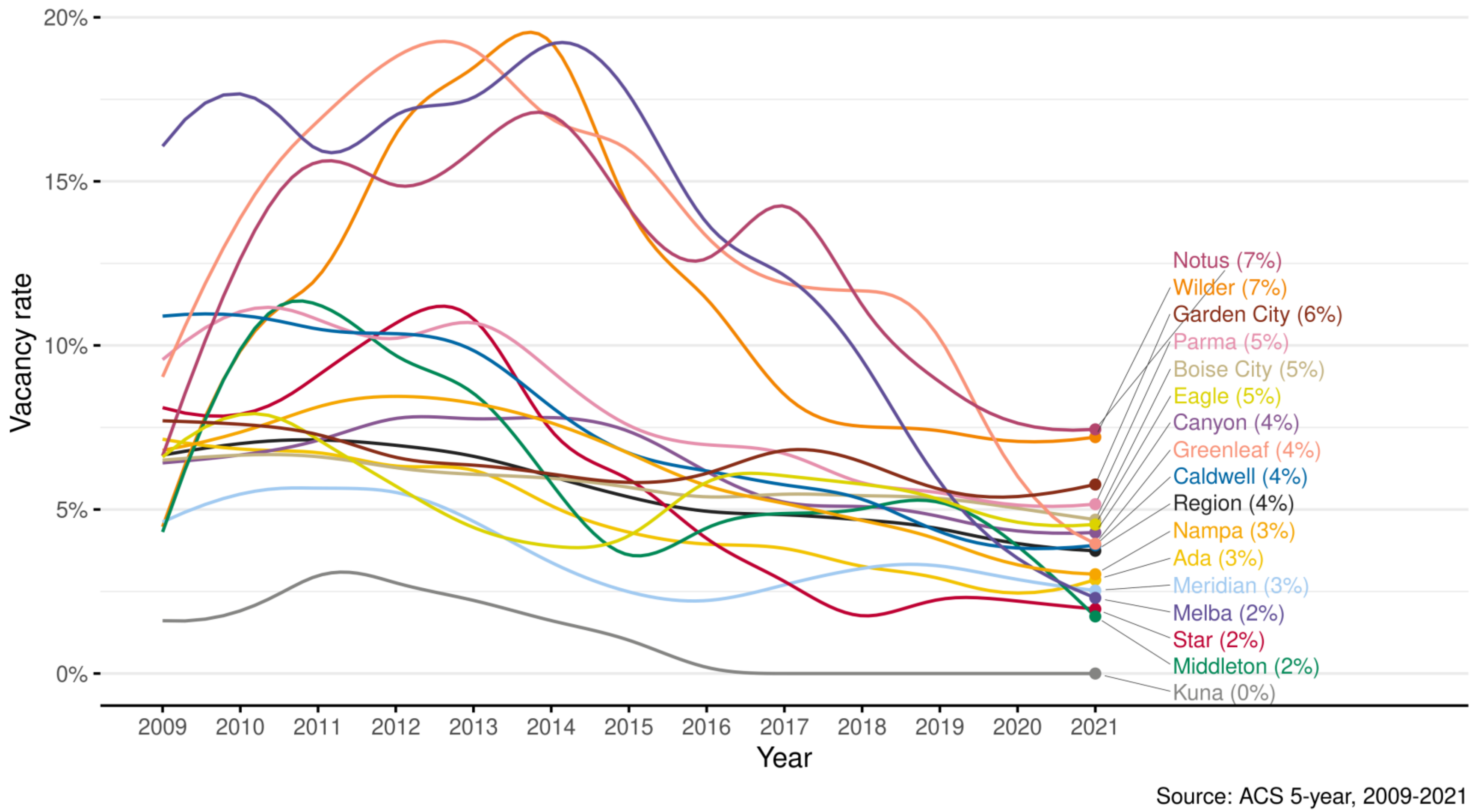


**Figure 25. Zillow Median 1-Bedroom Monthly Rents, Select Treasure Valley, 2010-2023**
Source: ECONorthwest Analysis of CoStar data




Source: CoStar
Notes: CoStar does not track apartment data in all study area geographies,
Ada and Canyon rents include incorporated areas here

**Figure 26. Rental Vacancy Rate, Treasure Valley, 2009-2021**
Source: ECONorthwest Analysis of American Community Survey (ACS) data

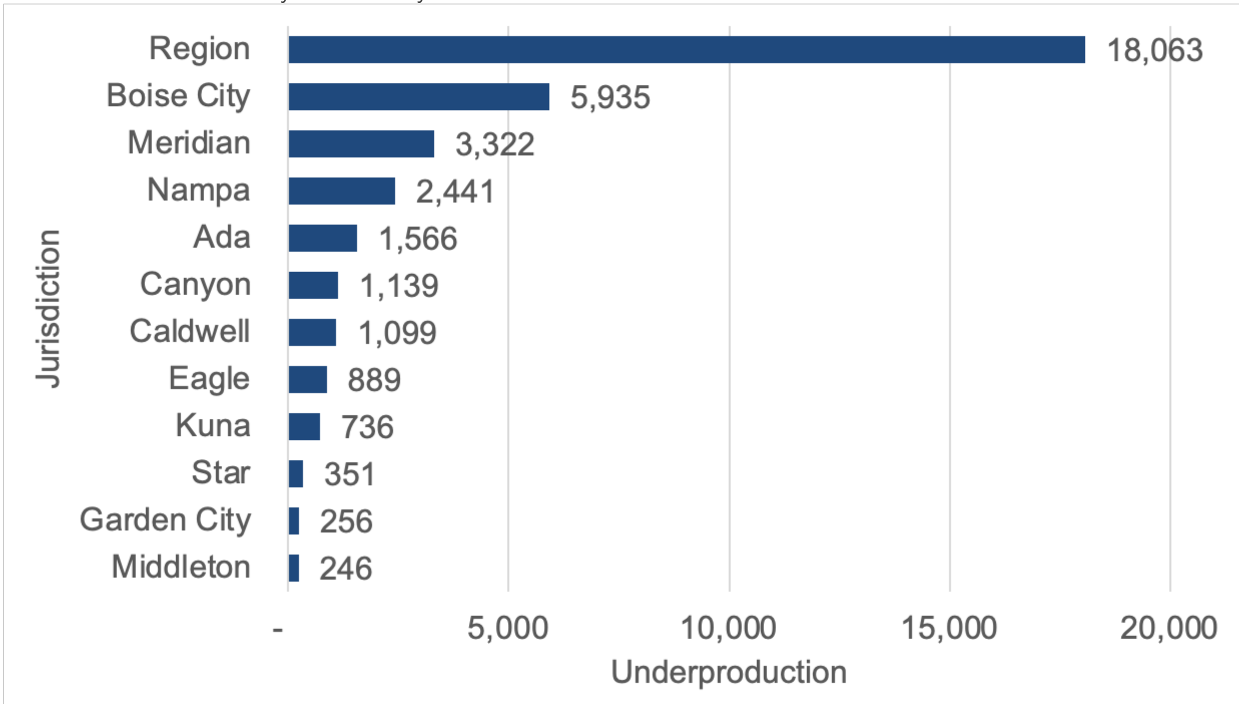


# Appendix C. Housing Underproduction Methodology

This analysis uses Census data to estimate the total number of total households in the region in 2021 (the most recent available for the geographies needed) and scales this by a factor of 1.10 which allows for an adequate amount of vacancy, demolition, and housing obsolescence in the housing stock at any given time. Nationally, since the 1960's, the U.S. has been producing about 1.10 units for every household, so this ratio is a suitable benchmark.[27]

Using this approach, the Treasure Valley region underproduced about 18,000 units of housing in total as of 2021, or roughly 6.6% of the total housing stock. Figure 27 displays the estimates of underproduction the region and the larger jurisdictions.

**Figure 27. 2021 Housing Underproduction in Larger Treasure Valley Jurisdictions**
Source: ECONorthwest analysis of ACS 5-year 2021

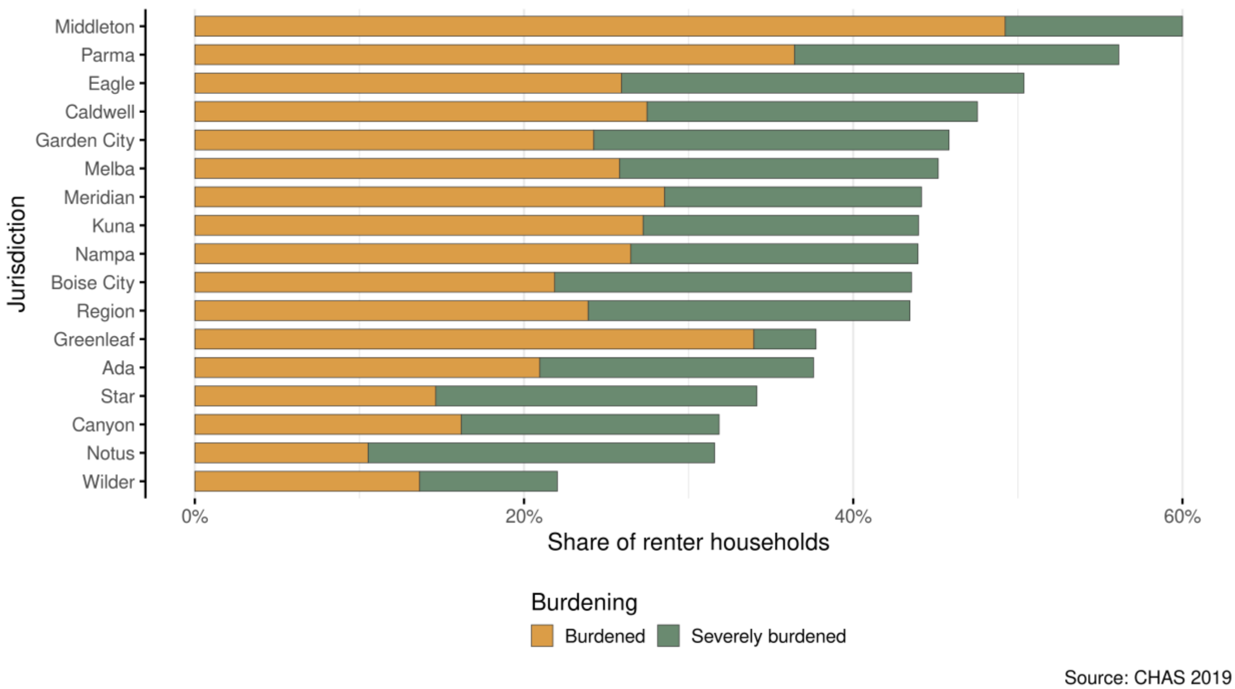



It is also possible to estimate the affordability level of these underproduced housing units, to get a sense of where demand for units has outpaced supply the most. A good proxy for this is the incidence of cost burdening, which indicates a household's income is too low for the housing unit they occupy, and which could be corrected if there were a larger supply of adequately priced housing. Cost burdening is a direct consequence of underproduction, as households have too few housing units to choose from, and therefore must pay more than is ideal for housing.

[27] Up for Growth and ECONorthwest, Housing Underproduction in the U.S. 2019.

Cost burdening occurs when a household pays more than 30% of its gross monthly income on housing costs (including utilities). Severe cost burdening occurs when households spend more than 50% of their income on housing. Cost burdening is most important for renters because they do not have long-term fixed monthly housing costs like homeowners do with a mortgage which is typically sized to their income and ability to pay, and because renter households are typically lower income than homeowner households. In addition, cost burdening is much more troublesome for lower income renters, as they have too little income left over after paying rent to cover necessities like food, medicine, childcare, or transportation. Much research has demonstrated that cost burdening is associated with housing instability including eviction and homelessness.[28]

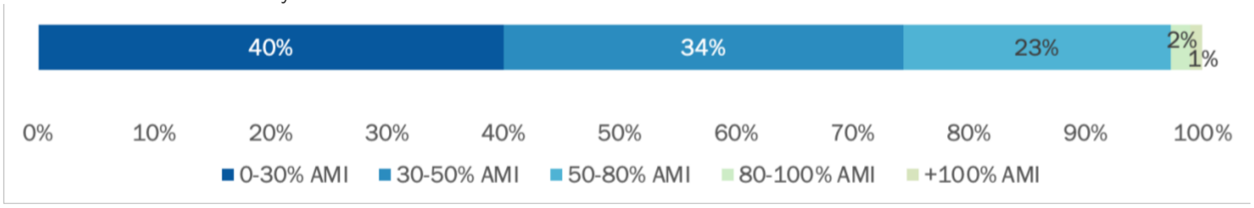
**Figure 28. 2019 Renter Cost Burdening in Treasure Valley Jurisdictions**
Source: ECONorthwest analysis of CHAS 2019




To estimate housing underproduction at different affordability levels, this methodology allocates the underproduced units in each jurisdiction according to the distribution of cost burdening by income level for each jurisdiction. Using Figure 29 as an example, 40% of the region's cost burdened renter households earn less than 30% of the regional AMI, so 40% of the 18,000 underproduced units would be allocated to this income level (or roughly 7,200 units). This methodology is repeated using each jurisdiction's distribution of cost burdened households by income level.

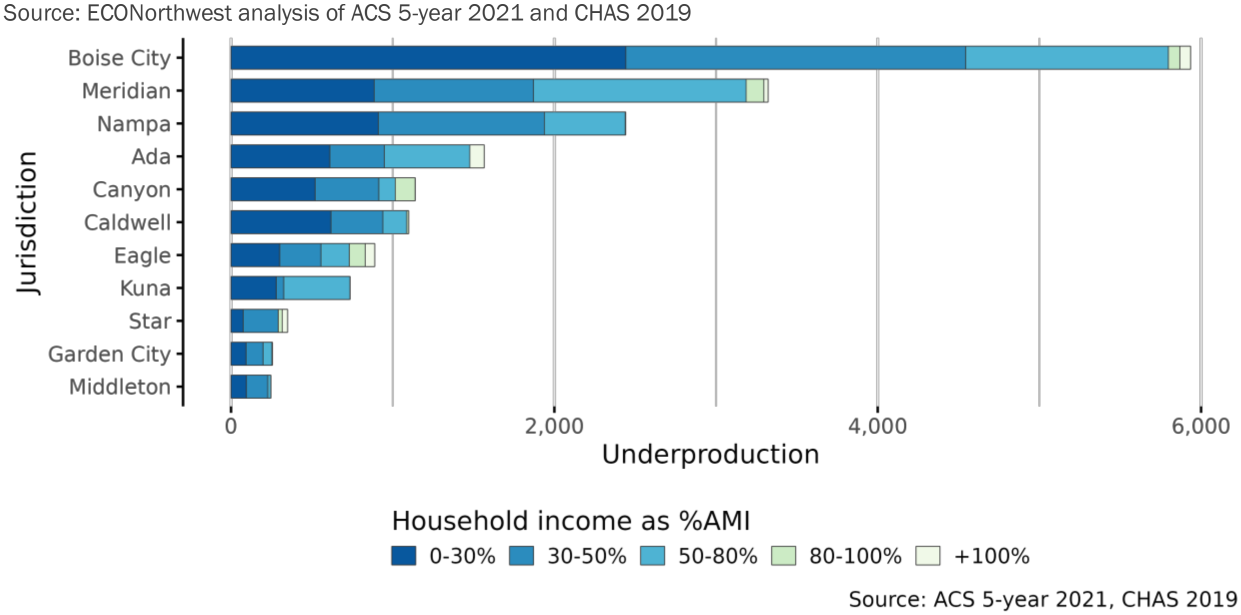
[28] US Department of Health and Human Services and Office of Disease Prevention and Health Promotion, "Housing Instability Literature Summary."

**Figure 29. 2019 Distribution of Renter Cost Burdening in Treasure Valley Region**
Source: ECONorthwest analysis of CHAS 2019



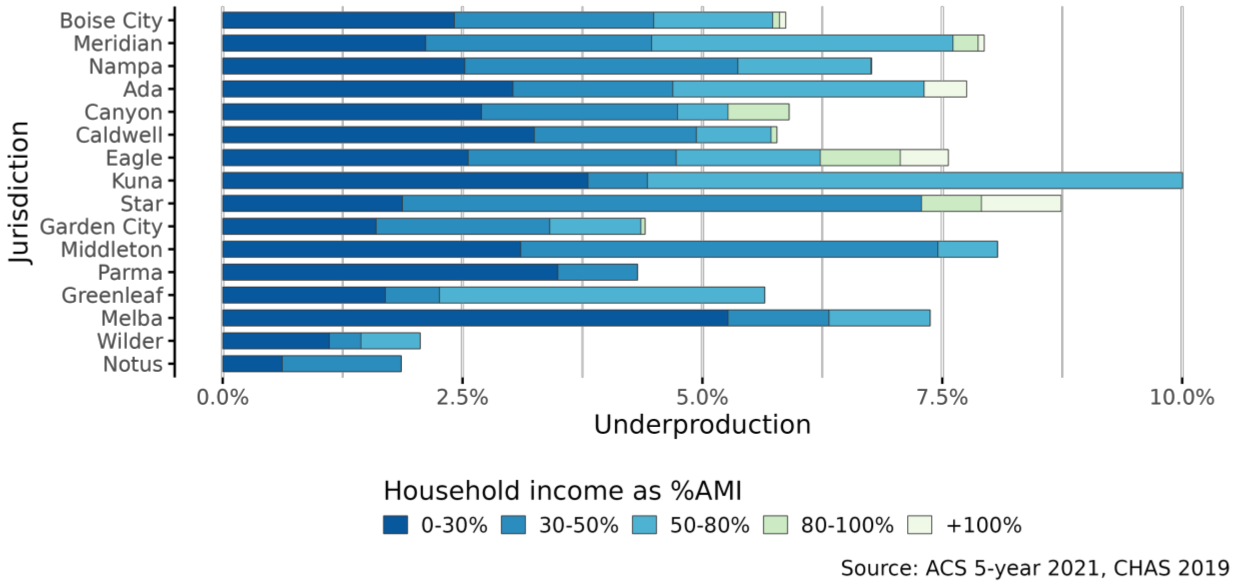

Because low-income renters are more likely to be cost burdened, applying this approach to all jurisdictions in the region demonstrates that the vast majority of underproduced units would be needed in the 0-80% of AMI range. Figure 30 displays the estimates of 2021 underproduction by income level for the larger jurisdictions in the Treasure Valley.

**Figure 30. 2021 Underproduction of Total Housing Stock by Area Median Income in Larger Treasure Valley Jurisdictions**
Source: ECONorthwest analysis of ACS 5-year 2021 and CHAS 2019




While understanding the actual number of units underproduced in each region is helpful for planning future housing production goals, comparing the scale of the issue across jurisdictions of different sizes is challenging. Figure 31 below normalizes the estimated number of units underproduced by calculating it as a share of each jurisdiction's housing stock. As the figure demonstrates, smaller cities like Kuna and Star have relatively small nominal levels of underproduction (736 and 351 units respectively), but as a share of total housing stock the issue is relatively larger at 10% and 8.75% respectively. However, these communities have been building quickly and could dig out of their housing underproduction if production keeps pace. According to COMPASS data, in 2021 Kuna permitted 630 units and Star permitted 754 units.

**Figure 31. Underproduction as a Share of Total Housing Stock by Area Median Income**
Source: ECONorthwest analysis of ACS 5-year 2021 and CHAS 2019



## Appendix D. Total Housing Needs by 2030 Methodology

To estimate each jurisdiction's estimate of total housing need by 2030, this approach adds together the estimates of current underproduction and future housing needs by 2030.

### Future Housing Needs by 2030

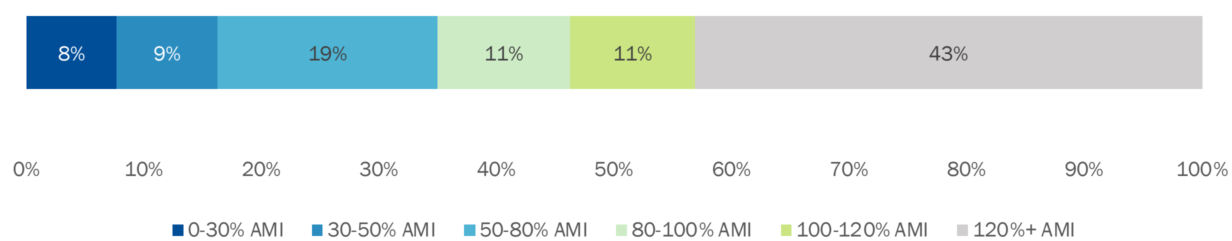
Future need is calculated based on COMPASS's jurisdiction-level household forecasts in 2030. These COMPASS forecast data are aggregated by geographic units called "demographic areas" which often do not align perfectly with jurisdictional boundaries. The 2030 forecast households less 2022 current households, which also come from COMPASS, equals the number of added households by 2030.

Similar to estimating underproduction, this approach uses a scalar of 1.10 times the added households to calculate the ideal number of added housing units to meet demand from population growth. This extra 10% of housing stock allows for sufficient vacancy and units that will be "lost" to second and vacation home demand.

### Future Housing Needs by 2030 by Income Level

To estimate future housing needs by income level, this approach uses the regional median income distribution (as a percent of AMI), which is different than the approach for allocating underproduction to income levels. This again assumes that all jurisdictions in a region use the regional median income distribution, and that all jurisdictions will have the same share of future affordable housing needs. Figure 32 below displays the regional median income as of 2021 using data from the Census.

**Figure 32. Treasure Valley Regional Area Median Income Distribution, 2021**
Source: ECONorthwest Analysis of Census Data




### Total Housing Needs by 2030

Total housing needs by 2030 for each income level are the sum of current underproduction and future housing needs by 2030 by income level, as shown in Figure 33.

**Figure 33. Treasure Valley Regional Total Housing Needs by 2030 by Income Level**
Source: ECONorthwest Analysis of Census Data

| Income Level | Underproduction as of 2021 | 2030 Future Housing Need | 2030 Total Housing Need |
|---|---|---|---|
| 0-30% AMI | 7,215 | 4,813 | 12,028 |
| 30-50% AMI | 6,206 | 5,378 | 11,584 |
| 50-80% AMI | 4,145 | 11,749 | 15,894 |
| 80-100% AMI | 311 | 7,064 | 7,375 |
| 100%+ AMI | 186 | 33,725 | 33,912 |
| TOTAL | 18,063 | 62,729 | 80,792 |

# Appendix E. Total Housing Needs by 2030 and Past Development Trends

**Figure 34. Treasure Valley Regional Housing Needs Analysis, 2022-2030**

Source: ECONorthwest Analysis of CoStar data

Note: Larger numbers are rounded

| Jurisdiction | 2021 Underproduction | 2030 Future Needs | 2030 Total Housing Need | 2014-2021 Past Production | Gap or Surplus |
|---|---|---|---|---|---|
| Wilder | 12 | 1 | 13 | 69 | (56) |
| Greenleaf | 20 | 3 | 23 | 23 | 0 |
| Notus | 4 | 24 | 28 | 46 | (18) |
| Parma | 31 | 19 | 50 | 33 | 17 |
| Melba | 16 | 51 | 67 | 12 | 55 |
| Garden City | 260 | 840 | 1,100 | 1,190 | (90) |
| Middleton | 250 | 1,310 | 1,560 | 1,400 | 160 |
| Star | 350 | 2,290 | 2,640 | 2,940 | (300) |
| Canyon Rural | 1,140 | 4,180 | 5,320 | 2,840 | 2,480 |
| Caldwell | 1,100 | 4,580 | 5,680 | 4,900 | 780 |
| Kuna | 740 | 5,410 | 6,150 | 3,970 | 2,180 |
| Eagle | 890 | 5,410 | 6,300 | 4,880 | 1,420 |
| Nampa | 2,440 | 8,430 | 10,870 | 8,710 | 2,160 |
| Ada Rural | 1,570 | 10,160 | 11,730 | 4,180 | 7,550 |
| Meridian | 3,320 | 10,160 | 13,480 | 18,920 | (5,440) |
| Boise | 5,940 | 9,870 | 15,810 | 12,570 | 3,240 |
| Region | 18,060 | 62,730 | 80,790 | 67,030 | 13,760 |

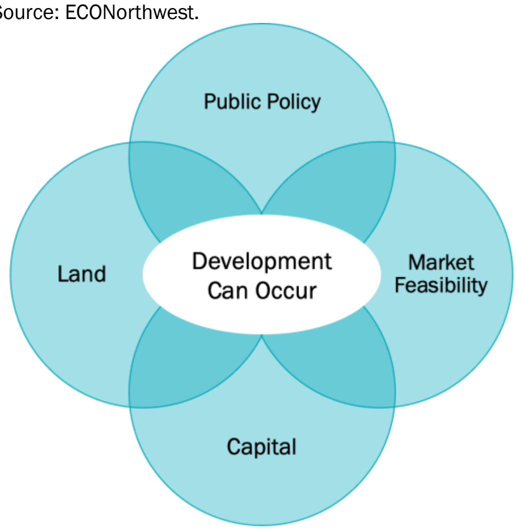
# Appendix F. Housing Development Feasibility

A region's housing supply is built one project at a time, be it a single unit in a detached home, a multi-unit apartment, or a new planned development. Housing development relies on inputs set by numerous interrelated markets and players, and each input to development functions in its own market with supply and demand factors constantly in flux. Figure 32 illustrates the high-level factors that must align for a developer to be able to develop housing.

On a parcel of **land**, landowners and property developers evaluate a site for the economically highest and best use allowed, be that office, residential, commercial, or vacant land, depending on the parcel's unique characteristics. Nonprofit or government actors will also consider uses that are mission oriented.

**Public policies**, like land use restrictions or zoning, dictate what types of development can occur and where, usually for aesthetic, health, safety, or economic reasons. Through public infrastructure (e.g., fire service boundaries) and regulations (e.g., septic tank restrictions), public policies can also dictate the parcels that can be developed based on road access, sewer and water infrastructure, insurance coverage, and other factors.

**Figure 35. Real Estate Development Factors**
Source: ECONorthwest.




**Market feasibility** is a robust process that assesses the demand for development – comparing the expected revenues against the investment costs (e.g., labor and materials) – for the desired types of development. If a development project is not feasible, it will not be built without a subsidy.

The availability of **capital** is necessary to pay for the costs of development, and influences market feasibility through the financing terms set by the lender and the returns expected by the investor. When real estate development cannot meet return requirements, return-seeking capital will flow to other sectors such as stocks and bonds.

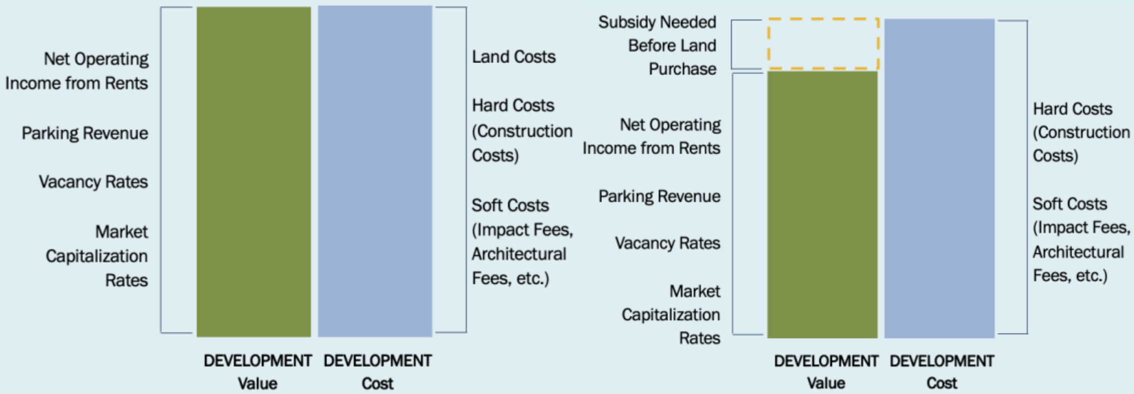
Development occurs when all these factors align: land is available and properly zoned, regulations allow the desired type of development, the product is financially feasible, and capital can be deployed for an investment return. Changes to any of these four factors can affect when, where, and whether a project can be developed, as well as the types of development that can occur. Influencing development – either encouraging or prohibiting it – can take many forms and can come from government, the general public, the private sector, or others.

## What is Financial Feasibility?

Figure 36 below illustrates one method of evaluating financial feasibility for a new development project, showing both feasibility and infeasibility. In evaluating financial feasibility, developers will compare the total costs to build the project (shown in blue) including the hard construction costs and soft costs such as the architecture, engineering, and entitlement fees, against the total value that comes from the project (shown in green) derived from rental revenue, net of any operating expenses and vacancy costs.

If the green column is equal to or greater than the blue column, the project is likely feasible. If the green column is smaller than the blue column, then a subsidy is needed to get the project to be feasible (shown in a dashed outline)

**Figure 36. Illustration of Financial Feasibility**
Source: ECONorthwest




Building rent or income-restricted affordable housing adds complexity—public policies may not support the development, neighbors may oppose or delay the project, and securing the appropriate capital to meet financial feasibility can be challenging. In many instances, rents or purchase prices that would be affordable to the intended tenants are below what it costs to build—these properties face a “funding gap” that typically requires different types of financial capital to overcome, such as public subsidies, free or low-cost financing, or reduced development costs. This complexity can slow or delay development and typically increases the overall cost of development.

Importantly, the macroeconomy and lending environment can directly influence the housing supply by way of influencing development feasibility. Because most housing development is financed by debt, factors like interest rates, the availability of capital, return requirements, or risk tolerances can influence the cost of development and hurt or help feasibility.

# Appendix G. Common Affordable Housing & Planning Definitions

The following definitions are commonly used for affordable housing development and planning projects.

**AFFORDABLE HOUSING / REGULATED AFFORDABLE HOUSING** In the study, "affordable housing" and "regulated affordable housing" refer to housing that is price or income restricted to ensure that it is affordable to low-income households (see "housing affordability" below for more information on what is considered affordable to a household). Price or income restrictions are set according to the types of funding used to develop the housing, such as the Low-Income Housing Tax Credit or HUD funding. Most restricted affordable housing is restricted to be affordable to households earning under 60% MFI, but these restrictions vary.

**AREA MEDIAN INCOME (AMI)/MEDIAN FAMILY INCOME (MFI)** See page 32 for an in-depth description of the area median incomes for the Treasure Valley.

**COMMUNITY LAND TRUST** A land banking model where a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture a portion of the growth in home value as equity but ensures that the home remains affordable for future homebuyers.

**COST BURDENED** The term "cost burdening" refers to households who pay more than 30% of their income on housing costs. The term "severe cost burdening" is used for households paying more than 50% of their income on housing. These terms come from HUD, and include mortgage payments and interest, or rent, utilities, and insurance.

**CAPITAL STACK** The mix of funding sources either in a fund or used to pay for construction of a development project. Different types of funding are "stacked" together. Each type of funding sits at a different level in the stack corresponding to risk and rate of return (lower risk corresponds with lower return and vice-versa).

**DENSITY BONUS** An incentive which allows development at higher densities than what would otherwise be allowed under existing zoning. Generally, a jurisdiction offers a density bonus to developers/property owners in to encourage the types of housing that are not being delivered by the private market. Sometimes, these bonuses are provided in exchange for the property including public benefits (such as affordable housing units).

**DEVELOPMENT PHASES** The typical phases are predevelopment, construction, and operation. Predevelopment can be split into early-stage predevelopment (project visioning, design, and concept planning) and late-stage predevelopment (securing project funding, securing sites, permits, and entitlements such as zoning or rezoning). Early-stage predevelopment can screen out projects that are infeasible and cannot carry debt.

**FEASIBILITY** A determination of whether or not a project is financially feasible. For a project to be feasible the revenues generated from rents, retail, or parking must be sufficient to cover operations, debt servicing, and capital reserves. A project's development team will create a pro forma to determine feasibility and adjust the number of units, size, rents, and construction costs until the project revenues match expected operating costs (often referred to as “penciling out”). Funders need to understand financial feasibility before they will award a project funding.

**FILTERING** Also called the “housing ladder,” filtering is the process by which housing depreciates as it ages and becomes relatively more affordable for lower-income households. New supply enters the market at high costs and is affordable to high income households. As the housing stock ages it typically becomes more affordable due to condition, location, or changing preferences. High income households typically occupy newer housing units, vacating their prior, older units for lower-income households, creating a “migration chain.” Filtering requires adequate new supply to meet the demand for housing. Without enough supply filtering can slow, stop, or move in reverse. Housing typically does not depreciate enough to be affordable to households with very low incomes.

**GAP FUNDING** A relatively flexible funding source that is applied after major funding programs (government or philanthropic) are awarded and after NOI determines how much debt the project can handle. Gap funders are usually mission-based and fill the remaining gap with low-cost financing to get the project to be financially feasible.

**GROWTH MANAGEMENT** A set of concerted efforts, policies, or planning practices to accommodate and minimize the impact of population growth, development, and services in a way that is mindful of human and business needs, environmental conditions. land use efficiencies.

**HIGHEST AND BEST USE** "Highest and best use" is a term used in the real estate industry that refers to the land use that is most likely to produce the most economic benefits to the property owner. The highest and best use for any property will be: (1) physically possible, (2) legally permissible, (3) financially feasible, and (4) maximally productive.

**HOUSING AFFORDABILITY** “Housing that is affordable” refers to any type of housing, regulated or not, that costs less than 30% of a household's pre-tax income. This definition is a generally accepted definition of affordability. This is not to be confused with "affordable housing."

**HOUSING CHOICE VOUCHERS** The Section-8 Housing Choice Voucher program provides rental assistance to bring down the cost of housing. Households must meet certain income restrictions to qualify for a voucher. The program is federally funded but administered through public housing agencies. Typically, a household with a voucher pays 30% of its income on housing, plus utilities, and the voucher pays the rest up to a limit set by HUD. There are two types of vouchers, tenant-based or project-based, but the majority are tenant-based. Tenant-based vouchers move with a household, and can be used in regulated affordable housing, or in the private housing market. Project-based vouchers are contracted to remain at a certain property. Project-based vouchers are similar to the Project-Based Rental Assistance program.

**HOUSING NEEDS ANALYSIS** A data exercise to determine how many housing units will be needed by a future date to accommodate expected population and or household growth projections. Regional and local growth projections are often estimated by a state housing agency and jurisdictions are required (or recommended) to plan and zone enough land to accommodate all the needed housing units. This is a requirement of Growth Management Planning (see Growth Management.)

**IDAHO HOUSING AND FINANCE ASSOCIATION (IHFA)** The state's housing finance agency, responsible for providing funding for affordable housing where it is most needed and when it is economically feasible in communities across the state.

**LAND BANKING** see Community Land Trust.

**LAND USE** Considerations, policies, or planning practices that organize how land is and should be used and managed to accommodate population growth, development, and services in a way that is mindful of human and business needs, environmental conditions. efficiencies.

**LEVY** A levy is a voter-approved taxation tool to collect money for various purposes, including affordable housing or schools. For example, governments levy property taxes to pay for government services that provide public benefit. In this case, property owners would pay the levy at the legal rate imposed. In the City of Seattle, for instance, voters have approved five levies over time, which have generated enough revenue to fund the development of more than 13,000 affordable homes.

**LOW-COST MARKET RENTALS** Housing that is affordable to low-income households but not regulated or restricted by a funding source, is referred to as "low-cost market rentals." These housing units are often affordable by nature of their location, condition, age, or the amenities offered nearby or at the property. These units are often called "naturally occurring affordable housing."

**LOW-INCOME HOUSING TAX CREDIT (LIHTC)** HUD Considers the LIHTC program to be the most important source of affordable housing funding in the U.S. (Citation: HUD). This program allows state housing finance agencies to award tax credits to eligible affordable housing developments. These developments form partnerships which sell the tax credits to investors in exchange for equity. Proceeds from the sale of tax credits are used to pay for the construction and development of the project. These public-private-partnerships are extremely successful and provide a stable investment for banks and other institutions looking to reinvest in the community and receive Community Reinvestment Act credit.

Each state housing finance agency sets its funding priorities to guide the types of affordable housing developments it desires and needs. There are two types of tax credits, a 9% credit that is awarded competitively each year, and a non-competitive 4% credit that is paired with bond financing and is subject to a maximum bond cap each year. These programs fund housing that is affordable to households earning between 0% and 80% of the area median income. Individual LIHTC projects must average 60% of the area median income across all units.

**MARKET-RATE HOUSING** Housing where rent or prices reflect market conditions; typically developed by for-profit developers.

**MEDIAN FAMILY INCOME (MFI)** Synonymous with Area Median Income (see definition above).

**MEDIAN HOUSEHOLD INCOME (MHI)** A calculation of the median value of all households' incomes in an area, using Census household-level information. This statistic differs from the Area Median Income and Median Family Income in important ways.

**MIDDLE INCOME HOUSING** Is housing typically affordable to households earning between 80% and 120% of an area's MFI. It is not typically regulated.

**MISSION-ORIENTED DEVELOPERS** Refers to public or non-profit organizations working on affordable housing initiatives. These developers may sacrifice financial return for the positive social impact of providing affordable housing.

**NATURALLY OCCURRING AFFORDABLE HOUSING** See Low-Cost Market Rentals.

**PREDEVELOPMENT EXPENSES** The costs associated with activities prior to construction, such as planning, engineering, and architectural reports and drawings. It can also include the cost of holding a property prior to completion – the largest components being property taxes and any site remediation costs.

**PROJECT BASED RENTAL ASSISTANCE** The Section-8 Project Based Rental Assistance (PBRA) program is a subsidy program that provides funding to regulated affordable housing properties to reduce the rents charged to low-income households. PBRA properties are owned and operated by private landlords who have contracts with HUD. HUD can no longer fund new PBRA properties.

**PROJECT BASED VOUCHERS** See Housing Choice Vouchers.

**PUBLIC HOUSING** Public housing is owned by housing authorities, who act as the landlord and property manager. Sometimes a third-party management company operates the property, but the property is still owned and controlled by the housing authority. HUD oversees the public housing program, but local housing authorities administer it.

**PUBLIC HOUSING AUTHORITY** A public housing authority is an independent agency authorized to work with local, state, and federal governments to provide public housing, various forms of vouchers, other community programs, and technical assistance. Public housing authorities are funded by HUD.

**REGULATED AFFORDABLE HOUSING** See Affordable Housing.

**REVOLVING LOAN FUND** A pool of money from which loans are issued to eligible recipients for specific uses. In the case of transit-oriented affordable housing revolving loan funds, the loans have lower interest rates and more generous terms compared to market loans. When the loans are repaid, new loans can be issued. See page 6 for a detailed description.

**SECTION 8 HOUSING** See Project Based Rental Assistance or Housing Choice Vouchers.

**SEVERELY COST BURDENED** See Cost Burdened.

**SUBSIDIZED HOUSING** Typically, subsidized housing is privately owned and operated. The landlord receives a public subsidy (usually from HUD or the US Department of Agriculture's Rural Development program) in exchange for renting to very low-income households. Qualified beneficiaries of subsidized housing are typically required to contribute 30% of their income towards rent with the remaining 70% of the rent paid by the subsidy. Rent on these units is formulaic and is set and adjusted by HUD annually. These payment standards try to account for the local cost of living and vary geographically. The payment standard seeks to compensate landlords to cover operations, taxes, and debt service of the subsidized units.

The term “subsidized” is often used interchangeably with “affordable housing” or “regulated affordable housing,” but they differ: not all regulated affordable housing properties receive rental subsidies. Tenant-based vouchers are a form of subsidy, but because they move with the tenant, they are not what one typically thinks of with the term “subsidized housing.”

**TRANSIT-ORIENTED DEVELOPMENT (TOD / ETOD)** Development located within walking distance of high capacity or frequent transit line (e.g., within ½ mile of frequent bus stops, light rail, or rapid transit stations). ETOD stands for equitable TOD, which approaches TOD with an equity lens to ensure that all communities, particularly minority, low-income or historically marginalized communities, benefit from transit investments and transit-related development.

**UNDERPRODUCTION** Housing underproduction occurs when supply and demand are imbalanced in a housing market. The amount of underproduction is the number of housing units that would need to be produced to bring supply into equilibrium with demand.

**VOUCHERS** See Housing Choice Vouchers.

**ZONING / REZONING** Regulations set out by a local government on the allowable land uses and density on a parcel of land. Landowners can apply to their local government to change the zoning of their parcel of land (whether a specific use and/or the density).