

# **MINUTES**

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## **McCall City Council Special Meeting Wednesday September 7, 2005**

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## CALL TO ORDER AND ROLL CALL

**Mayor Eimers called the special meeting of the McCall City Council to order at 6:15 p.m. Council Member Bertram, Council Member Robertson, and Mayor Eimers answered roll call. Council Member Muller and Council Member Greer were excused. A quorum was present.**

City staff members present were Lindley Kirkpatrick, City Manager; Roger Millar, Community Development Director/Deputy City Manager, and Dan Irwin, City Clerk.

## PUBLIC HEARING

Mayor Eimers stated that the purpose of the meeting was to hold a public hearing in regards to the City of McCall's proposed Community Housing initiatives. He explained that Roger Millar conducted three informational sessions with the public prior to the hearing, and the City would now like to hear the input of the public. Mayor Eimers stated that the subject is an important issue that the community is facing.

Roger Millar presented a multimedia presentation regarding Community Housing in McCall. He explained that the US Department of Housing and Urban Development defines the area median income (AMI) in McCall for a family of four is \$50,000. He said that low income is defined as 50% of the AMI, moderate income is defined as 80% of the AMI, and middle income is 160% of the AMI. He explained that the housing needs assessment that was conducted by Rees Consulting found that 210 units of community housing are needed in Adams and Valley County to catch up with demand. He added that an additional 200 units of community housing would be needed over the next two years in order to meet the demand. Mr. Millar said that there are also 700-1000 construction workers in the area who are in need of affordable housing. He said that the community misses out on a financial opportunity when the workers are camping during the week and returning home in the Treasure Valley with their paychecks on the weekends. Mr. Millar stated that a total of 550-600 units of affordable housing would be needed in Adams and Valley County to catch up and stay current with demand. He explained that the City of McCall needs to make a policy decision of how much of the share the City should be responsible. He explained that McCall makes up 20% of the county's population and employment, and recommends that McCall be responsible for developing 110-122 units of community housing. Mr. Millar stated that according to the Rees report, the City of McCall is 40% year round homeowner occupied. He said that the Council would need to adopt a fundamental policy if they would like the City remain with that percentage or encourage more second homeowners in the community. He explained that the draft resolution proposes to maintain the level at a 40%/60% level. Mr. Millar stated that the average sales price for a home in the community was \$199,000 in 2004 and that number has skyrocketed to \$390,000. He said that in order

to qualify for financing a \$300,000 home, a family would need to earn approximately \$80,000 per year. He said that based on the 2000 census data, only 13% of people living in the community could afford to purchase a home. Mr. Millar said that since the current building permit allocation system limits the number of permits issued per year to 175, approximately 70 units would need to be dedicated to full time residents. He said of those 70 permits, 53 units per year would need to be dedicated as community housing. Mr. Millar explained that he has drafted a community housing policy for the proposed resolution. He explained that that policy was drafted based upon what Rees Consulting found in the housing needs assessment. He stated that the resolution proposes that the City continue to maintain the community as 40% full-time resident occupied. He said that the resolution states that the City Government is responsible for meeting the needs of Community Housing in the City and proposes to develop programs that assist everyone from low income to those making \$80,000 per year. He said that the resolution proposes designing a program targeted at housing the workforce of the City. He explained that the production goals would be to build 65 units of community housing per year. Mr. Millar explained that the resolution proposes to keep housing at 2/3 owner occupied as was cited in the Rees report. He explained that the resolution would promote the establishment of community housing in infill areas and would encourage mixed-use dwellings. He stated that it would be important for the design and quality of the units to reflect the values of the community. Mr. Millar stated that the resolution also directs staff to seek ways to obtain the funding to support the program. He explained that he estimates the 10-year program to cost \$86.3 million. He stated that potential revenue sources include inclusionary zoning, residential linkage, commercial linkage, the Urban Renewal Agency, and Federal and State revenue sources. Mr. Millar explained that an inclusionary zoning ordinance would be made a part of the zoning code. He said that the proposal is to require newly annexed areas into the City to dedicate 30% of the development as Community Housing. He added that an inclusionary zoning ordinance would contribute \$20 million to the program but would increase the average market price of a house by \$60,000. Mr. Millar explained that residential linkage would be tied to the cost for a building permit. He said that the concept behind the program is that every newly constructed building adds a certain percentage of jobs in the community and the builder should be required to contribute a financially to the community housing program. He said that the program would add \$15.3 million to the program over the next ten years and would add \$18,000 (about 6%) to the price of each market priced house. Mr. Millar explained a commercial linkage program would be tied to commercial development. He said that the commercial program wouldn't be practical as it would double the cost of commercial development in the area. Mr. Millar explained that the City also has the Urban Renewal Agency at their disposal. He said that the agency could contribute \$1.7 million if it allocated 1/3 of its budget to the program. Mr. Millar explained that another potential revenue source would be to use new property tax money. He stated that the use of the property tax wouldn't be practical as it would only contribute \$125,000 to the program annually. Mr. Millar explained that the last identified funding source is State and Federal resources. He said that the City is prepared to pursue all of the programs in hopes of supplementing 10% of the community housing need. He explained that most of the programs are helpful for very low-income families only and would not solve all of the

need. Mr. Millar stated that he is recommending the City adopt all of the revenue sources to establish the program except the use of new property tax revenues. He explained that the use of all of the funding sources would result in a \$35 million deficit to support the production goals. He said that to make up the difference the City would need to look at other incentives such as density bonuses.

### **Mayor Eimers opened the public hearing to public testimony at 7:38 p.m.**

Pat Hill, 227 Rio Vista, said that he didn't initially support the community-housing program until seeing Mr. Millar's presentation. He said that his mother worked as waitress for 25 years in the community and thinks that everyone should have an opportunity to work and live in the community. Mr. Hill said that the City needs to look at the whole picture before implementing a program though. He said that the City approved 950 new lots in 22 new subdivisions over the past year but isn't proposing to place the burden of providing community housing on them. He said that such an initiative isn't fair to those with lots inside the City who haven't exercised their plat. He said that people have purchased lots inside the City believing they could build in accordance with the City's zoning code. He said that the newly annexed areas aren't paying their fair share in property tax since they are still designated as timber lots. Mr. Hill said that he thinks a 10% contribution towards the Community Housing program would be adequate for existing platted lots and to place a higher percentage on those getting windfall services such as with annexation or rezoning. He said that he also questions the number of construction worker housing cited in the Rees report. He stated that the number of workers would decrease since the City has placed a limit on the number of building permits that are issued each year. Mr. Hill said that the income of people living in the community has changed since 2000 and the figures shouldn't be limited to the City limits.

Dr. Terry Donicht, McCall-Donnelly School District Superintendent, congratulated the City for beginning to tackle the problem of affordable housing in the community. He stated that the McCall-Donnelly School District has encountered a new problem of not being able to find new teachers because of the cost of housing in the area. He explained that the District has had many job offers turned down because of the cost of housing in the City. He stated that the school district has developed a short-term solution by subsidizing housing for new teachers by paying ½ their rent. Dr. Donicht said that it is imperative for the City to find a long-term solution and the proposed resolution is a step in the right direction. He said that the problem would only get worse and he supports the City adopting the resolution immediately.

Karen Kelly, Administrator of McCall Memorial Hospital, said that she supports the proposed policy as the hospital is having the same problem as the school district. She stated that finding affordable housing for their workers is the top item on the board's agenda. Ms. Kelly stated that she only has two minor concerns about the proposal, she would like to City to grandfather those who have already taken efforts of providing community housing and would like to see credit given to those who develop housing outside of the City limits.

Jim Thackery, 284 Rio Vista, Manager of the Department of Commerce and Labor, said that on a daily basis he sees the profound effect of the lack of affordable housing in the community. He said that he is seeing public agencies and businesses failing due to the fact that they can't find workers. He said that affordable housing couldn't be found for just poor people, professional people making a good wage can't afford the area either. Mr. Thackery said that McCall isn't similar to Vail and Aspen and can't create a commuter community down valley. He said that he would be happy to meet with the Council or staff to discuss current demographic figures.

John Blaye, Regional Economic Development Specialist for Valley County, thanked the McCall City Council for initiating the process of developing an affordable housing program last fall. He also thanked City staff for putting the concepts of the program together.

Gerry Brown, Loan Officer for Lighthouse Loans, said that he applauds the City for what has been done so far. He stated that the City would see a NIMBY attitude as the program progresses in the community. Mr. Brown said that he has drawers full of people who have applied for a mortgage but can't afford the housing cost in the community. He said that he thinks the numbers used in the assumptions of developing a program can be refined such as the average cost of house in the County. Mr. Brown said that he is witnessing a large portion of the loan applicants changing their search area to Ada and Canyon County instead of Valley County. He said that efforts to have the U.S. Treasury declare the county, as a high cost housing area needs to be pursued. He explained that such a declaration would allow different loan options to be available in the community.

Dan Krahn, 211 E. Lake St., said that the new building permit allocation system favors development over individuals. He said that the policy should be amended to give preference to individuals constructing their own homes in the community. He stated that the current real estate market prices reflect the speculative demand and the market would adjust when the supply of homes exceeds the speculative demand. Mr. Krahn stated that if a commercial linkage ordinance was adopted, it would cost him an additional \$225,000 to replicate his existing building. He said that the added expense makes the initiative not effective to promote. He stated that the 950 lots that have been approved by the City should also be required to assist in developing the community-housing program. Mr. Krahn stated that Council needs to encourage a regional program so that development isn't pushed outside the impact area of the City.

Patrick Graham, Scrub Tech at the Hospital, said that he would have been unable to move to the community without the hospital's rent subsidy. He explained the subsidy is only given for ten months and he is facing the possibility of having to move away. Mr. Graham stated that he would like to see the program developed immediately as there is a real sense of urgency for those who can't afford the housing prices.

Dean Hovdey, business owner and Hospital Board of Trustees Member, stated that he appreciates the work that has been done by the City, but thinks the Council needs more information and public involvement before adopting the resolution. He said that the City needs to work with the other entities in order to see all options that are available. Mr. Hovdey said that he would like the City to proceed in developing a program but recommended against passing the resolution.

Council Member Bertram asked if the hospital had land available that could be developed as Community Housing.

Mr. Hovdey stated that the land adjacent to the hospital is intended for the expansion of the existing campus.

Council Member Bertram asked if the Hospital Board of Trustees would be willing to financially contribute to establish a Housing Authority.

Mr. Hovdey said that the issue is a priority for the Board, but he couldn't commit anything without the consent of the Board.

Jim Griffith, 1004 Cee Way Loop, explained that he is a teacher for the McCall-Donnelly School District. He said that during the summer he served on the committee to hire new teachers and saw that the district is having a difficult in recruiting new teachers who can afford to live in the area. He urged the Council to continue developing the program.

Matt Anthony said that he grew up in McCall and was able to return home to a good paying job. He said that despite the good pay he receives he is unable to afford housing in the community. Mr. Anthony said that the adoption of the resolution would determine if he is able to stay in McCall.

Greg Lovell said that he supports the concepts of the resolution. He said that it is important for the City to maintain the ratio of full-time residents to part-time residents. Mr. Lovell stated that Mr. Millar has done well in preparing the zoning code rewrite to help the situation. He stated that he is concerned about possibly codifying the wrong goals. He said that a 65% homeownership rate might be too high. Mr. Lovell said that the City should encourage more density and multi-family units to address the problem. He added that a governmental solution might not be the only solution available. Mr. Lovell said that the City needs further discussion from the city residents before adopting the resolution.

Council Member Bertram asked if there were any programs available for businesses to purchase employee housing.

Mr. Lovell said that there are several programs that present possibilities. He said that when he establishes his business in the community he plans on creating a bank consortium that might be able to come up with additional solutions.

Council Member Bertram said that the City needs to pursue involvement with the other banks as they aren't proposing any solutions to the problem. She said that several people have come forward and offered to put money forward to develop mixed-use developments. She said that a consortium of the banks could be a big help to developing a program. Council Member Bertram asked if the consortium would be able to accept contributions to the program.

Mr. Lovell said that the money would have to be contributed to a 501(C)(3) and not directly to the banks or consortium.

Council Member Robertson said that Mr. Millar has conducted three public information meetings and one public hearing regarding the proposed Community Housing policy. He said that he thinks it is important to get more people involved in the process before the Council renders a decision. He stated that the input that has been received is wonderful and more testimony is needed to ensure the Council makes the right decision.

Mr. Krahn said that he supports the Council holding additional public hearings before making a decision.

Mayor Eimers said that the public has voiced a concern that the 950 lots that have been platted would not be required to contribute to the program. He asked if the assertion was correct.

Mr. Millar clarified that the content of the proposed resolution addresses the policy goals that need to be established such as owner/renter mix, and then directs staff to proceed with the drafting of the specific ordinances. He stated that the 950 lots can't be required to comply with the inclusionary zoning provision but would contribute through the residential linkage program.

Mayor Eimers asked if Mr. Millar understood the hospital's request for grandfathering current projects.

Mr. Millar said that the request was to consider prior community housing initiatives that were established prior to their application for a building permit. He stated that such a provision could be included in the adoption of a policy.

Council Member Robertson said that the Council has learned that the majority of community housing occurs within cities because of the established infrastructure. He said that the development of community housing outside of city limits would encourage sprawl. He said that the Council and Staff are working with the County to ensure that development isn't chased to the unincorporated areas of the County. He said that the Council shouldn't move fast without obtaining all of the knowledge, but they should move forward decisively.

Mr. Millar explained that Valley County and the cities of Cascade and New Meadows have adopted inclusionary zoning ordinances already. He said that Don Bailey has a draft inclusionary zoning ordinance to be included as part of the zoning code revision. Mr. Millar said that it is important for the City to move forward with the development of a program.

Mayor Eimers said that he supports adopting the resolution at this time. He said that the resolution establishes the policy goals and no specific measures that were addressed at the hearing. He asked if issues with the resolution could be resolved as the process progresses.

Mr. Millar stated that the specific ordinances for the program require public hearings. He said that most of the debate would probably heard when the ordinances are scheduled for the hearing.

Council Member Bertram said that she would like to hold additional public hearings before adopting the resolution especially regarding commercial linkage.

Mr. Kirkpatrick said that the resolution only addresses policy goals and doesn't implement a commercial linkage program. He explained that a commercial linkage ordinance would have to go through the public hearing process before being adopted.

Council Member Bertram said that the ordinance allows for the adoption of a commercial linkage program at a later time. She said that the resolution should be refined to ensure it is what the community and Council desires. She stated that she approves of the proposed goals but disagrees with some of the numbers that were used from the housing needs assessment.

Council Member Robertson said that he would like to hold an additional public hearing to hear more input from the community.

Mr. Krahn stated that he would like the public hearing to discuss all of the details of the proposed program.

Mr. Millar said that he wouldn't be able to get all of the details regarding all of the ordinances by the next meeting. He stated that the intent of the resolution is for the Council to adopt a public policy for staff to pursue the creation of the ordinances. He said that the details of the resolution can be refined at any time as necessary.

**Mayor Eimers moved to continue the public hearing to September 22, 2005. Council Member Robertson seconded the motion. In a voice vote, the motion passed 3-0-0.**

## ADJOURNMENT

Without further business, Mayor Eimers moved to adjourn. Council Member Robertson seconded the motion. All Council Members voted aye. The motion carried. The Council adjourned at 8:20 p.m.

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Kirk L. Eimers, Mayor

**ATTEST:**

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Dan Irwin, City Clerk