



MARCH 16, 2022

LOCAL HOUSING COMMITTEE PACKET

LOCAL HOUSING ACTION PLAN McCALL AREA

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LOCAL HOUSING COMMITTEE MEETING 3

MARCH 16, 2022



PROGRAMS SUMMARY

TOOLS

The following page separates these tools into two groups: top tier and lower tier.

Top Tier Tools: are presented in detail in the following pages. These tools were selected for detailed review pursuant to consultant review and housing committee input.

Lower Tier Tools: are grouped in a table for further discussion.

Feedback and Changes: Upon review, it may be desired that some tools be moved up and that some top tier tools be moved down.

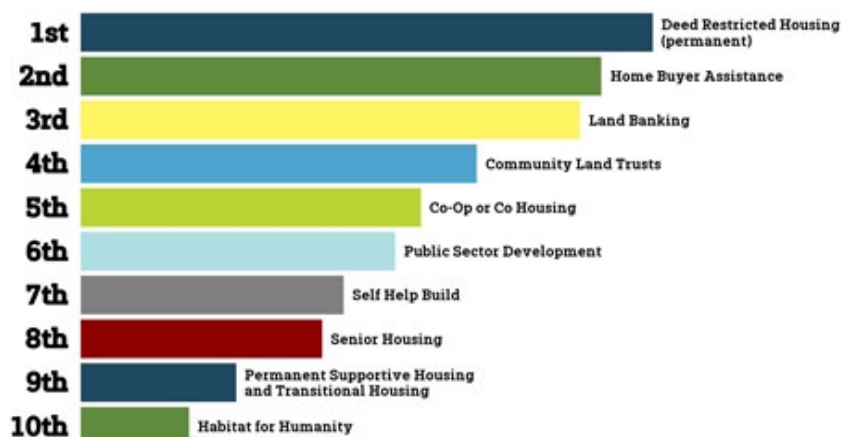
Note on Existing Tools: Many tools are currently in place or have been used in McCall (delineated with an “*”). Priority tools that are in place should be reviewed for potential changes or modifications that can improve their effectiveness. Tools in place that received few or no votes do NOT mean the tool should go away. It simply means that the tool is not a priority for current discussion.

Lower Tier Tools	Definition
*Land Banking	Moved to Partnerships discussion.
Co-Op or Co-Housing	Common ownership and management of purpose-built communities. Co-op ownership can be used to share large homes by multiple employees.
Public Sector Development	Initiating, designing, financing and constructing dwelling units by municipalities, counties,
Opportunity Zones	Home buyers receive low interest loans and technical assistance for their construction of homes. Requires large time commitment.
Senior Housing	High density, smaller, low maintenance units designed for retiring residents. Can free up housing stock for employees, especially with strategies that help locals outcompete second-home buyers or STRs.
Permanent Supportive Housing and Transitional Housing	PSH pairs housing assistance with case management and supportive services to help chronically homeless individuals and families. Transitional housing to a supportive – yet temporary – type of accommodation that bridges the gap from homelessness to permanent housing.
Habitat for Humanity	International organization with local chapters that use volunteers and donations to build modest homes. Inventory of homes may not be permanent. Not active in McCall.

TOP TOOLS- (DISCUSSED NEXT IN DETAIL)

- 01 Deed Restricted Housing
- 02 Homebuyer Assistance
- 03 Community Land Trust

The voting results from the February 11 work session are shown in the below chart.



TOP TOOL - DEED RESTRICTED HOUSING (PERMANENT)

Deed Restricted Housing (Permanent)

Dwelling units permanently restricted to protect the purpose of the investment used to create the unit. Restrictions vary based on policy intent. In rising and high-cost housing markets, deed restrictions often include limitations on occupancy (local employee/resident), income level, and rent/resale prices to retain affordability.

» ISSUES

In General

- 1 Creation of below market local housing requires subsidies (public and/or private) to allow the dwelling to sell or rent for below market prices. Subsidy investment may occur through direct investment (public or philanthropy), regulations (annexation, short term rentals, etc.), incentives (fee waivers, density bonus, LIHTC, etc.).
- 2 Permanent deed restrictions utilize a “subsidy retention” model where the initial subsidy placed in the home remains with the same home to maintain its affordability long-term. The homeowner builds equity through paying down debt and sharing in the appreciation, and the home is sold at affordable prices to later buyers without additional subsidy. Every buyer of the deed restricted home benefits from the initial subsidy and the community has a permanent supply of below market local housing, leveraging and preserving the initial subsidy investment.
- 3 Non-permanent or limited term deed restrictions may utilize a “subsidy recapture” provision to recoup the subsidy placed into a unit plus a portion of the appreciation of that home when the home is sold. The home is sold at market prices and is no longer restricted to be affordable for future buyers. The recouped subsidy monies can be reinvested in another home or home buyer. Limited term deed restrictions are more common with rental product, such as the Low-Income Housing Tax Credit (LIHTC) program.
- 4 In markets where housing prices grow at faster rates than local incomes (such as McCall), subsidy recapture requires larger and larger amounts of public/philanthropic funds to keep the homes affordable to the same kinds of families. The need for larger and larger subsidies can be prevented with subsidy retention, or permanent affordability.
- 5 Subsidy retention or preservation mechanisms include deed restrictions (covenants running with the property) and community land trusts (ground leases). In exchange for assistance in purchasing a home, the buyer agrees to limit the price at which they sell that home as follows:
 - If the resale formula is based on increases in income and not the housing market, the home remains affordable
 - Resale formula that balances wealth creation for homeowners and preserves long-term affordability.
 - Households still earn equity through paying down debt and share in the appreciation, just not as much as an unrestricted home.

DEED RESTRICTED HOUSING (PERMANENT)

- Benefits of homeownership for family: a decent home, stability, security, equity buildup, tax savings.
- Benefits for the community: inventory of community housing, stability, diversity, improvement of neighborhoods without displacement, inclusive neighborhoods, maximum public 'return on investment,' employees can find/afford homes.
- Both subsidy recapture and retention programs take resources to manage homebuyer qualification and sales. Retention programs require greater resources to manage and steward the homes consistent with the terms of the restriction, including educating homebuyers regarding benefits and responsibilities of subsidized homeownership, and monitoring and enforcing homeownership compliance with restriction terms.
- See Center for Housing Policy report "Preservation of Affordable Homeownership: A Continuum of Strategies", April 2007 by Rick Jacobus and Jeffrey Lubell; and YouTube video (8-minutes) "Understanding Subsidy Retention", April 2014 by Rick Jacobus for additional information.

McCall Specific

- 1 The City of McCall has two deed restriction templates: one for Local Housing and the other for Accessory Dwelling Units (ADUs). Both are designed to implement specific housing policy and provide assurance that the units are used as intended.

The restrictions include:

- General criteria for all tenants at time of lease or purchasers at time of purchase:
 - Employed, work minimum 30 hours/week or 1,560 hours/year, within the city of McCall for a set period (6 consecutive months) or have employment offer from a McCall Business; or
 - Senior (age 65 and older) as primary resident; or
 - Person with disability; and
 - No Short-Term Rental or vacation renting or sub-leasing.
- 2 Other criteria
 - A McCall business may rent or purchase for rental to employees that meet the general criteria.
 - A McCall business is a business that has a physical location within the McCall area, telework or work from home does not qualify.
 - 3 Restrictions on Rental of the property
 - Any tenant must meet general criteria at time of lease.
 - Base rental rate set at time of recording deed restriction and adjusted annually by the percentage increase in a Consumer Price Index.
 - Max lease term is one year.
 - 4 Restrictions on Sale of Property (not applicable to ADU restriction)
 - Any purchaser must meet the general criteria at time of purchase.
 - Prior to sale, city must review purchase and sale agreement and verify that purchaser meets general criteria.
 - Base sale price is set and adjusted annually by the percentage increase in a Consumer Price Index.
 - Owner can lease to local employees at the set rental rates.

DEED RESTRICTED HOUSING (PERMANENT)

There have been challenges enforcing these deed restrictions, which have been recorded on a few properties. It is uncommon to have a deed restriction that addresses ownership and rental, which is likely causing some of the challenges in determining who qualifies to purchase and at what sales price.

OTHER COMMUNITY EXAMPLES

Big Sky, MT – *Big Sky, Montana with its escalating housing prices and federal funding constraints, decided to create their own down payment program to suit their community with higher income and home sales price limits. Funding came from the local Resort Tax and philanthropic organizations such as Yellowstone Club Community Foundation and Moonlight Community Foundation. The Big Sky Community Housing Trust created and now manages a down payment assistance program that loans up to \$20,000 to buyers that they return at resale. The program then recycles the funds by making them available to the next buyer. So far, the program has loaned over \$870,000 to 33 households.*

Beginning in 2021, Big Sky, is expanding its down payment program as part of a new “Good Deed” program, which provides down payment grants in return for a permanent deed restriction on the purchased property.

Truckee, CA – *Negotiated a voluntary Real Estate Transfer Assessment for a subdivision seeking annexation. The subdivision is primarily high-end second homes and affordable housing was not suited to the zoning nor PUD. Winter Park benefits by receiving 1% of the sale value each time a property changes hands. The 1% is put into a dedicated housing fund.*

FEBRUARY COMMENTS

- » Some view permanent deed restrictions as gateway for local workers obtain housing, while others viewed the restrictions as not helping local workers gain equity through homeownership.
- » Potential projects utilizing Local Housing incentives coming forward.
- » Look at deed restrictions in perpetuity and less than in perpetuity.

DISCUSSION QUESTIONS

Implementation Discussion Questions – Deed Restrictions (Permanent)

Should subsidy retention be used when publicly subsidized Local Housing units are created? If so,

- a. Should current deed restriction criteria be amended?*
- b. Should income limitations be incorporated to target affordability?*
- c. Should rental rate/owner appreciation caps be adjusted?*

What barriers need to be overcome to use permanent deed restrictions? (management capacity, retention mechanisms, program policies and procedures, etc.)

If deed restrictions are utilized, who should manage/steward the deed restricted units? (City, Community Land Trust, other?)

TOP TOOL - HOMEBUYER ASSISTANCE

Homebuyer Assistance

Down payment assistance in the form of grants or second mortgages for qualified buyers.

» ISSUES

In General

- 1 Homebuyer assistance funds may be used for purchasing deed restricted or market rate homes. Participation in financial counseling and homebuyer education are often requirements.
- 2 Second mortgages may be forgiven after the household owns the home for a specified amount of time. Some programs utilize a shared equity model, returning funds to the program when a home is sold and allowing the seller the remaining equity. Payments on second mortgages can also support a “revolving loan fund” approach.
- 3 Homebuyer assistance enables specific households to attain housing but does not increase the inventory of Local Housing for the long term. There must be homes available to purchase at relatively affordable price points for the program to succeed.

McCall Specific

- 1 McCall does not have a homebuyer assistance program.
- 2 Idaho Housing and Finance Association (Idaho Housing) offers low interest loan products, down payment and closing cost assistance for income eligible households, which varies by program with some loan programs reaching households earning \$125,000. Idaho Housing also offers a Mortgage Credit Certificate (MCC) that allows a homebuyer to claim a federal tax credit for 35% of the mortgage interest paid per year, up to \$2,000 each year. The MCC is an actual tax credit, to use toward any federal taxes the borrower may owe, and it can be rolled over for up to 3 years. A homebuyer may be eligible to receive the tax credit for as long as he or she occupies the home. The MCC limits sales price in Valley County to \$332,000; limits income at time of purchase to \$69,000 for a 1- or 2-person household; requires some recapture if home is sold before 9 years; and the program is processed through local lenders.
- 3 As housing prices increase, usefulness in McCall is reduced.

POTENTIAL IMPACTS

HOW MUCH: TBD; as market housing prices increase becomes less effective because of federal funding constraints

FOR WHOM: earning less than 120% AMI

TOP TOOL - HOMEBUYER ASSISTANCE

OTHER COMMUNITY EXAMPLES

Big Sky, MT – Big Sky, Montana with its escalating housing prices and federal funding constraints, decided to create their own down payment program to suit their community with higher income and home sales price limits. Funding came from the local Resort Tax and philanthropic organizations such as Yellowstone Club Community Foundation and Moonlight Community Foundation. The Big Sky Community Housing Trust created and now manages a down payment assistance program that loans up to \$20,000 to buyers that they return at resale. The program then recycles the funds by making them available to the next buyer. So far, the program has loaned over \$870,000 to 33 households.

Beginning in 2021, Big Sky, is expanding its down payment program as part of a new “Good Deed” program, which provides down payment grants in return for a permanent deed restriction on the purchased property.

Truckee, CA – Truckee, CA, partnered with the Martis Fund to create the Martis Fund Homebuyer Assistance Program. Sierra Business Council administers the program, which provides down payment assistance to help working families earning less than 180% AMI in Placer County east of Donner Summit or in the Town of Truckee purchase homes. The down payment assistance is up to \$50,000 and is the form of a loan with 3% compounded interest.

DISCUSSION QUESTIONS

Implementation Discussion Questions – Homebuyer Assistance

Is further research needed to see whether Idaho Housing and Finance Association is applicable to McCall? Who would lead this?

Does it make sense to start a down payment assistance program unique to McCall?

- a. Who would lead?*
- b. How would this be funded?*

What are some program considerations?

- a. Income limits?*
- b. Housing price limits?*
- c. Grant, grant recycled at resale, or loan?*
- d. Amount?*
- e. Others?*

How should the Housing Trust interact with the City of McCall's Local Housing programs?

TOP TOOL - COMMUNITY LAND TRUST (CLT)

Community Land Trust (CLT)

Community nonprofit owns land, develops/acquires housing and provides long-term stewardship for permanent affordability through long-term ground leases. Typically, single family or townhomes for moderate and middle-income households.

» ISSUES

In General

- 1 CLTs have been used to ensure permanent affordability of owned homes, cooperative housing, and rental housing, and even nonprofit space.
- 2 CLTs are a national model and can be complex organizations that typically provide the following services:
 - » Administration and Operations (running the CLT organization)
 - » Stewardship (maintaining and preserving the CLT's portfolio of homes and homeowners)
 - » Portfolio Development (acquiring or creating homes to be brought into the CLT's portfolio)
- 3 There are about 225 CLTs currently operating in the United States, some of which have been in operation for 30 years or more. Grounded Solutions Network is a national organization that advocates for national CLT policy (such as a standard ground lease approved by Fannie Mae and Freddie Mac), provides resources (such as a standard ground lease), and technical advice to help set up and operate a CLT.
- 4 Community land trusts are usually non-profits governed by a volunteer board. CLTs may play a role otherwise filled by local government.
- 5 CLTs require education, time, staff and thoughtfulness to manage and execute. Operating expenses require funding, but some are off set by ground lease fees and the non-profit status provides access to philanthropy.
- 6 Northern California Land Trust is working on building an acquisition loan fund for sufficient reserves to allow faster purchase of properties to compete in the high cost, fast-paced housing market. Relying on typical subsidies has been too slow for many purchases.
- 7 Deed restrictions serve the same affordability purpose as CLT. Both carry resale price restrictions, but CLT applies them through a long-term ground lease agreement rather than deed restriction. Neither is necessarily more or less challenging to administer. Example: ARCH Community Housing Trust (Ketchum, ID); Jackson Hole Community Housing Trust (Jackson, WY); Northern California Land Trust (Berkeley, CA).

TOP TOOL - COMMUNITY LAND TRUST

» ISSUES

McCall Specific

- 1 The West Central Mountains Housing Trust was established in anticipation of managing units created through McCall's Inclusionary Zoning (IZ) regulation. They manage 13 units but have been essentially dormant since IZ was deemed illegal in Idaho as a mandatory program. They receive some funding from the City of McCall and are dedicated to serving the West Central Mountains Region of Idaho, specifically Valley County and the Meadows Valley region of Adams County.
- 2 VARHA (Valley Adams Regional Housing Authority) was created in 2006 to manage regional housing including IZ and RFQs but has been disbanded.

POTENTIAL IMPACTS

HOW MUCH: TBD

FOR WHOM: Middle to moderate
(80% to 150%)

FEBRUARY COMMENTS

» Housing Trust may be reconstituting and setting up to be effective. Would voters support taxes to create a housing organization?

DISCUSSION QUESTIONS

Implementation Discussion Questions – Community Land Trust

In thinking about a housing organization for McCall's local housing program:

- a. *What purpose does it need to serve?*
 - i. *Manage Local Housing – deed restrictions, qualifications, waitlists, etc.*
 - ii. *Build/construct projects*
 - iii. *Facilitate partnerships*
 - iv. *Other*

- b. *What geographic region do they need to cover? City only? City/County? Regional?*

- c. *How funded?*

Should the West Central Mountains Housing Trust or Valley Adams Regional Housing Authority be reactivated?

*What barriers need to be overcome to reactivate one of the organizations, or start a new one?
(management/staffing, financing, etc.)*

PARTNERSHIPS SUMMARY

TOOLS

The following table separates these tools into two groups: top tier and lower tier.

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Top Tools	Definition
Sewer District in regard to Basin Planning and EDU allocations*	Highest Prioritized Tool is partnering with the Sewer District. This includes Basin Planning and EDU allocations. The team sees this as a critical issue and has implications on most of the Tools and Strategies. We will be discussing this in depth at our strategy session scheduled April. Stay Tuned!
Public/ Private Partnership* and Land Banking*	Land banking moved over from Programs.
Employer Assisted Housing (EAH)*	Employer Assisted Housing (EAH) means providing housing support to employees.

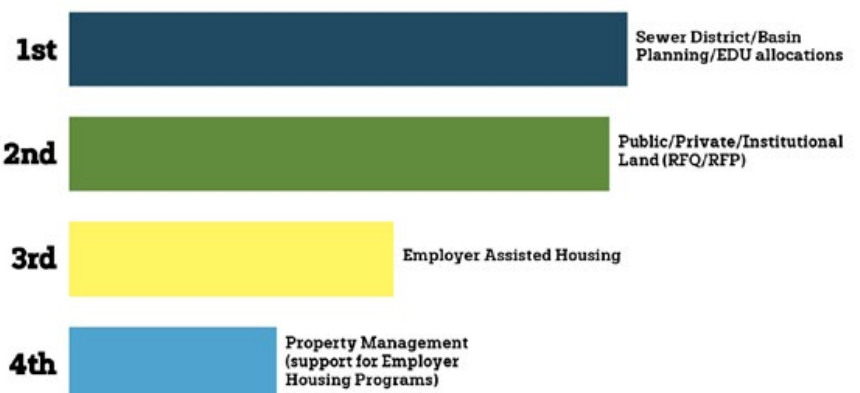
Lower Tier Tools	Definition
Property Management (Support for EAH)	Contracting to manage rental units. Could work both ways – public sector hires private firm or private sector hires public/non-profit. Could be used with Employer Assisted Housing. Typically serves moderate to upper-income households (below 120% AMI) Examples: Santa Barbara Coastal Housing Partnership, CA; Whistler Home Run program, BC

* Indicates that McCall has implemented all or a portion of the tool listed; alterations may be available to better meet community housing needs.

TOP TOOLS- (DISCUSSED NEXT IN DETAIL)

- 01 Sewer District
- 02 Public/ Private Partnership* and Land Banking*
- 03 Employer Assisted Housing

The voting results from the February 11 work session are shown in the below chart.



TOP TOOL - PUBLIC/PRIVATE/INSTITUTIONAL PARTNERSHIPS FOR DEVELOPMENT & LAND BANKING

Public/Private Institutional Partnerships For Development

In states with strong private property rights coupled with limited roles and resources of local governments public/ private partnerships are critically important to creating local housing. Public/ private partnerships occur when public and/or institutional organizations partner with the private sector (developers, builders, etc.) to build local housing on publicly owned land. These sites may be publicly owned vacant or under-utilized land and may also include institutional properties. Publicly owned land can be sold or ground leased. Typically the land is donated or sold/ leased at below market rates in exchange for restricted housing.

Land Banking:

Land banking, or land acquisition for future development, refers to acquiring land through purchase, trades, life estates, donation (non-profits), in-lieu requirements for eventual community housing development.

» ISSUES

In General

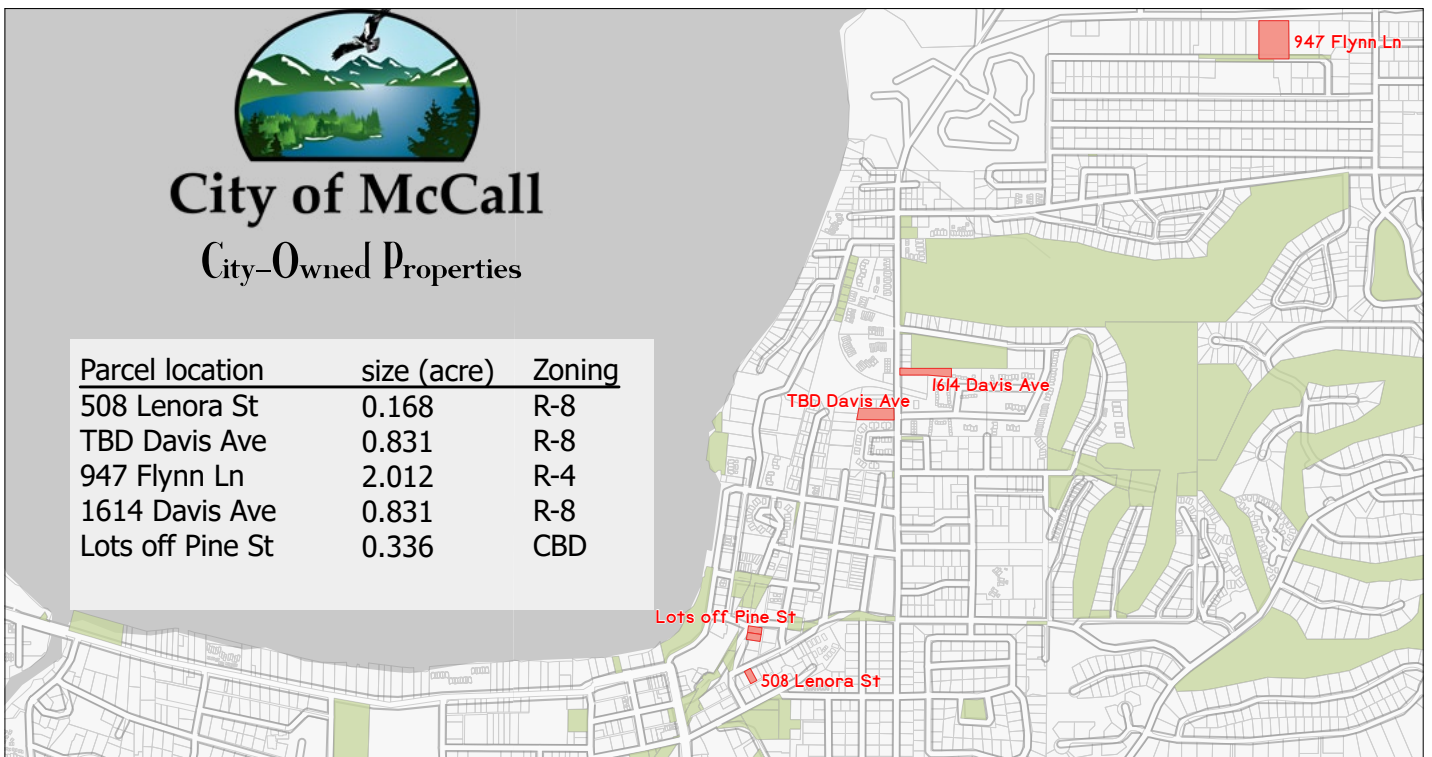
- 1 Using publicly owned land can catalyze development - public oversight helps achieve the type and price point of housing desired.
- 2 A prioritized inventory of parcels can create partnerships and provide a predictable pipeline of new housing as well as a predictable budget to plan and fundraise for.
- 3 A RFP or RFQ process is effective for selecting development partners for local housing developments. Clear project goals and objectives as well as a clear process is essential in establishing any RFP/Q and related partnership. State and localities have unique rules. In Idaho,
- 4 Urban Renewal Agencies and public housing authorities tend to have more flexibility to complete the RFP/Q process for land. Cities are also able to complete this process but some argue that they are required to sell public land to the highest bidder which does not generally meet the intent.
- 5 Cities often work closely with public partners such as URAs or PHAs to complete the larger public private partnership.
- 6 Public ownership of land can be retained using long-term leases to ensure the public asset is used as intended, although this approach may complicate financing it is sometimes easier in Idaho, notably for Cities.
Housing may compete with other desired uses of public parcels (i.e., parks, open space, community centers). Therefore, stakeholder buy in is critical.
- 7 Land banking works well when the responsible agency (typically public or non-profit) is poised to act quickly when the right parcel becomes available; an inventory of potential parcels that meet specified criteria allows agencies to act more quickly; public ownership of land can reduce long-term carrying costs if the entity is exempt from property taxes.

PUBLIC/PRIVATE/INSTITUTIONAL PARTNERSHIPS FOR DEVELOPMENT & LAND BANKING

ISSUES

McCall Specific

- 1 The City of McCall has identified nine (9) sites that are owned by the City that may be available for the development of locals housing.



OTHER COMMUNITY EXAMPLES

Boise, ID – Urban Renewal Agency purchases land and advertised a competitive RFP for workforce rental housing developments (serving up to 120% AMI) in exchange for below market land price and reimbursement of costs associated with public improvements and soils remediation.

Breckenridge, CO – The Town has a history and future pipeline of developing underdeveloped public sites for locals housing, it has accounted for 75% of the deed restricted locals housing.

Mammoth Lakes, CA – purchased land for the purpose of affordable housing. Master planned and RFQ'd land to affordable housing developers in a phased approach. The Town will loan or grant the project the value of the land for each phase of the planned development.

Parcel	Address	Zoning	Size	# of Units	Competing Uses	URD	Existing Restrictions & Notes (easements, deed)
1	508 LENORA ST	R-8	0.17	1	Housing, Park, Public Utility	N	None
2	TBD Rio Vista Blvd.	R-4	0.35	0	Park, Open Space	N	Deed Restriction, must remain natural and cannot be built upon.
3	TBD DAVIS AVE	R-8	0.83	7	Housing, Parking, Snow Storage	Y	Deed Restriction
4	TBD N. Sampson Trail	R-4	4.75	41	Housing, Greenhouse, Parking, Snow Storage	N	Brownfield Site, Cost to remediate? Potential URD?
5	947 FLYNN LN	R-4	2.01	8	Housing	N	None
6	TBD W. Deinhard Lane	R-8	0.24	2	Open Space, Housing	N	Sewer Easement, Is the site buildable or too steep?
7	TBD Chad Loop	R-4	1.60	0	Park, Open Space	N	Deed Restriction. Preservation of Open Space, No Structures Roads or Parking?
8	1614 DAVIS AVE	R-8	0.83	7	Housing, Snow Storage, Open Space	Y	Wetlands/Public Purpose Deed Restriction. Transferred from MRA.
9	TBD Pine Street	TBD	TBD	Y	Mixed Use, Food Trucks, Open Space	Y	Public Purpose Deed Restriction. Transferred from MRA.

PUBLIC/PRIVATE/INSTITUTIONAL PARTNERSHIPS FOR DEVELOPMENT & LAND BANKING

These sites are generally zoned R-4 or R-8. Both allow multi-family housing, although R-4 requires the issuance of a CUP if multifamily housing is proposed. Short explanations of the zoning are below.

Residential, Four Dwelling Units Per Acre (R4) Zone: The R4 land use designation permits the development of low-density single-family residential neighborhoods. These neighborhoods would consist of larger home sites. The zone allows a maximum density of four (4) dwelling units per acre.

Residential, Eight Dwelling Units Per Acre (R8) Zone: The R8 land use designation permits the development of medium density single-family housing and is intended to maintain traditional residential neighborhoods. The zone allows a maximum density of eight (8) dwelling units per acre.

An important determination is whether employers or other public institutions have property that may be suitable for community housing: this can include land owned by churches, hospitals, the County, the USFS or the MRA. Based on previous stakeholder meetings it sounds as if preliminary ideas around the future uses of these lands (particularly USFS) for community or employee housing do exist but a more robust discussion is needed. There will be challenges with each partnership which would need to be identified and addressed.

FEBRUARY COMMENTS

- » City of McCall and MRA have worked to acquire land and have traded/ purchased/ sold amongst each other in the past.
- » City of McCall completed an RFP process for the “Davis Project”. The site was ultimately not developed due to unforeseen development constraints – i.e., wetlands. The site may be able to provide a fewer number of units in the future.
- » The Shorelodge is building units and has a Housing Coordinator on staff.
- » “The Toaster” structure is being donated and will be relocated to a public site.

DISCUSSION QUESTIONS

Implementation Discussion Questions – Public/Private/Institutional Partnerships and Land Banking

Are there specific parcels you feel should be considered for housing? Did we miss any? [Think: institutional, public agencies, etc.]

Should we include previously developed or underutilized sites in addition to vacant?

In your opinion are they suited for Ownership housing? Or Rental housing? Single or multi-family?

What criteria should be used for prioritizing? (Location, access Infrastructure, topography, water & sewer, appropriate zoning, degree of potential controversy politically or with neighbors, near public transit/pathways, ripe/ready for development, others?)

Are any different considerations needed in prioritizing current land for development vs. potential for purchase?

Are there partnership needs or challenges to consider?

TOP TOOL - EMPLOYER ASSISTED HOUSING

Employer Assisted Housing

Employer Assisted Housing (EAH) means providing housing support to employees. Employers can provide land and partner in development of housing. EAH is often direct employee support, such as help with finding housing, down payment, rent/mortgage, relocation or master leasing/providing rentals.

» ISSUES

In General

- 1 Employers may have land or capital for housing. (Quasi)-public, private and non-profit agencies can partner with employers to provide technical assistance, property management, support for homeownership programs and/or development of housing to facilitate EAH. For example:
 - » Property management entities can assist employers in sharing, managing and maintaining housing. It would allow employers to not be “in the housing business,” yet still help supply housing for their employees. Could operate where the (quasi)-public sector hires private/non-profit company or private sector hires public/non-profit.
 - » An EAH can facilitate housing development for employees that they can afford by coordinating financing or partnerships with multiple employers to develop housing or coordinating an upfront master lease program for rental projects to ensure tenants and rents for developers (mitigate risk).
 - » Helping employers with the guidelines/contracts/technical assistance needed to establish down payment assistance programs or other EAHs; pooling employer resources to help employers leverage combined funds and be more effective.
- 2 Barriers to EAH for some employers may be the high cost of housing, land and development as well as a desire not to be involved in employees lives outside of work, desire to not be in the housing business, or lack of capacity.
- 3 Although convincing multiple employers to coordinate on projects is challenging in many communities, McCall has already started some partnerships between summer and winter businesses (Shorelodge and Brundage), see “McCall Specific “ section below.
- 4 In many communities’ construction companies seek units for their employees during the summer months.

OTHER COMMUNITY EXAMPLES

Santa Barbara Coastal Housing Partnership, CA – CA (employer memberships open access to various EAH opportunities; short, helpful videos at <http://www.coastalhousing.org>)

Jackson, WY – School district provided the land upon which CHT developed and manages ownership project for school employees).

Big Sky, MT – Habitat for Humanity has constructed homes for school district employees on school district land.

EMPLOYER ASSISTED HOUSING

» ISSUES

McCall Specific

- ① Responses from housing committee members to a survey indicated that employer are current assisting employees with about 100 units, as follows:

Employer	Number Units	Number of Employees Housed*	Type
Hotel McCall/ Forester's/Jug Mtn	1	3	Long Term Rental, future plans to create homeownership opportunity to employers (subdivision)
Shore Lodge/ White Tail	44 Total	+/- 92 Total 46 Year Round 46 Summer Seasonal	31 Year Round 13 Summer Seasonal
US Forest Service	46	116 57 are year round 34 Seasonal 25 "Administrative"	Trailers, SFH, Barracks, units in New Meadows and Warren/ Burgdorf
Brundage	14 (3 dorms, 3 bunkhouse rented from Shorelodge)	16 Year Round 22 Winter Seasonal	SFH, Dorms, Bunkhouse, seasonal and year round
St. Luke's Health	Not Yet	N/A	Working with affordable housing developers
OTHER	5	Both 5-14	Locally owned and rented to locals only

EMPLOYER ASSISTED HOUSING

POTENTIAL IMPACTS

- » Future USFS sites
- » Dept of Lands or Fish and Game mentioned as potential partners.
- » Brundage additional employee housing over the next 1-5 years.
- » City, County or other employers?
- » Many of McCall's major employers are doing some type of EAH and most desire more.
- » Other opportunities that were mentioned by employers and stakeholders include: USFS may own sites that could be used for housing USFS employees and may create additional units for partnership with other employers.
- » Employers have primarily acted independently in providing assistance.
- » Based on the 2018 McCall Housing Strategy:
 1. Major employers in the McCall Area include the U.S. Forest Service, McCall-Donnelly School District, Ridley's Market, and St. Luke's Medical Center.
 2. 82% of employees in McCall live outside of the City and commute into the City to work; and
 3. 40.5% of commuters are traveling greater than 50 miles to work in McCall, which significantly impacts employees, families, and their involvement in the McCall community beyond their work shift. For shorter commutes: Employees commuting less than ten miles make up 38.5% of commuters, while 12.8% travel 10 to 24 miles and 8.3% travel 25 to 50 miles to their job.

FEBRUARY COMMENTS

- » I wish I could provide more housing for my employees but it's too expensive
- » Our housing used to provide medium term housing or "bridge housing," meaning a place for employees to live until they found a place in the market that they wanted to rent or buy. But now it has become permanent.

DISCUSSION QUESTIONS

Implementation Discussion Questions – EMPLOYER ASSISTED HOUSING

What are the barriers to employers collaborating? What about opportunities?

How do we help employers work together: Who takes the lead?

How do we begin – What steps are needed to facilitate discussions, learn about and prioritize programs?

What type of housing is most needed by employers (year round, seasonal) and for whom (service employees, medical, schools, etc)?

REGULATIONS SUMMARY

TOOLS

The following table separates these tools into two groups: top tier and lower tier.

Top Tier Tools: are presented in detail in the following pages. These tools were selected for detailed review pursuant to consultant review and housing committee input.

Lower Tier Tools: are grouped in a table for further discussion. Feedback and Changes: Upon review, it may be desired that some tools be moved up and that some top tier tools be moved down.

Note on Existing Tools: Many tools are currently in place or have been used in McCall (delineated with an “*”). Priority tools that are in place should be reviewed for potential changes or modifications that can improve their effectiveness. Tools in place that received few or no votes do NOT mean the tool should go away. It simply means that the tool is not a priority for current discussion.

Top Tools	Definition
*Short term rentals – regulation and management	Management components may include STR fees for licensing/operation, Local Occupancy Tax collections, inspections, parking and occupancy requirements, fees for violation, etc.
Annexation policies	Negotiating affordable housing as part of annexation agreements. Policy based. Entities have discretion in negotiations.

Lower Tier Tools	Definition
*Inclusionary zoning	Placed in lower tier due to current illegality in Idaho as a mandatory program. The high rank of this regulation affected the selection of top tier “Incentive” tools. The Incentives category will look at how inclusionary zoning may be achieved through a combination of incentives.
Residential linkage (impact fee)	Potential state regulatory challenges.
Commercial linkage (impact fee)	Potential state regulatory challenges.

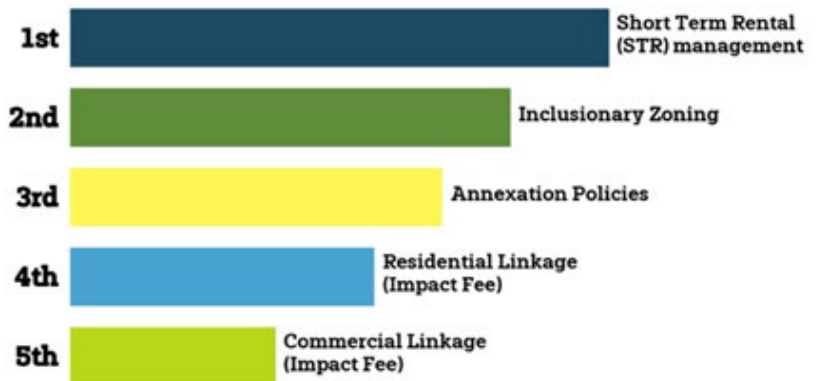
* Indicates that McCall has implemented all or a portion of the tool listed; alterations may be available to better meet community housing needs.

TOP TOOLS- (DISCUSSED NEXT IN DETAIL)

01 Short Term Rentals - Regulations and Management

02 Annexation Policies

The voting results from the February 11 work session are shown in the below chart.



LOWER PRIORITY TOOLS

INCLUSIONARY ZONING

A percentage of residential units in new subdivisions/PUD's are community housing. Market homes support community units. Only effective if new subdivisions/PUD's are developed.

A top item selected by the housing committee. McCall had in place. Requires legislative changes to implement as a mandatory program. Can use incentives to achieve a similar result.

RESIDENTIAL LINKAGE

Requiring new residential development to contribute to restricted community housing relative to employee demand generated by the new residential units. Mitigation rate often increases with house size. The fees in lieu provide a revenue stream that fluctuates with building activity. Nexus required.

COMMERCIAL LINKAGE

Commercial linkage requires new commercial development to provide housing or fees for a portion of employees generated from the development. Fees charged as part of this program must be linked to the need for housing generated by new development through jobs created. Nexus studies are required to determine the mitigation requirement

TOP TOOL - ANNEXATION POLICIES

Annexation Policies

Negotiating affordable housing as part of annexation agreements. Policy based. Entities have discretion in negotiations.

Premise: land owners receive service/municipal benefits with annexation; community benefits should also be realized.

This is a widespread practice among communities with local housing programs.

POTENTIAL IMPACTS

HOW MUCH: TBD; ensures local housing is included as part of annexation requests.

FOR WHOM: Variable, depends on policy

» ISSUES

McCall Specific

- 1 General concept to require 20% or 30% of development be deed restricted local housing when a private landowner requests annexation or rezone has been raised in the past. Has not been pursued.
- 2 Several annexation opportunities in McCall's Area of Impact exist.
- 3 Idaho Statutes: § 67-6511A. DEVELOPMENT AGREEMENTS. Each governing board may, by ordinance adopted or amended in accordance with the notice and hearing provisions provided under section 67-6509, Idaho Code, require or permit as a condition of rezoning that an owner or developer make a written commitment concerning the use or development of the subject parcel.

OTHER COMMUNITY EXAMPLES

Town of Breckenridge, CO – Any annexation request must include 80% of the development as affordable housing. Breckenridge has limited water supply and watershed build out limitations – the town does not want additional density unless it is serving locals. Their current zoning permits plenty of visitor accommodations and amenities; their concern is ensuring more housing for locals.

Winter Park, CO. – Negotiated a voluntary Real Estate Transfer Assessment for a subdivision seeking annexation. The subdivision is primarily high-end second homes and affordable housing was not suited to the zoning nor PUD. Winter Park benefits by receiving 1% of the sale value each time a property changes hands. The 1% is put into a dedicated housing fund.

Crested Butte, CO; Boulder, CO (40% local housing); Ashland, OR (25% local housing)

DISCUSSION QUESTIONS

Implementation Discussion Questions – ANNEXATION POLICIES

Is an annexation policy worth pursuing – what are the positives and negatives?

If pursued, what questions need to be answered?

a. % local housing requirement? 2010 Census (40% of housing units are occupied); 2020 Census (44% occupied)

b. Other requirements/options?

FEBRUARY COMMENTS

- » Annexations/rezones in McCall are not common
- » Potential annexation coming forward

TOP TOOL - SHORT TERM RENTAL (STR) POLICIES

Short Term Rental (STR) Policies

Restrictions may include prohibitions in zones where residents and employees reside, limiting the number allowed in defined areas/unit types, requirements that units be occupied as primary residences part time or while short-term rented, prohibiting STR of deed restricted housing. Limited by Idaho State Statutes. Management components may include STR fees for licensing/operation, Local Occupancy Tax collections, inspections, parking and occupancy requirements, fees for violation, etc. Incentivizing conversion to long term rentals (LTR) may include providing rent guarantees and property management in exchange for renting units long term that were vacant or rented short term. Other options may include property tax breaks or other incentives to rent long-term.

CURRENT IMPACT

Grew from 328 in 2017 (9% of housing units) to 488 in 2021 (13% of housing units)
Impacts mostly low to middle income renters (80% up to 110% AMI)

» ISSUES

In General

- 1 The short-term rental market affects the demand for community housing both from the supply side, by removing long-term rentals and homes previously owned by local residents from the market, and the demand side, through increased job growth to provide services to the short-term visitors and the rental properties.
- 2 With the explosive growth in short-term vacation home rentals enhanced by websites such as VRBO, Airbnb and other online hosting sites, STR concerns are in the forefront within most every high-cost mountain resort community.
- 3 National and global trends in STR show that STR fills a gap in preferred product type that hotels/lodges do not fill among visiting clientele. Hotels/larger companies are branching into purchasing companies that specialize in VRBO/airbnb offerings and home rental platforms. The industry is expanding beyond just home owners.
- 4 Concerns range from a loss of long-term rental units for residents and/or ownership opportunities (e.g. investor buyer competition), increased low-wage jobs, lodging tax collections, impacts on hotel/lodging businesses, and neighborhood concerns: parking, noise, trash, transient “neighbors,” etc.

McCall Specific

- 1 Survey of short term rentals in McCall (60 respondents):
 - » 38% said “yes” would consider long term renting – some already long term rent
 - » Tax abatement was most preferred incentive to long term rent (64%)
 - » Main reason not interested: furnished, use property/flexibility, property care/upkeep (quality of tenant concerns), minority – revenue return
 - » Ideas provided: ADU – help us build/add tiny home/second unit for long term rental; tax incentive; vetting tenants plus insurance they will pay rent, repairs made, etc.

SHORT TERM RENTAL (STR) POLICIES

- 2 McCall has a permit system, regulations on use/occupancy, license fees, Lodging Local Option Tax (3%) plus sales tax (1%) and street tax (3%). Exploring additional requirements.
- 3 ID state law is a factor see § 67-6539 (<https://legislature.search.idaho.gov/search>) and HB 216 (HOA restrictions). Counties/cities may not prohibit STR; can regulate based on health/safety/welfare. Homeowner's association cannot restrict existing ability to short term rent absent property owner agreement. Potential ability to prohibit in new development (e.g., new long term rental (apartment) properties).

OTHER COMMUNITY EXAMPLES

Sandpoint, ID – Requires license/permit, yearly permit fee, inspection, local representative within 20 miles of the city, minimum 2-nights stay in residential zones.
Limits number of STR: only one STR per parcel; different standards for owner-occupied rentals (no limit) vs. non-owner occupied (35 total allowed within the city, excluding waterfront units (not limited))
Subject to 7% hotel/motel occupancy tax.

Ketchum, ID. – recently enacted permits/licensing/use requirements similar to McCall.

STR RESTRICTION EXAMPLES

- ❑ Prohibits in zones where residents and employees reside (Mammoth Lakes, CA; Jackson, WY; Hebgen Lake, MT (STR only in commercial district and is conditional use; fines up to \$500/day if violation); Bozeman, MT (conditional use in some districts); South Lake Tahoe, CA (prohibit in all residential zones (voter-passed initiative)).
- ❑ Limits the number of STR in defined areas (Durango, CO);
- ❑ Requires that units be occupied as primary residences part time or while short-term rented (Santa Monica, CA; San Francisco, CA; Steamboat Springs, CO (has year-round STR and “occasional” STR (locals renting once or twice per year); Bozeman, MT (must be owner-occupied in residential districts)).
- ❑ Prohibit STR of deed restricted housing (most mountain communities with deed restricted housing do this).

When adding new regulations, some communities grandfather in existing licensed STR. Bozeman, MT (2017 changes: city registration fee; fire inspection fee; conditional use for some; must be owner-occupied in residential districts while rented; grandfather-in existing licensed STR).

SHORT TERM RENTAL (STR) POLICIES

IMPACT FEES AND/OR LICENSE FEES (INFORMATION ON DIFFERENT APPROACHES, MAY NOT BE LEGAL IN IDAHO)

- ❑ Most communities require business license fees plus STR permit fees to short-term rent units. Licensed units are required to pay transient-occupancy taxes to the jurisdiction (i.e., LOT in McCall). Enforcement required. Example: Boston has a scaled license fee based on the rental characteristics: owner-occupied and rented is lowest (\$25/yr); investor-owned and rented is highest (\$500/yr).
- ❑ Breckenridge, CO, adopted a \$756 fee/bedroom for short term rentals (excluding hotels/lodges) in Nov. 2021 to defray direct and indirect costs of the negative impacts of short-term rentals on the community, such as the displacement of workforce housing, the strain on town infrastructure and resources, and the guest experience. The fee will benefit short-term rental licensees by supporting employees who provide guest services throughout town (e.g., housing). Nexus study done. <https://www.summitdaily.com/news/local/breckenridge-passes-new-short-term-rental-regulatory-fee-on-1st-reading-in-split-vote/>
- ❑ Crested Butte passed a 5% voter-approved Vacation Rental Excise Tax in 2017 specifically for an “affordable housing fund.” It is imposed on all vacation rentals/short-term rentals (excludes commercial lodging/hotel facilities). It is on track to generate \$300,000 annually for workforce housing. Idaho legislation may limit taxes specifically on STR § 63-1804 <https://tax.idaho.gov/i-2001.cfm?seg=laws>

STR CONVERSION TO LONG TERM RENTALS

- ❑ Offers property management services, rent guarantee/certainty and tenant location in exchange for owners renting homes year-round to local employees.
Example: Summit County, CO (Housing Works Initiative, <https://www.summitfirc.org/assistance/housing-works-initiative/>); Whistler, BC (HomeRun program <https://homerun.whistlerhousing.ca>); Landing Locals, Truckee, CA, <https://landinglocals.com>; Big Sky Community Housing Trust, MT, “rent local” program, <https://bigskyhousingtrust.com/rent-local-program/>

STR CONVERSION TO TIME SHARE MODEL

- ❑ Encourage second homeowners to rent their unit long term; those that want to use their home a few weeks during the year can use another unit within the same/similar complex. Can be effective in condominium complexes with many like-units that are owned by absentee owners. Cumbersome to organize – need multiple absentee owner participation/coordination. Big Sky Community Housing Trust combines their “rent local” program with “Home Share” to provide this option, <https://bigskyhousingtrust.com/rent-local-program/>.

Alternative Example: Winter Park, CO. Year-round leases that contain term vacancy provisions are common – tenants must find alternative arrangements for one or two weeks per year, but otherwise occupy the home.

DISCUSSION QUESTIONS

Implementation Discussion Questions – SHORT TERM RENTALS

How can existing permit program be improved – tracking, enforcement?

What additional requirements can/should be considered?

- a. Apartments/rentals*
- b. New development*
- c. Does “limitation” equate to “prohibition” under state law? (e.g., Sandpoint)*

State lobby potential? Steps needed if interest?

For conversion to long term rental program:

- a. What steps need to be taken to start a program?*
- b. What options should be explored and who/how?*
- i. Education campaign – comparative revenue returns; local housing needs? Property managers?*

FEBRUARY COMMENTS

- » Short-term rentals – McCall requires permit and collects tax. Can't prohibit, but can manage the secondary impacts.
- » Developers can voluntarily restrict/prohibit STR – would like to see the city ask developers to do this. Valley County does this.
- » Tax STR more? Apply LOT directly to solutions (e.g. Landing Locals program)?
- » Would like to hire a lobbyist!
- » Majority of our rentals are long term and they can make more money long term.
- » Opportunity with STR, employers who want to participate to give them their incentives, trying to link them; e.g. house workers for term needed and STR rest of the time.