



MARCH 23, 2022

# LOCAL HOUSING COMMITTEE PACKET

## LOCAL HOUSING ACTION PLAN McCALL AREA

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# LOCAL HOUSING COMMITTEE MEETING 4

MARCH 23, 2022



# FUNDING 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
Opportunity Zones	The Opportunity Zones investment incentive expires in 2026 (less than 4 years). Two Opportunity Zones are eligible to receive private investments through opportunity funds in the McCall area. The program does not explicitly address below-market locals housing, pairing with traditional LIHTC/etc. financing has been difficult/few successes.
Impact Fees	A fee directly linked to the need for locals housing generated by new development through jobs created. Nexus required. Idaho does not specifically allow fees for housing.
Special Improvement District (SID)	SIDs require property owners in an area to increase their taxes.
Debt Financing with Favorable Terms	Debt financing is currently favorable but is changing. Cities, counties, housing authorities, some non-profits have access to low interest loans, tax exempt bonds, HUD multifamily loan insurance and other forms of development financing.  Public housing authorities and urban redevelopment agency are not subject to the supermajority vote.

## TOP TOOLS-

(DISCUSSED NEXT IN DETAIL)

01

\*Federal and State Grants/Loans Etc.

02

\*General Funds/Taxes (Includes Local Option Tax (LOT))

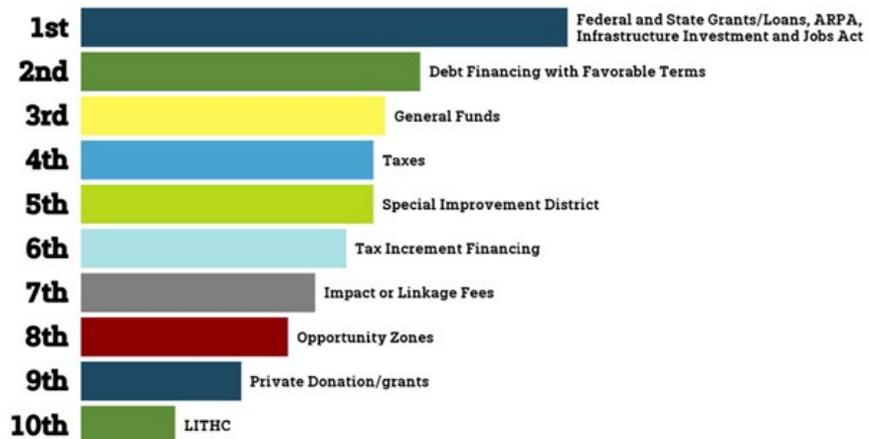
03

Private Donations/Grants

04

Tax Increment Financing

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



## TOP TOOL - \*FEDERAL AND STATE GRANTS/LOANS – LIHTC’s, CDBG, HOME, ARPA, INFRASTRUCTURE INVESTMENT AND JOBS ACT, ETC.

### Federal and State Grants/Loans etc.

Federal and State loans and grants are a basic ingredient in many successful housing programs and projects as well as LIHTCs. In high cost communities, State and Federal resources need to be leveraged with local funding and, often, local “match” is required in order to achieve federal and state grants and loans.

American Rescue Plan (ARPA) and Infrastructure and Jobs Act funding can be leveraged to help produce needed housing.

## » ISSUES

### In General

- 1 Many State and Federal resources only serve low income households (<50%, 60% or 80% AMI), and are prescriptive in how funds must be used. Competitive and complicated application and administration processes can be an additional drawback, but many communities have successfully navigated these constraints over time.
- 2 There is an art to matching state and federal resources to the appropriate projects and programs that will best meet local housing needs and priorities. Certain programs such as rental housing using the Low Income Housing Tax Credit, weatherization and rehab using Federal Department of Energy funding, down payment assistance using federal HOME funds have strong track records, and can be effective in most communities.
- 3 Managing multiple funding sources, and ensuring that funding requirements are aligned can be cumbersome. Communities need to invest in consistent capacity, to remain competitive for State and Federal funds, ensure funds are used timely and appropriately, and that long-term compliance is maintained in the housing created.
- 4 Low Income Housing Tax Credits (LIHTC) are the primary source of funds creating long term affordable rental housing in the U.S. (and Idaho). It is a tax program that has been in place for years and has many regulations. In high cost communities LIHTC developments need additional (often local) sources of funds to be feasible
- 5 Many Homeownership, down payment assistance, rental housing (LIHTC) financing programs are administered through Idaho Housing and Finance Association - <https://www.idahohousing.com/>.

## DEED RESTRICTED HOUSING (PERMANENT)

### McCall Specific

- 1 There may be federal ARPA or other funds available for infrastructure (sewer) improvements. The sewer district has submitted an application for planning.
- 2 The \$50MM Workforce Housing Fund from ARPA funds, likely to be adopted and administered by IHFA, expires at the end of 2026 and gives preference to projects that need gap financing, and that also bring local matching funds and/or land. The Senate will vote on HB 701 this week to fund program.
- 3 The Housing Company developed 72 units, The Springs I and II, using LIHTCs as the primary funding source, providing long term rental apartments at affordable rents.

### State Workforce Housing Fund -ARPA (American Rescue Plan Act)

HOW MUCH: \$50 million

FOR WHOM: Workforce – seems flexible based on the legislation.

### FEBRUARY COMMENTS

- » Can any provide funding to a buyer – lots of interest in homebuyer assistance
- » Any input/outreach we can provide can help shape programs for housing funds out of ARPA and Infrastructure and Jobs Act... we need everyone to contact local reps (residents, jurisdictions, businesses, etc.)
- » A lot of these sources are overlapping; coordinate all of these tactics

## DISCUSSION QUESTIONS

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### **Implementation Discussion Questions – \*Federal and State Grants/Loans – LIHTC’s, CDBG, HOME, ARPA, Infrastructure Investment and Jobs Act, etc.**

*1. Which existing programs could be enhanced/expanded with more consistent pursuit of state and federal housing funds?*

*2. What new projects, programs, or housing goals might be well aligned with state and federal requirements?*

*3. Which agency (or agencies) is best positioned to pursue these funding sources?*

*4. Who will lead on applying, implementing, and management/monitoring?*

## TOP TOOL - GENERAL FUND/TAXES DEDICATED TO HOUSING

### GENERAL FUND/ TAXES DEDICATED TO HOUSING

General fund allocations for housing may include an annual or occasional budget allocation primarily to support staffing, pre-development and gap financing for community housing. Taxes that have been used/approved for housing may include sales, property, lodging, short-term rental fee, real estate transfer, excise tax, vacancy tax, unit demolition or conversion fees. Voter approval required in most states. Revenue stream can be used for most housing-related activities. Recent ballot initiatives throughout the US have had mixed results. Approval requires extensive public education.

### » ISSUES

#### General Fund

- 1 Discretionary source of funds with powerful and competing interests - POLITICAL.
- 2 Policy driven, not voter approved for a specific use offering flexibility on use.
- 3 Flexible and can be used for land acquisition, pre-dev, gap financing, etc.

#### Taxes for Housing

- 4 A flexible, reliable funding source and/or revenue stream can be created to respond to local conditions and used for most housing-related activities, including land acquisition, pre-development, gap financing for units targeting households earning >80% AMI, and management of programs. Can address local housing needs that cannot be met by federal/state programs.
- 5 Tax options are limited by statute in Idaho (e.g. real estate transfer tax, specific short term rental tax).

Examples: Summit County, CO (0.725% sales tax); Breckenridge, CO (lift ticket tax); Vancouver, BC (empty homes tax); Routt County, CO (1-mil property tax); Mammoth Lakes, CA (administratively dedicates 1% of 13% TOT tax to housing); Highland Park, IL (residential demolition tax of \$3,000/unit up to \$10,000/building).

#### Local Option Tax

- 6 Consistent funding source used to respond to local conditions and used for most housing-related activities.
- 7 Flexible source.

Examples: Summit County, CO (0.725% sales tax); Breckenridge, CO (lift ticket tax); Vancouver, BC (empty homes tax); Routt County, CO (1-mil property tax); Mammoth Lakes, CA (administratively dedicates 1% of 13% TOT tax to housing); Highland Park, IL (residential demolition tax of \$3,000/unit up to \$10,000/building), California Statewide (transfer tax).

## TOP TOOL - GENERAL FUND/TAXES DEDICATED TO HOUSING

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### » ISSUES

#### McCall Specific

##### 1 General Fund Issues

- General Fund Balance Reserve goes toward housing at the end of each year, post annual audit.
- Under \$100,000 annually, not dependable.

##### 2 Local Option Tax (LOT) Issue

- General use for housing approved by voters in 2019.
- 3% fee on beds and 1% on general sales (not including groceries).

##### A) Streets Tax (2016-2025):

- This is a 1% tax on all retail sales (except groceries and motor vehicles) and an additional 3% for lodging (for a total of 4% on all lodging establishments for this tax). These funds are used solely for street improvements within city limits. City Code Title 4, Chapter 11.

##### B) Lodging Tax (2019-2028)

- This can be used to fund the Local Housing program as recommended in the McCall Housing Strategy.
- Further 3% tax on lodging ((hotels, motels, bed and breakfasts, short term home rentals). This is a total of 7% tax collected from all lodging establishments with both LOTs. This money is held in a trust and then distributed to winning grant applicants for projects directly benefiting the quality of life and/or tourism in McCall. City Code Title 4, Chapter 12.
- Since 2019, approximately \$360,000 spent on Locals Housing Incentive of about \$2.35 million total received.

### FEBRUARY COMMENTS

» We want to know the ground rules and need more money to make housing work financially.

## DISCUSSION QUESTIONS

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### Implementation Discussion Questions – General Fund/Taxes Dedicated to Housing

*1. LOT revenue can be used for housing on an as needed/discretionary basis. Should the next ballot measure ask voters to allocate a specific % of the LOT to local housing? What are the pros/cons?*

*2. Should alternative sources of revenue/taxes (e.g. general sales tax) and/or increased LOT be considered?*

*3. How should the funds be managed/awarded? Who coordinates and reviews fund applications? Does it work?*

# TOP TOOL - TAX INCREMENT FINANCING

## TAX INCREMENT FINANCING

Allocation of new property tax in Urban Redevelopment Districts (URDs). This is available through the McCall Redevelopment Agency's recently created Downtown West Urban Renewal Area.

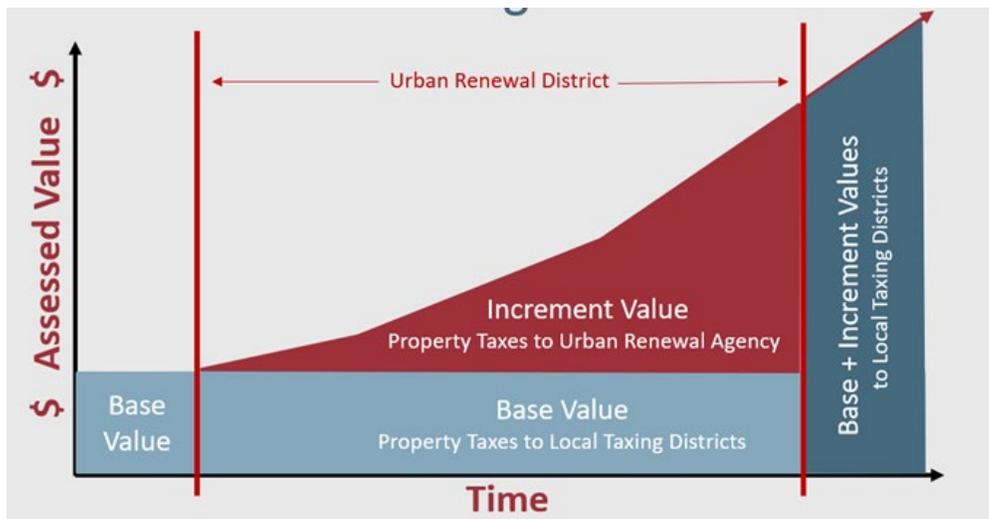
### ISSUES

#### In General

- 1 Tax Increment Finance (TIF) is a finance tool used by local jurisdictions to invest in public improvements and stimulate economic development. Typically, property taxes from a specific district broadly defined as "blighted" are redirected for a defined period of time. State's differ in how TIF is used – often supporting public infrastructure, blight and some level of economic development. Using funds to develop housing is not common, although Portland, OR is an example where TIF funds are earmarked specifically for workforce housing.

#### McCall Specific

- 1 The Downtown West Urban Renewal Area was approved in later 2019 and generates just under \$100,000 annually. It is in its infancy and will generate more TIF over time. The URP will be in place until 2040.
- 2 The Plan specifically includes support of and partnership to expand local housing options and leveraging the McCall Local Housing Program.
  - Includes the acquisition of property from the City in order to dispose of it to create development consistent with the plan
  - Specifically encourages development of, as well as financial and other assistance for, local housing options (pursuant to the Local Housing Program and Housing Strategy).The URP assumes over \$15 million in funding available over 20 years, with approx. \$1m for Locals Housing and an additional \$2m for land acquisition over time.



## COMMENTS AND DISCUSSION QUESTIONS

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### Implementation Discussion Questions – Tax Increment Financing

*1. What are the challenges with the using TIF for housing?*

*2. Should additional URAs be considered? If so, where?*

*3. Who should be involved?*

#### FEBRUARY COMMENTS

» There's just not enough TIF monies available.

## TOP TOOL - PRIVATE DONATIONS/ GRANTS

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### PRIVATE DONATIONS/GRANTS

Tax deductible contributions to a non-profit organization/foundation, for the purpose of providing funds for housing.

#### » ISSUES

##### In General

- 1 Philanthropic investment to bridge the subsidy gap and make an affordable housing project feasible, and/or educate the community about the value of affordable housing. Often viewed as a grassroots approach to address the issue because it is not being adequately addressed by the market or public sector.
- 2 Affordable housing projects offer an opportunity for capital campaigns and the ability to leverage philanthropy with public funds (state, local or federal). Philanthropic contributions often include land donation. Can be used for an ownership or rental product. Income levels served is dependent upon non-profit mission and status and the IRS has requirements for charitable/tax exempt affordable housing organizations.
- 3 It is challenging to raise funds for affordable housing, especially with large subsidies needed. Permanence of affordability can ensure a one-time investment serves multiple families over time. Cultivating donors and managing donations is administratively burdensome. Private donations can be used for education, but limited for advocacy. Fundraising for affordable housing may compete with other charitable causes.  
Examples: Jackson, WY; Placer Co./Truckee, CA.

##### McCall Specific

Unknown.

## DISCUSSION QUESTIONS

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### Implementation Discussion Questions – Private Donations/Grants

*1. Is this something to investigate further in McCall?*

*2. What opportunities exist?*

*3. Who is best situated to fundraise and allocate donations/grants?*

# PRESERVATION/REHABILITATION 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
Acquisition of Market Units	Usually involves investing public funds to lower the sales price in exchange for restricted locals housing. Inability to obtain condo mortgages can result in units being rented. Public sector purchases can drive up prices for low-end market units.
Rehabilitation/ Weatherization	Repairing, updating, enlarging, improving energy efficiency, and providing handicapped accessibility, typically with Federal or State grants. Staff/time intensive.
Condominium Conversion	Limiting or prohibiting conversion of apartments to condominiums to retain rental housing. May require some portion of converted units to be restricted locals housing or provide first right of refusal of sales to apartment occupants, among other conditions.

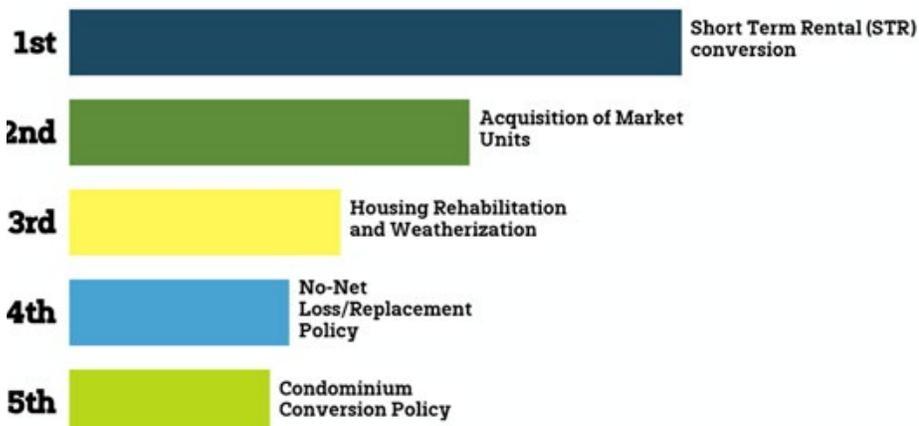
Lower Tier Tools	Definition
Short term rental conversion	Addressed in Regulations section; incentivizing/ marketing conversion of short term rentals into long term or mid-term seasonal rentals for locals.
No net loss/ replacement	Requiring replacement of below-market dwellings occupied by residents when redevelopment occurs. Similarly priced units should be replaced on site or another site, or a fee-in-lieu of replacement could be allowed. Demolition tax can be used to fund replacement.

\* 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 Acquisition of Market Units
- 02 Rehabilitation/ Weatherization
- 03 Condominium conversion

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



## TOP TOOL - ACQUISITION OF MARKET UNITS

### Acquisition of Market Units

Usually involves investing public funds to lower the sales price in exchange for restricted locals housing.

### » ISSUES

#### In General

- 1 Recognizes that building out of the housing problem is challenging in many mountain communities.
- 2 Helps increase local occupancy of homes in strong vacation/second home markets by deed restricting existing homes for local occupancy.
- 3 Maintains diversity and local occupancy in neighborhoods that may be transitioning to investment or second home properties.
- 4 Can be achieved through multiple methods, for example:
  - Direct public purchase
  - Combined with homebuyer assistance (down payment grant) to deed restrict existing homes
  - Special assessment or tax relief for existing owners

Challenges:

- 1 Inability for locals to obtain condo mortgages can result in purchased units being rented to locals rather than sold (e.g. the town of Breckenridge permitted developers to deed restrict existing condominiums in lieu of building homes under their inclusionary zoning policy. Projects not FHA approved meant residents could not acquire had difficulty acquiring loans – they are now part of the town’s rental inventory).
- 2 Public sector purchases can drive up prices for low-end market units.
- 3 Condition matters. Older homes are more affordable, but may not be good candidates for long term deed restriction absent improvements.

### OTHER COMMUNITY EXAMPLES

**Vail, CO** – Vail InDeed is the primary known program for deed restriction purchases. <https://www.vailindeed.com>

**Breckenridge, CO** – <https://www.summitdaily.com/news/local/breckenridge-continues-to-add-workforce-housing-through-buy-down-program/>;

**Big Sky, MT** – Good Deed’s program <https://bigskyhousingtrust.com/good-deeds/>

## COMMENTS AND DISCUSSION QUESTIONS

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### FEBRUARY COMMENTS

- » Preserve naturally occurring local housing – apartments, smaller homes, single-family homes occupied by locals.
- » We cannot build our way out of this.

### Implementation Discussion Questions – Private Donations/Grants

*1. Should acquisition of market units be further explored as a tool to preserve housing for local residents?*

*2. What opportunities exist in the greater McCall area? What barriers may prevent it from being used?*

*3. Who is most suited to implement an acquisition program? How would this program be funded?*

# TOP TOOL - HOUSING REHABILITATION/WEATHERIZATION

## Housing Rehabilitation and Weatherization

Programs to repair, update, and improve energy efficiency in existing homes occupied by lower income households. Rehabilitation and weatherization improve the quality of the existing housing inventory.

### » ISSUES

#### In General

- 1 Funding is usually through State and Federal grants, with strict limitations on who can be served. Idaho Power provides energy efficiency assistance. DOE Idaho Weatherization Assistance Program for low income residents over 60 years of age (<https://www.benefits.gov/benefit/1849>).
- 2 Staff/time intensive.
- 3 Does not increase the inventory of locals housing; rather improves the quality of the existing housing inventory, making homes safer and more comfortable, and lowering utility bills for occupants.
- 4 Helpful for seniors in older homes.
- 5 Could be combined with redevelopment initiatives – e.g., CDBG, HOME funds to rehab/redevelop old/underutilized properties for local housing occupancy.

### FEBRUARY COMMENTS

- » Important to help keep seniors in homes (and keep utilities down)
- » Housing rehabilitation and weatherization is a conversation I hear a lot.
- » Maintain character and place

## DISCUSSION QUESTIONS

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### Implementation Discussion Questions – Rehabilitation/Weatherization

*1. Should a rehabilitation/weatherization program be further explored?*

*2. Are there opportunities in the greater McCall area (senior organization, homes in need of repair/weatherization)?*

*3. How would the program be funded? Who would manage?*

## TOP TOOL -CONDOMINIUM CONVERSION POLICY

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### Condominium Conversion Policy

Limiting or prohibiting conversion of apartments to condominiums to retain rental housing. May require some portion of converted units to be restricted locals housing or provide first right of refusal of sales to apartment occupants, among other conditions.

#### » ISSUES

##### In General

- 1 The conversion of rental apartments to a for sale condominium product is a common trend in mountain resort communities, leading to the loss of more stable and “naturally occurring” local housing to a more expensive for sale product. Converted units are often purchased by investors and used as a rental (long-term or short-term).
- 2 Conversions can offer entry-level homeownership opportunities, but in rapidly appreciating housing markets, such as McCall, the units quickly become unaffordable to local residents.
- 3 Helps preserve a supply of rental housing product/“naturally occurring” local housing.
- 4 Limiting conversions with entitlements helps to preserve rental apartments. Can be combined with density bonus or other incentives. Can be used to preserve Local Housing rentals.
- 5 Conversion of an apartment to a condominium may also include redevelopment (removal and replacement), meaning that if apartments are demolished and replaced with condominiums, the lost apartments must be replaced.
- 6 Challenging to regulate change in use.

## DISCUSSION QUESTIONS

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### Implementation Discussion Questions – Condominium Conversion Policy

*1. Would a condominium conversion policy be helpful in McCall?*

*2. How much potential for exists for apartment construction (and therefore the need to retain rental apartments)?*

*3. Is a blanket policy that applies to all apartment construction desirable, or one tied to incentives and/or the production of deed restricted Local Housing?*

# INCENTIVES SUMMARY

## TOOLS

The following table shows lower tier tools as the top tools will be discussed in the following pages.

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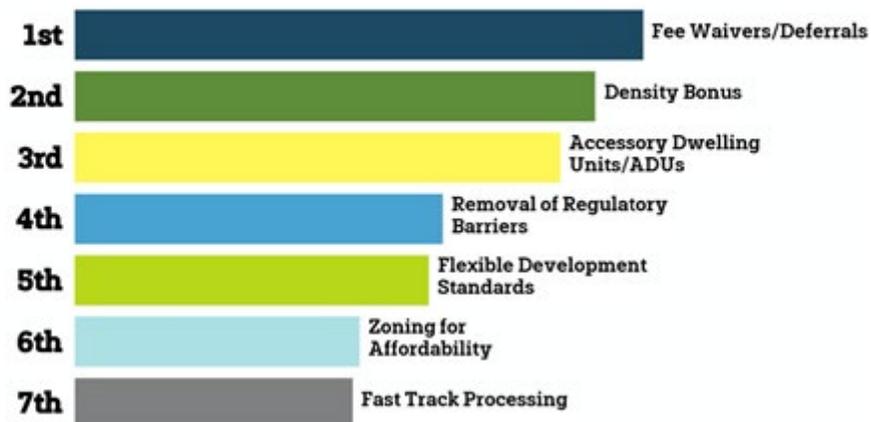
Lower Tier Tools	Definition
Removal of Regulatory barriers	Updating/modifying code provisions and procedures that impede locals housing development. McCall permits locals housing in all residential and commercial (CC, CBD) zones.
*Flexible Development Standards	Limited use in McCall; Potential for expansion. Location and number of parking spaces may be modified by the commission for Locals Housing (discretionary; 3.08.06(I)). Lot size reduction or additional height permitted as part of density bonus provision depending upon use/zone.  One incentive for Locals Housing may be used.
Fast Track processing	Gives priority to development applications with restricted locals housing. May streamline some processes when Locals Housing is part of the application (e.g., automatic parking reduction vs. discretionary process for non-locals housing developments, etc.).  Not in place in McCall.

\* 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** Density Bonus
- 02** Fee Waiver/deferral
- 03** Accessory Dwelling Units
- 04** Zoning for Affordability

## The voting results from the February 11 work



## TOP TOOL - DENSITY BONUS

### Density Bonus

Providing additional density in exchange for restricted locals housing. Must be large enough to entice development yet small enough for livability and compatibility.

### POTENTIAL IMPACTS

**HOW MUCH:** Currently 15 proposed (Colorado Street Townhomes)

**FOR WHOM:** deed restricted local housing (local employment/primary residence, limited rent/price appreciation)

### » ISSUES

#### In General

- 1 Common difficulties implementing effective density bonus programs include:
  - Bonus is too small to encourage housing development that locals can afford;
  - Underlying density is too high to necessitate (or allow) more density;
  - Other lot restrictions prohibit being able to increase density (lot coverage, setbacks, height limitations; parking requirements);
  - Allowed scale is or is perceived to be inconsistent with existing neighborhoods, generating neighbor opposition.
- 2 The first three bullets can be addressed through code development – to ensure enough density that is beneficial for the developer to provide local housing (cost of development/local housing gap exercise) and that the additional density can be physically built on the property.
- 3 Density bonuses in proper locations can also help. For example, city centers and rural fringe/transition areas, or scaled bonuses depending upon location.
- 4 “By right” density bonus – meaning that the density/# of units is not subject to discretionary public review – is the most direct/effective way to encourage Local Housing development creating predictability for the neighbors and developer. By right means that the project cannot be denied due to the number/density of units. Other provisions (design, layout) can be used to address visual concerns/impacts.
- 5 Local education campaigns, graphic representations of density, mobilizing community support, education of elected officials (e.g., site visits to good example projects) can illustrate that density does not automatically equate to ugly, urban, or overbearing. Pro-actively addresses public “fears.”

# TOP TOOL - DENSITY BONUS

## » ISSUES

### McCall Specific

- ① Adopted in 2019:  
3.8.21: LOCAL HOUSING DENSITY BONUS PROGRAM

(C)(3) The location of parking spaces as set forth in section 3.8.06(D) and the number of parking spaces required as set forth in Table 3.8.062 VEHICLE PARKING may be modified for local housing units pursuant to 3.8.06(I) REDUCTION OF REQUIREMENTS.

(D) Calculation of the Density Bonus.

.....

(3) The calculation of the density bonus is as shown in Table 3.8.21.

(4) Only one incentive may be applied to any one project.

Incentive	Definition
Additional dwelling units	1 additional unit for each local housing unit
Additional building lots	1 additional building lot for each lot deed restricted for local housing One incentive for Locals Housing may be used.
Additional height in commercial zones <sup>1</sup>	50' maximum height without a conditional use permit when 25% of the floor area of the development devoted to local housing units.  Not in place in McCall.
Reduction in minimum lot size to the standards allowed by the next higher density residential zoning category.	50% of the additional lots created by the bonus shall be deed restricted to local housing.

## OTHER COMMUNITY EXAMPLES

- **Mammoth Lakes, CA; Crested Butte, CO; Frisco, CO** - (up to 50% bonus permitted);
- **Whitefish, MT** - (up to 20% bonus if 10% of development is affordable; multiple incentives: lot size, coverage, height, parking);
- **South Lake Tahoe, CA** - (by-right density bonus); state level: CA – up to 30% density bonus permitted by-right if specified affordability criteria are met.

## DISCUSSION QUESTIONS

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### Implementation Discussion Questions – Density Bonus

1. How can the effectiveness of the Density Bonus program be increased?

- a. Primary challenges?
- b. Opportunities?

2. Who is best suited for community education outreach/help build more YIMBY support?

3. Who needs to be involved to create changes (planning department, local organizations/groups, etc.)?

#### FEBRUARY COMMENTS

- » Double density in place, but need to figure out sewer
- » Push back on density bonus from neighbors (NIMBY), expensive, scale is probably more important than density
- » We need YIMBY
- » Can form-based codes help?

## TOP TOOL - FEE WAIVER/DEFERRAL

### Fee Waiver/Deferral

Water/sewer tap fees, building permit, development impact fees, or other fees waived in part or whole to reduce cost to build community housing. General funds or other source needed to cover cost of fees waived.

### POTENTIAL IMPACTS

**HOW MUCH:** 13 local housing units have used this program

**FOR WHOM:** deed restricted local housing (local employment/primary residence, limited rent/price appreciation)

### » ISSUES

#### In General

- 1 Fee waivers are differentiated from fee deferrals in that the former need not be paid back – general funds or other source is needed to cover the cost of fees waived.
- 2 Deferred fees allow the developer to pay for fees out of sale or occupancy proceeds. Deferring until sales/leasing occurs lowers the price of development by reducing some up front soft costs/lowering debt carrying costs. Deferred fees on local housing ownership product places the burden of the fee on the buyer and can raise otherwise affordable housing prices above affordable levels.
- 3 Fee waivers can be used to produce ownership or rental housing and serve a wide range of incomes.
- 4 Fee waivers are also helpful in demonstrating local support for community housing to attract other funding sources.
- 5 Fee waivers alone are not sufficient to stimulate private sector/profitable development of local housing.
- 6 Fee waivers are more difficult if fees are not through city-operated services (e.g. water, sewer), which is not uncommon. District agreements/ reimbursement agreements can be used.  
Examples: Breckenridge, CO; Crested Butte, CO; Truckee, CA.

#### McCall Specific

- 1 Local Housing Incentive Program (Resolution 19-02) adopted February 2019: Will pay up to \$10,000 for each deed restricted Local Housing unit to reimburse infrastructure, hookup, application fees.
  - Subject to fund availability. Fund sources: general fund, LOT, water utility fees, hookup franchise fees, building/P&Z application fees, city-owned property.
- 2 Idaho Statutes: § 67-8204(10): (10) A development impact fee ordinance may exempt all or part of a particular development project from development impact fees provided that such project is determined to create affordable housing, provided that the public policy which supports the exemption is contained in the governmental entity's comprehensive plan and provided that the exempt development's proportionate share of system improvements is funded through a revenue source other than development impact fees. (NOTE: "affordable housing" defined as 80% AMI or less (§67-8203)).

## COMMENTS AND DISCUSSION QUESTIONS

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### Implementation Discussion Questions – Fee Waiver/Deferral

*1. How can the effectiveness of the Local Housing Incentive as a fee reimbursement program be increased?*

- a. Permanent funding source?*
- b. Amount of reimbursement/timing?*
- c. Other?*

*2. What steps would need to be taken to help this program better incentivize local housing production?*

#### FEBRUARY COMMENTS

» Fee reimbursement requires a Local Housing deed restriction – have a project where the builder wants to live in McCall after retiring and deed restriction does not allow this (so not using the program).

## TOP TOOL - ACCESSORY (SECONDARY) DWELLING UNITS\*

### Accessory (Secondary) Dwelling Units

An Accessory Dwelling Unit (ADU) is a second smaller home sharing a lot with a single-family or townhome residence. Some examples of ADUs include an apartment over a garage, a tiny house in the backyard, or a basement apartment.

McCall added provisions for Local Housing ADU allowing flexibility in number of ADU/lot, size (over 1,500 sq ft).

### POTENTIAL IMPACTS

**HOW MUCH:** One built under current code

**FOR WHOM:** Typically low/middle to moderate (80% - 120%)

### » ISSUES

#### In General

- 1 ADUs diversify the housing inventory by adding studio and one-bedroom units, many in low and medium density residential areas.
- 2 Owners may want/need to occupy the ADU and rent larger home long term as their family changes over time.
- 3 Requiring use of ADUs as long-term rental housing benefits local residents. Compliance monitoring is needed.
- 4 Stock building plans/pre-approved designs could help facilitate development/ease cost and process for owners.
- 5 Tiny homes could be built off site without construction disturbance to neighbors.

#### McCall Specific

- 1 Current code allows one accessory dwelling unit on all property with an existing or planned principal dwelling, "except as allowed through the LOCAL HOUSING DENSITY BONUS PROGRAM set forth in Section 3.8.21."
- 2 Accessory Dwelling Units are limited in size to 1,500 square feet, unless it is a deed restricted Local Housing unit.
- 3 If a short term rental is on the property, then at least one dwelling must be owner-occupied or a deed restricted Local Housing unit.

### OTHER COMMUNITY EXAMPLES

■ **Crested Butte, CO** - (all ADUs must be deed restricted; 1,000 sq ft max);

■ **Fort Bragg, CA** - Free Second Unit Design program <https://www.city.fortbragg.com/departments/community-development/housing-resources/preapproved-accessory-dwelling-unit-program>

# DISCUSSION QUESTIONS

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## Implementation Discussion Questions – ADUs

1. *Why are ADUs not being built?*
  
2. *Are ADUs considered in sewer district capacities (Equivalent Dwelling Unit)?*
  
3. *Is a Local Housing ADU program worth pursuing?*
  
4. *What changes can be considered to increase use for local housing?*
  - a. *ADU size*
  - b. *Fees/cost*
  - c. *Tiny homes, prefab options?*
  - d. *Application process (design review, permit approval, etc.)*
  - e. *Pre-approved plans*
  - f. *Other*

### FEBRUARY COMMENTS

» Sewer district does not recognize ADUs

# TOP TOOL - ZONING FOR AFFORDABILITY

## Zoning for Affordability

Ensure that local regulations align with the desired outcome of increasing the supply and diversity of housing choices for community residents. Zoning for affordability includes allowing small lots for modest/tiny houses, complete neighborhoods, live/work opportunities, and multi-family housing by-right in all or most zones.

## POTENTIAL IMPACTS

HOW MUCH: TBD

FOR WHOM: Low to middle or moderate (below 150%)

## » ISSUES

### In General

- 1 Land use codes may disincentivize housing development by driving up project costs or disallowing the types of housing that might be affordable for local residents.
- 2 Complete code review through the lens of “does this policy create a barrier to workforce housing?” and rewrite might be required. Local builders/developers are a resource for how to make codes more favorable for smaller, more affordable housing.
- 3 Zoning for affordable housing may not be enough to stimulate private sector/profitable development.
- 4 Live/Work units can help the market supply employee housing, but needs clear regulations and covenants to help enforce use. Jackson, WY, has live/work units, but most are primarily either live or work and few are occupied as true live/work.

### McCall Specific

- 1 Local housing is permitted in all zones;
- 2 Incentives/provisions to assist local housing development are summarized above: density bonus, discretionary parking reduction option, fee reimbursement (up to \$10,000), ADU number/size, use of one incentive: height or lot size modification depending upon zone/use.

## OTHER COMMUNITY EXAMPLES

- Jackson, WY (mostly incentive based by zone); Breckenridge, CO; Crested Butte, CO

## DISCUSSION QUESTIONS

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### Implementation Discussion Questions – Zoning for Affordability

*1. Are current regulations hindering the development of Local Housing such as setbacks, right of way sizes, etc.?*

*2. Are particular product types affected more than others? (e.g., are some local housing product types hard to build under current codes)*

*3. What changes can be considered to facilitate/aid local housing?*