

# HOMELESS IN A MOUNTAIN TOWN: HOW IDAHO RESORT COMMUNITIES ARE COMBATting THE AFFORDABLE HOUSING CRISIS

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## I. INTRODUCTION

The affordable housing crisis in the United States has been an ongoing issue for more than a century.<sup>1</sup> And, along with many facets of the economy, the COVID-19 pandemic has exacerbated the problems faced by the housing industry with up to 40 million people at risk of eviction.<sup>2</sup> In 2020, 1,893 families in Idaho had an eviction filing, and 1,127 were formally evicted.<sup>3</sup>

According to the Idaho Department of Labor, housing costs have increased by 73% over the past five years<sup>4</sup> which has resulted in many Idahoans getting “priced out” of their communities. In resort towns, this phenomenon has been linked to several variables, including increased demands in housing markets as a result of remote-work opportunities and the disconnect between

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\* J.D., University of Idaho College of Law, 2022.

1. NAT'L LOW INCOME HOUS. COAL., A BRIEF HISTORICAL OVERVIEW OF AFFORDABLE RENTAL HOUSING (2015), [https://nlihc.org/sites/default/files/Sec1.03\\_Historical-Overview\\_2015.pdf](https://nlihc.org/sites/default/files/Sec1.03_Historical-Overview_2015.pdf).

2. Vanessa Yurkevich, *40 Million Americans Are at Risk of Eviction Without a Stimulus Bill*, CNN (Aug. 7, 2020, 12:47 PM), <https://www.cnn.com/2020/08/07/economy/eviction-stimulus/index.html>; Justin R. Wolf, *How Do We Solve America's Housing Crisis?*, COMMON EDGE (Apr. 25, 2021), <https://commonedge.org/how-do-we-solve-americas-housing-crisis/>.

3. Benjamin Larsen, *Despite Federal Moratorium, Idaho Eviction Rates Returning to Pre-Pandemic Levels*, KTVB7 (May 24, 2021, 8:23 AM), <https://www.ktvb.com/article/news/local/growing-idaho/despite-federal-moratorium-idaho-eviction-rates-returning-to-pre-pandemic-levels/277-edf08ac8-2848-40e0-a893-a0a59f4b2a95>.

4. Shirah Matsuzawa, *Priced Out of the Treasure Valley: Housing Prices Skyrocket While Wages Remain Stagnant*, KTVB7 (Feb. 24, 2021, 7:18 PM), <https://www.ktvb.com/article/news/local/growing-idaho/treasure-valley-housing-prices-increase-while-wages-remain-stagnant/277-92f9d8e9-e8b8-4dd5-9f57-f4f43946c70b>.

housing prices and incomes.<sup>5</sup> A combination of escalating home prices, worker shortages, and a lack of employee housing has led several Idaho communities to explore innovative housing options.<sup>6</sup>

Due to these drastic price increases, several Idaho communities—including McCall, Wood River Valley, and Boundary County—have begun exploring creative affordable housing solutions. Among these proposals are a deed incentive program, strategic partnerships with local employers to construct affordable housing for employees, and a project called “reversed engineering.”<sup>7</sup> While there is no silver bullet to solve this complex issue, the ultimate goals of these proposals have been to promote local economic development and ultimately increase access to social services.

## II. CREATIVE AFFORDABLE HOUSING SOLUTIONS

### A. A Deed Incentive Program to Support Year-Round Residents

In recent years, in McCall, Idaho, officials have explored different housing options that aim to balance the economic realities of seasonal tourism while supporting a year-round community.<sup>8</sup> One solution that has gained local support is the Deed Incentive Program, as outlined in the 2018 McCall Area Comprehensive Plan.<sup>9</sup>

As the name implies, the approach relies on deed restrictions attached to properties with varying price points to incentivize housing options for locals.<sup>10</sup> The deed restriction is a legally binding clause on a home or parcel of land that dictates what the property can be used for.<sup>11</sup> Notably, the deed does not go away even if the property is sold.<sup>12</sup> “Rather than link the local housing program to

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5. Paul Schwedelson, *‘The Data Makes It Pretty Clear’: Boise-Area Home Prices Rise 4 Times as Fast as Income*, IDAHO STATESMAN (Apr. 25, 2022, 3:07 PM), <https://www.idahostatesman.com/news/business/article259538904.html>.

6. Tristan Lewis, *McCall Becomes Another Battleground for Affordable Housing*, KTVB7 (July 15, 2021, 10:09 PM), <https://www.ktvb.com/article/news/local/growing-idaho/mccall-becomes-another-battleground-affordable-housing/277-37cd40f5-f93c-424f-bd9c-66f87ca46d65>.

7. *See, e.g., id.*

8. *Id.*

9. CITY OF MCCALL, MCCALL IN MOTION: CITY OF MCCALL HOUSING STRATEGY (2018), <https://www.mccall.id.us/media/CED/Plans/2018%20McCall%20Area%20Housing%20Strategy.pdf> [hereinafter MCCALL IN MOTION].

10. *Id.* at 34.

11. *Id.* at 37.

12. *Local Housing Incentive Program*, CITY OF MCCALL IDAHO, <https://www.mccall.id.us/localhousing> (last visited Apr. 27, 2022).

[certain eligible] income categories, the purpose of the criteria for the deed restrictions [is to] focus on people who work in the community to also have housing within McCall. Deed restrictions for rent[,], for sale[,], or employer-owned units would” include criteria for how “deed restrictions will be developed depending on the ownership, type of unit or development, and other considerations based on a project-by-project evaluation.”<sup>13</sup>

Each deed would be individualized based on the specific property, but certain criteria for all prospective project properties must be met.<sup>14</sup> The criteria aim is to regulate to whom the property can be rented in order to promote year-round residents and stimulate the local economy.<sup>15</sup> These requirements include that the tenant is employed within the city and work a minimum of thirty hours per week (or 1,560 hours per year) for a set period of at least six months, be a senior aged sixty-five or older as the primary resident, or be a person with a disability.<sup>16</sup> For rental units, there is an additional rent control requirement that is determined based on the Consumer Price Index.<sup>17</sup> If one of the criteria is met, then the owner of the property would receive up to \$10,000 per unit as a reimbursement.<sup>18</sup>

In a recent interview, McCall's Community and Economic Development Director, Michelle Groenvelt, discussed the need for the type of reimbursement program in order to create housing options for those who make too much money to qualify for other types of housing assistance programs.<sup>19</sup> Groenvelt stated:

We think all people should be able to work and live here regardless of your income. There are some programs that capture (the) lower-income, but then right above that there really aren't. And so I think the challenge here is that some employers are starting to pay more here like \$15 to \$20 an hour or more for service jobs. And so sometimes if you have a couple of incomes and depending on how

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13. *Id.*

14. *Id.*

15. Autum Robertson, *Condos with Workforce Housing Planned for McCall*, BOISEDEV (Mar. 8, 2022), <https://boisedev.com/news/2022/03/08/condos-with-workforce-housing-planned-for-mccall/>.

16. *See Local Housing Incentive Program*, *supra* note 12.

17. *See Local Housing Incentive Program*, *supra* note 12.

18. *See Local Housing Incentive Program*, *supra* note 12.

19. Autum Robertson, *Incentive Programs: McCall Looks for Ways to Keep Up with Affordable Housing Demand*, BOISEDEV (Sept. 14, 2021), <https://boisedev.com/news/2021/09/14/mccall-local-housing/>.

many kids you have, you may not qualify for that lower-income level anymore.<sup>20</sup>

The 2018 McCall Area Housing Strategy detailed striking housing statistics. It noted that McCall lacks at least 700 units (rental or owner-occupied) for the local workforce based on current household incomes, and there are even more units needed when commuters are considered.<sup>21</sup> Moreover, 82% of employees in McCall live outside of the city and commute into the city for work, and 40.5% of commuters are traveling greater than fifty miles to work in McCall.<sup>22</sup> These commutes significantly impact employees, families, and their involvement in the McCall community beyond their work shift.<sup>23</sup> Employees commuting less than ten miles make up 38.5% of commuters, while 12.8% travel ten to twenty-four miles and 8.3% travel a significant twenty-five to fifty miles to their job.<sup>24</sup>

As of September 2021, there were thirty-four affordable housing deed-restricting projects that were awaiting approval from the city.<sup>25</sup> The city also has a land banking fund, which is collecting land for future developments and employee housing provisions, among other code amendment changes to promote local and workforce housing.<sup>26</sup>

#### B. Affordable Housing Sponsored by One of Wood River Valley's Biggest Employers

The Wood River Valley, located in Blaine County, is yet another Idaho community facing the harsh realities of a housing crisis. Wood River Valley is known for its access to recreation, beautiful scenery, and skyrocketing home prices. The average sale price of a home was recently listed as \$775,000, which has left many locals forced to move elsewhere or explore other housing options.<sup>27</sup>

At one point, Ketchum city officials considered allowing a “tent city” near town to provide temporary housing for local workers.<sup>28</sup> The idea never came to fruition but it and other grim signs of the housing crisis amplified the

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20. *Id.*

21. McCALL IN MOTION, *supra* note 9 at 5.

22. McCALL IN MOTION, *supra* note 9 at 4–5.

23. McCALL IN MOTION, *supra* note 9 at 5.

24. McCALL IN MOTION, *supra* note 9 at 5.

25. Robertson, *supra* note 19.

26. Robertson, *supra* note 19.

27. Greg Foley, *Housing Crisis Prompted Range of Responses in 2021*, IDAHO MTN. EXPRESS (Dec. 31, 2021), [https://www.mtexpress.com/news/blaine\\_county/housing-crisis-prompted-range-of-responses-in-2021/article\\_0e10b428-6999-11ec-a12b-db73bebd583.html](https://www.mtexpress.com/news/blaine_county/housing-crisis-prompted-range-of-responses-in-2021/article_0e10b428-6999-11ec-a12b-db73bebd583.html).

28. *Id.*

issue.<sup>29</sup> Proposals to combat the housing crisis were prioritized by city officials and some were put into fast-track development.<sup>30</sup> One idea that has already been implemented was an emergency ordinance amending the zoning code to allow people to live in RVs for up to six months in previously restricted zones.<sup>31</sup>

In February 2022, a community development team in Blaine County presented data on housing and population trends in hopes of bringing awareness to the magnitude of the issue.<sup>32</sup> The data indicated a substantial increase in year-round population in 2020 which was linked to increased remote work opportunities due to COVID-19.<sup>33</sup> The data also confirmed fears of many residents: long term rentals have decreased in the County, affordability for renting or owning had not improved, residential development had slowed, the pandemic severely accelerated these trends, and approximately 500 long-term rental units have been “lost” in Blaine County since 2010.<sup>34</sup>

Increases in home prices and a decrease in long-term rental availability left local healthcare employers without enough employees during the height of the pandemic.<sup>35</sup> In fall of 2021, St. Luke's Wood River Valley had sixty-nine open positions, which they attributed to the pandemic housing boom.<sup>36</sup> The Director of Community Health at St. Luke's Wood River, Erin Pfaeffle, explained how potential candidates turned down jobs due to the lack of affordable housing in the valley.<sup>37</sup> She went on to discuss how current employees are also feeling the strain, going to desperate lengths to have a roof over their heads.<sup>38</sup> Multiple

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29. *Id.*

30. *Id.*

31. *Id.*

32. Andrew Guckes, *County, City Leaders Aim to Cooperate on Community Housing*, IDAHO MTN. EXPRESS (Feb. 4, 2022), [https://www.mtexpress.com/news/blaine\\_county/county-city-leaders-aim-to-cooperate-on-community-housing/article\\_4ea18f48-849d-11ec-95fc-375c8876dd3e.html](https://www.mtexpress.com/news/blaine_county/county-city-leaders-aim-to-cooperate-on-community-housing/article_4ea18f48-849d-11ec-95fc-375c8876dd3e.html).

33. CITY OF KETCHUM, COUNTYWIDE CONVERSATION ON SHARED HOUSING GOALS AND STRATEGIES (2022), [https://www.ketchumidaho.org/sites/default/files/fileattachments/\\_mayor\\_amp\\_city\\_council/meeting/packets/47604/ketchumhousingmatters\\_countyworksession\\_1feb2022.pdf](https://www.ketchumidaho.org/sites/default/files/fileattachments/_mayor_amp_city_council/meeting/packets/47604/ketchumhousingmatters_countyworksession_1feb2022.pdf).

34. *Id.*

35. Stephanie Garibay, *St. Luke's Developing Affordable Housing Solution for Employees in Blaine County*, IDAHO NEWS 6 (Sept. 29, 2021, 4:50 PM), <https://www.kivitv.com/ksaw/st-lukes-developing-affordable-housing-solution-for-employees-in-blaine-county>.

36. *Id.*

37. Katija Stjepovic, *St. Luke's Wood River Working to Provide Affordable Housing for Healthcare Workers*, KTVB7 (Oct. 10, 2021, 10:56 PM), <https://www.ktvb.com/article/news/local/st-lukes-wood-river-housing-project/277-dbaaf0d-2d10-4942-bd32-749530784b58>.

38. *Id.*

employees resorted to using RV hookups in the hospital parking lot so they could continue working for the hospital.<sup>39</sup>

The need for healthcare workers, coupled with the lack of affordable housing in the area, led to a partnership between St. Luke's and ARCH Community Housing Trust, a non-profit affordable housing organization.<sup>40</sup> With the help of ARCH, St. Luke's is currently developing a unique twelve-unit affordable housing solution for its employees.<sup>41</sup> Michelle Griffith, the Executive Director for ARCH, explained why this project is particularly unique.<sup>42</sup> She went on to say, "the unique and important aspect of this [project] is that we're not saying 'okay, who can afford this house.' We're saying, 'what can this family afford?' That's what they're going to pay."<sup>43</sup> St. Luke's Wood River employees and their families who live in the houses will not pay more than 30% of their income on housing.<sup>44</sup>

The funding for the project will come from St. Luke's Health System and the St. Luke's Wood River Foundation.<sup>45</sup> ARCH will develop four homes in three different locations—two in Hailey and one in Bellevue.<sup>46</sup> Construction on four of the three-bedroom homes began last fall, and construction on the remaining homes are scheduled to begin this spring.<sup>47</sup> The project is estimated to be completed within the next year.<sup>48</sup>

### C. "Reverse Engineering" To Keep Idahoans in Their North Idaho Community

Among the Idaho communities experiencing rapid growth is Sandpoint. Over the past several years, Sandpoint building permits have increased by almost 40% and the availability of housing has drastically decreased.<sup>49</sup> Moreover, the

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39. *Id.*

40. *Id.*

41. Garibay, *supra* note 35.

42. Garibay, *supra* note 35.

43. *Id.*

44. Stjepovic, *supra* note 37.

45. Steve Kirch, *St. Luke's Announces Partnership on Housing Development in Wood River Valley*, KMTV (Sept. 27, 2021, 5:08 PM), <https://www.kmvt.com/2021/09/27/st-lukes-announces-partnership-housing-development-wood-river-valley/>.

46. *Id.*

47. *Id.*

48. *Id.*

49. Emily Bonsant, *Sandpoint Service Industry Feels the Crunch as Housing Prices Continue to Soar*, KREM (Aug. 26, 2021, 3:35 PM), <https://www.krem.com/article/money/economy/boomtown-inland-northwest/sandpoint-service-industry-impacted-housing-crisis/293-c9473b51-3ee6-4fc2-870a-f36a09dc2f51>; Kelcie Moseley-Morris, *Landowner, Developer Partner to Keep Investors Out of New N. Idaho Housing Development*, IDAHO CAP. SUN (July 12, 2021, 4:32 AM), <https://idahocapitalsun.com/2021/07/12/landowner-developer-partner-to-keep-investors-out-of-new-n-idaho-housing-development/>.

area has been flooded with retirees over the past two years who have the financial means to invest in housing at prices far above the ability of local workers. As a result, Bonner County's labor force shrank from July 2020 to July 2021, according to the Labor Department. One economic developer described this as, "the perfect storm of COVID, housing prices and people moving out to seek lower cost of living and higher wages."<sup>50</sup>

In response to these problems, Rob Hart, Executive Director of the Bonner Community Housing Agency, teamed up with Sandpoint native, Nancy Hadley, to "reverse engineer" homes built based on income.<sup>51</sup> Hadley's six-acre parcel of land named "Culver's Crossing" will soon consist of homes built based on income, which are open to local residents.<sup>52</sup> Rather than a traditional affordable housing development model that relies on federal resources, this is an investment using Hadley's land that will benefit the community.<sup>53</sup>

Hadley noted that she is not donating the land, but instead putting her own terms on how it can be used.<sup>54</sup> She explained, "I want these homes available only to people who have [lived in Bonner or Boundary county] for at least two years, have a good job that serves the community, and are a citizen in good standing."<sup>55</sup> The home's deed also precludes its sale for at least the first two years of ownership.<sup>56</sup>

"Culver's Crossing is aimed at creating affordable, quality housing for local employees" without the financial assistance or speculation from outside investors.<sup>57</sup> Culver's Crossing will "feature[] a variety of density, different types

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50. Lyndsie Kiebert-Carey, *Where Are All the Workers? Part III: A Homegrown Solution to Affordable Workforce Housing*, THE READER (Sept. 29, 2021), <https://sandpointreader.com/where-are-all-the-workers-part-iii/>.

51. Ted McDermott, *Can a New Approach to Affordable Housing Keep the Middle Class in Booming Bonner County?*, THE SPOKESMAN-REVIEW (Aug. 1, 2021), <https://www.spokesman.com/stories/2021/aug/01/can-a-new-approach-to-affordable-housing-keep-the-/>.

52. *Id.*

53. *Id.*

54. Kelcie Moseley-Morris, *Landowner, Developer Partner to Keep Investors Out of New N. Idaho Housing Development*, IDAHO CAP. SUN (July 12, 2021, 4:32 AM), <https://idahocapitalsun.com/2021/07/12/landowner-developer-partner-to-keep-investors-out-of-new-n-idaho-housing-development/>.

55. *Id.*

56. *Id.*

57. Caroline Lobsinger, *Culver's Crossing Puts Focus on Workforce Housing*, BONNER CNTY. DAILY BEE (Apr. 3, 2022, 1:00 AM), <https://bonnercountydailybee.com/news/2022/apr/03/culvers-crossing-puts-focus-workforce-housing/>.

of units, and open space, allowing for” flexibility and a variety of family sizes.<sup>58</sup> The plan for the first phase is to build thirteen townhomes with subsequent phases to build additional townhomes, apartments, and single-family homes.<sup>59</sup>

As an indication of the need, Hart said that the project already has a waiting list of eighty-eight people for the first phase alone.<sup>60</sup> An online survey by the city of Sandpoint indicated that the maximum purchase price owners would be able or willing to pay for a primary residence averaged just under \$300,000.<sup>61</sup> “[T]he median home listing in Sandpoint was \$904,000 as of February 2022.”<sup>62</sup>

Community leaders opine that Hart’s approach is brilliant and will promote a healthy community. With the range of incomes and associated homes, the neighborhood will attract people of different backgrounds and family sizes. The city is working with Hart and Hadley to get the project underway as quickly as possible.<sup>63</sup> The original timeline was to start building the homes in 2023, but construction could begin as early as this year depending on the availability of resources.<sup>64</sup> “Once the units open for sale, Hart expects they will immediately sell out.”<sup>65</sup>

### III. CONCLUSION

As the population in Idaho continues to grow, the availability of affordable housing is rapidly declining. Luckily, communities such as McCall, Wood River Valley, and Bonner County are coming together in order to promote sustainable solutions to the housing crisis faced by residents across the state. These solutions combine strategic partnerships, innovative ideas, and realistic goals to create a promising future in affordable housing.

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58. *Id.*

59. *Id.*

60. *Id.*

61. *Id.*

62. *Id.*

63. Moseley-Morris, *supra* note 54.

64. Moseley-Morris, *supra* note 54.

65. Moseley-Morris, *supra* note 54.