



# The Housing Availability and Affordability Study for Kootenai County

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A Look at Housing Constraints,  
Population and Demographic Changes  
and Business Activity

December  
2021

# **The Housing Availability and Affordability Study for Kootenai County**

## **Report and Analysis**

Sponsored by Coeur d'Alene Area Economic Development Corporation (CDA EDC or Jobs Plus), Panhandle Affordable Housing Alliance, Avista Foundation, and University of Idaho's College of Business and Economics, Vandal Impact Center.

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# Preface

This is a study of the housing market in Kootenai County including her cities and towns. Its purpose is to analyze the significant housing challenges in the face of a limited supply along with sharply increasing demand.

The study is driven by data and stakeholder input. Housing needs differ depending upon income levels and overall housing availability. Although this study examines housing needs at all levels of income, its primary focus is on middle-income Kootenai County households. The study is intended to provide an understanding of the needs so that stakeholders in the region can develop policies to meet these needs.

The Housing Study is primarily focused on:

- Regional population and demographic trends.
- The current supply of housing, supply constraints, and a forecast of housing needs in the future across a range of incomes.
- The sharply increasing demand and subsequent housing price and rent increases.
- Key economic drivers and the economic base of the economy.
- Regional input from stakeholders' interviews and surveys.
- Consequences of failure to address the housing shortage to the future economy.

The study *did not* address two dimensions of the housing issue:

- 1) Specific policy recommendations. Regional Housing and Growth Issues Partnership is developing specific housing recommendations and policy separately.
- 2) Specific zoning and regulatory analyses proposed land use changes, or an examination of land and lot resources under current development or in annexation processes. This represents a separate analysis and is beyond the scope of this study. Some of these issues were addressed in the study: *Spokane County: Increase Spokane's Housing Supply* (CRE Spokane Housing Study) (December 2021). [CRE-Consulting-Corps-Spokane-Housing-Recommendations.pdf \(spokanerealtor.com\)](https://spokanerealtor.com/CRE-Consulting-Corps-Spokane-Housing-Recommendations.pdf).

## **Regional Housing and Growth Issues Partnership**

Purpose: For several years, regional planning professionals have shared resources and been in communication about growth management, housing, and transportation and have worked together on related planning issues. The year 2020 brought heightened concerns as in-migration numbers and housing prices spiked. In response, creation of a more formal group was spearheaded by Coeur d'Alene Council Member Kiki Miller and Community Planning Director Hilary Anderson. Kootenai County, the cities of Coeur d'Alene, Post Falls, Hayden, Rathdrum, and KMPO joined to form the original working group. This working group includes regional planners, elected representatives, administrators, and housing groups. The Advisory Group includes over 40 representatives from a variety of businesses and community groups. This is an evolving resource group with the goal of providing regional housing solutions.

# Key Takeaways

## Summary Conclusions

- ❖ The Kootenai County housing market affects all stakeholders, yet many remain unaware of its direct impact on them and the community as a whole. The housing crisis will fundamentally alter the character of the community and the economy of the region if prices and rents continue to increase at their current rates. Many negative impacts are already occurring:
  - Regional employers cannot find housing for their employees and many positions are unfilled.
  - New potential firms may not relocate to Coeur d'Alene due to the high cost of housing.
  - Many long-term residents are being squeezed out of the housing market and moving outside the county (i.e., to Spokane County or other surrounding counties).
  - The children of residents will be unable to live in the community because they cannot afford housing.
  - The diversification of the economy may slow or even reverse. Newer high technology companies and manufacturing facilities may be driven out of the market due to high housing costs.
  - The supply curve for housing will become steeper (i.e., more inelastic) leading to greater volatility and periodic price bubbles along with steep price declines during recessions.
  - The high housing and rent costs will lead to a substitution of nonresidents for residents.
  - The effective standard of living for many residents will decline due to high housing costs.
  - High housing costs can actually lead to less open space in the county, greater sprawl, and less environmentally sound outcomes.
- ❖ Increasing housing supply will reduce housing prices but will require regional cooperation and dedication. Paths for increasing supply are relatively straight-forward:
  - A serious, and controllable, impediment to increasing the supply of housing is local zoning and building regulations.
  - When land availability is a constraint to increased supply, mixed-use zoning and mixed-residential can facilitate that increased supply.<sup>iii</sup>
  - Allowing the annexation of available land close to the cities is also important.
  - Cities can control or influence the supply of housing but not the demand for housing.

## Population, Housing and Rent Increases

- ❖ Idaho experienced a 17.3% growth in population over the past decade (2010-2020), making it the 2<sup>nd</sup> fastest growing state in the nation. Kootenai County's population grew 23.7% over that time, making it the 3<sup>rd</sup> fastest growing county in Idaho.
- ❖ From 2020 to 2021, Idaho's population grew 2.9% making it the fastest growing state in the U.S. followed by Utah (1.7%), Arizona (1.7%), and Montana (1.4%) (U.S. Census).
- ❖ From October 2020 to October 2021, Idaho and Arizona had the fastest growing home prices in the U.S. at about 29%. (CoreLogic).
- ❖ Idaho ranks tenth in the U.S. for *overall* average housing prices as of 8/31/21. (Zillow).
- ❖ Median housing prices in Kootenai County now exceed \$500,000 and have more than doubled in the last four years (Windermere CDA Realty and Coeur d'Alene MLS).

- ❖ As of October 2021, only 24% of Kootenai County households could afford to purchase a median priced house in Coeur d'Alene. At 2016 prices (just five years ago), 75% of all households would have been able to afford a median priced house.
- ❖ From September 2018 to September 2021 the State of Idaho had the 3<sup>rd</sup> fastest growing rent prices in the U.S. (35%) (Apartment List Blog).
- ❖ Approximately 44% of Kootenai County households cannot afford to pay the October 2021 average Kootenai County market rent of \$1,402, based on a 30% gross monthly income maximum rent ceiling.
- ❖ Mortgage rates are likely to increase. Current mortgage rates are well below inflation rates setting the stage for interest rates to increase. For every 1% that mortgage rates increase, the capitalized price of a home falls by about \$50,000 (holding household income and monthly mortgage payments constant).
- ❖ Nationally the cost of new construction has risen dramatically. Prices of newly constructed single-family homes jumped 17.1% in one year (Q3 2020 to Q3 2021) according to the U.S. Census.
- ❖ Construction commodities and supply prices are increasing at a pace between double and four times the inflation rate. Labor costs have increased cumulatively about 18% over the past four years and some trades have increased by over 50% (Producer Price Index).
- ❖ According to interviews with local builders, the cost of construction has increased from about \$100 per square foot four years ago to over \$200 per square foot today.
- ❖ The cost of land in Kootenai County has risen dramatically. Five years ago, five-to-ten-acre parcels were priced at about \$5,000 to \$6,000 per acre. Current pricing now ranges between \$20,000 to \$30,000 per acre depending on location and the availability of utilities.
- ❖ Within City boundaries the cost of a small lot is now over \$100,000.
- ❖ The cumulative estimated national housing *deficit* was 8,570,944 units since 2008. Using the same methodology:
  - Idaho has a 35,639-housing unit deficit; and
  - Kootenai County has a deficit of 2,353 units.

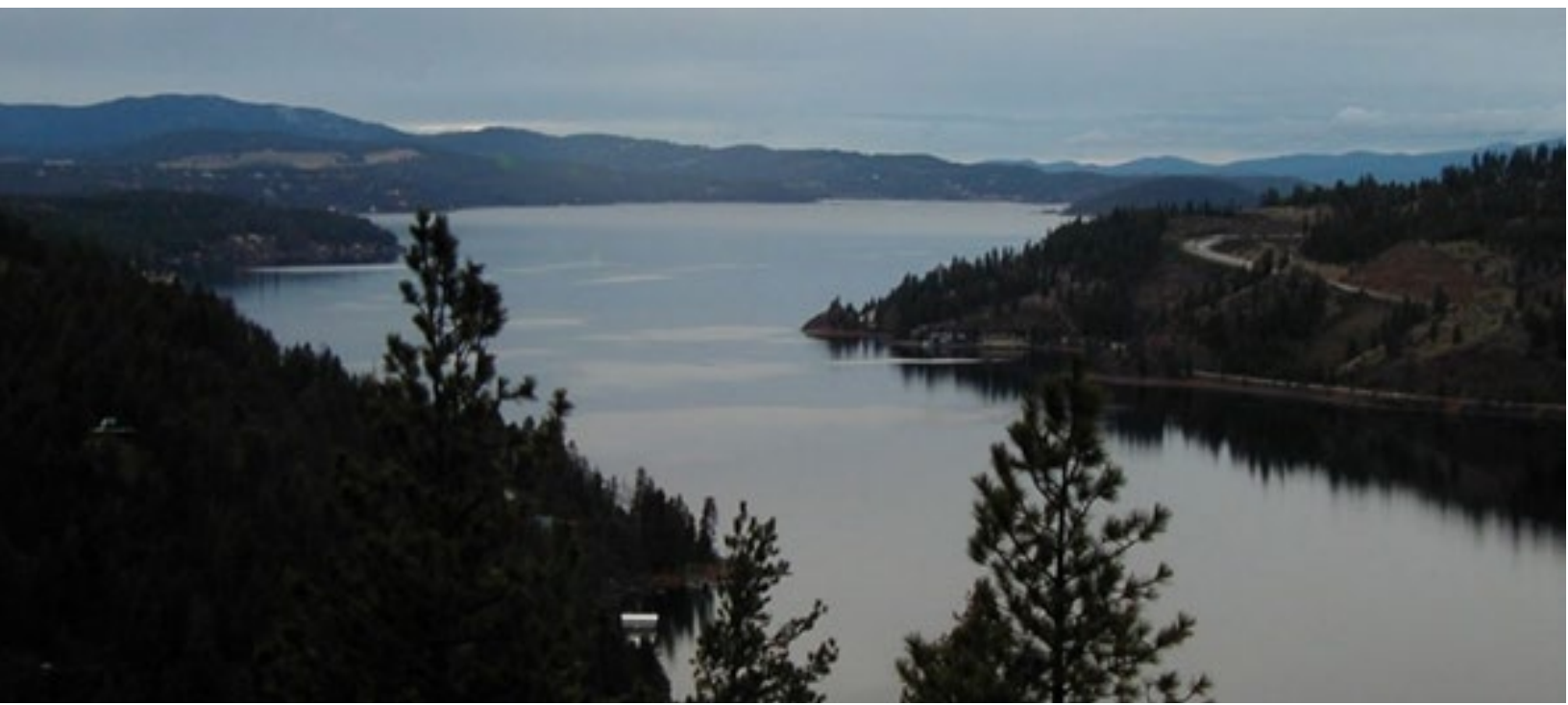
### **Zoning, Regulatory, and Supply Side Constraints**

- ❖ Gresham's Law of Housing: In the absence of affordable housing, nonresident homebuyers and investors will crowd-out local buyers and investors. Failure to address the housing issue will increase the proportion of homes and apartments purchased by nonresidents.
  - Existing long-time residents will be displaced by nonresidents and new migrants to Kootenai County.
  - Many of Kootenai County's newest generation will be forced to leave due to high housing costs.
  - The lack of affordable housing will add to labor shortages in many industries.
  - Potential employers will choose communities with available labor resources. The lack of affordable housing reduces available labor.
- ❖ City and county regulations have influence in the market only on the supply side. Municipalities have very little ability to regulate or influence the demand for housing.

- ❖ The benefits of zoning are well known. The costs of zoning are less well known, particularly excessive zoning. The benefits of zoning regulations must be weighed against the costs.
- ❖ The National Association of Home Builders estimates that the cumulative regulatory burden per house (at all levels of government) is \$93,870 or about 19% of the total cost of a median priced home in Coeur d'Alene.
- ❖ Increased supply is necessary for reducing prices and making housing more affordable. When land availability is a constraint to increased supply, mixed-use zoning and mixed-residential can facilitate that increased supply.
- ❖ The lack of affordable housing has *already* caused an estimated loss of 2,749 jobs in the local economy resulting in a reduction of \$220.3 million in gross regional product and a loss of \$158.9 million in local payroll.
- ❖ The construction industry ranks 5<sup>th</sup> in Kootenai County in terms of total employment with 6,921 workers in 2020. The average annual salary package is \$55,916. Construction job growth in Kootenai County has increased 41% from 2015 to 2020.
- ❖ Applying past US Census population growth rates to the 2020-2030 time period, *net additional* supply of housing units will need to increase at least 85%, from 1,156 units to 2,140 units per year in order to stabilize prices.
- ❖ Using the higher KMPO population forecasts, the net additional supply of housing units will need to increase 161%, from 1,156 units to 3,015 units per year in order to stabilize prices at their current level.

### **Community and Stakeholder Surveys**

- ❖ The majority of renters surveyed (68%) have seen an increase in rent within the last six months with an average increase of about 29%. The average new rent was \$1,443 a month, up from \$1,122 per month six months ago.
- ❖ According to the Realtors' Surveys approximately 54% of homebuyers are coming from outside the region. Nonresident purchasers include retirees (25%), second home buyers (15%), and investors for rental properties and resales (14%).
- ❖ 44% of employers surveyed had hiring difficulty due to lack of affording housing and salary price points.





# Population and Housing Price Trends: U.S., Idaho and Kootenai County

## Idaho and Kootenai County Populations Among the Fastest Growing in the U.S. from 2010 to 2020

### *Idaho Rankings*

- From 2010 and 2020, Idaho grew by 271,525 people i.e., approximately the size of Boise. During these ten years, Idaho was the 2<sup>nd</sup> fastest growing state in the U.S. with 1,839,106 people representing a population growth of 17.3%. Only Utah had a faster growth rate at 18.4%.
- During the past year (from 2020 to 2021), Idaho's population grew 2.9% making it the fastest growing state in the U.S. followed by Utah (1.7%), Arizona (1.7%), and Montana (1.4%).<sup>iv</sup>.

### *State County Population Growth Rankings (2010 to 2020)*

- Kootenai County was the 3<sup>rd</sup> fastest growing county in Idaho behind Madison and Ada. Kootenai County population grew 23.7% or 32,868 people. This increase is equivalent in size to Idaho's 13<sup>th</sup> largest city.

### *Kootenai County and City Population Growth Rankings*

- The fastest growing city in Kootenai County was Post Falls with a 39.6% increase in population, followed by population growths of 34.9% for Rathdrum and 23.8% for Coeur d'Alene. There was also a substantial increase in the rural portion of the county of 14.1%.
- According to the 2010 and 2020 Census, the City of Post Falls gained 10,911 net new residents, which is the size of a standard Idaho city.

## Idaho and Kootenai County Housing Prices Are Among the Fastest Increasing Home Prices in the U.S.

### *Causes of Real Estate Price Increases (Supply Factors)*

- Lack of new residential unit construction during the last decade originating from the 2007-2009 recession.
- World-wide supply chain disruptions affecting lumber, steel, and a wide variety of housing products and goods.
- Skilled labor shortages.
- Skyrocketing land values.

### *Causes of Real Estate Price Increases (Demand Factors)*

- Workers telecommuting from home because of COVID-19 and needing bigger space for a home office.
- Shutdown of recreational activities, travel and entertainment due to COVID-19, creating greater home-related preferences and activities.

- Continued low mortgage interest rates making home price increases more affordable.
- U.S. government stimulus and relief packages, increasing consumer spending power.
- Interstate and intrastate migration to Idaho’s cities and counties like Kootenai County.

### *U.S. Housing Price Rankings*

- During the past three years, from July 2018 to July 2021, U.S. home prices increased 29% according to the Case-Shiller (C-S) home price index. U.S. housing prices are now 44% higher than their previous peak in 2006, suggesting a possible bubble.<sup>v</sup>
- The U.S. median home price reached \$374,900 by the second quarter of 2021, increasing 16.2% over the previous year.<sup>vi</sup>

### *Idaho Rankings*

- According to Zillow (8/31/21), Idaho ranked 10th in the nation in overall housing prices at an average home price of \$429,145. This is significant because Idaho has been known for affordable housing prices.
- From August 2018 to August 2021, Idaho had the fastest growing single-family housing prices in the U.S., increasing 67.3% during these three years. Idaho was followed by the states of Arizona, Utah, Washington, and Maine.<sup>vii</sup> These statistics are confirmed by CoreLogic<sup>viii</sup>, who found over this past year from October 2020 to October 2021, Idaho was virtually tied with Arizona as having the fastest growing house prices in the nation (Table 1).

**Table 1: CoreLogic State Housing Price Increases 10/2020 to 10/2021**

State	Percentage Change
Arizona	28.80%
Idaho	28.70%
Utah	24.50%
Florida	24.40%
Nevada	24.20%

Source: CoreLogic

- According to Zillow, from 8/31/18 to 8/31/21, the four fastest growing counties in the nation in terms of single-family home prices were in Idaho: 1) Canyon County (Cities of Caldwell and Nampa) grew 94.7%; 2) Ada County (Boise City) grew 80.6%; 3) Kootenai County (Coeur d’Alene City) grew 68.5%; and 4) Twin Falls (Twin Falls City) grew 65.4%. And according to Zillow, Spokane County was ranked twelfth with a 58.9% growth rate (Zillow).
- The sharp increase in housing prices is widespread and diffused across virtually all of Idaho’s cities and counties (Intermountain Multiple Listing Service - MLS).<sup>ix</sup>

### *The Doubling of Kootenai County House Prices in Four Years*

#### *Regional Kootenai County House Price Increases*

- The median Kootenai County housing prices increased 120% in just over four years. The average price has increased by 144% from 2016 to 2021 (Table 2).

**Table 2: Median and Average Kootenai County House Prices**

Year	Median	Average
2021	\$485,000	\$624,000
2016	\$220,000	\$256,000
% Change	120%	144%

Sources: Authors' Calculations and Windermere CDA Realty

- The “typical” home in Kootenai County is now priced over \$500,000.
- Prices have also increased sharply in every city, and they are presented in the following table including median and average prices (Table 3):<sup>x</sup>

**Table 3: Percentage Increases in Kootenai County House Prices by City 2016 to 2020**

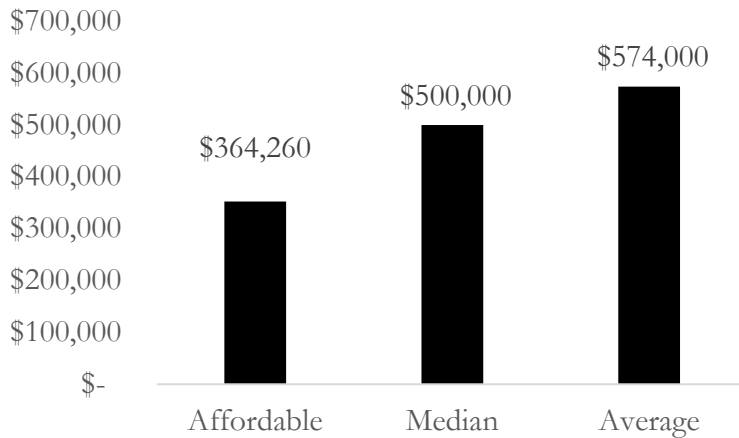
City	Median	Average
Coeur d'Alene	127%	131%
Post Falls	117%	113%
Hayden	119%	135%
Rathdrum/Twin Lakes	120%	122%
Hauser Lake	95%	90%
Athol/Spirit Lake	109%	125%
Athol/Bay View	124%	141%
Kootenai County Total	120%	144%
Silver Valley	167%	129%

Sources: Authors' Calculations and Windermere CDA Realty

#### *Middle-Range Housing Disappearing*

- Sales of homes in Kootenai County, priced from \$200,000 to \$350,000, declined from 59% of all house sales in 2016 to just 28% in 2021. Over those same years, the higher range of available homes priced from \$400,000K to \$500,000, increased from 13% of all sales to over 30%.
- Increasing housing prices and rents threatens the sustainability of median income households. Coeur d’Alene housing prices are presented below. The first bar is the maximum sustainable price based on Kootenai County’s median household income of \$64,764, (labeled *affordable*).<sup>xi</sup> The next two bars are the actual median and mean (average) household prices for Coeur d’Alene. In 2021, the minimum annual income needed to afford a median priced house in Coeur d’Alene was \$87,926, and \$100,552 for an average priced house.

**Figure 1: Maximum Affordable House Price Versus Coeur d’Alene Median and Average Prices (2021)**



Sources: Authors’ Calculations and Windermere CDA Realty

*Wall Street Journal: Hottest Housing Market in the Country*

- The Wall Street Journal recently ranked Coeur d’Alene as the hottest real estate market in the U.S. (“Lakeside Idaho City Is America’s Hottest Housing Market in New WSJ/Realtor.com Index”, April 27, 2021). The city beat out rivals in Austin, Texas, Springfield, Ohio, Billings, Montana, and Spokane, Washington.

*Idaho and Kootenai County Rental Price Increases (Among the Fastest Growing in the U.S.)*

*State and County Rankings*

- From September 2018 to September 2021 the state of Idaho had the 3<sup>rd</sup> fastest growing rent prices in the U.S. (35%). Only Arizona (41%) and Nevada (36%) had higher rent increases.

*Kootenai County and Broader Regional Economy: Fastest Increasing Rents in the U.S.*

- Spokane Valley had the *fastest growing* rents in the U.S. with a 60% increase (September 2018 to September 2021). As of September 2021, average overall rents stood at \$1,567/month. Spokane City ranked 20<sup>th</sup> with a 41% increase and the 2021 rent average was \$1,324/month. Although the City of Coeur d’Alene was not included in this database, the rent increases are likely similar to Spokane Valley (Apartment List Blog).
- Regional county rent comparisons are listed in the table below (as of October 2021) (Table 4).<sup>xii</sup>

**Table 4: Average Regional Rents Per Apartment Size**

Size	Kootenai County	Spokane County	Ada County
Overall	\$1,402	\$1,350	\$1,368
Studio	\$1,106	\$ 896	\$1,018
1br	\$1,017	\$1,009	\$1,078
2br	\$1,206	\$1,330	\$1,273
3br	\$1,615	\$ 1,725	\$1,654
4br	\$2,054	\$ 2,027	\$ 2,006

Sources: Apartment List Blog

*Kootenai County Rents are Unaffordable (i.e., Greater than 30% of Gross Household Income)*

- Approximately 44% of Kootenai County households cannot afford to pay the October 2021 average market rent of \$1,402, based on a 30% gross monthly income ceiling. These families are paying more than 30% of their income in housing and some are paying more than 50%. The minimum annual income to rent in Kootenai County based on size of apartment is presented in Table 5.

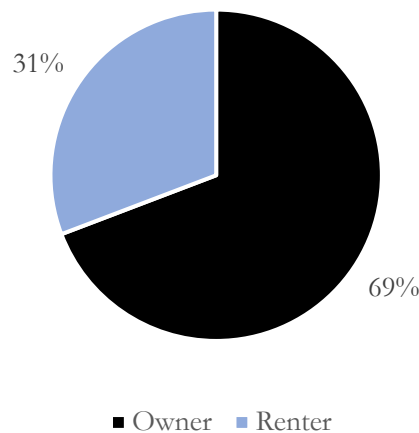
**Table 5: Maximum Affordable Kootenai County Rent Per Apartment Size**

Size	Minimum Annual Income	Hourly
Overall Average	\$56,080	\$27
Studio	\$44,240	\$21
1 bedroom	\$40,680	\$20
2 bedrooms	\$48,240	\$23
3 bedrooms	\$64,600	\$31
4 bedrooms	\$82,160	\$40

Sources: Apartment List Blog and Authors' Calculations

- Kootenai County homeowners versus renters: There are approximately 45,183 (69%) households that own their own homes and 20,100 households (31%) that rent (Figure 2).

**Figure 2: Owners Versus Renters Kootenai County**



Sources: 2019/ ACS 1-Year Estimates

## Housing Construction Costs and Supply Chain Constraints

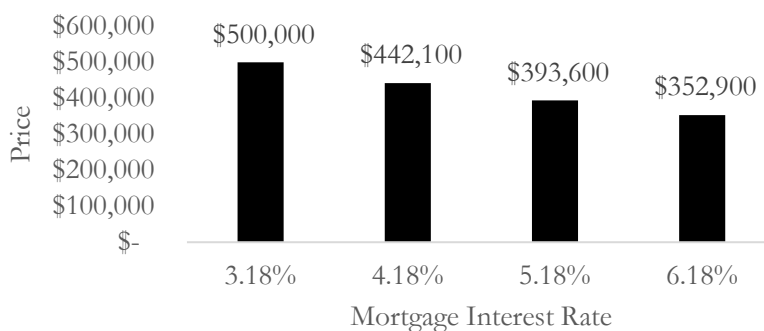
- Nationally the cost of new construction has risen dramatically. Prices of newly constructed single-family homes jumped 17.1% in one year from Q3 2020 to Q3 2021.<sup>xiii</sup>
- According to interviews with local builders, the cost of construction has increased from about \$100 per square foot four years ago to well over \$200 per square foot today.

- The cost of land in Kootenai County has risen even faster. Five-to-ten-acre parcels which five years ago were going for about \$5,000 to \$6,000 per acre, can now range between \$20,000 to \$30,000 per acre depending on location and the availability of utilities.
- The cost of a small lot is now over \$100,000 in most cities in Kootenai County.
- Producer prices for lumber have increased dramatically over the last three years in a near exponential fashion. Construction commodities and supply prices are increasing between two and four times the rate of inflation. From October 2017 to October 2021, prices for metal and metal products increased 54% and wood product and construction wholesaler prices increased 50%.
- There are indications that overall inflation is increasing sharply in 2021 at 6.8% from November 2020 to November 2021. This is the highest annual jump since June 1982.<sup>xiv</sup>
- The minimum cost to build a house in Kootenai County is between \$400,000 and \$500,000 including land and can easily reach \$600,000 for an entry-level home.<sup>xv</sup>

### Interest Rates and Mortgage Costs

- Mortgage interest rates have been steadily decreasing since their historic high of 18.16% in September 1981. We hit a low of *about* 3.18% in November 2021.<sup>xvi</sup>
- The real mortgage rate of interest is underwater (i.e., actual rate minus inflation): 3.18% (mortgage rate) - 6.8% (inflation rate) = -3.62% (negative real rate). This is unsustainable.
- The low mortgage interest rates have become dangerously capitalized into housing prices contributing to home price increases. Mortgage rate increases will exacerbate housing affordability in the short run but put downward pressure on housing prices in the long run.
- A *financial model* was created to run scenarios on home purchase affordability. The model assumes a 30-year fixed-rate mortgage. It also assumes the **maximum affordable home could not exceed 36% of gross monthly income including principle, interest, mortgage insurance, property taxes, and homeowner’s insurance.**
- For every 1% that mortgage rates increase, the capitalized value of a home that a family can afford will drop by about \$50,000 (holding household income and monthly mortgage payments constant) in the long run. The graph below illustrates the effect on the affordability of home prices with mortgage interest rate increases of 1%. (Figure 3).

**Figure 3: Effect of Increases in Mortgage Rates on Housing Affordability**



Authors' Calculations

## Housing Affordability in Kootenai County

### *Nearly 75% of Households Cannot Afford a Home in the Current Market*

- As of October 2021, only 24% of Kootenai County households could afford to purchase a median priced house in Coeur d'Alene of \$500,000 using this study's financial model discussed above (Table 6).<sup>xvii</sup>

**Table 6: Percentage of Households that Can Afford a Median Priced Home at 2021 Prices**

Income Range	Percentage	Affordability
\$0 to \$74,999	62%	Unaffordable
\$75,000 to \$99,999	14%	Marginally Affordable
\$100,000 or greater	24%	Affordable

Authors' Calculations/Financial Model

- At 2016 housing prices (just five years ago), about 75% of Kootenai County households **would be able** to afford a median priced house and only 25% of the households would not be able to afford housing.<sup>xviii</sup>
- The CRE Spokane Study results were even starker: Nearly 85% of *Spokane's* households *could not* afford the median priced \$450,000 home. The CRE Spokane Study employed a narrower set of assumptions than the analysis in this study:  
*In 2016, or just 5 years ago, 70% of local employees could afford a \$250,000 median-priced home; by 2021, only about 15% of employees could afford what is now a more than \$450,000 median-priced home (p.19).*<sup>xix</sup>
- Housing affordability has changed dramatically over the past decade in rapid speed. In 2010, the median (sale) priced home in Kootenai County was \$165,000, climbing to \$205,000 by 2015 and \$220,000 in 2016. By late fall of 2021, it was nearly \$500,000 (Windermere CDA Realty). In Spokane County in 2016, approximately 52% of the listings sold for under \$200,000 versus 5% in 2021 (CRE Spokane Study).
- Prices are rising so fast that the 2019 census estimates are obsolete. In 2019, 27% of the households were estimated to be "housing burdened" paying 30% or more of their gross monthly income towards housing. Both housing and rent prices have increased dramatically within the last two years i.e., housing *price* increases resemble a *hockey stick* over the last couple of years (i.e., exponential growth).

### *Poverty*

- This study is primarily focused on the housing challenges of low-to-middle-income families. The challenges for those in acute poverty are even greater. The Federal Poverty Level is officially defined by the U.S. Department of Health and Human Services<sup>xx</sup> and is a persistent problem in any region or time. The issues can be particularly acute during housing affordability crises which increase the financial stress on poor families. For Kootenai County about 16,374 people are estimated to be in poverty or approximately 10% of the overall population which is a lower rate than the U.S. average. Approximately 13.1% of children

under the age of 17 are in poverty and 11.4% of children ages 5 to 17 are in poverty. The overall poverty rate for Shoshone county was 19.1%<sup>xxi</sup>

- Asset Limited, Income Constrained, Employed (ALICE) are households that are above the federal poverty line and working, but cannot not afford basic household necessities. While appearing “low to middle class,” ALICE is by definition the “working poor.” Approximately 28% or 17,000 households in Kootenai County are ALICE compared to approximately 10% living at the federal poverty threshold (depending on the year). Approximately 62% of the Kootenai County population is above the ALICE threshold. For the State of Idaho, the ALICE threshold is 28%, the poverty threshold is 12%, and 60% are above the ALICE threshold.<sup>xxii</sup>

## Building Permits

### *Housing Deficit Created by the Great Recession*

- The Great Recession caused a crater-like effect on *new housing construction* that lasted over a decade and the industry has still not fully recovered. This suggests that the current housing price spike is not simply a bubble, but also represents pent-up demand and a lagging supply. A housing bubble is possible, but it is not the only factor in the price increases.
- U.S. housing starts were measured against a benchmark historic average (1994-2007) to measure a deficit or surplus of U.S. housing.<sup>xxiii</sup> The cumulative national housing *deficit* was 8,570,944 units from 2008-2020, as compared to the benchmark period. Other studies suggest a deficit between 3.8 million and 5.5 million homes using alternative benchmark averages (Table 7).<sup>xxiv</sup>

**Table 7: U.S. Housing Starts 1994-2020 and Estimated Deficit**

Year	Actual	Average (1994-2007)	Deficit
2008	900,000	1,638,095	(738,095)
2009	554,000	1,638,095	(1,084,095)
2010	585,500	1,638,095	(1,052,595)
2011	611,917	1,638,095	(1,026,179)
2012	783,750	1,638,095	(854,345)
2013	928,167	1,638,095	(709,929)
2014	1,000,250	1,638,095	(637,845)
2015	1,106,750	1,638,095	(531,345)
2016	1,177,083	1,638,095	(461,012)
2017	1,205,000	1,638,095	(433,095)
2018	1,247,333	1,638,095	(390,762)
2019	1,292,167	1,638,095	(345,929)
2020	1,396,583	1,638,095	(241,512)
2021	1,573,889	1,638,095	(64,206)
<b>Totals</b>	<b>14,362,389</b>	<b>22,933,333</b>	<b>(8,570,944)</b>

U.S. Census / FRED and Authors' Calculations



*Idaho Housing Deficit*

- The same methodology (and benchmark years) was applied to Idaho for estimating its housing deficits. The result identifies a cumulative deficit of 35,639 units, or about a two-year supply.

*Construction Lags and Housing Challenges*

- The estimated Idaho housing unit deficit of 35,639 does not fully account for the rapid population growth and the extensive lags in housing construction and development. The actual shortage is likely even larger. Construction and planning lags between the start of planning to house completion can be three years or longer. From the time a building permit is issued for single family housing, it may take several months for construction to even begin. On average, once construction begins, it takes six months to complete a single-family dwelling and ten months for multi-family units.
- There can often be more than a year in Kootenai County from start to finish for housing construction. For developments requiring land annexation and zoning changes, the permitting and construction process can sometimes take multiple years to complete.

*Kootenai County Housing Deficit*

- There is an estimated 2,353 housing unit deficit in Kootenai County which represents about a 1–2-year supply of needed housing in the county. This is calculated by employing the same methodology used for measuring the U.S. and Idaho deficits. A complicating factor in this assessment is the purchase of second homes by nonresidents which increases the demand for housing, but is not included in the deficit estimate.
- As of October 2021, (the most recent month) cumulative Kootenai County housing permits were 1,935 units as compared to 2,089 permits cumulatively in October 2020. It appears that 2021 is on track to be slightly lower than the number of building permits issued in 2020 (Table 8).<sup>xxv</sup>

**Table 8: Building Permits January through October 2021**

City/Region*	Year 2020	Jan -October 2020	Jan-October 2021
Hayden	228	128	189
Coeur d’Alene	495	386	509
Post Falls	1,364	1,204	787
Other Cities & Rural	788	371	450
<b>Total Kootenai</b>		<b>2,089</b>	<b>1,935</b>

Census Bureau’s Building Permits Survey. [Building Permits Survey \(census.gov\)](https://www.census.gov/hhes/housing/permits/).

- Table 9 reports housing permits from 2011 to 2020 for each major city in Kootenai County and for the rural county regions. Approximately 35% of all permits were issued by Post Falls, 28% by Coeur d’Alene, 20% in the rural regions, 8% in Rathdrum, 7% in Hayden, and 2% in other cities.

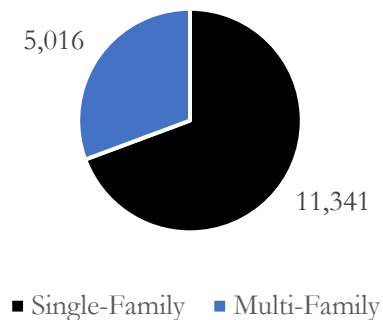
**Table 9: Building Permits by City – Kootenai County 2011 to 2020**

City	Single Family	Multi-Family	Total	%
Coeur d'Alene	2,453	2,094	4,547	28%
Post Falls	3,070	2,593	5,663	35%
Hayden	959	223	1,182	7%
Rural County	3,263	36	3,299	20%
Rathdrum	1,219	70	1,289	8%
Other Cities	377	-	377	2%
<b>Total</b>	<b>11,341</b>	<b>5,016</b>	<b>16,357</b>	<b>100%</b>

Census Bureau's Building Permits Survey. [Building Permits Survey \(census.gov\)](https://www.census.gov/programs-surveys/building-permits).

- Figure 4 presents the cumulative building permits by year from 2011 to 2020 for Kootenai County reported by single family housing and multi-family housing. Single family units constituted about 69% of the total housing permits and multi-family were about 31%. During 2020, multi-family permits increased to 43% of the total permits issued. Typically, the number of multi-family units under construction are more volatile and less predictable than for single family units.

**Figure 4: Cumulative Building Permits Kootenai County 2011-2020**



SOCDS Building Permits Database Census (Bureau's Building Permits Survey), and Authors' Calculations

*Post Falls is the Primary Location of New Construction*

- For the year 2020, 47% of the permits were issued from Post Falls, 17% from Coeur d'Alene, 8% from Hayden, 15% from the rural county, 12% from Rathdrum, and 2% from other cities. Housing permits are shifting over time from Coeur d'Alene to Post Falls and Rathdrum.

*Vacancy Rates Post Falls*

- Regionally vacancy rates are low. The overall Post Falls vacancy rate is 1.1%, broken down as follows:<sup>xxvi</sup>
  - Overall, 1.1%
  - Single Family, 5.8%
  - Multi-family vacancy rates:
    - 1 bd/1 bath: 0.5%
    - 2 bd/1 bath: 0.7%
    - 3 bd/2 bath: 2.0%
    - 3 bd/2 bath: 2.2%

Source: Jon Manley – Planning Manager Post Falls

*Term Rentals (i.e., Air B&B)*

- The conversion of residences to short-term rentals (STRs) effectively reduces housing inventory. There are 228 legal permits for STRs in Coeur d’Alene and more than half are held by out-of-state owners. The number of vacation rental units advertised is estimated to be about 645, though only about 35% have permits.<sup>xxvii</sup> Extrapolating across the county, the total number of STRs could exceed 1,000 units.<sup>xxviii</sup> STRs can be controversial. They facilitate the tourism industry but reduce the housing stock available to residents. There are clear tradeoffs.

**Housing Supply Estimations and Forecasts**

- The housing forecast for this study was conducted *adapting* some of the forecast data employed by KMPO.<sup>xxix</sup> Recently released 2020 Census housing and population numbers allowed the model used for the forecast to be updated to 2020.
- Assuming the decade 2020-2030 has the same growth rates that occurred from 2010 to 2020 (per U.S. Census), a total of 21,397 units will be needed in Kootenai County before 2030 (per weighted average of Kootenai County cities and rural county regions). This assumes the persons per dwelling will remain constant from the 2010 U.S. Census. Of those units, an estimated 16,074 new housing units will be needed in cities and another 5,323 will be needed for the rural regions of the county (Table 10).

**Table 10: Estimated (Predictive) Minimum Housing Units Needed by 2030**

City/County	Population 2030	Effective Persons Per Unit	Total 2030	Actual 2020 Units	Net Over 2020 Needed
			Units Needed		
Cities	160,694	2.33	68,821	52,747	16,074
Rural Kootenai County	52,602	1.93	27,312	21,989	5,323
<b>Total County</b>	<b>213,296</b>	<b>2.22</b>	<b>96,132</b>	<b>74,736</b>	<b>21,397</b>

\*Census data and Authors’ Calculations

- These calculations suggest that 2,140 new housing units per year must become available to accommodate conservative anticipated growth in Kootenai County from 2021 to 2030. Projecting population growth beyond 2030 to 2040, the annual number of new housing units

that will be needed rises considerably. From 2020 to 2035, an estimated 2,833 new housing units *per year* will be needed, and from 2020 to 2040, an estimated 3,015 new housing units per year will be needed (Table 11).

- Table 11 presents the population and actual housing units as estimated by the U.S. Census for the years 1990, 2000, 2010 and 2020. The years 2030, 2035, and 2040 are population and housing projections. Column 1 presents the year, Column 2 presents the population, Column 3 is housing units needed, Column 4 is the net increase in housing units from the previous census year, and Column 5 presents the average number of net additional housing units per year.
- The first four rows of the table report the calculations based on census data while the remaining three rows present housing projections based on authors' and KMPO population growth estimates for Kootenai County.
- For this analysis, we held the number of persons per unit constant as calculated from 2010 census data, which varied by city. The overall county average was 2.19 persons per dwelling.
- The housing projections for years 2030, 2035, and 2040 are compared against the base year which is 2020. From 2020 to 2030, the housing projection is for 10 years. From 2020 to 2035, the projection is 15 years, and from 2020 to 2040 is 20 years. The average units per year (Column 5) is calculated by dividing the net additional units in Column 4 by the respective number of years in each interval (10 years for the 2030 projection, 15 years for the 2035 projection, and 20 years for the 2040 projection).

**Table 11: Forecasts for Kootenai County Housing Supply**

Year	Population	Units	Net New Units	Avg New Units/Year	Type
-1990	69,795	31,964	-	-	Actual
2000	108,685	46,607	14,643	1,464	Actual
2010	138,494	63,177	16,570	1,657	Actual
2020	171,362	74,736	11,559	1,156	Actual
2030	213,296	96,132	21,396	2,140	Predicted
2035*	264,675	117,224	42,488	2,833	Predicted
2040*	307,183	135,031	60,295	3,015	Predicted

\*KMPO Population Forecasts and Authors' Calculations

- The number of new housing units that were added to Kootenai County housing stock fell from 16,570 units during 2000-2010 to 11,559 units added 2010 to 2020 (Column 4). This reduction contributed to the current housing deficit in Kootenai County.<sup>xxx</sup>
- Given the analysis above, new housing units will need to increase by 85% from 1,156 per year in 2020 to 2,140 per year from 2021 to 2030 (using 2010-2020 census data to project population growth to 2030). Using KMPO estimates for population growth from 2031 to 2040, the number of annual units will need to increase by 161%, from 1,156 units per year in 2020 to 3,015 units per year in 2040.<sup>xxxi</sup> In order to meet the region's projected population growth during the next 20 years, approximately 2,000 and 3,000 new housing units will be needed annually. *Only since 2018 has Kootenai County met or exceeded 2,000 annual building permits.*

These are conservative estimates of new housing units needed and do not include other factors such as second home purchases by nonresidents, term rentals, or other changing demographics. The total number of building permits in Kootenai County was 2,929 in 2020. If that trend was to continue each year through 2040, the housing crisis might resolve itself (depending on a variety of factors).

*Demand Factors - Market Driven - Almost Entirely by Independent Market Forces*

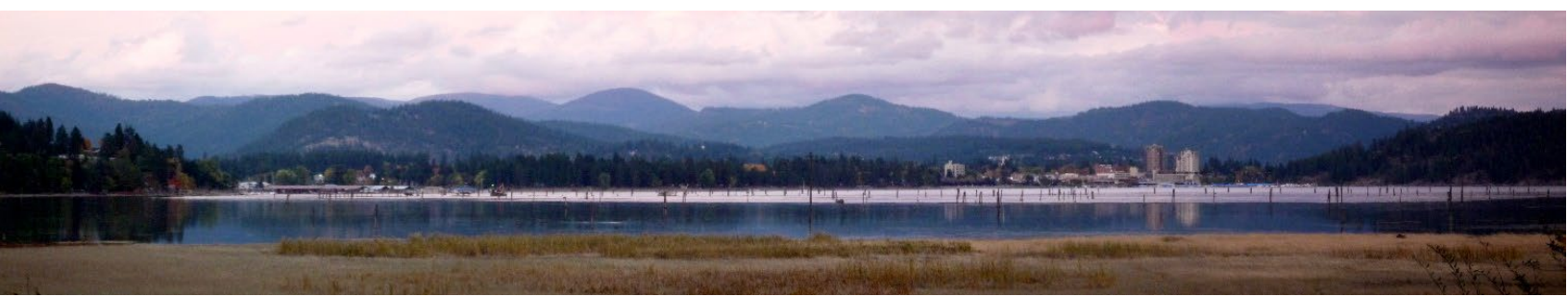
- Cities and counties have little control over the migration of people relocating to their communities.
- Municipalities have very little ability to regulate or influence the demand for housing or any other community services.
- For Kootenai County, nonresident home buyers will likely have the resources to outbid residents if housing supply is constrained.
- Wealthy individuals are more likely to move than their less affluent counterparts.

*Supply Factors - Heavily Influenced by Local Governments and Regulations*

- City and county regulations have influence in the market only on the supply side.
- The U.S. has a robust and vibrant competitive construction and real estate industry (including Kootenai County). In the absence of impediments, the industry will provide adequate and affordable housing for the majority of households.
- Supply side constraints take the form of rent controls, green zones, building codes, minimum acreage requirements for subdividing rural land, zoning restrictions and general policies to prevent urban sprawl.

*Housing Demand Increase + Housing Supply Decrease = Sharp Price Increases*

- In Kootenai County, housing demand has dramatically increased and driven-up price. On the supply side, *quantity supplied* increased in response to the increase in prices and builders constructed many more housing units. However, the *supply curve* of Kootenai County housing has actually decreased due to increased construction and regulatory constraints. Both the increase in demand without a commensurate increase in supply have sharply increased housing prices.<sup>xxxii</sup>



### *Single-Family Detached Housing Zoning (i.e., R1 Zoning) Reduces Housing Density and Increases Land Consumption*

- Across the country, single-family detached housing zoning has become a focus among community leaders. It is only legal to build single unit detached housing on 75% of the residential land in the U.S. This restriction is higher for some cities (Table 12). This is consistent with Idaho and its cities. These historic zoning policies have resulted in a low-density housing pattern that increased both urban land use and housing prices.<sup>xxxiii</sup>

**Table 12: Percentage of Housing in Single-Family Detached Residential Zoning**

Percent	City
94%	San Jose, California
81%	Seattle
79%	Chicago
77%	Portland, Oregon
75%	Los Angeles, California

Source: New York Times (6/18/19)

### *Zoning and Building Regulations: A Trade-off of Benefits Versus Costs*

- The well-known benefits of zoning include building codes to promote safety, provide adequate utility and transportation infrastructure, segment industrial and large commercial enterprises from residential neighborhoods, and other benefits.
- The costs of zoning are less well known, particularly excessive zoning.<sup>xxxiv</sup> The literature suggests that the greater the zoning-related land use restrictions, the higher the housing prices and greater the volatility of prices both upward during economic expansions and downward during recessions.<sup>xxxv</sup>
- The trade-offs in development: Sprawl (i.e., building on more land) versus density. The absence of either escalates housing prices. There is no “magic bullet.” If you do not provide adequate housing, house prices will increase sharply altering the character of your community.
- Mixed-residential housing can include single-family detached housing, cluster housing, duplexes, and triplexes, that increase housing availability while preserving the character of communities.
- The direct regulatory burden of building a house in terms of permitting fees is 2.4% of direct costs in Coeur d’Alene and it ranges in the various Kootenai County communities from the approximately \$11,491 in Coeur d’Alene to about \$19,191 in Rathdrum. The National Association of Home Builders estimates that the cumulative regulatory burden per house (at all levels of government) in Kootenai County is \$93,870 or about 19% of the total cost of a median priced home. This includes construction delays, zoning regulations, and all other impediments and restrictions.<sup>xxxvi</sup>

### *Houston Texas Versus San Jose California: A Tale of Two Cities' Zoning Regulations*

- A tale of two cities: Houston and San Jose. The population for the Houston MSA grew by 50% (4.8 million to 7.3 million people) over the past two decades. During that same time the

population in the San Jose MSA only grew 13% (1.7 million to 2 million people). From 2001 to 2021 the price of a home in the Houston MSA rose only \$52,011 in real terms (30% price growth). In the San Jose MSA the real price of a home increased \$453,774 (59% price growth). Even though Houston's population was growing nearly four times faster than San Jose's, San Jose's typical home prices were growing twice as fast as Houston's.

- One key difference between the two cities is the degree of zoning regulations. Houston<sup>xxxvii</sup> has very low levels of housing regulations where San Jose has a relatively high level of zoning and building restrictions.
- According to Zillow the typical house price in Houston was \$238,591 (October 2021)<sup>xxxix</sup> and the typical price of a home in San Jose was \$1,318,515 (October 2021).<sup>xi</sup>

### *Community Alternatives: Mixed Residential: Increasing Housing Density*

- Reducing housing constraints does not necessarily change the fundamental character of the region. One solution is changing zoning laws to allow for higher density residential housing and relaxing zoning restrictions in some neighborhoods. There are many advantages for creative strategies to increasing density.<sup>xli</sup> They include:
  - Esthetically elegant and beautiful neighborhoods (contrary to some public perception)
  - Reducing traffic congestion
  - Reducing overall housing costs
  - Increasing employment opportunities for the local population by making housing affordable
  - Reducing inequality
  - Promoting environmental sustainability
  - Preserving open spaces and farmland
  - Promotion of community cohesiveness
  - Other benefits

## **Housing Constraints Impact on the Regional Economy**

### **Adverse Community Impacts**

- Housing constraints may *appear* to boost the economy through higher house equities for existing homeowners. They can, however, transform the economy and local culture in ways not anticipated. These are several possible adverse consequences:
  - Local firms may curtail expansion plans because they cannot find workers who can afford housing, reducing employment opportunities for residents.
  - New firms who would have located in Kootenai County may choose to move to other locations, further reducing employment opportunities for the local population.
  - Long-term, nonresidents may crowd out the working resident populations. Nonresidents typically have the resources to outbid residents for available housing. Housing constraints ultimately hurt longtime residents more than nonresidents or new arrivals. We need opportunities that can expand generations of residents to become deeply rooted and involved in our communities.
  - The character of the community will be changed from a community that represents all walks of life to a community where only the wealthy can afford to live.

- Over time, the community will be transformed in ways unimagined to the previous generations who enacted housing restrictions.
- While these factors translate to significant losses to the economy, it should also be noted this is both a national and a local problem. Some factors such as zoning laws and regulations are under the auspices of local jurisdictions. Other factors are beyond the control of local policymakers including supply chain challenges, increasing costs of construction, the lack of construction workers, and pandemic demographic shifts.

### Economic Impacts: The Housing Constraint is Reducing Employment and Output in Kootenai County

- As part of this study, we conducted a workforce analysis using labor market data provided by Economic Modeling Specialists, International (Emsi).<sup>xlii</sup> The lost productivity by firms unable to find employees due to the housing constraints in Kootenai County were measured. Specifically, we focused on the long-term vacant positions created by the lack of affordable housing.
- The workforce analysis confirmed both individual feedback from businesses and from the employer surveys that were conducted as part of this study. Approximately 44% of executives/managers responded that they had difficulty in filling positions due to the housing market and the resulting salary price point needed to hire the position.
  - While it’s been difficult, some employers have found success in recruiting short-term by increasing wages and/or benefits including childcare subsidy benefits.
- The workforce analysis found a direct job loss of 1,589 employees. This is a conservative metric as we attributed only 15% of the persistent unfilled positions in the county to the housing market (and as such is a lower-bound estimate). The economic impacts were calculated with an IMPLAN input-output model of the economy. The results are reported in Table 13. The lack of affordable housing has resulted in: 1) a loss of 2,749 jobs in the local economy; 2) a reduction of \$220.3 million in gross regional product; and 3) a loss of \$158.9 million in local payroll.
- In addition to the decline of economic activity, the housing constraint is reducing tax revenues including a loss of \$4.4 million in property taxes, \$7.0 million reduction in state sales and excise taxes, and \$4.7 million in state income taxes. Total lost taxes are \$16.1 million including the multiplier effects which could have been supporting critical infrastructure, improving transportation, expanding education and/or reducing the levy rate.

**Table 13: Economic Impacts of Lack of Housing Availability**

	Employment	Sales	GRP	Income
Economic Impacts	-2,749	-\$446,974,814	-\$220,311,945	-\$158,883,710
	Property	Sales/Excise	Income	Total
Fiscal Impacts	-\$4,391,513	-\$7,021,685	-\$4,677,571	-\$16,090,769

Source: IMPLAN and Author’s Calculations

### Housing Constraints and the Construction Industry

- The construction industry ranks 5<sup>th</sup> in Kootenai County in employment with 6,921 workers in 2020 and an average annual salary package of \$55,916. The industry job growth has



increased 41% from 2015 to 2020. Total gross payroll, benefits, and income were \$473 million in 2020. Housing constraints could cripple this industry and reduce an important local source of jobs and income.

## Surveys of Kootenai County Stakeholders

- The CDA EDC sponsored a series of surveys and interviews to collect primary data on the challenges facing residents, employers and other stakeholders in acquiring and maintaining affordable housing.
  - Focus groups and individual meetings: Over 50 regional stakeholders were interviewed.
  - Three different surveys were sent to respective stakeholders and organizations within Kootenai County: employers, employees, and realtors. The Employee Survey was sent out to the employees of 10 regional businesses through their respective human resource departments. The Employer Survey was sent out to the managers of a sampling of prominent employers in Kootenai County. The Realtor Survey was sent out to all active realtors in Kootenai County.
- In total, the CDA EDC received 2,697 responses from all the surveys. The surveys were conducted from July 2021 through September 2021. The large number of respondents is an indication of how important regional stakeholders view the housing issue in Kootenai County.

### Survey Summary Findings

#### *Employee Survey (2,535 responses)*

- Approximately 71% of respondents owned their own home while 28% rented. This is similar to the overall population of Kootenai where 69% own their own homes and 31% rent.
- Approximately 60% have lived in Kootenai for over 10 years, 16% for 5-10 years, 14% for 2-4 years, and 10% for a year or less. Interestingly, of those who have lived in Kootenai County for 10+ years, only 47% own homes. About 40% of the sample have lived in Kootenai County less than 10 years.
- The majority of renters (68%) have seen an increase in rent within the last six months with an average increase of about 29%. The average new rent was \$1,443 a month, up from \$1,122 six months ago, according to the survey.
- *Leading Indicator for overall housing affordability:* Approximately 54% of renters spend 30%-50% of gross monthly household income to pay their rent while 21% pay more than 50% of their income for housing. Only 24% of the renters spend 30% or less of their income for housing.
- Homeowners are faring better, likely because most of them previously purchased their homes before the recent spike in house prices. Approximately 60% are paying less than 30% of their income on mortgage expenses, 33% are paying between 30% to 50% of their income for mortgage expenses, and 21% are paying greater than 50% of their income for housing.
- Over time, the number of financially stressed homeowners will increase as normal housing turnover forces more homeowners into higher priced homes.

#### *Realtors Survey (105 responses)*

- Approximately 46% of homebuyers are local. The realtors (on average) believe that only 22% of all home sales are coming from residents wanting to change homes. Another

12% are new residents wanting to purchase a home. Finally, telecommuters compose about 12% of the homebuyers.

- Approximately 54% of homebuyers are nonlocal: Nonresident purchases include retirees from outside the region (25%), second home buyers (15%), and investors (14%) for rental properties and resales.
- Multi-family sales: About 70% of multifamily housing sales are to nonlocal investors.

*Employer Surveys (57 Respondents)*

- Approximately 75% of the firms had difficulty in finding employees and face a labor shortage. The most important reasons cited were the inability to find affordable housing and salary price points (Table 14).

**Table 14: Reasons of Hiring Difficulty**

Reason	%
Inability to find affordable housing and salary	44%
Lack of specific skill/technical expertise	32%
Lack of interest/applications	12%
Career changes	4%
Unemployment benefits	3%
COVID related	3%
Daycare	1%
Total Responses Given	100%

## Conclusions

Kootenai County is one of the fastest growing counties in Idaho and Idaho is at the top of the list for fastest growing states in the U.S. Not coincidentally, Kootenai County is ranked nationally as having the fastest increase in housing prices and rents within the last four years. The county is at a crossroads with regards to long-run character of the community. Failure to provide adequate and affordable housing will fundamentally reshape the community in ways unintended by community leaders and community stakeholders. There is a technical appendix to this report that will be available by February 15, 2022.



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## Notes

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- <sup>i</sup> The results and opinions in the study are those of the authors alone and do not reflect on any associated institutions. The author's bear no liability in application or use of the study in any financial or policy decision making.
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- <sup>ix</sup> These medians and averages are measured from January-September 2016 to January -September 2021.
- <sup>x</sup> Windermere CDA Realty.
- <sup>xi</sup> This estimate is from the U.S. Census, but there is variation depending on the source and metric. For example, the Housing and Urban Development (HUD) 2021 estimated median household income for Kootenai County is \$65,500 (PD&R *Income limits*). The U.S. Census Bureau Small Area Income and Poverty Estimates for 2020 is \$66,959 (St. Louis Federal Reserve *Federal Reserve Economic Data*).
- <sup>xii</sup> Apartment List Blog. [Apartment List Blog - Data & Rent Estimates](#). Also see: HUD Fair Market Rents. (PD&R *Fair Market Rents (40th Percentile Rents)*).
- <sup>xiii</sup> U.S. Census. Price Indexes of New Single-Family Houses Sold Including Lot Value. [Construction Price Indexes \(census.gov\)](#). Accessed 12/21.
- <sup>xiv</sup> Consumer Price Index (CPI). Bureau of Labor Statistics. [Consumer prices up 6.8 percent for year ended November 2021: The Economics Daily: U.S. Bureau of Labor Statistics \(bls.gov\)](#).
- <sup>xv</sup> Data obtained Interviews from local builders and realtors.
- <sup>xvi</sup> "30-Year Fixed Rate Mortgage Average in the United States." *FRED Economic Data*, 23 Dec. 2021, <https://fred.stlouisfed.org/series/MORTGAGE30US#0>.

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- <sup>xxvi</sup> Post Falls and Growth. 11/16/2021. Jon Manley – Planning Manager, City of Post Falls.
- <sup>xxvii</sup> Communications with the City of Coeur d'Alene. Renata McLeod, Municipal Services Director.
- <sup>xxviii</sup> Hardy, Madison. "Vrbo a Four-Letter Word to Neighbors." *CDA Press*, Coeur D'Alene Press, 27 June 2021, <https://cdapress.com/news/2021/jun/27/nightmare-neighbors/>.
- <sup>xxix</sup> "Kootenai MPO." *KMPO*, Kootenai Metropolitan Planning Organization, <https://www.kmpo.net/about-us/>.
- <sup>xxx</sup> These are net additions to the housing stock as measured by the U.S. Census (not building permits). The number of actual units added to the housing stock (measured by the U.S. Census) and building permits issued are different metrics that must be evaluated carefully. The biggest difference between the two is the lag effect between the issuing of a building permit and the date the unit is added to the housing stock, which can be lengthy. Other differences include errors in measurement by the U.S. Census on both metrics, and some issued housing permits may not actually get built.
- <sup>xxxi</sup> The annualized counts are calculated
- <sup>xxxii</sup> An increase in quantity supplied by builders is a result of price increases. The decrease in supply (i.e., supply shifting left) is a result of increased input costs from delays and supply chain disruptions. This is a familiar topic in economics courses.
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- <sup>xl</sup> “San Jose CA Home Prices & Home Values.” *Zillow*, Zillow, <https://www.zillow.com/san-jose-ca/home-values/>.
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[Emsi - Labor Market Analytics & Economic Data \(economicmodeling.com\)](https://www.economicmodeling.com/).