



LOCAL WORKER HOUSING Update 9.25.22

COUNTY-WIDE GOAL

TO RESERVE AND PRESERVE homes that Local Workers Can Afford to Buy for a dedicated time period (“Worker Housing”)

- LOCAL WORKERS DEFINED as: earning 60-130% AMI. These are households earning \$25-\$50 per hour, or \$50,000-\$106,000, respectively.
- ABLE TO ACCOMPLISH: through Deed Restrictions aka Affordability Covenants
- PRIVATE MARKET (with some public partnerships): will drive the volume of units needed for Worker Housing
- LOCAL JURISDICTIONS: working with developers/builders to approve housing developments that include dedicated units for Local Workers.
- MANAGING DEED RESTRICTIONS: contracted to a third party (PAHA is preparing to be this third party) so that private market does not have to take on this responsibility.

STRATEGIES for RESERVING AND PRESERVING LOCAL WORKER HOUSING

1. Community Land Trusts:

- Most realistic option for Local Workers in the 60- 80% AMI.
- Land is owned by a housing non-profit.
- Homes are built in partnership with the private market.
- Only the HOMES are owned by the local worker. Land is LEASED to the home owner.
- Access to, and affordability, are controlled through the land lease.
- Land lease typically runs 99+ years guaranteeing local worker housing in perpetuity.

2. Private Development

- Most realistic option for Local Workers in the 80% - 130% AMI.
- Most realistic option for building the desperately needed housing inventory for our local workers.
- Land and home are owned by the homeowner.
- Access to, and affordability for a period of time, are controlled through Deed Restrictions also commonly called Affordability Covenants.
- The length of time deed restrictions are in force varies, typically 10-30 years.

PAHA's PROGRESS TO DATE

As a part of its nonprofit mission as a 501(c)3 organization, **PAHA is currently partnering with two developers/builders who have committed to including homes that will be deed restricted for Local Worker Housing in new development projects.**

PAHA is developing a "DECLARATION OF AFFORDABILITY COVENANTS WITH PURCHASE OPTION, USE, REFINANCE AND RESALE RESTRICTIONS." This will be the "Model Document" for establishing and managing whatever deed restrictions are placed on new homes as they are built to ensure a price range that our local workers can afford over an extended period of time.

The *MODEL DOCUMENT WILL BE:*

- Fully compliant with Fair Housing and Idaho Law, and Freddie Mac and Fannie Mae Lending requirements.
- Drafted by mid October 2022.
- A "road map" for Developers/Builders and Jurisdictions to understand options for Deed Restrictions.
- The governing document for how PAHA will serve as the "Program Manager" for the Deed Restrictions so that developers and builders can focus on building the housing units.

With the goal of home ownership, PAHA is working with IHFA to offer training and support services that will help our local workers access the many resources IHFA offers.

SUMMARY

Community Land Trusts are well established. PAHA continues its efforts to encourage Community Land Trust through legacy gifting or purchase at cost with a tax deduction for the difference between cost and market.

However, privately placed deed restrictions that ensure home ownership for a certain AMI range is a relatively new approach gaining traction throughout the country. PAHA believes there is great potential for private deed restrictions to be widely used throughout Kootenai County and possibly across our great state.

Private/public partnerships are needed and have been successful in developing housing for our low-income neighbors (defined by HUD as 80% AMI or below). But HUD funding is limited and carries many compliance requirements.

For Kootenai County's workers, the private market must drive the effort to increase housing inventory. To do so, this effort must be sustainable (profitable). With jurisdictional support, creative housing solutions can be built for lower cost. With deed restrictions, desperately needed lower cost homes can be reserved and preserved for our local workers so that they can live in the communities where they work. There are currently two developers/builders actively engaged in this effort. Hopefully this is just the tip of the iceberg.