Blaine County Housing Authority
PO Box 550
Hailey, ID 83333

400 S Main Street, Suite 303
208.788.6102 ~ 208.788.6136 Fax

November 25, 2011

Dear Housing Stakeholder:

The attached Housing Needs Assessment was commissioned by The Blaine County Housing Authority (BCHA) and ARCH Community Housing Trust (ARCH). Funding was secured through grants. The study was commissioned in response to the widely held view that since the last study, completed in 2006, the housing market has changed so dramatically that the 2006 study is no longer relevant.

In order to avoid future costly studies, we insisted that this Needs Assessment also include an updateable flexible model which could be managed locally with the help of the County GIS department. The overwhelming benefit of this model is that any change to the underlying assumptions can prompt an easy recalculation of housing need. For example, an interest rate of 5% was used for the attached report. Should interest rates change significantly, we can quickly determine the impact on housing affordability.   However; the downside is that only secondary data could be used and numerous broad assumptions needed to be made. Most significantly, housing costs and availability were determined using assessed home values as calculated by the County Assessor's office. While this gives a very clear picture of housing value, most assessed homes are occupied and not available for purchase or rent. As a result, this report likely understates the need for affordable housing. Furthermore, in robust real estate markets, assessors data understates actual home costs and would therefore result in a lower than actual affordable housing need.

While this report presents estimated housing needs, it should not be viewed as an absolute picture of housing need. We believe the report will be best used as a base line to which future reports can be compared. Through making comparisons to the baseline, we will absolutely understand if our housing efforts are making headway or if the problem of affordable housing is becoming more or less acute.

We are pleased with the flexibility the updateable model will allow. We are also pleased that financial resources for future reports will be minimal. As you read the attached base line Needs Assessment we ask that you do so recognizing that the following broad assumptions were necessary in order to allow for an updateable model.

1) Assessed value does not give an accurate picture of homes available…we cannot reallocate a household living below their means to a family who is cost burdened.
2) Many single family homes, particularly in Ketchum, are used as rentals for multiple individuals. The need expressed in the report for one bed room rentals does not take this in to account.
3) The report shows that many home owners are cost burdened. If the job market does not recover, we are likely to see a rise in the foreclosure rate which will impact the need for larger rental units. This is not taken in to account in determining need.
4) The assumption was made to place the most number of people in the smallest unit. It was assumed that a family of four or five can live in two bed rooms. This is not the case for families with children of different genders.
5) The data sets do not include workers who commute from outside of Blaine County and may want to live in the County but cannot afford to.
6) The report does not address those who have lost a job or are underemployed and unable to secure a livable wage in the Wood River Valley. If also they are unable to sell their home but must take a job elsewhere, the family will need to remain in the home but must pay for additional housing for the worker who leaves the family. Besides creating significant stress on the children whose parent leaves the community to work, this increases the number of families that are housing cost-burdened but were not considered in the report.

It is with these considerations in mind that we forward this report to you. You are invited to express your questions to either of us; we look forward to discussing these findings in more detail in the weeks to come as well as identifying next steps in securing affordable housing for our workforce.

Sincerely,

David Patrie

Michelle Griffith

Blaine County Housing Authority ARCH Community Housing Trust

WiKSTROM
Economic & Planning Consultants, Inc.

AFFORDABLE HOUSING NEEDS ASSESSMENT

BLAINE COUNTY, IDAHO

November, 2011

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SECTION I:

EXECUTIVE SUMMARY

This affordable housing needs assessment provides a point-in-time estimate and the information necessary to create effective public policy for meeting the affordable housing needs of Blaine County residents. Affordability is generally assessed based on the percentage of a household's income required to provide housing. This is also referred to as a household's "housing burden." Households that must devote more than 30 percent of gross income to cover housing costs are considered to be burdened. The standards for affordability used in this analysis are those set by the US Department of Housing and Urban Development ("HUD"). HUD establishes the Area Median Income ("AMI") based upon a region's wages and total household income, and the costs of housing that would be affordable to area households based on the relationship of their income to the AMI (expressed as a percentage of AMI).

Housing stock in Blaine County, Idaho has seen enormous growth, but much of this growth was in the form of second homes that are out of the financial reach of lower to moderate income residents who, in resort areas, tend to have a much larger housing burden, spending a larger portion of their income on housing costs.

Establishing the necessary number of units for affordable housing requires analyzing the incomes of households in comparison with the costs of housing. An accurate assessment of the need for affordable housing is provided, taking into account the current stock of housing (in terms of size and cost) in Blaine County along with the number of households (by household size) at each given income level. The results are also segregated into tenure categories — rental and home ownership.

While it is important to know the total amount of housing required for residents, it is equally important to know where it is needed the most in the county . Therefore, Blaine County has been divided into several geographic regions to allow a more fine-grained evaluation of the nature and location of the housing market in general and the locations of affordable housing. The main area of interest is the Wood River Valley, specifically: Bellevue, Hailey, Ketchum, and

Table 1.1

NUMBER OF NEEDED UNITS BY LOCATION, 2011

	Bellevue	Hailey	Ketchum	Sun Valley	Remainder	Total
1 Bed	0	0	-190	-30	-220	-440
2 Bed	0	0	-30	-10	0	-40
3 Bed	0	0	0	0	0	0
4 Bed	0	0	0	0	0	0
Total	0	0	-220	-40	-220	-480

Source: Wikstrom Economic & Planning Consultants, Inc.

Sun Valley. The geographic breakdown is these individual cities, the remainder of the county, and the total county-wide figure.

The analysis was completed in the third quarter of 2011 and reflects the most current data available at that time including demographic data from the US Census Bureau, the Idaho Department of Labor and HUD; housing valuation, characteristics, condition and location information from the relevant Blaine County agencies; listing prices and rental rates (primary research); and national industry sources for real estate metrics.

Results of the analysis indicate that about 480 units of affordable housing are needed for Blaine County residents as indicated in Table 1.1. Of these needed units, virtually all are for those with incomes of less than 50 percent of AMI.[1] The projected number of affordable units needed are expressed as estimates; the numbers are rounded to the nearest 10. Households in this income range are less likely to be home owners. Therefore, an emphasis on rental housing in the formulation of housing policies and strategies would be in order.

Table 1.2 provides the breakdown of the number of needed units by number of bedrooms and tenure (rental v. home ownership). The primary area of need is for smaller units with one bedroom. In addition, there is a projected demand for 500 units of senior housing with an immediate need of about 200 of these units.

The areas in greatest need of affordable housing are Ketchum, Sun Valley and the unincorporated area of Blaine County located near these two communities. (See Table 1.1.)

These results are driven by certain key assumptions as to the household size, income, and the current supply of housing. The assumptions are tied, whenever possible, to reliable public data. In any study of this kind, it is not possible to reflect every potential circumstance or unique condition in the assumptions; rather we have relied on widely-accepted principles for using demographic and housing data and applying the relevant statistical measures in reaching our conclusions. The analysis is designed so that its findings may be generalized to the larger Blaine County population and so that estimates of the number and characteristics of needed affordable housing units can be generated.

We recognize that there may be individual situations that fall outside of the scope of the analysis and rely on the reader and the affordable housing providers to determine the best way to implement the recommendations of this report (in terms of the exact nature, characteristics and location of the affordable units).

The end result of this needs assessment is not only a point-in-time estimate, but also a model which will allow Blaine County Housing Authority, ("BCHA"), and ARCH Community Housing Trust, ("ARCH"), sponsors of this study, to update this estimate in the future. The model provided will be able to allow assessments to be made on a year to year basis.

Table 1.2

NUMBER OF NEEDED UNITS BY BEDROOMS AND TENURE, 2011

	1 Bedroom Rental	1 Bedroom Ownership	2 Bedroom Rental	2 Bedroom Ownership	3 Bedroom Rental	3 Bedroom Ownership	4 Bedroom Rental	4 Bedroom Ownership	Total
<50%	-230	-210	-20	-20	0	0	0	0	-480
50-60%	0	0	0	0	0	0	0	0	0
60-80%	0	0	0	0	0	0	0	0	0
Total	-230	-210	-20	-20	0	0	0	0	-480
Source: Wikstrom Economic & Planning Consultants, Inc.									

[1] These results assume that interest rates are 5 percent for a ninety seven percent loan to value mortgage. Currently, interest rates are 4.625 percent. This small difference in market interest rates impacts need by a substantial proportion. The analysis at current rates suggests the need is three hundred fifty units, nearly thirty percent lower.

SECTION II:

INTRODUCTION

Affordable housing is a concern for communities of all sizes. Communities understand that it is in their best interest to ensure that people who desire to live within their boundaries should not be precluded from doing so simply because they earn a modest or moderate level of income. BCHA and ARCH are working to provide all low to moderate income residents of Blaine County access to a variety of housing which is located throughout the community. With such access, all residents of Blaine County were allowed to benefit from—and fully participate in—all aspects of neighborhood and community life available in this beautiful corner of Idaho.

The need for affordable housing is a function of the relationship between income/wages and real estate market values. Resort communities often confront affordable housing issues because, in a sense, they reflect the "perfect storm" relationship between wages and the cost of housing: the bulk of employment is in the lower-paying service sectors and yet real estate values are typically extremely high. Bridging this gap is always a challenge; resources are limited and gaining affordable housing units through direct acquisition or construction in resort communities is expensive.

This Needs Assessment for Affordable Housing in Blaine County, Idaho, provides the basic data and analysis used in estimating the number and nature of affordable housing units currently needed to serve residents of the county -- reflecting the full spectrum of incomes. The needs assessment is the first phase of a two-phase process for developing a full plan for affordable housing. This document serves as the factual basis for any policy or programmatic recommendations that will be made in Phase II; it does not address policy issues nor does it include recommended programs. The second phase will commence with the completion of the needs assessment and will provide strategies for meeting the needs outlined in this report.

The needs assessment is a data-driven process that mirrors the housing plan requirements of HUD. The most recent needs assessment was completed in 2006 – near the peak of the housing market. At that time, it was determined that approximately 1,200 affordable units would be needed to address current affordable housing demand. At that time, unemployment was extremely low and housing costs were at record highs. The economic crash in the housing market that occurred, beginning in 2008, has dramatically changed the underlying economic conditions that were cited in the 2006 report: Housing values have dropped dramatically and unemployment rates are higher than they have been in many years.

Blaine County and the municipalities in Blaine County have achieved a significant accomplishment in the creation of an affordable housing inventory containing 369 units. Of this total, 189 units are in a single development —the Balmoral. The remaining units were secured primarily through the use of density incentives and other administrative processes.

Since the 2006 Needs Analysis, Blaine County has added 89 units: 33 rentals and 56 in homeownership.

This needs assessment is a point-in-time estimate. In association with this summary report, Wikstrom Economic & Planning Consultants, Inc., ("Wikstrom"), has provided the sponsors of this study — BCHA and ARCH — with a model to update the needs analysis on an ongoing basis.

ANALYSIS PRIORITIES

Assess the Current Gap

An accurate assessment of the gap between supply and demand (herein described as "need") for affordable housing is provided, taking into account the current stock of housing in Blaine County along with the number of households at each given income level. The methodology provided in this affordable housing model uses objective, reliable, and complete data sources to show where the gaps in affordable housing exist.

Updatable Model

Along with this affordable housing model, an easily updatable model will be provided to BCHA and ARCH. This will allow for the baseline in this report to be updated when new data is available. In addition, there are numerous assumptions made in the model that can be changed as conditions change and the ability to perform a sensitivity analysis for any of the assumptions made.

METHODOLOGY

The basis for much of this analysis comes from HUD's designation of AMI. AMI is the income at which 50 percent of households of a given size earn more, and 50 percent earn less. This differs from average income since the average is the total income earned divided by total households. These numbers nearly always differ due to the skewed nature of incomes where there are a small number of high earners who pull the average up. The HUD AMI figures differ from another often-quoted

income figure—the median household income reported in the U.S. Census. The census figure does not take household size into account; rather it is the income level at which half of all households, regardless of size, earn more and half earn less.

There is an AMI for various sized households, but throughout this analysis AMI for a household of three is used as it is the best representation of Blaine County which has an average household size of two and a half. In addition to this, it is an important factor in the ability to qualify for federal funds for affordable housing in that each individual household's income must fall within the established guidelines.

Geographical Areas

Blaine County

Blaine County, which contains the affluent resort community of Sun Valley, faces a shortage of affordable housing for many residents. Within this needs analysis, the various geographic areas are assessed to determine the total amount of housing units necessary to ensure an adequate number of affordable housing units. There is a vast difference in property values between the cities and unincorporated areas in the Wood River Valley compared to the remainder of the county, yet most inhabitants work and reside within the Wood River Valley.

Geographic Boundaries Considered and Not Used

Initially, this analysis had planned to use the geographic breakdowns by zip code because this is the smallest level at which employment information is available, but this became problematic when trying to match the data with household income. For this reason, the focus turned to the reliable and consistent data sourced from the United States Census: the census tract. The census is reported by geographic areas known as tracts. Once again, however, these tracts proved problematic as the tract boundaries went directly through the middle of the cities in the Wood River Valley.

Geographic Areas Used in Analysis

The solution, then, was to use the four cities in the Wood River Valley - Bellevue, Hailey, Ketchum, and Sun Valley - as the focus of the analysis because of the availability of Census data as well as income data from the American Community Survey, an annual update of the decennial census. This narrow corridor in the middle of Wood River Valley is where the majority of people reside.

Cities in Wood River Valley

The breakdown of geographic areas is as follows: Bellevue, Hailey, Ketchum, Sun Valley, the remainder of the county, and the total county wide. The justification of this breakdown is that the main focus is the Wood River Valley. In addition, people generally prefer to live close to where they are employed and we have assumed that commute times should be minimized.

Data Used

Wikstrom was asked to conduct this study in a manner that would facilitate the development of a model that would allow BCHA and ARCH to update the analysis at intervals in the following decade and possibly beyond. Because the model needs to be easy to use and incorporate data that can be readily and easily obtained by ARCH and BCHA, it could not be developed assuming that either BCHA or ARCH will conduct costly future primary research.

Our goal, then, was to develop research and analysis around secondary data. Wikstrom conducted primary research to establish the base of data to estimate current need, but focused the methodology on the identification of data that would be available to BCHA and ARCH and how that data could be incorporated into estimates of needed affordable units. Wikstrom has applied its more than 30 years of experience in evaluating housing markets to assure that the data, the methods and resulting recommendations are sound indicators of the need for affordable housing – both now and in the future.

This analysis was completed between May and October of 2011. The timeframe predated the release of much of the 2010 census information. Where census data were necessary to the analysis, we used the most recent estimates of the American Community Survey or the 2000 census as a placeholder. Once the 2010 census data are released, BCHA and ARCH should update the analysis using the model to reflect the most current demographic data.

The data sources are, for the most part, public agencies including the US Census Bureau, the Idaho Department of Labor, the Blaine County Assessor's Office, Blaine County GIS, and the US Department of Housing and Urban Development.

METHODOLOGY

As with any economic model this analysis required making certain critical assumptions in order to make the end result useful to policy makers. The methodology contained herein is the comparison of the total housing supply versus the demand for affordable housing.

Calculating the gap in housing is given by the following simple equation:

$$\sum_{i=1}^{n}(Need_i) = \sum_{i=1}^{n}(Demand_i - Supply_i)$$

where "i" is the AMI designation of each group and "n" the number of distinct AMI groups. This can further be divided into the more differentiated results as obtained by the following equation that accounts for size of the unit, AMI designation, geographic area, and rental versus ownership rates:

$$\sum_{i=1}^{n}(Need_{ir} + Need_{ip})$$
$$= \sum_{i=1}^{n}((Demand_{ir} - Supply_{ir}) + (Demand_{ip} - Supply_{ip}))$$

where "r" is a rental and "p" is home ownership. The appendix provides for a more thorough and explicit description of this methodology along with the derivation of this equation.

DEMAND

Data Sources

Within all parts of this analysis, data sources come from easily updatable databases. The total housing needs of the county are computed based on data from the US Census and American Community Survey (ACS). Specifically, income data and number of households is sourced from ACS five-year estimates. In addition, census data contains the pertinent information on demographics, household size, owner-occupancy, seasonal homes, and owner/renter percentages. The completeness of this data allows for the highest level of accuracy of total need. There were slight differences between US Census and ACS data. All data throughout this analysis has been adjusted to the Census figures.

Critical Assumptions

Some critical assumptions of the needs analysis become necessary before computation. Census data provides the number of households with specific numbers of people in each household. Since the census does not designate the composition of the household, it has been assumed that households of one to two require a one-bedroom unit, three and four people need a two-bedroom unit, five and six need a three-bedroom unit, and households with seven or more need a four-bedroom unit. Within this, the assumption has also been made that this is the minimum sized housing unit that would be acceptable, but allows for a household to move into a larger unit. It was also necessary to adjust the income data from the ACS, to HUD's AMI. Using the AMI for households of three, $69,000, was determined to be the best metric as the average household size in Blaine County is slightly below three. ACS data was adjusted to conform to this AMI. All data sources used throughout this analysis were normalized to the US Census to ensure consistency throughout the analysis.

General Approach

The general approach to computing the total housing need was to ensure that all data sources were normalized to one data source – in this case, the US Census. After the data has been checked for accuracy, computations into the number of units required is straightforward: the distribution of households is compared to the number of households at each AMI for each geographic area to give total affordable housing need based on size of unit and income.

SUPPLY

Data Sources

On the supply side of the equation, all data sources have been normalized once again to Census data to ensure consistency across the data. Data used to determine the supply of housing units is mainly sourced from the Blaine County Tax Assessor and other data maintained by the Blaine County GIS Department. Through the use of GIS, the numerous datasets were melded into one complete dataset comprising property value, number of bedrooms, condition, and geographic area. This simplified dataset should be able to be amended with little difficulty by the Blaine County GIS Department for updating the model.

Critical Assumptions

With the dataset in its complete form, the process of determining supply is relatively simple. Property values were amortized to determine their monthly cost while accounting for 15 percent of the payment for property taxes, mortgage insurance, and homeowners insurance. This is the percentage used by HUD in determining eligibility for housing assistance. We recognize that these costs vary by community, but used the HUD estimate to mirror the process by which households "qualify" for federal money. Every property in the county was calculated in this way, even for rentals, as the rental cost should correlate rather closely with cost of homeownership.

We also reviewed the rental and housing units available for sale to determine the level of affordability in the housing stock currently on the market. This information is supplemental to the assessors/GIS data and, in fact, is a subset of the complete data set used in the model. It portrays the smaller picture of affordability for the subset of the population that is currently looking for housing, but does not provide the complete picture regarding affordability in Blaine County. If we were to focus only on properties that are available, we would be unable to match this data with the current needs of the county, as there is no dataset available that characterizes only those people who are in the market. Finally, the houses that are currently for sale do not represent the actual value of a property as an owner can ask whatever they wish with the true value being that for which the property actually sells. This is the reason for using tax assessor data as the values are consistent and can be matched to the total population in the county.

Absent of specific location information of homes sold in the area, we were unable to compare the current sales prices to the valuation for those properties used by the Blaine County Assessor to determine if a global adjustment to the assessor's data was in order. Therefore, we have had to assume that the assessor's data is the most accurate reflection of current value/cost.

General Approach

With these assumptions, and normalizing the data to the US Census, the separation of supply by size and AMI through the amortized value is a straightforward process. This breakdown into size and AMI is completed allowing for the percentages of households who rent versus those who own.

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SECTION III:

NEEDS ANALYSIS

This section addresses the elements that drive the need for affordable housing including a discussion of the definition of affordability, the demographic factors that influence demand for affordable housing (income, household size, etc.) and concludes with estimates of total demand for affordable units.

AFFORDABILITY

Affordability is a standard that evaluates the housing cost that could reasonably be borne by families at all income levels. It is based on using the amount of income a household would have available to pay for housing and translates this amount into a housing cost – either a rental amount or a house payment. It varies from community to community as incomes and housing costs vary.

The standard for affordability is a method HUD uses in determining eligibility for federal housing monies. HUD establishes the area median income for all communities in the United States and then establishes categories of income levels based on this figure. The income definitions established by HUD provide that moderate income means those incomes falling at the 60 percent to 80 percent mark for AMI. HUD uses other benchmarks in its housing programs: low-income households are those between 50 and 60 percent of AMI; very-low-income households are those between 30 and 50 percent of AMI; less than 30 percent of AMI is considered poverty. The income classifications are listed in Table 3.1, on the following page.

Households that earn 30 percent or less of AMI are most at risk of homelessness because of the low income levels and extremely high burden of housing expenses (expressed as a percentage of household income). The households at this income level represent 13 percent of all Blaine County households.

State and federal public assistance programs generally target the range of population with incomes below 60 percent of AMI, representing 30 percent of all households in Blaine County. There are resources available both to the household and to agencies such as ARCH and BCHA to fund development of housing for this segment of the population, although securing the resources is an extremely competitive process.

The next income segment, those between 60 percent and 80 percent of AMI, often have fewer federal and state resources available to them, but are also very vulnerable; their

Table 3.1

MAXIMUM HOUSEHOLD INCOME BY AMI FOR BLAINE COUNTY, 2011

	Household of Three	Household of Four
<30% AMI	$20,700	$22,950
30-50% AMI	$34,500	$38,250
50-60% AMI	$41,400	$45,900
60-80% AMI	$55,200	$61,200
80-100% AMI	$69,000	$76,500

Source: HUD

Table 3.2

DISTRIBUTION OF HOUSEHOLDS BY AMI

Household Income Category	Estimated Households	Percent of Total
<50% AMI	2,120	24%
50-60% AMI	618	7%
60-80% AMI	843	10%
80-100% AMI	835	9%
>100% AMI	4,417	50%
Total	8,833	100%

Source: American Community Survey and HUD

incomes are not high enough to comfortably cover the cost of housing - especially in a resort community and they must look to local agencies and organizations for help. Put another way, they are too "well off" to receive state and federal assistance, but continue to struggle to live up to the area's median standards. Approximately ten percent of Blaine County households fall into the 60-80 percent range of median household income as can be seen in Table 3.2.

Those with incomes equal to between 80 percent and 100 percent of AMI are also a vulnerable segment of the community. This group is more likely to own their home, but will have stretched financially to do so. Depressed economic activity hits this population particularly hard.

Finally, those households with incomes at or just above AMI are also evaluated. Essentially the middle class, this group relies on the market to provide affordable housing as it does not qualify for other programs.

For purposes of analysis, the AMI for a household of three — representing two wage earners and one child in the home — is used throughout the housing analysis. The AMI for a household of three was used since the average household size in Blaine County is 2.44. Other income data (such as census household income and wage data) are translated into an equivalent income for a household so that the HUD AMI distinctions can be used to identify housing needs.

Housing Burden

The rule of thumb in determining what a household can afford to pay for housing has generally been held that a

Figure 3.1

Wikstrom Economic & Planning Consultants, Inc.
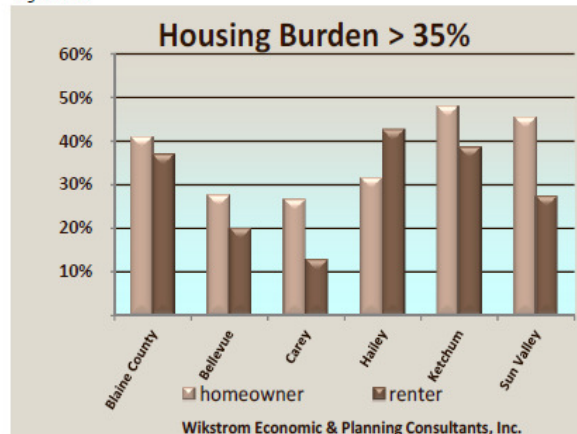
Table 3.3

PERCENTAGE OF HOUSEHOLDS WITH HOUSING COST BURDEN > 35%

Renters	
U.S.	41%
Idaho	37%
Blaine	37%
Homeowners	
U.S.	28%
Idaho	25%
Blaine	41%

Source: US Census

household should pay no more than 30 percent of its income to cover costs of rent or mortgage payments as well as other associated costs including utilities, insurance, property tax, mortgage, etc. When a household must pay a larger proportion of its income for these expenses, it is deemed to be "housing burdened."

Table 3.3 compares the housing burden of the United States, Idaho, and Blaine County for renters and homeowners. The data shows that the percentage of Idaho renters paying more that 35 percent of their household income is slightly less than the national average of 41 percent at 37 percent. On the other hand, the burden for homeowners in Blaine County is significantly higher than that of both the State of Idaho and the United States: 41.2 percent versus 25 percent and 27.9 percent respectively.

Table 3.4 and Figure 3.1 demonstrate that homeowners in Blaine County have a disproportionately higher housing burden than renters (41% vs. 37%). Initially, this seems counterintuitive since historically renters have typically had a higher burden than homeowners, but in light of the recent financial crisis and dropping home values it makes intuitive sense. As home costs dropped and jobs were lost homeowners were not able to change their mortgage payment with their burden remaining unchanged; on the other hand, dropping home costs lead to lower rental rates with renters being able to move out of a burdensome position more easily.

We should note that the 30 percent convention has become limited as many households have chosen to devote more of their income toward increasingly more expensive homes, whereby the housing cost is a lifestyle choice rather than a "burden." This clearly is most applicable at upper income levels, and is likely to be operative in Blaine County as well.

Concept of Captive Affordability

Affordability means different things depending on an individual's circumstances. For a homeowner, it is the monthly payment on the mortgage. For someone moving into Blaine County, it is the cost of housing that is available on the market. For a renter, it is the current rent structure in the market.

Generally, most affordability in a community is captive in its existing, occupied, older housing stock. That is, for many homeowners, the current value of their home is more than what they initially paid (with the exception of those who purchased in the past five years). This analysis uses current values as the estimate of home value and cost. But even using current valuation data as the estimate of the housing burden for existing homeowners, we have found that there is a substantial amount of affordability represented in the existing housing stock. We refer to this as the "captive"

Table 3.4

HOUSING BURDEN IN BLAINE COUNTY, IDAHO

Homeowners	Blaine County	Bellevue	Carey	Hailey	Ketchum	Sun Valley
Less than 20.0 percent	28%	27%	28%	28%	31%	31%
20.0 to 24.9 percent	10%	17%	6%	13%	3%	9%
25.0 to 29.9 percent	10%	13%	5%	14%	4%	6%
30.0 to 34.9 percent	12%	16%	35%	14%	14%	8%
35.0 percent or more	41%	28%	27%	32%	48%	46%

Renters	Blaine County	Bellevue	Carey	Hailey	Ketchum	Sun Valley
Less than 20.0 percent	35%	48%	52%	24%	51%	0%
20.0 to 24.9 percent	10%	11%	13%	11%	10%	39%
25.0 to 29.9 percent	12%	11%	10%	16%	0%	16%
30.0 to 34.9 percent	7%	11%	13%	6%	0%	17%
35.0 percent or more	37%	20%	13%	43%	39%	28%

Source: US Census

affordability inherent in the existing occupied housing stock. It does not mean that current homeowners of these units can sell (recapture) its value and purchase a higher priced home and/or move to another community. This concept will be discussed further in Section IV.

DEMOGRAPHIC SUMMARY

In estimating the demand for affordable housing, it is important to understand the demographic dynamic of the community in order to answer the following questions:

- What is the make-up of the households?
- How fast is the community growing?
- What kinds of wages are available to those living in the community?
- Where is the current workforce living?
- Are there segments of the community in need of specialized housing?

This section highlights the results of a complete demographic analysis of Blaine County that is included in the model. The data are taken from the U.S. Census Bureau as well as the ACS. The ACS data are estimates, using census data, for years in which no census data is available.

Ideally, this section would reflect the findings of the 2010 Census but this data is not currently available in its complete form. Once the data is available, the updatable model will allow for easy inclusion of the data.

Affordable housing demand is reflective of the

demographic characteristics of the community. The primary driver is household income, but income is also a function of other demographic characteristics such as age, race and gender. The demographic structure also influences the demand for special needs housing such as senior housing and housing for people with disabilities.

Population, Growth and Household Size

Blaine County's population grew at a fairly steady rate between 2000 and 2010, with a net increase of 2,385 people (Table 3.5). The population grew at an average annual rate of 1.26 percent, which exceeded the national average during this time. Population growth was strongest during the first half of the decade (the single greatest proportional increase came between 2000 and 2001) and slowed during the second half until it actually became negative between 2009 and 2010.

Blaine County's average household size was 2.44 in 2000 and 2.42 by 2010. The population with respect to the households and housing units is shown in Table 3.5. Figure 3.2, on the following page, presents the population forecasts for Blaine County through 2025. The orange area is the 80 percent confidence interval while the yellow is the 95 percent confidence interval and the line going through the middle the point estimate. This point estimate is a "best guess" as to where the population will be for each time period; the confidence interval shows the area, or band, where the estimate is at 80 percent and 95 percent confidence. Table 3.6 displays these point estimates and confidence intervals. Housing units have increased at a faster rate than households,

Table 3.5

BLAINE COUNTY POPULATION & HOUSING CHANGE, 2000-2010

Year	Population	Households	Household Size	Housing Inventory	Housing Inventory per Capita
2000	18,991	7,780	2.44	12,186	1.56
2010	21,376	8,833	2.42	15,050	1.42
Change	2,385	1,043	-0.02	2,864	-0.14
% Change	12.6%	13.4%	-0.8%	23.5%	-8.9%

Source: U.S. Census Bureau, yearly estimates, and American Community Survey, 5 year estimates.

Figure 3.2

POPULATION FORECAST, BLAINE COUNTY
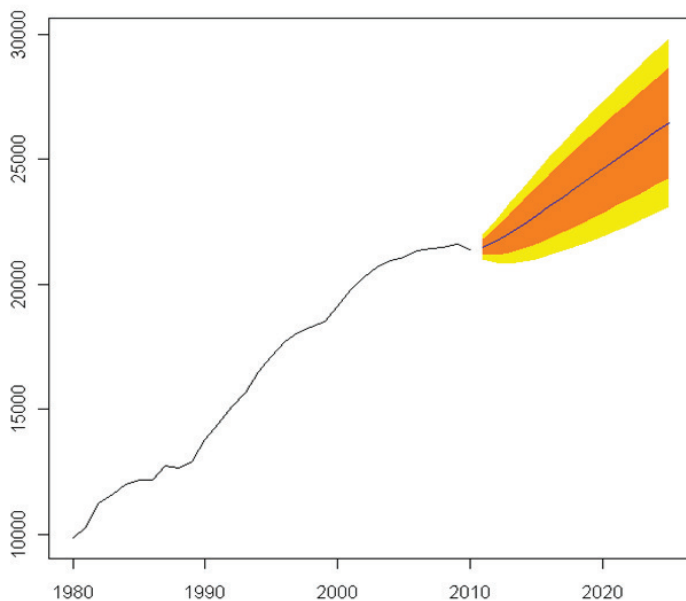
Source: Wikstrom Economic & Planning Consultants, Inc.

Table 3.6

POPULATION PROJECTIONS THROUGH 2025, BLAINE COUNTY IDAHO

Year	Point Forecast	80% Confidence Interval		95% Confidence Interval	
		Low Estimate	High Estimate	Low Estimate	High Estimate
2015	22,751	21,610	23,892	21,006	24,496
2020	24,597	22,839	26,354	21,909	27,284
2025	26,451	24,241	28,661	23,071	29,830

Source: Wikstrom Economic & Planning Consultants, Inc.

very common in a resort community with a large proportion of second-home owners. This same process can be performed when forecasting housing stock growth, however, not much faith can be put into housing stock forecasts due to the instability of home building over the past ten years and so the confidence intervals are quite large. Section IV discusses housing stock in greater detail.

Age Structure, Gender and Minority Population

Blaine County's working age population, particularly that aged 35-69, is disproportionally large, representing a greater percentage of Blaine's population than this cohort does in the state as a whole. In fact, this group makes up

50.6 percent of Blaine's population compared to 41 percent in Idaho. This is the only age group in which Blaine is over represented (though those aged 30-34 and 70-74 are close to the proportional representation for the rest of the state). Blaine County's median age is 40.4, 5.8 years older than Idaho's median age of 34.6. These facts, coupled with the narrow base of the age pyramid, paint a portrait of a county with lower than average fertility rates, smaller than average families, fewer children, and an aging population (see Table 3.7).

Figure 3.3
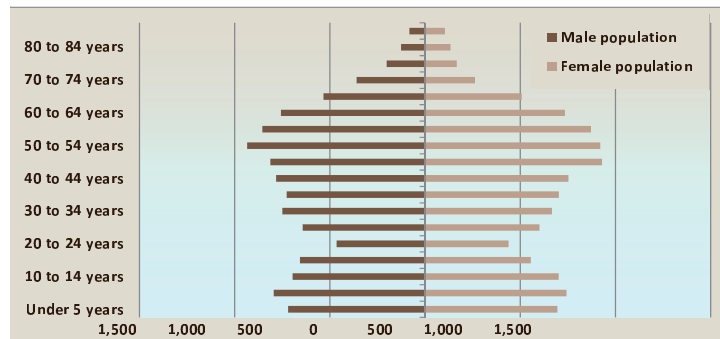
Source: US Census 2010

Table 3.7

AGE & GENDER DEMOGRAPHIC

	Male Population	Female Population	Gender Ratio	Share
Under 5 years	719	695	1.03	6.6%
5 to 9 years	794	743	1.07	7.2%
10 to 14 years	695	702	0.99	6.5%
15 to 19 years	657	556	1.18	5.7%
20 to 24 years	464	439	1.06	4.2%
25 to 29 years	642	601	1.07	5.8%
30 to 34 years	749	666	1.12	6.6%
35 to 39 years	726	703	1.03	6.7%
40 to 44 years	782	753	1.04	7.2%
45 to 49 years	812	930	0.87	8.1%
50 to 54 years	934	920	1.02	8.7%
55 to 59 years	854	872	0.98	8.1%
60 to 64 years	757	735	1.03	7.0%
65 to 69 years	533	508	1.05	4.9%
70 to 74 years	359	263	1.37	2.9%
75 to 79 years	201	166	1.21	1.7%
80 to 84 years	126	134	0.94	1.2%
85 years and over	82	104	0.79	0.9%
Total	10,886	10,490	1.04	100%
Share 60+	18.6%			
Median age	40.4			

Source: US Census 2010, 2000

The 2000 census also shows Blaine County as having 1,809 disabled persons or just under 10 percent of the population (partly due to the higher than average aging population). All of these findings, however, should be taken with caution. They are based on a county with a larger than average minority population, which, as past research has found is often undercounted by the Census.

In 2010 Hispanics or Latinos represent 20 percent of the population of Blaine County, well above the state average of 11.2 percent (Table 3.8). No other minority group in Blaine County represents more than one percent. Blaine County's Hispanic or Latino population has grown exponentially in the last three decades. Increases in the Hispanic and Latino population were large contributing factors to overall population growth in Blaine County and should be taken into account in evaluating housing needs.

As can be seen in Table 3.7 and Figure 3.3 Blaine County's 2010 population is very slightly skewed towards males, with 104 males for every 100 females.

Household Income

Median household income has trended upward, from $50,496 in 2000 to $56,601 in 2009. However, in real dollars ($2009), the 2000 income was $62,910, so households actually experienced declining incomes, on average, over the decade, when adjusted for inflation. Table 3.9 provides a breakdown of households by income as produced by the US Census Bureau.

The AMI of Blaine County for a household of three is given at $69,000 per year which is considerably higher than the rest of Idaho with Boise's AMI at $56,000. This higher AMI for Blaine County could possibly lead to a larger number of households who fall into the groups who need subsidized housing.

Figures 3.4 to 3.9 (on the following page) show the distribution of households for each of the AMI categories in each geographic area. Not surprisingly,

Table 3.8

LATINO/HISPANIC POPULATION

1990	392	3%
2000	2,030	11%
2010	4,707	20%

Source: U.S. Census Bureau, yearly estimates, and American Community Survey 3 year estimates

Table 3.9

DISTRIBUTION OF HOUSEHOLDS BY INCOME IN BLAINE COUNTY
INCOME AND BENEFITS (IN 2009 INFLATION-ADJUSTED DOLLARS)

Total households	8,833	
Less than $10,000	535	6%
$10,000 to $14,999	158	2%
$15,000 to $24,999	998	11%
$25,000 to $34,999	1,030	12%
$35,000 to $49,999	1,024	12%
$50,000 to $74,999	1,751	20%
$75,000 to $99,999	1,185	13%
$100,000 to $149,999	1,340	15%
$150,000 to $199,999	422	5%
$200,000 or more	390	4%
Median household income (dollars)	$56,601	
Mean household income (dollars)	$76,484	

Source: US Census

Table 3.10

DISTRIBUTION OF HOUSEHOLDS BY AMI CATEGORY

Household Income Category	Estimated Households	Percent of Total
<50% AMI	2,120	24%
50-60% AMI	618	7%
60-80% AMI	843	10%
80-100% AMI	835	9%
>100%AMI	4,417	50%
Total	8,833	100%

Source: American Community Survey and HUD

Table 3.11

INDUSTRY GROWTH FOR "COVERED" EMPLOYMENT

Industry	2002	2003	2004	2005	2006	2007	2008	2009	2002 - 2009 Change
Health Care and Social Assistance	370	483	495	544	536	593	668	1,676	1,306
Manufacturing	397	459	458	515	483	439	494	959	562
Agriculture, Forestry, Fishing and Hunting	100	97	109	101	87	115	109	569	469
Finance and Insurance	229	229	296	314	335	288	314	495	266
Administration & Support, Waste Management and Remediat	567	694	761	756	806	790	741	756	189
Wholesale Trade	226	129	146	180	194	159	209	380	154
Educational Services	625	676	700	739	746	762	774	771	146
Transportation and Warehousing	201	191	185	193	219	208	209	344	143
Management of Companies and Enterprises	17	21	17	25	37	15	26	141	124
Information	226	255	232	326	320	341	369	287	61
Utilities	24	25	25	22	28	25	25	69	45
Other Services (excluding Public Administration)	411	394	413	421	435	403	430	456	45
Mining, Quarrying, and Oil and Gas Extraction	41	39	35	40	34	32	31	40	-1
Public Administration	381	437	471	486	503	511	503	370	-11
Arts, Entertainment, and Recreation	243	286	308	308	326	298	266	184	-59
Real Estate and Rental and Leasing	352	350	368	322	313	297	316	189	-163
Professional, Scientific, and Technical Services	813	819	814	874	864	831	862	531	-282
Retail Trade	1,496	1,476	1,564	1,681	1,629	1,837	1,681	1,107	-389
Construction	1,734	1,722	1,862	2,121	2,204	2,250	2,222	517	-1,217
Accommodation and Food Services	2,594	2,500	2,370	2,539	2,365	2,236	2,381	1,237	-1,357
Total Blaine County Jobs	**11,047**	**11,282**	**11,629**	**12,507**	**12,464**	**12,430**	**12,630**	**11,078**	**31**

Source: Idaho Department of Labor

the bulk of households with low-to-moderate incomes reside primarily in Hailey and the areas of the county that lie outside of the Wood River Valley. What may be surprising is the similarity in the distribution of incomes within each of the communities (See Figures 3.10-3.15). For example, households earning less than 50 percent of AMI represent 15 percent of total Sun Valley households and 22 percent of Ketchum households – not substantially different than the percentages for Bellevue and Hailey, which are 20 and 19 percent, respectively.

Employment and Wages

Employment and wage data offer additional insights into how much affordable housing is needed and where it should be located, especially in smaller resort communities that are heavily reliant on a single industry such as the tourism and travel industry. The wage structure in the industry is not totally dependent on local conditions - For example, Sun Valley competes with other resort communities and must therefore respond to national and international cost structures.

The Idaho Department of Labor reports average annual "covered" employment – a count of jobs that are covered by State or Federal unemployment insurance that necessarily excludes some categories of worker, like the self-employed – by county. This data combined with census data allowed us to assess the trends among the industries and wages within those industries.

There were normal trends in Blaine County employment consistent with what you would expect to see throughout a housing bubble and subsequent recession experienced through recent years. Employment peaked in 2005 and stayed flat until 2009 leaving Blaine County with a net total growth of 31 jobs between 2002-2009. (See Table 3.11).

The hardest hit industries were also consistent with what you would expect to see in a decade with a housing bubble and recession. Accommodation and Food Services dropped the most dramatically during this time with an ultimate loss of 1,357 jobs between 2002 - 2009. This can be reasonably associated with a general drop in travel and tourism within resort communities throughout the recession. Construction also lost a significant number of jobs with a net loss of 1,217 between 2002—2009.

These job losses were offset by growth within some industries. Health Care and Social Assistance led the industries in growth with a net increase of 1,306 job

Distribution of Households by HUD AMI Categories, Blaine County Idaho—2009

Figure 3.4

<50% AMI

- Ketchum 16%
- Sun Valley 4%
- Remainder 42%
- Bellevue 7%
- Hailey 31%

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.7

80-100% AMI

- Ketchum 20%
- Hailey 35%
- Bellevue 10%
- Sun Valley 6%
- Remainder 29%

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.5

50-60% AMI

- Hailey 43%
- Ketchum 10%
- Sun Valley 7%
- Remainder 32%
- Bellevue 8%

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.8

>100% AMI

- Hailey 38%
- Ketchum 17%
- Sun Valley 5%
- Remainder 31%
- Bellevue 9%

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.6

60-80% AMI

- Hailey 47%
- Ketchum 18%
- Sun Valley 9%
- Remainder 18%
- Bellevue 8%

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.9

Total

- Hailey 37%
- Ketchum 17%
- Sun Valley 6%
- Remainder 32%
- Bellevue 8%

Wikstrom Economic & Planning Consultants, Inc.

Source: Wikstrom Economic & Planning Consultants, Inc., U.S. Census

Distribution of Households by HUD AMI Categories by Community, Blaine County Idaho—2009

Figure 3.10

Bellevue

80-100% AMI (11%)
60-80% AMI (8%)
50-60% AMI (7%)
<50% AMI (20%)
>100% AMI (54%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.13

Sun Valley

80-100% AMI (10%)
60-80% AMI (14%)
50-60% AMI (8%)
<50% AMI (15%)
>100% AMI (53%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.11

Hailey

80-100% AMI (9%)
60-80% AMI (11%)
50-60% AMI (8%)
<50% AMI (19%)
>100% AMI (53%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.14

Remainder of County

80-100% AMI (8%)
60-80% AMI (5%)
50-60% AMI (7%)
<50% AMI (30%)
>100% AMI (50%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.12

Ketchum

80-100% AMI (11%)
60-80% AMI (9%)
50-60% AMI (4%)
<50% AMI (22%)
>100% AMI (54%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 3.15

Blaine County

80-100% AMI (9%)
60-80% AMI (9%)
50-60% AMI (7%)
<50% AMI (23%)
>100% AMI (52%)

Wikstrom Economic & Planning Consultants, Inc.

Source: Wikstrom Economic & Planning Consultants, Inc., U.S. Census

between 2002 - 2009 due in large part to the opening of the Wood River Medical Center. Manufacturing and Agriculture also grew over this time with a net increase of 562 and 469, respectively.

The three highest average annual wages (in 2010) occurred in the industries of Financial Activities, Professional & Technical Services, and Manufacturing, where employees averaged wages of $55,375, $52,788, and $52,529 respectively (See Table 3.12). These industries comprise approximately 18 percent of the total jobs in Blaine County whereas the lowest paid industries, Agriculture, Administrative & Support and Accommodation and Food Services comprise 23 percent of the total jobs in Blaine County.

Table 3.12

AVERAGE ANNUAL WAGES BY INDUSTRY IN BLAINE COUNTY, 2000–2010
(CONSTANT 2008 DOLLARS)

Industry Sector	2000	2010	% Change
Total Covered Wages	**31,635**	**35,886**	**13.4%**
Agriculture	25063	27543	9.9%
Mining	33810	49466	46.3%
Construction	32607	35727	9.6%
Manufacturing	37995	52579	38.4%
Trade, Utilities & Transportation	26343	31679	20.3%
Information	32250	41992	30.2%
Financial Activities	45108	55375	22.8%
Professional and Business Services	50154	52788	5.3%
Educational and Health Services	31710	45043	42.0%
Leisure and Hospitality	23504	19667	-16.3%
Other Services	21737	32738	50.6%

Source: Blaine County Work Force Trends Report, Idaho Department of Labor

Table 3.13

WEIGHTED AVERAGE WAGES

	Number Jobs	Weighted Average Weekly Wage
Bellevue	1216	$564.07
Carey	210	$572.96
Hailey	3602	$520.53
Ketchum	3032	$531.15
Sun Valley	851	$552.89
Weighted Average		**$534.00**

Source: Idaho Department of Labor

Wages in the county are seasonal. Indeed, on average, wages increase by 14.6 percent during the fourth quarter, relative to the rest of the year. Some of this increase can be explained by increased holiday shopping and end-of-year bonuses, but it is undoubtedly also due to the tourist activities that the county enjoys during the winter months.

Current Industry & Wage Trends
Table 3.13 displays the weighted average wage for the cities of Bellevue, Carey, Hailey, Ketchum, and Sun Valley. Within all of Blaine County, the top five employers employ roughly two thirds of the population. What can be seen by Table 3.13 is that the weighted average wage in each city is not significantly different. Weighted average wages are used over simple averages in order to adequately reflect the wage distribution by number of employees.

A concern regarding affordable housing is large concentrations of low wage workers in certain geographic areas necessitating more affordable housing in these areas. However, the data does not show high concentrations of low wage workers in a specific area and they can be assumed to be dispersed across the county. (See Figures 3.10-3.15.)

It is important to note that the average yearly wage is around $28,000 per year, per wage earner in Blaine County. This figure is significantly lower than the average household income figures, which implies that most are two-earner households. The dispersion of low wage earners throughout the county thus implies that there is not a single specific area where affordable housing should be placed.

Commuting

As can be seen in Table 3.14, about 1,441 workers commute into Blaine County for employment. Roughly 1,272 of these workers live in 21 counties in Idaho with around 82 percent (1,048) living in five counties: Camas, Gooding, Jerome, Lincoln and Twin Falls. Approximately 393 workers of Blaine County's labor force commute of the county for work; most are working out of state.

Special Needs

Senior Housing

As noted earlier in this section, Blaine County has an older population, on average, than does the state of Idaho. This fact is clearly illustrated in Figure 3.3 (see page 13) with an obvious "bulge" in the age pyramid representing those aged between 40 and 65. This age cohort contains 8,346 people which represent 39 percent of the total population. As this cohort "ages in place" in Blaine County, it represents a substantial demand for senior housing that will arise over the next decade and continue for at least another decade.

According to the US Census Bureau, 80 percent of all seniors in Blaine County own their homes. The average household size for seniors is between one and two persons. In addition, about five percent of the senior demographic are institutionalized. With the higher than usual income levels in Blaine County, it is reasonable to assume a higher-than-average home ownership level. Applying these figures to the projected senior population suggests that there could be a demand for as many as 500 senior living units over the next decade. Planning for a minimum of 200 senior housing units should occur in the near future.

Other Special Needs Housing

There is not much accommodation for the special needs population in Blaine County. People with special needs include: seniors, homeless, disabled, and the mentally

ill. Blaine County is not well equipped to handle the majority of these special needs populations.

Homelessness is happening in many communities across the United States, especially if there is a lack of adequate, affordable shelter. There is currently no organized shelter with either beds or food for the homeless population. Being a four season community with cold temperatures during much of the year with no facilities, it can be inferred that there is currently a relatively small homeless population. Much of the population is likely served by shelters in Twin Falls. In addition to the lack of these facilities, there is no recourse for homeless teens.

Those suffering from mental illnesses are especially vulnerable and often incapable of taking care of themselves. There are currently no facilities to assist those in the worst stages of mental illness in Blaine County, with the closest facility located in Twin Falls. Additionally, those suffering from dementia and Alzheimer's have no facilities in Blaine County. This can be especially problematic with Blaine County's older population; for these people to be able to age in place, housing that accommodates these ailments will be needed as those suffering from dementia also have the

Table 3.14

COMMUTING

Work Area	Where Blaine County Residents Work	Where Blaine County Workers Live
Blaine Co. ID	10,199	10,199
Camas Co. ID	14	159
Gooding Co. ID	14	196
Jerome Co. ID	0	138
Lincoln Co. ID	8	393
Twin Falls Co. ID	54	162
Other	303	393
Total	**10,592**	**11,640**

Source: US Census 2000 Gateway MCD/County-To-MCD/County Worker Flow Files

Note: 2000 Census data used, 2005-2008 estimates provided by ACS were not used due to discrepancy in the estimated numbers

additional needs of seniors. The vast majority of the existing assisted care facilities for seniors are unable to accommodate those with the various forms of dementia.

Housing for seniors and the disabled are being addressed with the new construction of River Street Apartments in Hailey which will contain 24 units. The fact that this project already has 23 of the units reserved nine months before it opens indicates either that there is a significant lack of units or that other facilities provide inadequate services. In addition to River Street, Hailey also has the Summit Apartments that accommodates seniors fifty-five and older as well as a broad categorization of disabled. A skilled nursing community, the Blaine Manor, provides for those with physical disabilities and old age with 36 beds and is funded in part by Blaine County. This, along with Safe Haven Home of Bellevue are the only skilled nursing facilities in the county.

METHODOLOGY

Computations for this needs analysis are based upon the methodology as described in the introduction.

Tables 3.15 and 3.16 display the raw number of housing units that are required by each income group as well as by community. These results are essentially how many households fall into each income group, separated by size.

Upon the computations of the raw number of housing units available the units can be further broken into the AMI designation, number of bedrooms, and geographic area. Tables 3.17 to 3.19, on the following page, display this breakdown into the three distinct geographic areas: Bellevue/Hailey, Ketchum/Sun Valley, and the remainder of the county.

Table 3.15

AFFORDABLE HOUSING NEED BY NUMBER OF BEDROOMS, 2011

County Stock	1 Bed	2 Bed	3 Bed	4 Bed	Total Unit
<50%	1,340	540	140	20	2,040
50-60%	380	160	40	10	590
60-80%	500	210	50	10	770
80-100%	520	220	60	10	810
>100%	3,010	1,240	320	50	4,620
Total	5,750	2,370	610	100	8,830

Source: Wikstrom Economic & Planning Consultants, Inc.

Table 3.16

AFFORDABLE HOUSING NEED BY COMMUNITY, 2011

	Bellevue	Hailey	Ketchum	Sun Valley	Remainder	Total
<50%	150	630	330	70	860	2,040
50-60%	50	250	60	40	180	580
60-80%	60	370	140	70	140	780
80-100%	80	280	160	50	240	810
>100%	400	1,740	810	260	1,410	4,620
Total	740	3,270	1,500	490	2,830	8,830

Source: Wikstrom Economic & Planning Consultants, Inc.

Affordable Housing Types Required by Geographic Area Based on AMI, Blaine County Idaho—2011

Table 3.17

BELLEVUE AND HAILEY IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	440	250	70	10	770
50-60%	170	100	30	0	300
60-80%	240	140	40	10	430
80-100%	210	120	30	0	360
>100%	1,220	700	200	30	2,150
Total	2,280	1,310	370	50	4,010

Table 3.19

REMAINDER OF BLAINE COUNTY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	570	230	60	10	870
50-60%	130	40	10	0	180
60-80%	90	40	10	0	140
80-100%	150	70	20	0	240
>100%	930	370	90	20	1,410
Total	1,870	740	190	30	2,840

Table 3.18

KETCHUM AND SUN VALLEY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	330	60	10	0	400
50-60%	80	20	0	0	100
60-80%	170	30	10	0	210
80-100%	170	30	10	0	210
>100%	860	170	30	0	1,060
Total	1,610	310	60	0	1,980

Table 3.20

BLAINE COUNTY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	1,340	540	140	20	2,040
50-60%	380	160	40	10	590
60-80%	500	210	50	10	770
80-100%	530	220	60	10	820
>100%	3,010	1,240	320	50	4,620
Total	5,760	2,370	610	100	8,830

Source: Wikstrom Economic & Planning Consultants, Inc.

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SECTION IV:

ESTIMATES OF HOUSING INVENTORY

From 2000 through 2010 Blaine County's housing stock grew by 23.5 percent, from 12,186 dwelling units to 15,050, as reported by the Census Bureau. (See Table 4.1). Most (77 percent) of this growth occurred in owned units. Many of these units are, however, seasonal homes.

This is also clearly evident in comparing the number of households residing in Blaine County (8,833) to the total number of units (15,050) as shown in Table 4.1.[2] Table 4.2 displays the breakdown by city and county. It should be noted that the Census reports Blaine County's number of households at 8,823, while ACS reports the number of households at 8,833. Throughout this analysis, the figure of 8,830 will be used. US Census data accounts for seasonal properties, as does the Tax Assessor; these properties have been removed for this analysis. Most housing is found in the towns of Ketchum and Hailey with only about one third of the housing stock being multifamily.

Table 4.1

BLAINE COUNTY HOUSING STOCK, 2000 & 2010

	2000	2010	Change
Total Housing Stock	12,186	15,050	23.5%
Occupied	7,780	8,823	13.4%
Share of Total Units	63.8%	58.6%	
Vacant	4,406	6,227	41.3%
Share of Total Units	36.2%	41.4%	
Owned Housing Stock	9,381	11,464	22.2%
Share of Total Units	77.0%	76.2%	
Occupied	5,357	5,939	10.8%
Vacant*	4,024	5,525	37.3%
Vacancy Rate	42.9%	48.2%	
Rental Housing Stock	2,805	3,586	27.8%
Share of Total Units	23.0%	23.8%	
Occupied	2,423	2,884	19.0%
Vacant **	382	702	
Vacancy Rate	13.6%	19.6%	

* Includes For Sale Houses; Houses Sold, not occupied; Seasonal, recreational, or occasional use; other vacants; and, in 2000, housing for migrant workers (note, in 2000 there was no distinction between rented houses, not occupied and sold houses, not occupied; both [56 total] have been included here)

** Includes For Rent Houses and Houses Rented, not occupied

Source: US Census 2010, 2000

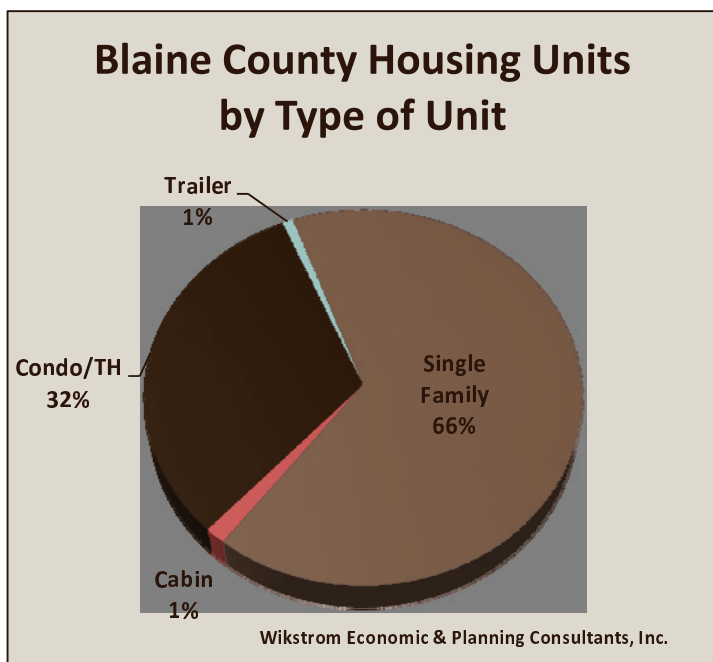[2] U.S. Census Reports 8,823, ACS Reports 8,833.

Table 4.2

HOUSING STOCK BY LOCATION, 2010

	Bellevue	% Total	Hailey	% Total	Ketchum	% Total	Sun Valley	% Total	Remainder of County	% Total	County	% Total
Occupancy Status												
Total Housing Units	926	100%	3,527	100%	3,564	100%	2,597	100%	4,436	100%	15,050	100%
Occupied Housing Units	849	92%	3,065	87%	1,431	40%	622	24%	2,856	64%	8,823	59%
Vacant Housing Units	77	8%	462	13%	2,133	60%	1,975	76%	1,580	36%	6,227	41%
Tenure												
Occupied Housing Units	849	100%	3,065	100%	1,431	100%	622	100%	2,856	100%	8,823	100%
Owner Occupied	580	68%	1,890	62%	830	58%	471	76%	2,168	76%	5,939	67%
Owned with a Mortgage or Loan	450	53%	1,637	53%	559	39%	277	45%	1,442	50%	4,365	50%
Owned Free and Clear	130	2%	253	8%	271	19%	194	31%	726	25%	1,574	18%
Renter Occupied	269	32%	1,175	38%	601	42%	151	24%	688	24%	2,884	33%
Vacancy Status												
Vacant Housing Units	77	100%	462	100%	2,133	100%	1,975	100%	1,580	100%	6,227	100%
For Rent	17	22%	133	29%	232	11%	186	9%	74	5%	642	10%
Rented, Not Occupied	3	4%	9	2%	26	1%	10	1%	12	1%	60	0%
For Sale Only	17	22%	132	29%	117	6%	86	4%	80	5%	432	7%
Sold, Not Occupied	3	4%	5	1%	23	1%	7	0%	12	1%	50	1%
For Seasonal, Recreational or Occasional	19	25%	128	28%	1,693	79%	1,674	85%	1,252	79%	4,766	77%
For Migratory Workers	0	0%	0	0%	1	0%	4	0%	11	1%	16	0%
Other Vacant	18	23%	55	12%	41	2%	8	0%	139	9%	261	4%

Source: US Census

Figure 4.1

Blaine County Housing Units by Type of Unit

Trailer 1%
Condo/TH 32%
Single Family 66%
Cabin 1%

Wikstrom Economic & Planning Consultants, Inc.

HOUSING COSTS/VALUE

Housing values are estimated using the most recent data from the Blaine County Assessor's Office. This data reflects reassessment of property values in 2011. Of the 23,142 parcels representing 1.68 million acres tracked by the Blaine County Assessor's Office, about 15,000 parcels

are considered to represent the residentially-developed parcels within Blaine County. Just over 30 percent of all residential parcels are owned by people whose main residence is outside the state of Idaho. In order to make the analysis consistent, both the demand and housing supply were normalized to the US Census data estimate of 8,830 (rounded). Once the housing stock for each income designation was computed from tax assessor data, it was then adjusted to the stock of housing as reported by the census.

Figures 4.2-4.7, on the following page, display the distribution of housing in Blaine County by AMI category and geographic area. The pie charts represent the proportion (expressed as a percentage) of the housing stock in each area of the county that falls within the "affordable" level for each AMI category. The proportion of the housing stock that is **not** affordable to low and moderate income households are indicated in blue or white. The remaining portions of the pie charts indicate the proportion of housing that is affordable. This is further discussed in Section V.

Within these figures it becomes readily obvious that Ketchum and Sun Valley have a large concentration of high priced houses that are out of the affordable reach of

Distribution of Housing Cost/Value by Community, 2011

Figure 4.2

Sun Valley

- 80-100% AMI (18%)
- 60-80% AMI (10%)
- 50-60% AMI (5%)
- <50% AMI (3%)
- >100% AMI (64%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.5

Ketchum

- 80-100% AMI (11%)
- 60-80% AMI (13%)
- 50-60% AMI (6%)
- <50% AMI (5%)
- >100% AMI (65%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.3

Hailey

- 60-80% AMI (20%)
- 50-60% AMI (20%)
- <50% AMI (20%)
- 80-100% AMI (14%)
- >100% AMI (26%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.6

Bellevue

- 50-60% AMI (15%)
- <50% AMI (35%)
- 60-80% AMI (23%)
- >100% AMI (13%)
- 80-100% AMI (14%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.4

Remainder of County

- 80-100% AMI (5%)
- 60-80% AMI (5%)
- 50-60% AMI (5%)
- <50% AMI (22%)
- >100% AMI (63%)

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.7

Blaine County

- 80-100% AMI (11%)
- 60-80% AMI (13%)
- 50-60% AMI (11%)
- <50% AMI (18%)
- >100% AMI (47%)

Wikstrom Economic & Planning Consultants, Inc.

Source: Wikstrom Economic & Planning Consultants, Inc.

many moderate to low income households. On the other hand, Bellevue and Hailey appear to have housing that accommodates most of the population with Bellevue containing a higher proportion of homes in the less than 50 percent AMI category than any other AMI group. In addition, when viewing the entirety of the county, the two largest categories of housing fall in either the above-100 percent of AMI category or in the under-50 percent category. This is not uncommon in resort communities with bimodal income distributions. The data underlying these charts are included in Table 4.3 and 4.4.

Affordability in Rental Market

During midsummer, 2011, the rental market seemed to offer affordability to area residents — at least in smaller units (See Table 4.5). While current rents are, on

average, higher than the HUD's maximum allowable rent (Table 4.6), the majority of these units fell below the 65 percent rent guideline for studios, one-bedroom, and two-bedroom units. Larger units, however, are not typically affordable.

Affordability in Current For-Sale Market

A review of over 800 current listings in Blaine County suggests that affordable units are available for those in the market for housing in the county. Roughly 43 percent of the total listings fall within the affordability guidelines. Again, this varies by community. (See Table 4.7 on the following page.)

Table 4.3

DISTRIBUTION OF HOUSING INVENTORY BY AFFORDABILITY CATEGORY AND BEDROOMS, 2011

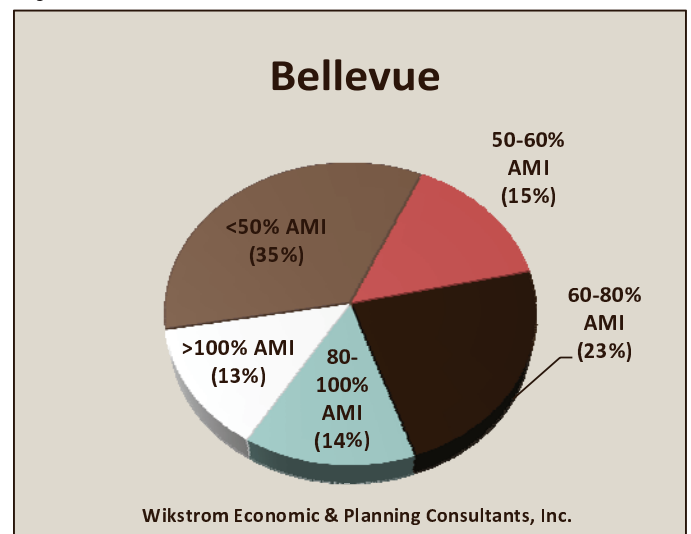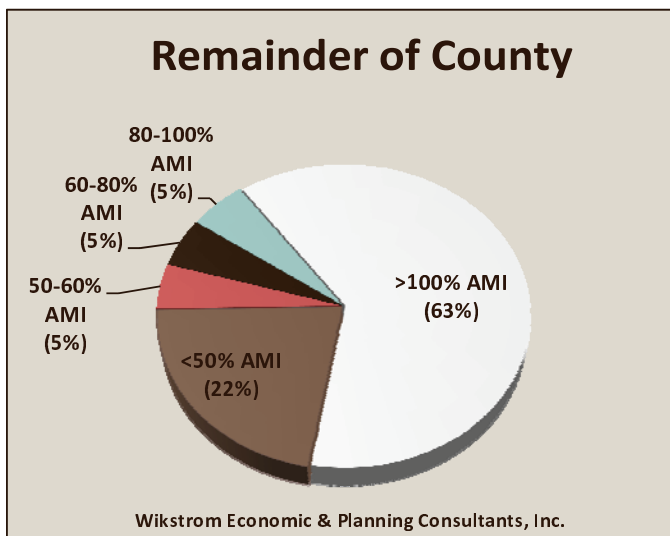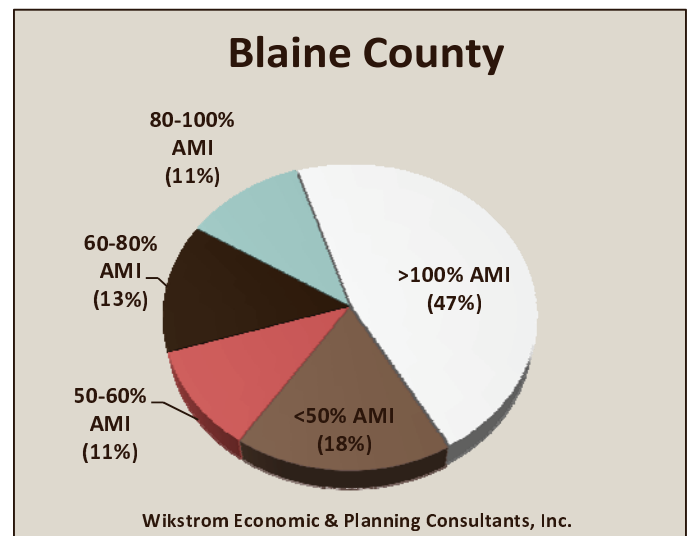| County Stock	1 Bed	2 Bed	3 Bed	4 Bed	Total Unit
<50%	780	300	200	70	1,350
50-60%	430	130	230	30	820
60-80%	700	180	330	80	1,290
80-100%	240	200	380	100	920
>100%	410	610	1,920	1,510	4,450
Total	2,560	1,420	3,060	1,790	8,830

Source: Wikstrom Economic & Planning Consultants, Inc. and Blaine County Tax Assessor

Table 4.4

DISTRIBUTION OF HOUSING INVENTORY BY AFFORDABILITY CATEGORY AND COMMUNITY, 2011

	Bellevue	Hailey	Ketchum	Sun Valley	Remainder	Total
<50%	220	500	50	20	560	1,350
50-60%	110	480	100	10	120	820
60-80%	200	670	200	60	150	1,280
80-100%	130	380	160	130	130	930
>100%	130	890	1,100	560	1,770	4,450
Total	790	2,920	1,610	780	2,730	8,830

Source: Wikstrom Economic & Planning Consultants, Inc. and Blaine County Tax Assessor

Table 4.5

MARKET RENTS JUNE/JULY 2011 - BLAINE COUNTY

	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Total
Number Available in County	18	34	95	79	15	241
Average Rent in County	$583	$656	$844	$1,199	$1,752	$971

Source: Wikstrom Economic & Planning Consultants, Inc.

Foreclosures

Since the bursting of the housing bubble and ensuing economic recession, the United States has seen a large number of foreclosures. Foreclosures occur when the homeowner can no longer pay the mortgage and bank repossesses the home. Primarily this has occurred because the value of the home has dropped well below the amount owed on the home causing refinance issues. Secondarily, this has occurred because the recent loss of jobs and real wages have meant that many people are no longer able to afford their homes and unable to sell for what was owed.

Table 4.6

HUD MAXIMUM MONTHLY RENTS

Type	50% of AMI Rent Limit	65% of AMI Rent Limit
Studio	$467	$588
One-Bed	$500	$631
Two-Bed	$600	$758
Three-Bed	$693	$867
Four-Bed	$773	$948

Rent, Wikstrom Economic and Planning Consultants, Inc.

Table 4.7

SUMMARY OF AFFORDABILITY OF CURRENT LISTINGS JUNE/JULY 2011

		Bellevue	Hailey	Ketchum	Sun Valley	Remainder of County	Total
<50% AMI	# of Listings	3	21	12	3	8	47
	Average Price	$69,867	$75,970	$51,146	$80,667	$55,438	$66,047
	# of Foreclosures	0	3	3	0	1	7
50-60% AMI	# of Listings	10	49	19	4	5	87
	Average Price	$135,742	$137,519	$139,589	$132,975	$133,706	$137,339
	# of Foreclosures	3	6	6	0	2	17
60-80% AMI	# of Listings	8	24	15	11	3	61
	Average Price	$183,925	$192,036	$193,193	$190,023	$187,763	$190,684
	# of Foreclosures	0	3	0	0	0	3
Subtotal of <50% AMI - 80% AMI	# of Listings	21	94	46	18	16	195
	Average Price	$129,844	$135,175	$127,976	$134,555	$121,955	$131,357
	# of Foreclosures	3	12	9	0	3	27
80-100% AMI	# of Listings	7	31	25	17	4	84
	Average Price	$230,068	$237,736	$243,171	$248,471	$244,500	$241,209
	# of Foreclosures	1	12	5	0	0	18
100-120% AMI	# of Listings	8	29	26	14	1	78
	Average Price	$318,063	$311,614	$313,628	$307,957	$299,900	$312,140
	# of Foreclosures	0	10	2	0	0	12
Above 120%	# of Listings	45	0	262	157	2	466
	Average Price	$871,708	$0	$1,850,436	$1,545,237	$484,000	$1,647,235
	# of Foreclosures	5	0	6	0	0	11
Subtotal of 80% - >120% AMI	# of Listings	60	60	313	188	7	628
	Average Price	$473,279	$274,675	$802,412	$700,555	$263,571	$733,528
	# of Foreclosures	6	22	13	0	0	41
Total Listings		81	154	359	206	23	823
Average Price		$573,089	$190,580	$1,407,275	$1,233,018	$139,676	$1,019,325
Total June/July Foreclosures		9	34	22	0	0	68

Source: Intermountain MLS

Not every area in the US was equally affected; California, Las Vegas and Arizona are three of the highest areas of default hit by high rates of foreclosure and rapid drops in value because they experienced higher appreciation of home values in the run up to the implosion. Blaine County was not exempt from these market forces on property values; home foreclosure rates in Blaine County were one out of every 275 households in July 2011. Idaho ranks number eight in the United States for the highest rate of foreclosures with one in every 417 properties being foreclosed on in July 2011, which is a 42 percent drop from a year earlier.

Housing Stock Methodology

When calculating the number of available housing units for each income group the assumptions were used of 30 percent maximum of income going to housing, three percent down, five percent interest rate, $50 HOA fee, and 15 percent of payment going towards property taxes, mortgage insurance, and homeowners insurance. It should be noted, however, that the current market rate for an FHA 97 percent loan to value (LTV) mortgage is, at the time of writing, 4.625 percent as quoted by Bank of the West in Ketchum, Idaho. However, for the purpose of this analysis, a five percent interest rate was used to calculate this affordable housing analysis at the direction of BCHA and ARCH. By using five percent, the amount of housing needed may overstate the level of affordable housing by as much as 30 percent. The amount of house available at a given income is influenced heavily by interest rates as a small percentage change in the interest rate can lead to large changes in the amount a household can afford. These contingencies will be expanded upon in Section V.

This amortized value was computed for the total non-seasonal properties in each geographic area, adjusted to include taxes, insurance, and HOA fees. This number was then compared to the AMI designations to determine the total number of existing stock at each income level. Table 4.3 displays the total inventory of housing stock by number of bedrooms. Table 4.4 shows the total stock of housing by community and AMI group (See page 26). This data, along with the rest of the housing stock analysis, has been adjusted to remove seasonal properties.

Housing Stock

There is a wide range of housing reflected in these numbers – as well as a wide range of affordability. The average house value in the North Valley region is $1.6 million, while in the Carey area it is $84,000. This diversity is helpful in meeting the need for affordability within the County's borders. However, home values are concentrated in certain areas of the county. For example, there is a high concentration of high value housing units in both Ketchum and Sun Valley, and lower values in Bellevue, Hailey, and the rest of the county. Tables 4.8-4.11 display the current housing stock for each AMI group and number of beds by geographic area: Bellevue/Hailey, Ketchum/Sun Valley, remainder of county, and total county.

Funding for affordable housing is scarce in comparison to the anticipated need of housing. Building new affordable housing units for low-income households is not possible without significant subsidy. Existing housing stock provides the major chance for preserving affordability in the county. Maintenance of this stock is vital to provide housing for all income groups in the future. It would be far more costly to replace existing structures than to keep them in a reasonable condition. Therefore, the importance of investment in home maintenance and repair programs cannot be overstated.

This existing housing stock can be additionally interpreted and visualized with figures 4.8-4.13 on page 30. This visual representation of housing stock is, for many, more intuitive and is an additional tool within this analysis.

Tax Assessor data contains a condition field (for current

Existing Housing Stock by Number of Bedrooms, by Community, Blaine County Idaho 2011

Table 4.8

BELLEVUE AND HAILEY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	510	210	110	0	830
50-60%	350	110	220	10	690
60-80%	570	80	310	40	1,000
80-100%	120	60	330	90	600
>100%	30	80	670	410	1,190
Total	1,580	540	1,640	550	4,310

Table 4.10

REMAINDER OF BLAINE COUNTY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	310	140	120	80	650
50-60%	50	20	50	20	140
60-80%	50	20	70	40	180
80-100%	40	10	60	30	140
>100%	210	210	810	830	2,060
Total	660	400	1,110	1,000	3,170

Table 4.9

KETCHUM AND SUN VALLEY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	80	0	0	0	80
50-60%	110	20	0	0	130
60-80%	200	110	10	0	320
80-100%	120	160	50	0	330
>100%	230	420	770	520	1,940
Total	740	710	830	520	2,800

Table 4.11

BLAINE COUNTY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	900	350	230	80	1,560
50-60%	500	150	270	30	950
60-80%	820	210	380	90	1,500
80-100%	280	230	440	120	1,070
>100%	480	710	2,240	1,760	5,190
Total	2,980	1,650	3,560	2,080	10,270

Source: Blaine County GIS Department, Wikstrom Economic & Planning Consultants, Inc., Blaine County Assessors Office

units in the housing supply) that ranges from one to five, with one being poor, and five being excellent. This condition correlates pretty closely with the value of the properties, but should be treated more as supplemental evidence, as opposed to a primary policy tool. This condition variable while based on given guidelines is a subjective rating given by different assessors in different parts of the county, and is therefore, not consistent across the county. Addressing the lowest condition of housing is useful in that it allows for an assessment of whether it would be wise to build new or refurbish older units. Table 4.12 displays the number of units in each geographic area that have a condition of "1", the low end of the scale.

What should be immediately evident is that the majority of these properties rated as "1" are not located in the cities. Within the Wood River Valley, Sun Valley has a low incidence of less than one percent of homes being rated as a "1", while the remainder of the county (outside of the cities) having slightly above 25 percent.

In addition to this condition variable, age of units must be considered due to requirements of certain units qualifying for federal funds. This variable does not factor into this analysis as the age of units is not necessarily an indicator of the condition of homes, but does factor in when seeking funds for rehabbing properties.

Distribution of Housing Stock by HUD AMI Categories, Blaine County, Idaho—2009

Figure 4.8

<50% AMI

Hailey 38%
Ketchum 5%
Sun Valley 2%
Remainder 38%
Bellevue 17%

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.11

80-100% AMI

Hailey 41%
Ketchum 18%
Sun Valley 15%
Remainder 15%
Bellevue 11%

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.9

50-60% AMI

Hailey 60%
Ketchum 10%
Sun Valley 4%
Remainder 14%
Bellevue 12%

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.12

>100% AMI

Ketchum 25%
Sun Valley 12%
Hailey 18%
Remainder 42%
Bellevue 3%

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.10

60-80% AMI

Ketchum 17%
Hailey 49%
Sun Valley 7%
Remainder 12%
Bellevue 15%

Wikstrom Economic & Planning Consultants, Inc.

Figure 4.13

Total

Ketchum 18%
Hailey 33%
Sun Valley 9%
Remainder 31%
Bellevue 9%

Wikstrom Economic & Planning Consultants, Inc.

Source: Wikstrom Economic & Planning Consultants, Inc., U. S. Census

Table 4.12

DISTRIBUTION OF POOR CONDITION HOUSING UNITS

	Bellevue	Hailey	Ketchum	Sun Valley	Remainder	County
Poor Condition	50	220	110	0	710	1,090
Total of All Conditions	780	2,920	1,610	790	2,730	8,830
Percent Total	6%	8%	7%	0%	26%	12%

Source: Wikstrom Economic & Planning Consultants, Inc., Blaine County GIS, and Blaine County Tax Assessor
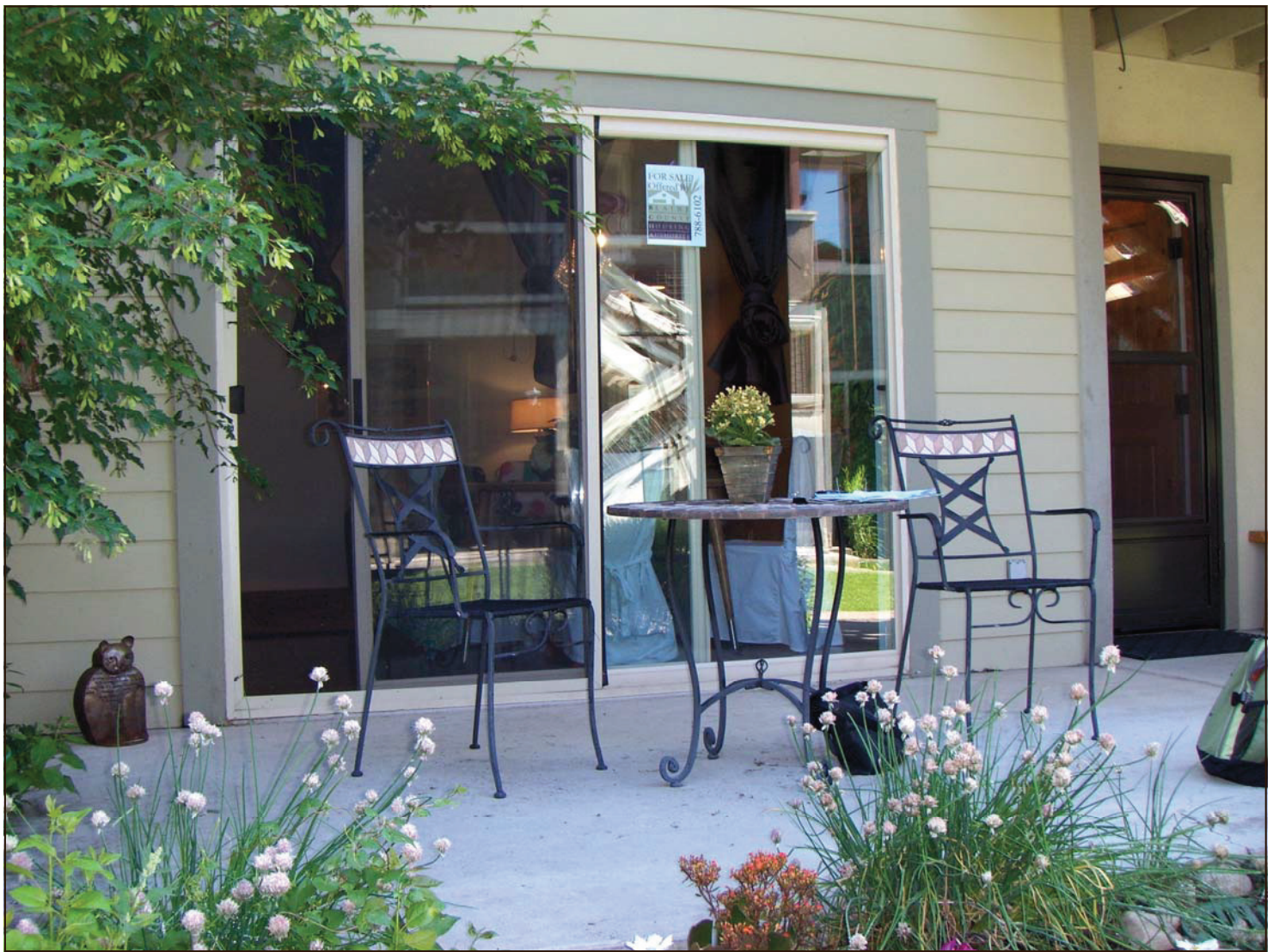
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SECTION V:

GAP ANALYSIS

In 2009, the Census Bureau estimated that about one third of Blaine County households are housing-cost burdened (meaning that the households are paying in excess of 30 percent of income on housing costs). We have also noted that some of this "burden" may be more reflective of the choice by upper-income families to invest more than 30 percent of income into their housing. However, the numbers — even if reduced to reflect the alternative interpretation — are large. It is assumed that at the upper end of the affordability scale, the market will respond by offering more affordable pricing and product. The issue really lies with those households with incomes less than 80 percent of AMI, for whom there may be no market solution.

The issue, then, is how many units are needed to shelter these households? The determination of affordable housing needs is essentially matching numbers — the number of households in the various income categories with the numbers of units that are in place at costs that match the income distribution. The needs analysis incorporates the estimated home values, the distribution of income for Blaine County households, the geographic distribution of housing units and households and matches these factors using the HUD income categories (expressed as a percentage of the HUD AMI, as discussed in Section IV).

Once the demand and supply are identified, it is necessary to compute the difference in order to determine where the need exists. It should be noted that this analysis does not take into account where people actually want to live. It is entirely possible that a household that is located in Ketchum would prefer to live in Bellevue, or vice versa. This, however, is not possible to model in any meaningful way with the current availability of data. For this reason, household data that is reported directly from the US Census is used in this analysis.

Need by City

Total need in each geographic area is computed through the analysis of a county-wide figure and rounded to the nearest ten. This is done as the numbers provided are estimates in each area. After calculating the total need for the county, it is necessary to compute the total gap in housing for the individual cities as they must set their own policies in regards to affordable housing. Tables 5.1 to 5.6 display the total gap in each city, unincorporated county, and total county while Table 5.7 displays the summary output of the total need

Affordable Housing Units Gap, 5% Interest Rate

Table 5.1

BELLEVUE, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	0	0	0	0	0
50-60%	0	0	0	0	0
60-80%	0	0	0	0	0
Total	0	0	0	0	0

Table 5.2

HAILEY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	0	0	0	0	0
50-60%	0	0	0	0	0
60-80%	0	0	0	0	0
Total	0	0	0	0	0

Table 5.3

KETCHUM, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	-190	-30	0	0	-220
50-60%	0	0	0	0	0
60-80%	0	0	0	0	0
Total	-190	-30	0	0	-220

Table 5.4

SUN VALLEY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	-30	-10	0	0	-40
50-60%	0	0	0	0	0
60-80%	0	0	0	0	0
Total	-30	-10	0	0	-40

Table 5.5

REMAINDER OF BLAINE COUNTY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	-220	0	0	0	-220
50-60%	0	0	0	0	0
60-80%	0	0	0	0	0
Total	-220	0	0	0	-220

Table 5.6

TOTAL BLAINE COUNTY, IDAHO

	1 Bed	2 Bed	3 Bed	4 Bed	Total
<50%	-440	-40	0	0	-480
50-60%	0	0	0	0	0
60-80%	0	0	0	0	0
Total	-440	-40	0	0	-480

Source: Wikstrom Economic & Planning Consultants, Inc.

Table 5.7

NUMBER OF NEEDED UNITS BY LOCATION, 2011

	Bellevue	Hailey	Ketchum	Sun Valley	Remainder	Total
1 Bed	0	0	-190	-30	-220	-440
2 Bed	0	0	-30	-10	0	-40
3 Bed	0	0	0	0	0	0
4 Bed	0	0	0	0	0	0
Total	0	0	-220	-40	-220	-480

Source: Wikstrom Economic & Planning Consultants, Inc.

county-wide. This takes into account the assumption that if a larger unit is available in the same income bracket for a household they would occupy a larger unit. This would be the case where a household that only required a two bedroom would move into a three bedroom if it was affordable. In addition, it can be logically assumed that a household could move into a lower priced unit that still meets their needs.

As can be seen, Hailey and Bellevue do not show a net need for affordable housing in categories below 80 percent AMI. On the other hand, Ketchum and Sun Valley show a large need for units at less than 50 percent of AMI for one and two bedroom units.

Comparison of Affordability in Housing Stock to Estimated Number of Households Meeting AMI Criteria

The existing housing stock was evaluated for the various AMI categories for each of the geographical areas under study in Blaine County. These figures were compared with the estimated number of households with incomes in each of the AMI categories to determine where the gaps in supply/demand exist. Not surprisingly, the major need for affordable units is for households making less than 50 percent of the AMI. The market is often not equipped to provide housing for those in the greatest need without some form of subsidy. The analysis suggests that about 260 units are needed to meet current need in this price range (units valued at less than $97,432) in the Wood River Valley with 480 needed in the entire county. In the other AMI categories it appears that there is sufficient supply in the short term.

Additional considerations are necessary when viewing this analysis. Within this analysis, the assumption was used of an occupancy rate of nearly 100 percent. Vacancies are required in order for households to move amongst the available rental units. Turnover rates of rentals in resort communities are reasonably high along with many people moving in both the spring and fall. In addition, this analysis does not explicitly address the issue of those living above and below their means (i.e. those in a higher AMI who live in less expensive housing and those that are cost burdened). It is assumed that, implicitly, similar numbers are going to be living above and below their means.

NEED BY RENT V. OWN

An affordable housing analysis that does not account for the preferences of people to rent versus own would be incomplete. Homeownership has been deemed one of the great tenets of the "American Dream" and one to which many current renters aspire. However, lower income households tend to have much lower rates of homeownership compared to their higher income counterparts; only 47 percent of households in the bottom 25 percent by income own their homes compared to 88.8 percent in the top 25 percent of income earners. There are multiple reasons accounting for why lower income households have lower rates of ownership with the ability to accumulate enough funds for a down payment diminishing the lower the income. On top of this is the idea that some households have such precarious finances that restricting themselves to a certain home and mortgage is not a favorable option.

Crafting the analysis to determine whether to build affordable housing for rent or deed-restricted ownership can be broadly characterized by the ratios of existing homeowners to renters. Blaine County has a home ownership ratio of 47 percent for AMI of less than 50 percent, and 62 percent for AMIs of 50 to 100 percent. Please see Figure 5.1 for a graphical representation.

Using these percentages of rental versus ownership distributions, Tables 5.8 to 5.13, suggest how Blaine County affordable housing needs may be best served; i.e., whether to build new or refurbish old housing units for deed-restricted ownership or subsidized renter housing.

Figure 5.1

Blaine County Homeownership Rate (percent)
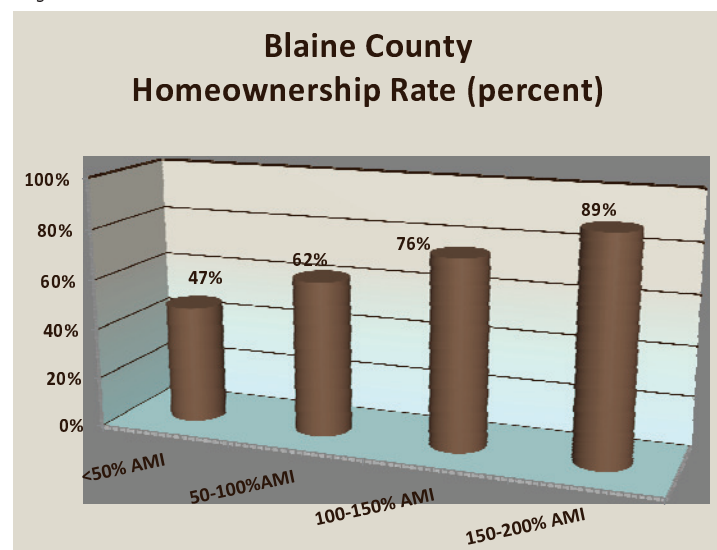
Source: Wikstrom Economic & Planning Consultants, Inc. and U.S. Census

Rent v. Own by Community, Blaine County Idaho

Table 5.8

BELLEVUE, IDAHO

	1 Bed Rent	1 Bed Own	2 Bed Rent	2 Bed Own	3 Bed Rent	3 Bed Own	4 Bed Rent	4 Bed Own	Total
<50%	0	0	0	0	0	0	0	0	0
50-60%	0	0	0	0	0	0	0	0	0
60-80%	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Table 5.9

HAILEY, IDAHO

	1 Bed Rent	1 Bed Own	2 Bed Rent	2 Bed Own	3 Bed Rent	3 Bed Own	4 Bed Rent	4 Bed Own	Total
<50%	0	0	0	0	0	0	0	0	0
50-60%	0	0	0	0	0	0	0	0	0
60-80%	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Table 5.10

KETCHUM, IDAHO

	1 Bed Rent	1 Bed Own	2 Bed Rent	2 Bed Own	3 Bed Rent	3 Bed Own	4 Bed Rent	4 Bed Own	Total
<50%	-100	-90	-15	-15	0	0	0	0	-220
50-60%	0	0	0	0	0	0	0	0	0
60-80%	0	0	0	0	0	0	0	0	0
Total	-100	-90	-15	-15	0	0	0	0	-220

Table 5.11

SUN VALLEY, IDAHO

	1 Bed Rent	1 Bed Own	2 Bed Rent	2 Bed Own	3 Bed Rent	3 Bed Own	4 Bed Rent	4 Bed Own	Total
<50%	-15	-15	-5	-5	0	0	0	0	-40
50-60%	0	0	0	0	0	0	0	0	0
60-80%	0	0	0	0	0	0	0	0	0
Total	-15	-15	-5	-5	0	0	0	0	-40

Table 5.12

REMAINDER OF BLAINE COUNTY, IDAHO

	1 Bed Rent	1 Bed Own	2 Bed Rent	2 Bed Own	3 Bed Rent	3 Bed Own	4 Bed Rent	4 Bed Own	Total
<50%	-115	-105	0	0	0	0	0	0	-220
50-60%	0	0	0	0	0	0	0	0	0
60-80%	0	0	0	0	0	0	0	0	0
Total	-115	-105	0	0	0	0	0	0	-220

Table 5.13

BLAINE COUNTY, IDAHO

	1 Bed Rent	1 Bed Own	2 Bed Rent	2 Bed Own	3 Bed Rent	3 Bed Own	4 Bed Rent	4 Bed Own	Total
<50%	-230	-210	-20	-20	0	0	0	0	-480
50-60%	0	0	0	0	0	0	0	0	0
60-80%	0	0	0	0	0	0	0	0	0
Total	-230	-210	-20	-20	0	0	0	0	-480

Source: Wikstrom Economic & Planning Consultants, Inc.

Need by Location

The location of the affordable housing is a policy decision that incorporates many objectives beyond the simple provision of affordable housing. These objectives may include encouraging an even distribution of affordable units throughout the county, placing housing in close proximity to employment centers or within easy access to mass transit and investing in areas where the acquisition costs are lower. There are clearly more affordable areas in the county — primarily in the more rural areas— but the towns of Hailey and Bellevue also offer more affordable housing stock.

If the primary goal is distribution throughout the county, or placement of housing near employment centers, then the locations that should be targeted for additional units include Ketchum and Sun Valley — areas of high employment in low-wage jobs and limited affordability. To the extent that additional units can be gained through the administrative development approval process, these areas should be targeted. If direct investment in new construction or acquisition is anticipated, each affordable unit in these locations will come at a premium and fewer units will result from limited housing resources.

This method implies that the actual location of the affordable housing units be based on locating them within a reasonable commuting distance and at the lowest cost location that fits the needs. This lowest cost could take the form of density requirements or lower priced land.

Contingencies of Ownership

Within this analysis, certain assumptions had to be made regarding interest rates, down payment percentage, and HOA fees. The model developed provides for these assumptions to be changed quickly and with little difficulty. Table 5.14 is a sensitivity analysis showing what would happen if changes in the interest rate or HOA fees occurred. The numbers of needed household units for the countywide figures are shown as a cross-tab. Choosing an HOA fee from a row and an interest rate from a column will provide the estimated gap in affordable housing.

One very important consideration for this affordable housing analysis is in regards to changes in the interest rate in that as interest rates rise the amount of house a prospective buyer can afford drops dramatically. Currently, interest rates are at a historic low and are likely to remain relatively close to this level in the short run. In the long run, however, capital markets are subject to many other forces and continued low rates are not so certain.

In addition to the possible changes in interest rates, one other area of concern identified through the research process was changes to HOA fees. If HOA fees are, on average, higher than $50 per month this will effectively lower the level of affordable housing. Problems, however, arise with the changing of HOA fees, even though they may be justified, if the affordable housing units need to qualify for public funds and conform to their guidelines. Another assumption worth discussing is the size of the down payment; a higher down payment will reduce monthly payments increasing the number of affordable units and reducing the gap. The assumption used in this analysis was based on a three percent down payment that is the minimum for qualifying for an FHA loan. However, down payment can be adjusted, as qualifying for a conventional mortgage would require a rate higher than three percent, yet would likely qualify the buyer for a lower interest rate.

Table 5.14

HOA FEE AND INTEREST RATE SENSITIVITY

Fee/Rate	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%
$0	0	0	0	0	-150	-280	-370
$50	0	0	-150	-280	-380	-480	-590
$75	0	-160	-290	-390	-480	-600	-650
$100	-160	-290	-390	-490	-600	-650	-710
$125	-310	-400	-500	-610	-660	-730	-810
$150	-420	-510	-620	-670	-750	-810	-890
$175	-530	-630	-680	-770	-830	-910	-960
$200	-640	-700	-800	-860	-930	-970	-1030

Source: Wikstrom Economic & Planning Consultants, Inc.

Problems with increasing the down payment are that many lower income households may not be able to save for the higher percentage down payment making it more difficult to purchase their home.

The few contingencies provided above do not capture every possible scenario as the combination of changing each assumption allows for a nearly infinite number of contingencies. The model to be presented for updating by Blaine County will allow for the user to change these assumptions as economic conditions change.

GLOSSARY OF TERMS

ACS – American Community Survey, run by the United States Census Bureau.

Affordability – A standard that evaluates the housing cost that could reasonably be borne by families at all income levels. This varies from community to community as incomes and housing values vary.

AMI – Area Median Income; this is the household income figure in which 50 percent of households earn more and 50 percent earn less.

ARCH – ARCH Community Housing Trust

Average Household Income — Also known as a mean; the sum of all the household incomes divided by the number of households.

BCHA – Blaine County Housing Authority

Captive Affordability – The affordability of housing currently occupied.

FHA – Federal Housing Administration

Gap – This is the difference between the affordable housing supply and affordable housing demand.

Housing Burden – The percentage of income a household can spend on housing. Throughout this analysis the HUD guideline of 30 percent was used. When a household pays more than 30 percent of their income they are deemed "housing burdened."

Housing Stock – The total stock of housing in each area excluding seasonal, migrant, and vacation housing.

HUD – US Department of Housing and Urban Development

Weighted Average Wage – When calculating an average wage, all wage earners are given an equal weight and then averaged. When calculating a weighted average wage, the incomes are then weighted in order to eliminate biases in the information due to the grouping of demographic data.

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DATA SOURCES

American Community Survey (ACS)

ARCH Community Housing Trust (ARCH)

Bank of the West - Ketchum, Idaho

Blaine County GIS Department

Blaine County Housing Authority (BCHA)

Blaine County MLS Listings

Blaine County Tax Assessor

Idaho Department of Labor

Idaho Finance and Housing Authority (IFHA)

Idaho Mountain Express

RealtyTrac Foreclosure Market Report

United States Census Bureau

United States Department of Housing and Urban Development (HUD)

Wikstrom Economics and Planning Consultants, Inc. (WEPC)

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APPENDIX - A

EXTENDED METHODOLOGY

Establishing the methodology for the housing needs assessment requires a strict logical framework that is easily implemented. The following gives both a mathematical framework that is incredibly explicit accompanied by a worded explanation of the process. Additional units needed to be built are the difference between the housing stock and the number needed. This relationship can be summed up by the following equation:

$$\sum_{i=1}^{n}(Need_i) = \sum_{i=1}^{n}(Demand_i - Supply_i)$$

Where "i" is the AMI bracket[2] and n is the number of AMI designations. Need, demand and supply are variables designated as the number of units. The underlying calculations are based on a monthly dollar figure. Need is determined by the number of households who fall into each particular category (AMI designation, number of bedrooms needed, purchase or rent) and further adjusted to account for HOA dues and utilities. Each category will be calculated to determine the maximum ability to pay based on 30 percent of income. Housing stock is broken into appropriate categories (number of bedrooms and rental property) at the given value and monthly cost of the property. Comparing the existing housing stock the need in each category provides how many units need to be renovated or built.

EXPLICIT METHODOLOGY

The distinction between renting and owning is an important issue to address since those looking to own do not want to rent, and those looking to rent either are unable, or do not wish to own. The following equation breaks housing into the rental versus owning components:

$$\sum_{r=1}^{n}\left(Need_{ir} + Need_{ip}\right) = \sum_{r=1}^{n}\left(\left(Demand_{ir} - Supply_{ir}\right) + \left(Demand_{ip} - Supply_{ip}\right)\right)$$

Where "r" indicates rental units and p representing deed-restricted units for purchase. Only breaking into rent and own is a necessary starting point, but is imperative to further categorize the underlying elements. We will first analyze the demand, then the supply, with a synthesis and forecasting to follow.

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[2]AMI is a HUD designation for Area Median Income where 50 percent of people earn more and 50 percent earn less. Common designations are <50%, 60%-80%, 80%-100%, 100%-120%, and >120%.

DEMAND

Demand is perhaps the most difficult calculation made in this analysis. The income distribution is converted to the AMI designations while still being connected to household size. Household size is important since larger families need a larger home than those with smaller families. Since wage and income data is available we are able to directly infer where the households fall in relation to AMI. Using 30% of income as the maximum threshold for affordability which when overlaid with AMI tells us how many absolute units are needed. The housing payment of 30 percent of income includes the payment of utilities, property tax and HOA fees which effectively reduces the maximum value of home that each household can afford.

$$\sum_{i=1}^{n}(Demand) = \sum_{i=1}^{n}(Demand_{ir} + Demand_{ip})$$

Which can be further simplified as:

$$Demand_i = Demand_{ir} + Demand_{ip}$$

This is easily calculated once we know need in that the percentage of households that own their home is a known percentage (represented as OwnP) that is published by both HUD and the US Census. This becomes:

$$Demand_i = (1 - OwnP_i)\,Demand_{ir} + (OwnP_i)Demand_{ip}$$

Assumptions about interest rate, down payment, HOA fees, property taxes and utilities are easily updatable as conditions change. The next step is the calculation to see exactly where the breakdown in size would be. We break the houses down into 1 through 4 bedroom homes.[3] The following equation gives this distribution:

$$\sum_{i=1}^{n}(Demand_i) = \sum_{i=1}^{n}|\sum_{B=1}^{4}(Demand_{iB})$$

Where "B" is the number of bedrooms with the maximum number of bedrooms being 4. This can then be substituted into an above equation giving us the entire needs assessment:

$$\sum_{i=1}^{n}(Demand_i) = \sum_{i=1}^{n}|\sum_{B=1}^{4}((1 - OwnP_i)Demand_{iBr} + (OwnP_i)Demand_{iBp})$$

---

[3]It is assumed that houses above four bedrooms will not be constructed as affordable housing. Therefore, in the housing stock we include all houses with four or more bedrooms in the four bedroom category to account for five bedrooms that might be affordable to those who needed a four bed.

SUPPLY

The process of computing the stock has similar computations to that of supply:

$$\sum_{i=1}^{n}(Supply_i) = \sum_{i=1}^{n}(Supply_{ir} + Supply_{ip})$$

Which can be further simplified as:

$$Supply_i = Supply_{ir} + Supply_{ip}$$

This supply assessment is a relatively straightforward process; tax assessor data is used to narrow down the number of properties into the price, type of unit (single or multi-family), number of bedrooms, bathrooms and most importantly, we are able to infer whether a home is owner occupied.[4]

Using econometric methods we are able to estimate the impact that an additional square foot, bedroom, bathroom, or any other metric, has on the market price. Therefore, we are able to discount units that are overpriced and not logistically feasible for subsidized housing. This is an important step since we are not interested in studio apartments that a family of four could afford. Another way we might back into the affordability figure is to first calculate the number and then separate the rentals from owners. We then have to distinguish between sizes of units. We break the houses down into 1 through 4 bedroom homes. This is computed as:

$$\sum_{i=1}^{n}(Supply_i) = \sum_{i=1}^{n} | \sum_{B=1}^{4}(Supply_{iB})$$

Substituting gives us:

$$\sum_{i=1}^{n}(Supply_i) = \sum_{i=1}^{n} | \sum_{B=1}^{4}(Supply_{iBr} + Supply_{iBp})$$

---

[4]We make the assumption that any home that is not owner occupied is a rental property.

SYNTHESIS

Now that the computations have been done on both the demand and supply sides of the equation we can solve the equation for the number built which ends in the following equation:

$$\sum_{i=1}^{n}(Need_i) = \sum_{i=1}^{n}\left(\sum_{B=1}^{4}((1-OwnP_i)Demand_{iBr} + (OwnP_i)Demand_{iBr}\right) - \sum_{B=1}^{4}(Supply_{iBr} + Supply_{iBp}))$$

Finding the necessary number of units is incomplete without an analysis of the condition. It is highly likely that those units that fall within the affordable range are sub-standard and may be unfit for suitable living. Therefore, the total stock of homes may be overstated. This is an obstacle that is relatively easy to clear by using data from the tax assessor on conditions of the homes and break the housing stock down into groups by condition. Tax assessor data classifies data on a scale that ranges between one and five. The above analysis allows for the breakdown into AMI group, renting vs. owning, and the condition of units available. Knowledge of the condition allows for the discussion of whether to spend limited resources on the renovation of sub-standard units or the construction of new ones.

These computations allow us to separate all our data into the necessary categories and are simple "plug and play" with the model. These computations allow for Blaine County to update the completed model with relative ease. Completing this framework tells us not only how many units need to be built or rehabilitated, but also how large the units need to be and, by plugging this process into GIS, give us the general location.

DEMOGRAPHICS

Compared with the rest of the state of Idaho, Blaine County has a much more affluent population with demographics that do not mirror the rest of the state. One thing of great interest is the smaller number of seniors over the age of 65. Reasons for this include the fact that in retirement, many face reduced standards of living and could be getting priced out of the area due to the higher cost of living. A way to adjust the need to include seniors is make the assumption that they left because of affordability and would have liked to remain in the area if it was within their budget. This is a reasonable assumption in that if more housing becomes affordable people who are approaching retirement would remain in Blaine County and some would move back. It is further assumed that the senior population leaving the area falls below the median income with a distribution that would mirror that of the rest of the population, but may only need a one bedroom unit. This effect can be summed up by the following equation:

$$Demand_{i1senior}$$
$$= (Population_{Blaine} * PercentSeniors_{Idaho})$$
$$- (Population_{Blaine} * PercentSeniors_{Blaine})$$

Which can then be inserted into the previous needs assessment giving the following equation accounting for seniors who left the area.

$$\sum_{i=1}^{n}(Need_i) = \sum_{i=1}^{n}\left(\sum_{B=1}^{4}((1-OwnP_i)(Demand_{iBr} + Demand_{i1senior}\right) + (OwnP_i)(Demand_{iBp} + Demand_{i1senior}))$$
$$- \sum_{B=1}^{4}(Supply_{iBr} + Supply_{iBp}))$$

Adjusting the gap analysis to account for the senior population does provide the information necessary to make a relevant policy choice if seniors are to be targeted for affordable housing. If it is recommended to accommodate the senior population it is important to recognize that this number may be temporarily overstated in the short term as it will take a period of time for the people to age and, for those that moved out of the area, to return to Blaine County. Additional "special needs" populations can be grouped in the same way as seniors with a term inserted into the above equation that is calculated the same way as Demand.

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WiKSTROM
Economic & Planning Consultants, Inc.

AFFORDABLE HOUSING NEEDS ASSESSMENT
BLAINE COUNTY, IDAHO

November, 2011

BLAINE COUNTY HOUSING AUTHORITY

ARCH COMMUNITY HOUSING TRUST

The Blaine County Housing Authority's mission is to advocate, promote, plan and preserve the long-term supply of desirable and affordable housing choices in all areas of Blaine County in order to maintain an economically diverse, vibrant and sustainable community.

ARCH Community Housing Trust develops safe, permanently affordable housing for persons of low to moderate income and will work with all interested public and private parties toward this objective.