Housing Diversity: Supporting Community and Economic Stability

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What you need to know about housing

Homes make communities possible. To be sustainable* housing must be affordable, available and accessible to all residents—first responders, seniors or retirees, families, professionals, and people living with disabilities. *Healthy housing infrastructure reflects the needs and incomes of real people.*

The aim is to support *community housing choice†* within reach of people who:

- *work for a living—at all wage levels***
- *provide essential community services;*
- *engage in community and civic activities; and/or*
- *spend their retirement years and incomes locally*

"Idaho needs more homes within reach of our workforce, families, and friends."

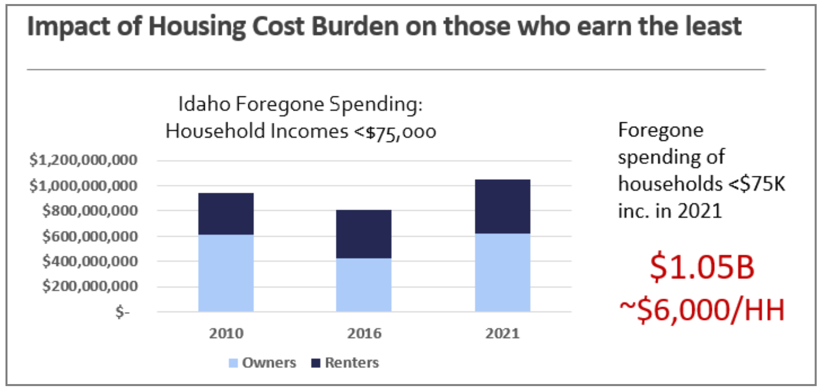
Economic development role. Housing affordability supports sustainable economic development in many ways. *Employers* benefit from diverse housing types and price points near employment centers. They know a stable labor force supports planning, productivity, and competitiveness, while long commute times or financial strain can impact performance and reliability. *Economic development professionals* recognize housing as *critical infrastructure*—like schools, broadband or health care—essential to recruiting and retaining outside investment, good-paying jobs and dynamic *workforce development. Economists* know *local housing control* keeps wages circulating in the local economy. Learn more from *'Housing for Wellbeing and Economic Prosperity'* hosted by the City Club of Boise.

Fair housing choice = economic opportunity. †Fair housing laws give us all the right to live where we choose and can afford. 'Housing choice' affects access to essential community assets such as health care, education and employment. Policies that distribute housing types and prices across neighborhoods and communities support HUD's Affirmatively Furthering Fair Housing Rule, designed to mitigate decades of *de jure* discrimination described in Segregated by Design. The resulting housing equity supports community and economic resilience. Always include the voices of diverse populations when evaluating comprehensive plans, zoning ordinances or development. See more at IHFA's YouTube channel and the 2022 APA Idaho presentation NIMBY, Equity and Liability for Communities.

Inclusive design gets customers in the door. Residential construction that reflects basic *visitability* standards reaches a broader market and lets us all age in place. This reduces overall housing costs, saves Medicaid dollars and improves community cohesion and quality of life. Learn more: inclusivedesign

****sustainable** used here means enduring forever—just like Idaho's state motto esto perpetua*

*****70% of Idaho jobs pay under $20/hour** and support rents **less than $1,040/mo;** an FTE at **$12/hr** can afford **less than $624/mo;** a **minimum-wage** worker can afford **less than $377/mo.*** See reports.nlihc.org/oor/idaho and the housingidaho.com rent calculator



Affordability = stability. Since the National Housing Act of 1937, housing costs below 30% of household income were considered *affordable*. When costs exceed 30%, households are *housing cost burdened;* above 50%, households are *severely cost burdened.* This puts households and communities at risk

Public subsidy to private equity. Residential speculation and housing scarcity mean a rise in *foregone spending*—money lost to an economy and tax base owing to *housing cost burden*—**an estimated $1.05B loss for Idaho in 2021 alone**. Housing displacement and instability caused by inflation have triggered a wave of *first-time homelessness,* with significant individual and social costs. We now understand clearly that 'Homelessness is a Housing Problem,' and acknowledging externalized costs is key to sound policy.

Diverse housing markets benefit everyone. When working households, retirees and others can comfortably meet basic costs associated with local housing, they have more time, money and energy to invest locally. Communities benefit from less traffic, more stability, and engaged residents. School and job attendance go up, while public costs tied to community health and safety go down. Stable households in socioeconomically diverse communities are better able to build *social capital* and cultivate supportive networks essential to economic mobility and opportunity, which in turn *reduces* their overall reliance on social (i.e., taxpayer-funded) assistance.

NIMBY opposition to affordability or density can increase costs and often has a 'disparate impact' on protected classes, perpetuating effects of discriminatory redlining. Developers have successfully sued communities that reject otherwise compliant developments when discriminatory permitting policies or practices are evident.

"Stable housing lets each of us build the 'social capital' needed to reach our full potential."

Housing is made affordable either by increasing wages to compensate for high housing costs, using tax supports to subsidize wage and consumer costs, or lowering net costs of housing location, ownership, condition, efficiency and design. Sustainable housing reflects factors that reduce life-cycle, transportation and other expenses.

Local needs require local partners and solutions. A sustainable and diverse range of housing options starts with understanding housing's role in economic and community development; it also requires teamwork among interested parties. These include housing, community and economic development professionals, policy makers, building officials, planners and developers, people with disabilities, seniors (and seniors in training), along with business, corporate, neighborhood, and community leaders who identify local needs and define the scope and direction of planning efforts. *Local control of housing and community assets = accountability and stability.*

"Employers know that housing is where jobs go to sleep at night."

Idaho's housing crisis limits workforce development. Employers throughout Idaho say the lack of housing options means they can't recruit or retain the essential workers they need—from hospitals, education or retail, to construction workers , care providers or first responders. *We're all affected.*

Takeaways:

1. Healthy housing markets are like ecosystems—diversity equals resilience and durability
2. Speculative investors and NIMBY fuel our housing crisis by perpetuating housing shortages
3. *Workers provide a subsidy to employers and customers* by commuting long distances or living in substandard housing to provide services—at a price we consider affordable
4. Housing that accommodates essential workers, students, retirees, seniors or persons living with disability helps families, knowledge and incomes stay put
5. In addition flexible zoning and regulation, we make housing "affordable" one of two ways:
   - ***Increase wages indefinitely*** *to keep pace w real estate speculation and housing shortages*
   - ***Subsidize employers/consumer prices*** *w project- or tenant-based supports (using taxes)*

Preserving and Expanding Housing Diversity

Conservation and preservation matter. We all know the most cost-effective energy investment is in *negawatts*—energy saved through conservation. Likewise, every community has what's called *naturally occurring* or *legacy* affordability. Legacy housing has limited debt, reflects lower construction costs, and contains significant *embodied energy*. Preserving existing affordability is like patching the holes in a leaky bucket before trying to fill it.

Conversion, gentrification and speculation erode affordability. Converting legacy housing to investment property, luxury units or short-term rentals erodes affordability and limits housing choices. New ownership and flipping mean new financing costs and higher rents, and more holes in the bucket.

New construction costs, supply or demand. Labor, material, financing and NIMBY costs mean we can't easily build our way out of a housing shortage. And the laws of supply and demand don't apply equally to housing and dairy, oil or corn; most commodity prices respond to market shifts in hours, days or weeks while housing prices change over years. All rely on taxpayer supports to reduce prices.

Sample Strategies

Re-think residential codes. Revise minimum lot size and square foot rules—along with fees, occupancy limits and household definitions—to support 'Neighborhood-friendly development.' Tiny Homes, ADUs, and density bonuses can reduce development and infrastructure costs. These tools work best when they preserve local ownership of housing, keeping wages and incomes local. See *Top code reform priorities for the housing crisis*

Land banking. Local government, school and highway districts, churches and private employers should proactively inventory, protect, acquire and designate key parcels for mixed-used and workforce/affordable residential development. Establish a community fund to purchase tax-delinquent properties each year to support a local housing strategy. Land near transit hubs, employment centers and services is an essential asset.

Aging-Friendly Design and Development. New single-family residential developments should be *visitable* to meet growing demand for homes and neighborhoods for people of all ages and abilities.

Remove land costs from the equation. *Community land trusts—or housing trusts*—hold land in trust via a public or nonprofit entity. Land is leased to qualifying homeowners, who own the improvements and build equity. Alternately, the trust may develop rental housing for households with specific income ranges or essential community workers, preserving long-term affordability. Learn more.

Impact and crowd investment. Federal funds involve legal and regulatory requirements that can inflate the cost per unit and require large developments. Impact or crowd investing can yield positive, measurable impacts alongside a financial return. This market-based approach to financing *missing middle* or *neighborhood-friendly* residential development can reduce costs and invite local investment. Distributing smaller-footprint projects across communities can also reduce opposition. Models: Small Change, Guerrilla Development, or Sister City

Engage local employers. Remember that diverse housing types and price points represent both a perpetual income boost to workers and valuable recruitment and retention tool for local public and private employers. *Workforce development* and productivity depend on an adequate supply of *workforce housing*—where *workforce* includes all who work for a wage. Employers can partner with other stakeholders to finance and develop housing units that meet the needs of key staff positions and wages.

Cooperative tenant ownership and HomeShare. Housing cooperatives create housing stability in many countries and states. Tenants form cooperatives and acquire government-backed or private financing to secure housing with a mix of private and shared space. Like resident-owned communities, this expands local ownership opportunities, builds equity for households, offers flexible living arrangements, and preserves residential capacity. HomeShare connects home providers and home seekers through Silvernest; this taps unused housing capacity and provides extra income, security and companionship for many homeowners.

Local Housing Solutions. A great online housing explainer is at localhousingsolutions.org. From basics to understanding and shaping policy, this site presents clear, simple and practical videos and summaries.

Housing Market Realities: Where We Are and How We Got Here

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Key Factors, Trends, and Consequences:

Shifting Priorities. After WWII, federal housing finance and urban renewal policy aimed to raise living standards for urban dwellers through 'bigger, better' housing. The feds—and private lenders—shifted support from downtown residential and mixed-use to suburbs. Freeways steadily displaced urban neighborhoods as race-based redlining and exclusionary low-density (R-1) zoning ordinances were widely adopted.

Larger suburban homes separated from employment centers lead to increased traffic and commuting costs. See 'Housing Transportation Affordability Index.' htaindex.cnt.org

Housing as a Human Right. In many countries it is generally accepted that everyone *'has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing,* ***housing*** *and medical care…'*

Housing inflation drivers. There is no single factor in housing inflation; several things contribute to our current crisis:

- Tax policy and investment patterns treat housing as an 'asset class,' not a human right. Commodification and speculation detach housing costs from wages or incomes.
- Institutional, foreign and other investors use housing to launder money or generate profits—without adding value to communities. And remote control of residential markets undermines local accountability, exports wages and incomes from local economies, and shifts costs to locals.
- Rising prices triggered a new wave of 'flipping.' Windermere Chief Economist Matthew Gardner calls flipping a 'precursor and contributor to a housing bubble.' *—10/10/17 Economic Summit, JUMP*

Density. Distributing housing diversity and density across all neighborhoods is essential to address the legacy of redlining and *de jure* segregation and discrimination. Ideally, density is paired with conditions that ensure long-term community benefits or accountability that maximize its effectiveness.

1/16/24. Why Local Governments Should Make Housing Part of Their Economic Development Plans

9/18/23. Why Builders and Developers Should Be Constructing More Aging-Friendly Homes

2/2023. NIMBY opposition's impact on the housing crisis amplifies and extends harms caused by institutional investors reliant on NIMBY to keep supply low and rents high.

10/2022. NIMBY, Equity and Liability for Communities. This APA Idaho session describes the costs and risk communities incur as a result of opposition to affordability and density.

12/2022. Institutional Investors in Housing How large equity investors limit homeownership options for first-time homebuyers and increase wealth gaps.

Rental Vacancy Rates (RVRs)

The percentage of residential property available for rent. A 'healthy' RVR is 5–7%, balancing supply and demand. Pre-recession RVRs in Treasure Valley markets were in the low-to mid teens. Since 2015, these and other markets have been consistently below 1%. This drives up rents and limits housing choices for full-time workers earning less than $22/hour, seniors, and Idahoans with disabilities. **Context:** Idaho's statewide RVR* declined from **5.47%** in 2011 to **0.45%** in July 2021 and has been slowly increasing since.

County	Available Units	Total Units	RVR*
Ada	14	5649	0.25
Adams	0	38	0
Bannock	0	437	0
Bear Lake	0	169	0
Benewah	0	38	0
Bingham	1	534	0.19
Blaine	1	414	0.24
Boise	0	25	0
Bonner	0	357	0
Bonneville	4	1747	0.23
Boundary	0	16	0
Butte	0	29	0
Camas	0	2	0
Canyon	50	2535	1.97
Caribou	0	60	0
Cassia	1	323	0.31
Clearwater	0	8	0
Custer	2	57	3.51
Elmore	0	324	0
Franklin	0	49	0
Fremont	0	53	0
Gem	0	111	0
Gooding	0	125	0
Idaho	2	93	2.15
Jefferson	3	190	1.58
Jerome	0	353	0
Kootenai	21	2032	1.03
Latah	2	467	0.43
Lemhi	0	74	0
Lewis	0	8	0
Lincoln	0	5	0
Madison	2	485	0.41
Minidoka	0	218	0
Nez Perce	0	447	0
Oneida	0	1	0
Owyhee	0	62	0
Payette	4	320	1.25
Power	0	124	0
Shoshone	0	146	0
Teton	0	79	0
Twin Falls	0	1585	0
Valley	0	162	0
Washington	0	206	0
***Statewide**	**107**	**20,157**	**.53**

Source: housingidaho.com 6/1/24 (this is a* ***subset* *of housing: primarily multifamily, affordable to household income equivalents up to $22/hr FT)*