

# North Central Idaho Housing Needs Assessment Update

*...or, why is housing so expensive and what can we do about it?*

CEDA Housing Summit

April 18, 2022



**POINTS**  
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# Our Team

- ❖ Financial Modeling & Forecasting
- ❖ Housing Needs Assessments
- ❖ National/International Best Practices
- ❖ Rural Areas Experience
- ❖ Both Local and National Presence



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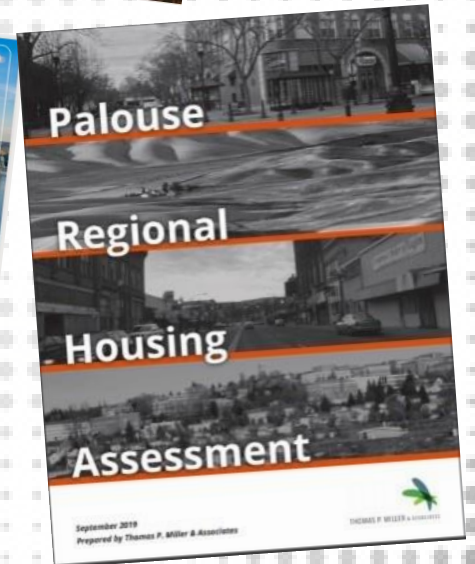
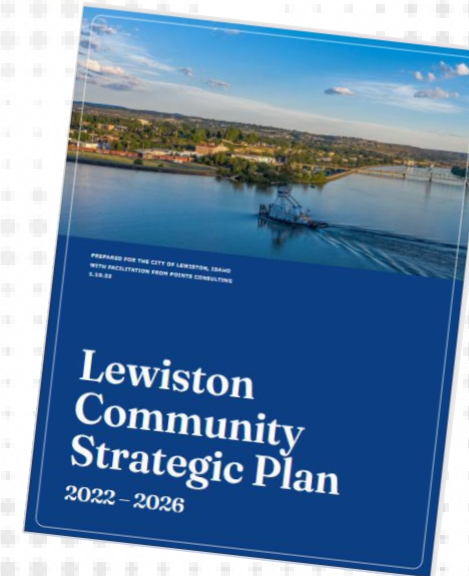
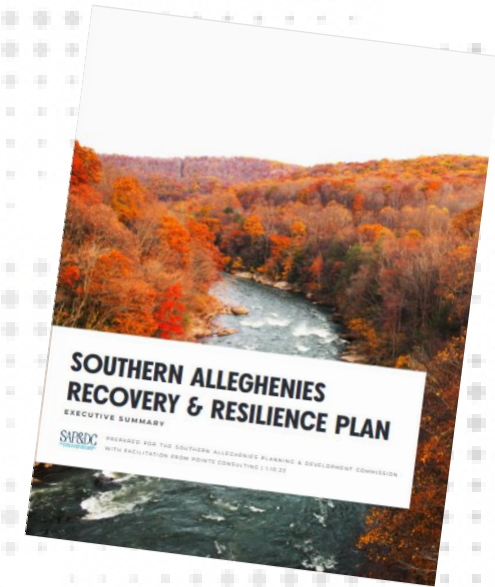
# Points Consulting Experience

## Relevant National

- Economic Impact of Idaho/Oregon Border Relocation, (ongoing)
- Feasibility & Impact of Athletic Centers (Nine Projects: IN, NV, FL & OH), 2019-2022
- Economic Recovery & Resiliency Plan (Altoona, PA), 2022
- Great American Rail Trail Economic Impact Analysis, Rails to Trails Consortium (Washington DC), 2022

## Local

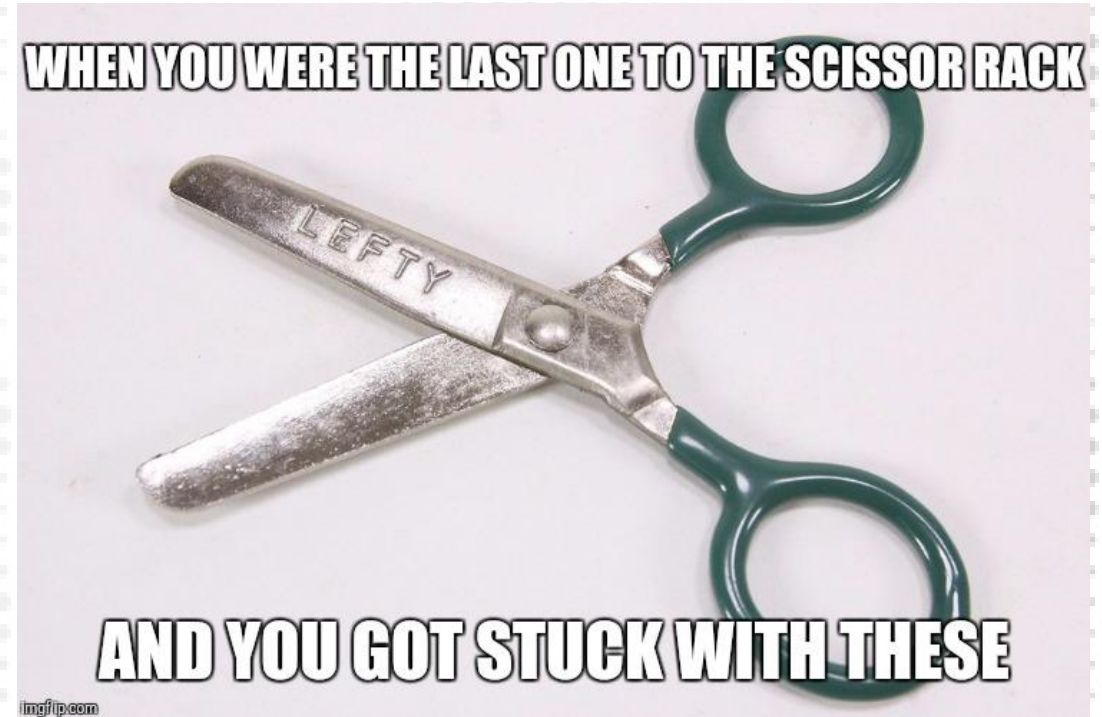
- Lewiston Idaho Community Strategic Plan (2021)
- Palouse Regional Housing Needs Assessment (2019)
- Opportunity Zone Technical Assistance, Clearwater County Economic Development (2018)
- Nimiipuu Fund Business Incubator Feasibility Study (ongoing)
- University of Idaho, Center for Food & the Environment Feasibility Study (2022)



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# Why is Housing So Expensive?

- Supply-related
  - Labor force contractions
  - Fewer contractors
  - More complex lending restrictions
  - Production cost increase
  - Restrictive zoning & building code conventions
- Demand-related
  - Stimulus packages
  - Low interest rates
  - In-migration
  - Multiple home-ownership rates

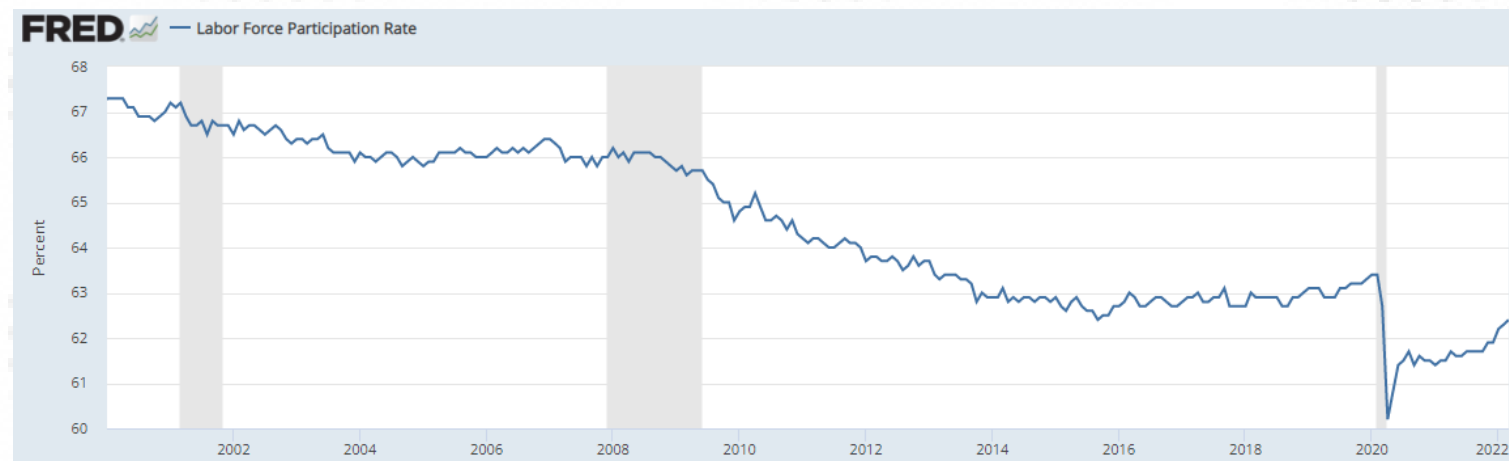


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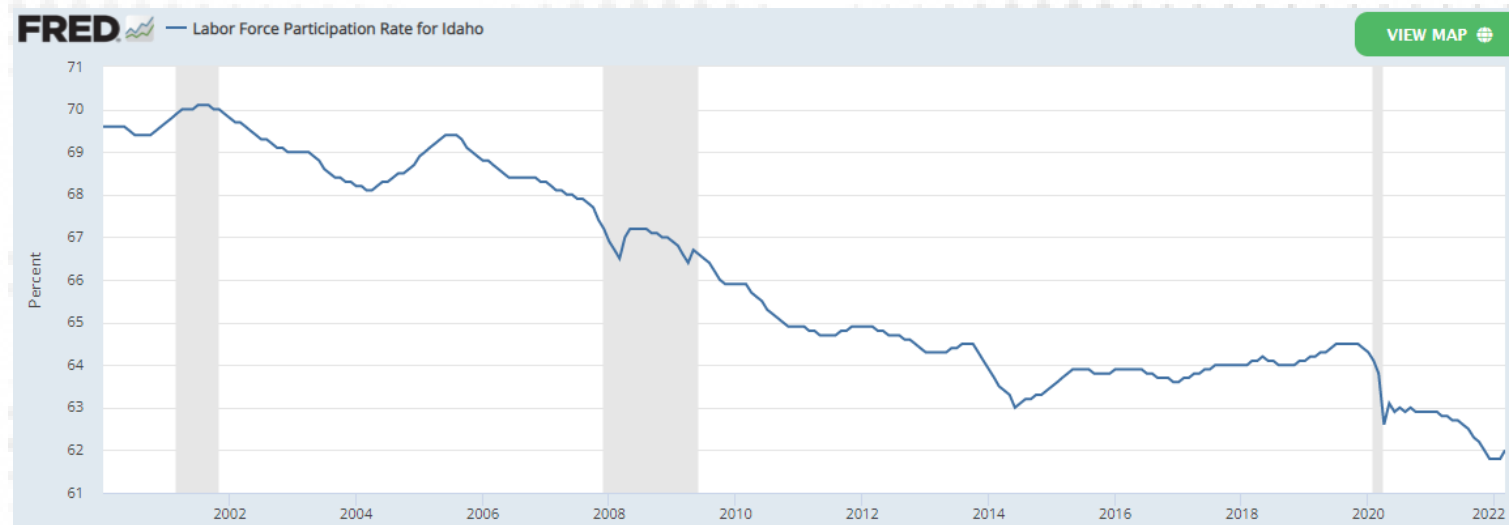
# Labor Force Participation

- LFP in national decline from 2000 onward
- Will start increasing in subsequent years (baby boomers aging out of 65-year-old bracket)

## United States



## Idaho



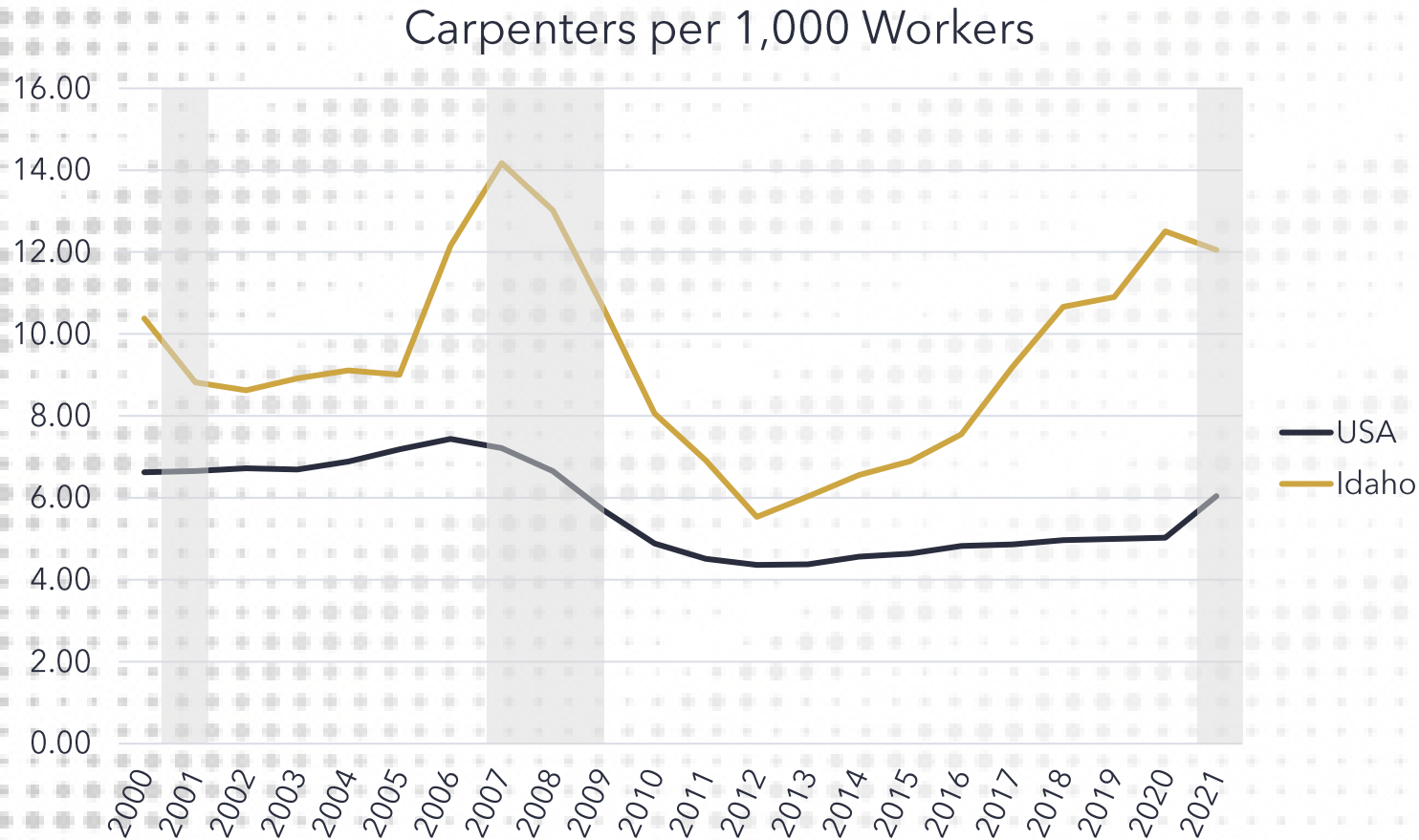
Source: St. Louis Federal Reserve, FRED



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# Idaho Construction Worker Supply Trends



Source: BLS Occupational Employment Statistics, 2000-2021

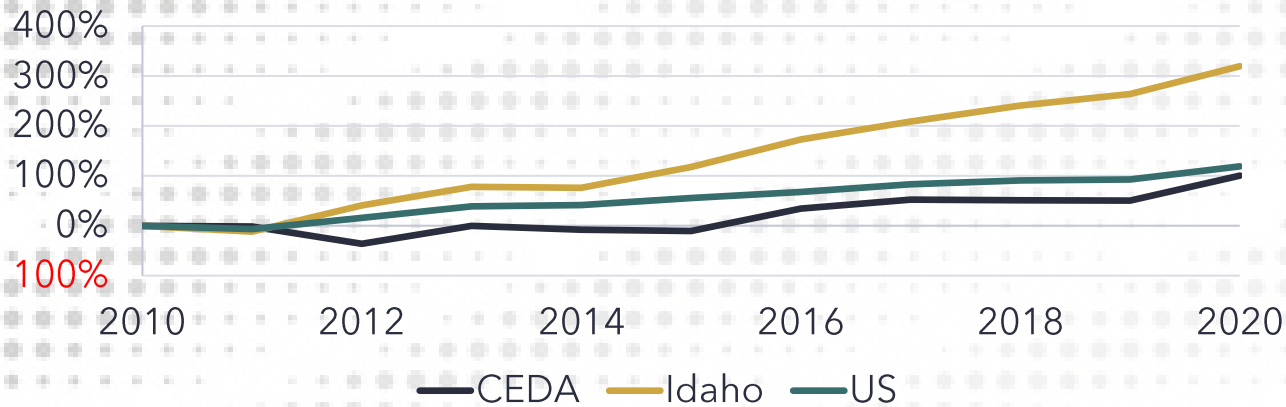
- Loss of baby boomer experience started during the Great Recession
- Despite historic economic expansion ('12-'20), never returned to 2017 levels
- Idaho maintains a higher supply, but also
- *More cyclical* than the United States, in general
- Supply more concentrated in urban areas (Boise, CdA, etc.)



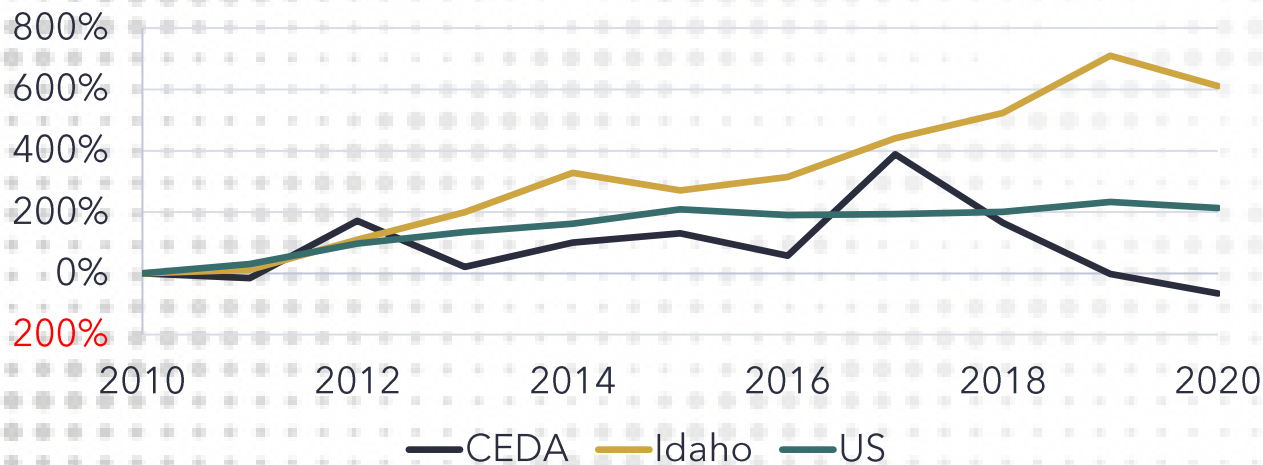
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# Housing Permit Trends

## Single-Family Housing



## Multi-Family Housing



- Housing production trends essentially match the US average, and way behind Idaho
- SLOW recovery from Great Recession...SFH permitting still declining in 2012!
- Annual bumps are large MFH developments (typically in Latah County)

Source: Census Bureau Building Permits Survey

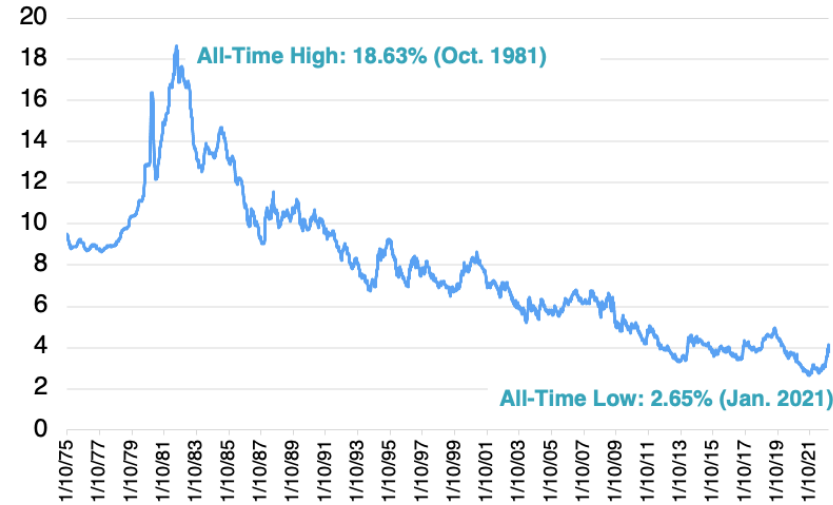


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# Interest Rates, COVID, and Real Estate

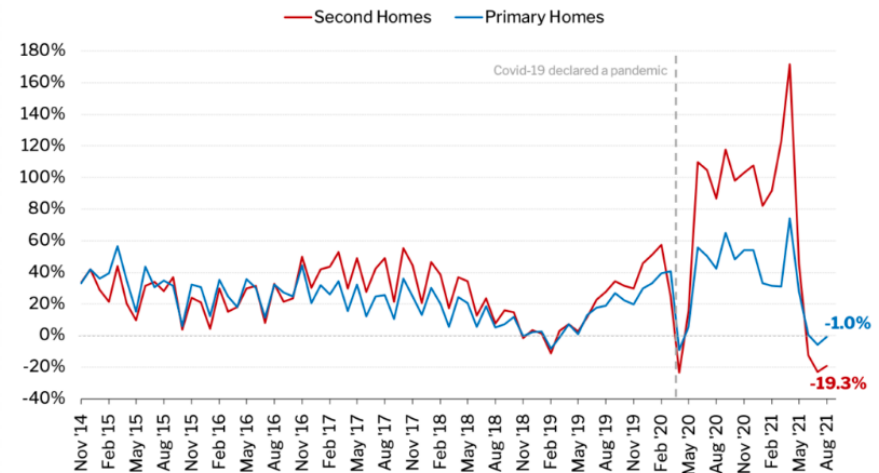
- Fed held interest rates artificially low between 2009-2020
- Little space for reductions when the COVID recession hit
- Rich people are better at using the financial system than middle class and poor people
- Fuels second-homes, investment homes, etc.
- Viola...increased housing costs!

Historical 30-Year Mortgage Rates:  
1975-2022



Historical Data: Freddie Mac PMMS. (c) TheMortgageReports.com

Demand for Second Homes Falls for Third-Stright Month in August  
Year-over-year change in mortgage-rate locks for home purchases



Source: Redfin analysis of Optimal Blue mortgage rate lock data

REDFIN

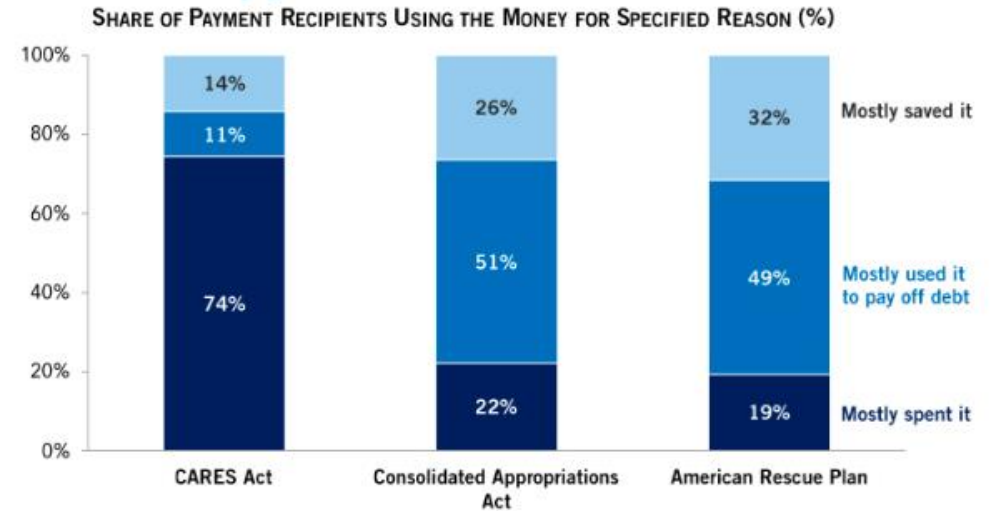


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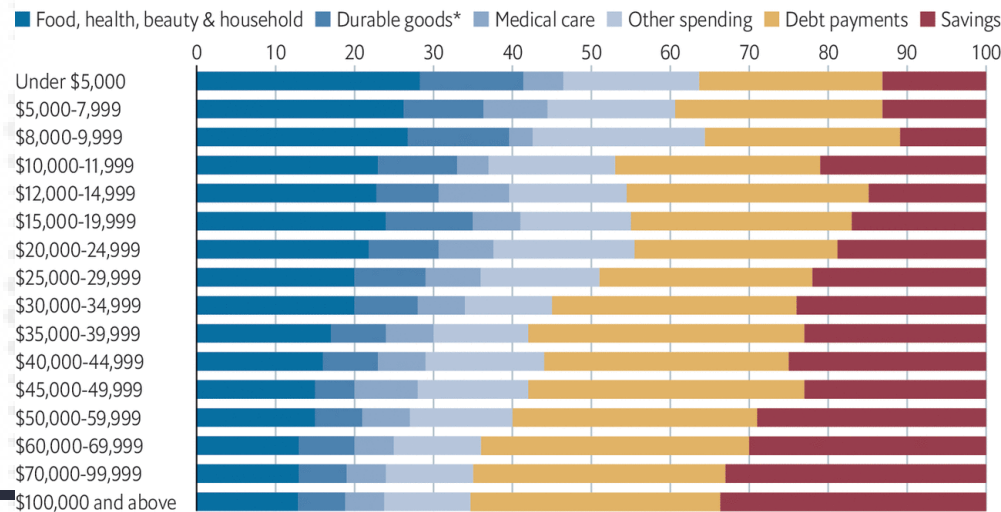
# Stimulus and Investments

- Diminishing returns to stimulus payments
- Wealthy families saved most of it to begin with
- Savings is another word for future spending (i.e.: big ticket items, real estate, stocks, etc.)



## Hey big saver

United States, stimulus payment use by household income, %  
July 2020



7, April 2021.  
g patterns of all households that had received, or expected to  
and American Rescue Plan are as of January and March 2021,  
it in the last 7 days. Those dates reflect when the majority of

FGPF.ORG

Source: "How Did U.S. Consumers Use Their Stimulus Payments?" by Olivier Coibion, Yuriy Gorodnichenko and Michael Weber, NBER working paper 2020

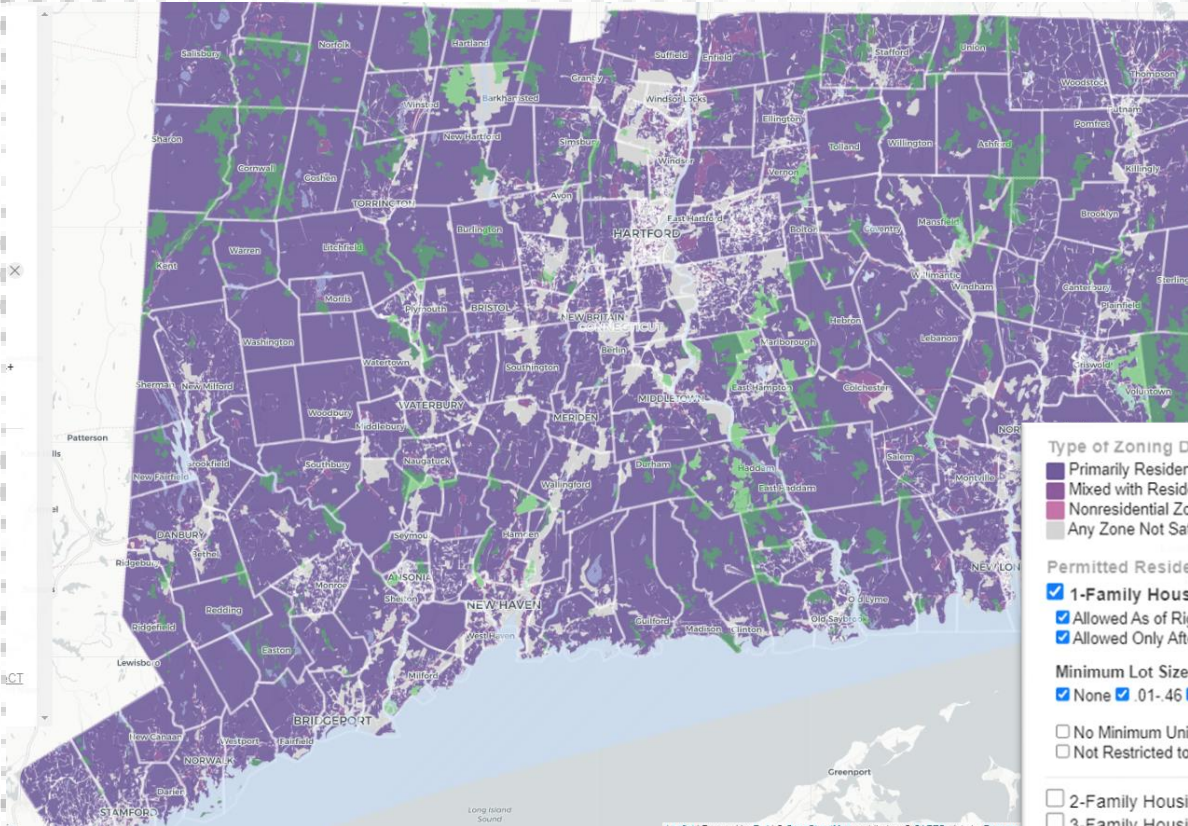
\*Cars, appliances and other big-ticket items that last longer than a few years

The Economist

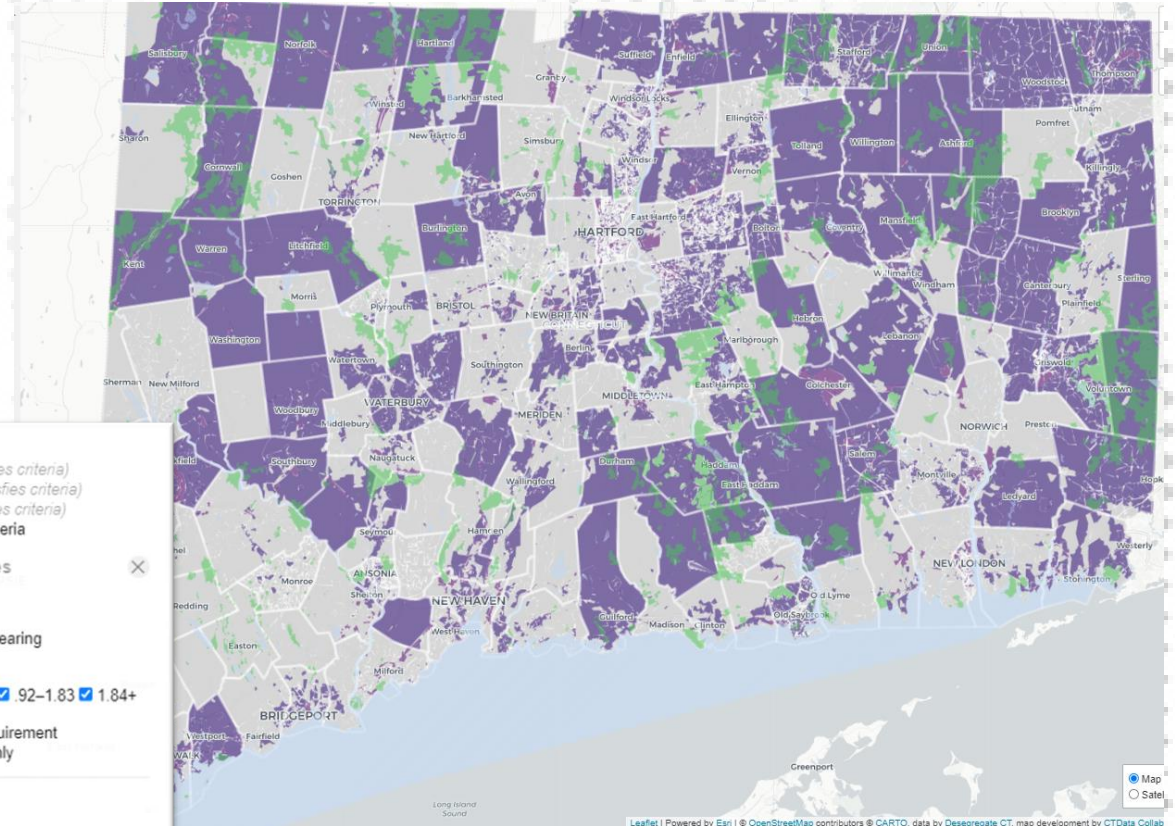
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# Planning & Zoning Restrictions

## Single Family Permitted Districts



## Two-Family Permitted Districts



**Type of Zoning District**

- ☒ Primarily Residential (*satisfies criteria*)
- ☒ Mixed with Residential (*satisfies criteria*)
- ☒ Nonresidential Zone (*satisfies criteria*)
- ☐ Any Zone Not Satisfying Criteria

**Permitted Residential Uses**

- ☒ 1-Family Housing
  - ☒ Allowed As of Right
  - ☒ Allowed Only After Public Hearing
- ☐ 2-Family Housing
- ☐ 3-Family Housing
- ☐ 4+ Family Housing
- ☐ Accessory Dwelling Units

**Minimum Lot Size, acres**

- ☒ None ☒ 01-.46 ☒ .47-.91 ☒ .92-1.83 ☒ 1.84+
- ☐ No Minimum Unit Size Requirement
- ☐ Not Restricted to Elderly Only

Source: Desegregate Connecticut, Zoning Map Atlas



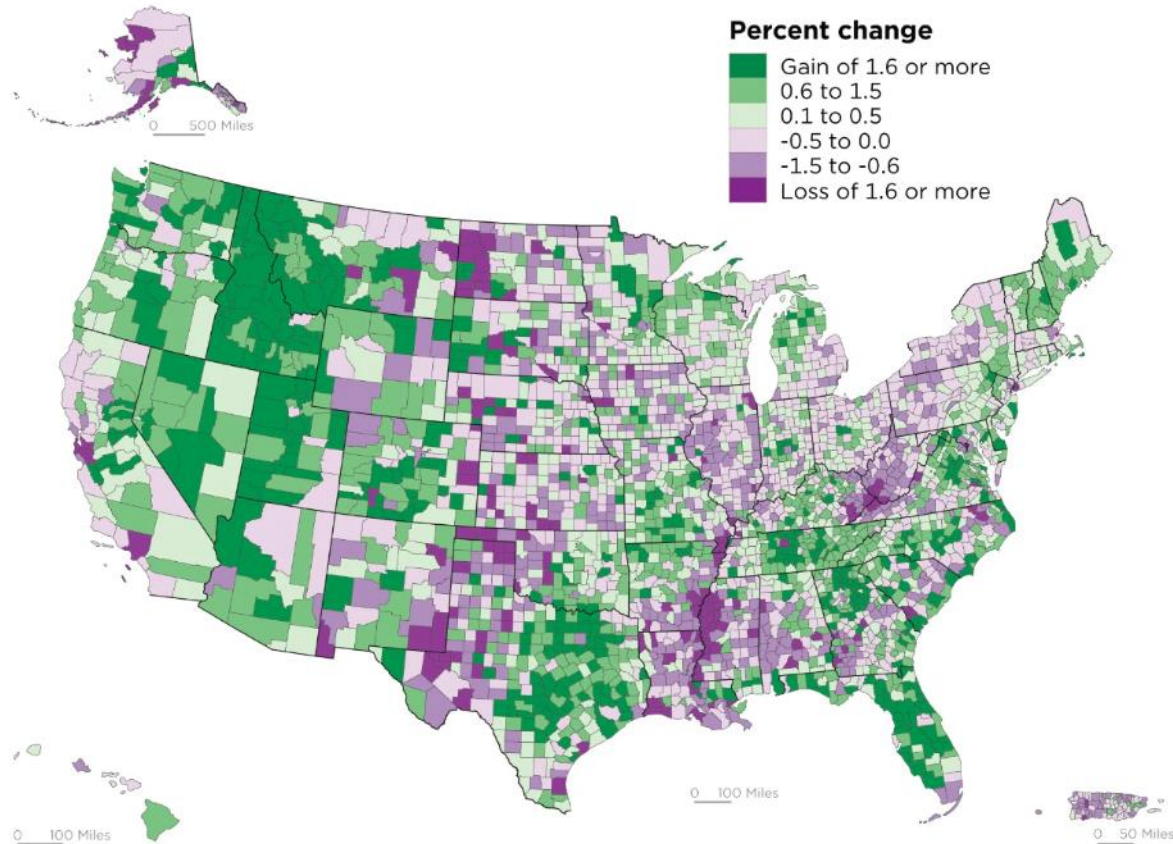
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# In-Migration to Idaho

## Where Counties are Growing

Percent Change in Population by County: 2020 to 2021



- In USA:
  - 65% of metro areas grew; 58% of counties grew
- In Idaho:
  - Every Metro and every Micro grew
  - In fact, no county in Idaho lost population
  - Growth of 53,000+ in 2021 (roughly the pop of CdA)

Source: Census Annual Estimates, 2021

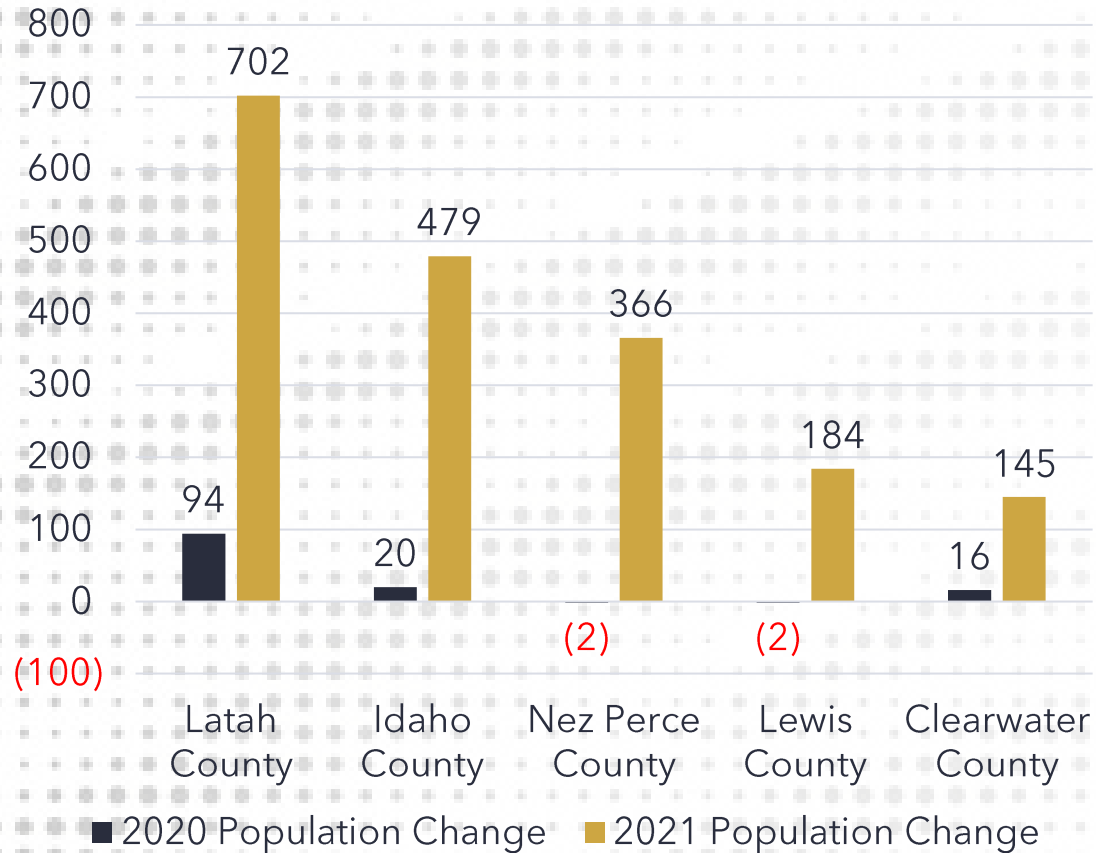


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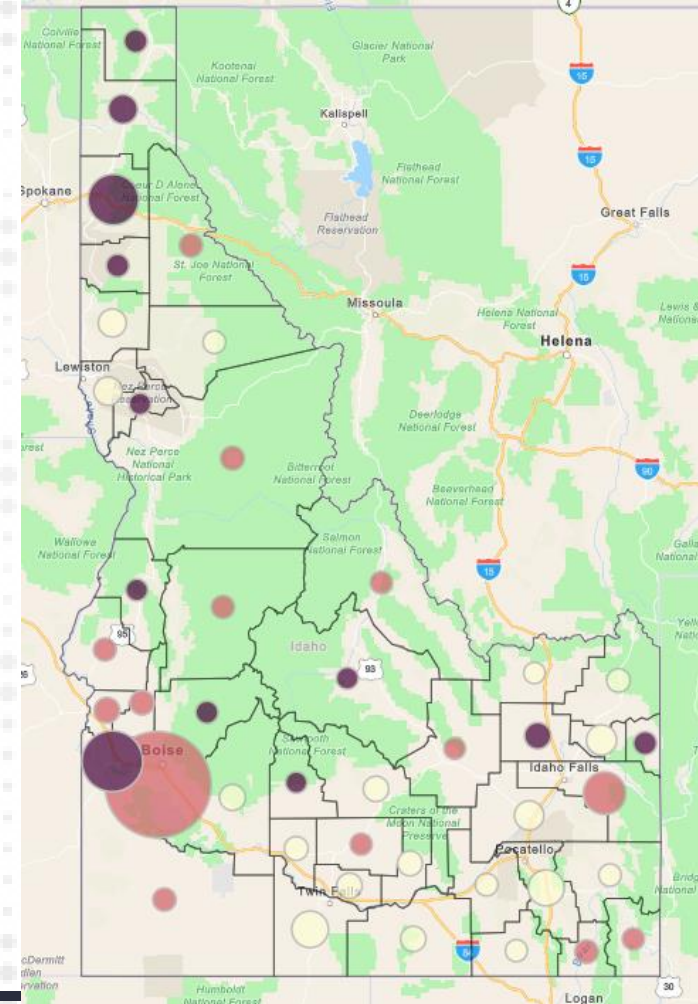
# Population Growth in CEDA Region

## 2020 Population and 2021 % Growth

### Population Change by County, 2020 and 2021



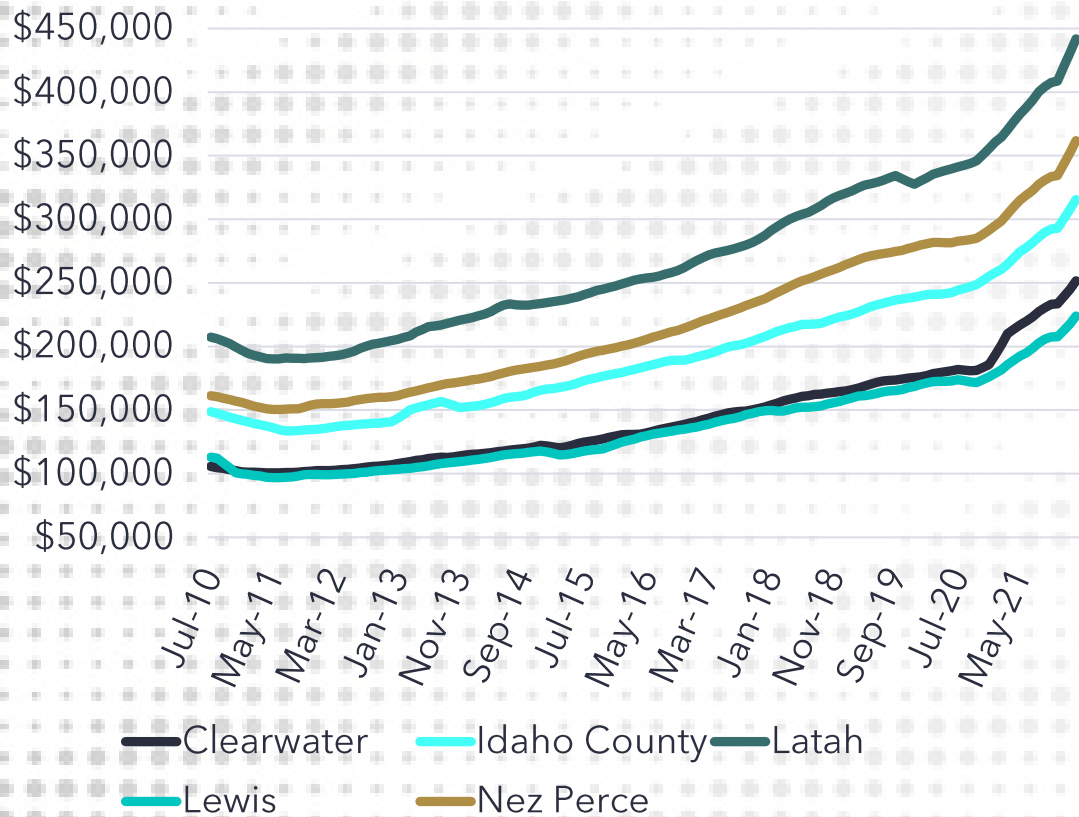
Source: Census Annual Estimates, 2021



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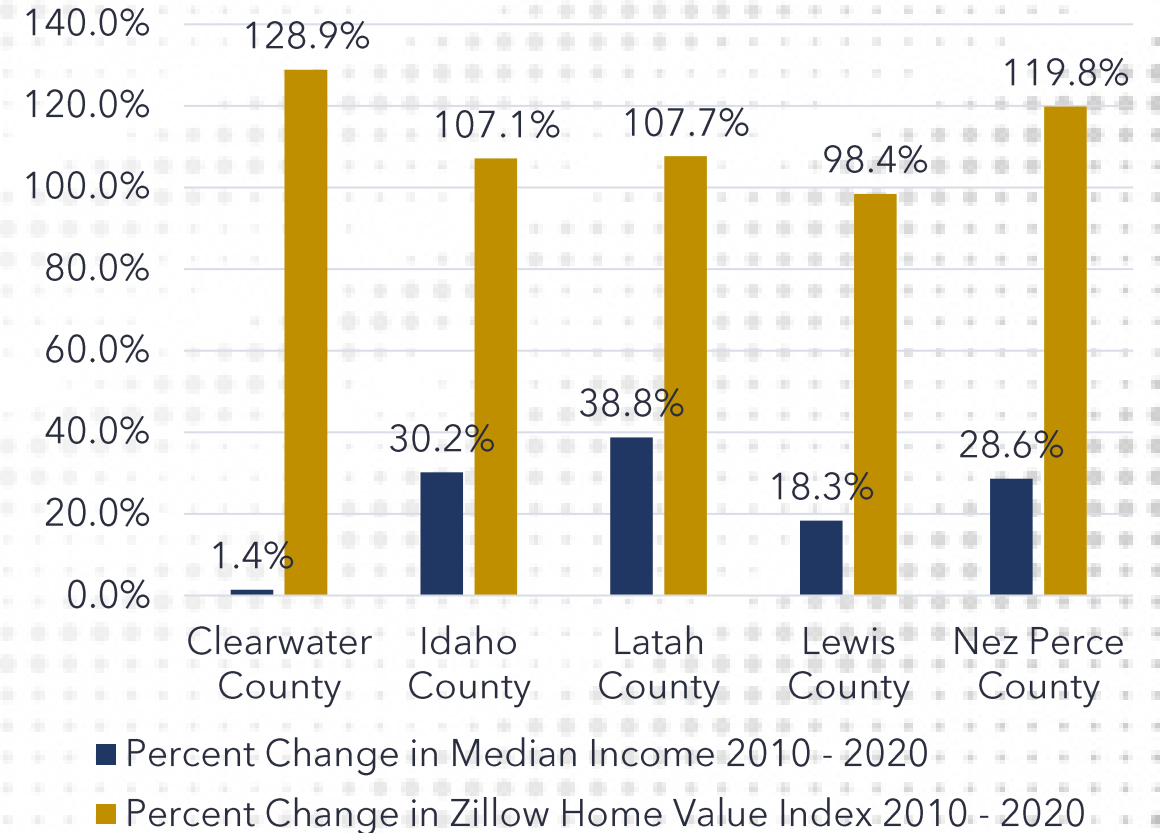
# Home Value Appreciation vs. Income Growth

## Typical Home Value, 2010–2021, CEDA Region



Source: Zillow ZHVI

## Income Growth vs. Home Value Growth, CEDA Region



Source: Points Consulting using Census ACS and Zillow ZHVI



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# What can we do about it?

Non-exhaustive list:

- Adaptive Reuse
- Manufactured Home Communities
- Planning & Zoning Amendments



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# Adaptive Reuse

## Brundage resort expands employee housing in New Meadows

The mountain resort intends to offer housing for up to 20 employees after purchasing a landmark building in New Meadows.



Credit: Brundage Mountain Resort

## CLOQUET MIDDLE SCHOOL APARTMENTS – HISTORIC REBUILDING

MINNESOTA > CLOQUET

This is Greater Minnesota Housing Fund's third conversion of an historic school to affordable housing. The organization is now working with two new communities based on Cloquet's successes.

*Located about 20 miles south of Duluth Minnesota, Cloquet has a population of 12,000. Like elsewhere across the country, the community is challenged with urban pull and strives to maintain workers. Before inception of the project, the City of Cloquet had long identified a need for workforce housing.*

The vacant, 95-year old Cloquet Middle School was identified for renovation and conversion into apartment homes. The Cloquet Middle School Apartments would be a creative, effective approach to affordable housing that would utilize existing resources and create 57 rental units targeted primarily to households with incomes between \$37,980 and \$56,430, and 7 apartments available to formerly homeless individuals or families.



Update: Sears building at Boise Towne Square could be torn down to make way for apartments



Madison Town Square apartments in Boise, ID. Courtesy Madison Capital Group



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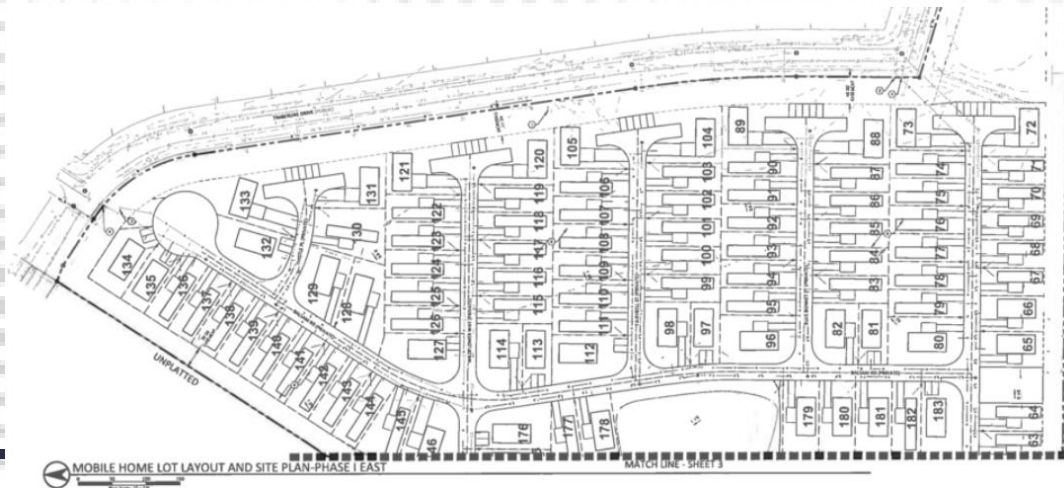
# Return of the Manufactured Home Community



Park Hills Crossing, Fairborn OH



The Silos MHC, Bozeman MT



Roseberry Park, Donnelly ID



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# Zoning Code Modifications



Danielson Grove - Kirkland, WA



City of Boise



Arlington (VA) Now News



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