

CHAPTER 5

AFFORDABLE HOUSING

A. ISSUES

From 1970 to 1990, Teton County created more jobs than it did homes, leaving the housing supply far below the demand. Furthermore, much of the new and existing housing stock has been occupied as second or vacation homes, not by residents. Since second home owners can generally pay more than residents when purchasing property, the price of property in Teton County has become unaffordable to most Teton County residents. As a result, many of those employed in the County have been forced to find housing outside the community, share housing with others, live in substandard or inadequate housing, or hold more than one job in order to afford the limited housing that is available.

Incomes versus Housing Costs

At the root of the affordable housing problem is the fact that housing prices have increased substantially in response to high second and vacation housing demand. In the meantime, County resident incomes have risen only marginally. In 1986, the median price of a single family home in Teton County was 354 percent of the median income--250 percent is considered affordable. By 1993, the median price of a single family home in Teton County cost 635 percent of the median family income. This reflects an average annual increase of 14.7 percent in housing costs, while the median household income increased at a rate of only 5.5 percent. Although housing affordability is becoming a national problem, the situation is far worse in Teton County. While the median income in Teton County is consistent with the national median, housing prices are far above the median housing price for the nation. In 1992, the median sale price of a single family home for the United States was \$121,500; for the western United States it was \$130,400; and for Teton County it was \$200,000. (*Affordable Housing Needs Analysis*, James C. Nicholas, University of Florida, March 1994, p.4-5)

A look at the actual sales of homes and their rapidly rising prices in Teton County confirms the inflation of housing prices. In 1986, 80 percent of all homes sold in Teton County sold for less than \$100,000; however, by the first half of 1990, only 30 percent of homes sold for less than \$100,000 in Teton County. Seventy-five percent of those sales were small condominium units. (*Study of The Affordable Housing Situation in Teton County Wyoming*, Summit Management Consulting, 1990, p. 13) A check of the Multiple Listing Service as of April, 1993, found no listings for single-family detached homes costing less than \$150,000. Only condominium units were available at or below the \$100,000 mark, and only a few townhomes were listed under \$150,000.

Other indications of the mismatch between housing prices and incomes is the number of residents either spending too much of their income for housing or holding more than one job in order to augment their income, or both. According to 1990 Census data for Teton County, 30 percent of home owners and 36 percent of renters were cost burdened, in that they were paying more than 30 percent of their total household income for direct housing costs. (1990 Census, Selected Social Characteristics, Teton County, Wyoming, Table 1)

In addition, data from the Wyoming Department of Employment, Employment Resources Division, Research and Planning Section, shows that almost all jobs in Teton County pay less than the median income and there are more jobs than employed residents. The number of jobs increased from 0.82 jobs per resident in 1980 to approximately 1.0 job per resident in 1990. (*An Updated Study of The Affordable Housing Situation in Teton County, Wyoming*, Summit Management Consulting, 1992, p. 8) Since there are some residents who are not a part of the work-force, especially children, these numbers indicate that many employed persons have more than one job. These data convey several facts, one of which is that many employed individuals hold more

than one job. Yet, even with a good portion of the work force holding more than one job to boost their income, the median household income is still insufficient to afford housing in Teton County.

Causes of Increased Housing Costs

The main force driving housing prices beyond the range of the average County resident is the influx of nonresident households. The prevalence of this type of home buyer has pushed up housing prices to the extent that an average wage earner cannot afford housing in Teton County. (Nicholas, p. 9)

An analysis of U.S. Census data demonstrates that not only are most newly constructed homes sold to nonresident households, but existing homes which go on the market are often sold to nonresident households. In 1980, 83 percent of the housing inventory in the County was occupied by residents, while only 17 percent of the inventory was occupied by nonresidents (visitors and second home owners). By 1990, the occupancy characteristics had changed significantly, such that 35 percent of the inventory was occupied by nonresidents. (*An Updated Study of The Affordable Housing Situation in Teton County, Wyoming*, Summit Management Consulting, 1992, p. 39)

Data compiled by Nicholas, from the U.S. Census Bureau and other sources, show a dwelling unit growth during the 1980's of 2,327 compared to a growth in resident households of 1,076. This means that 1,251, or 54 percent, of the new dwelling units constructed between 1980 and 1990 were occupied by nonresidents. However, these data do not reflect the entire increase in nonresident population. From 1980 to 1990, the number of dwelling units occupied by nonresidents increased by 1,714. Thus, 463 existing dwelling units (1,714 minus 1,251) were converted from resident occupied to nonresident occupied--463 resident households were "squeezed out" of the housing market. (Nicholas, p. 8)

Table 5.1 provides a more complete summary of the shift in occupancy which has taken place over the last decade. It illustrates that while the housing inventory grew by 2,531 units during the 1980's, the net increase in the number of units occupied by permanent residents was only 817 units (less than one third of the total growth); the remainder of the growth was in units for seasonal/recreation/occasional use and short-term rental/for sale/other vacant use. The table also illustrates a decrease in the proportion of rental units; the production of rental units did not even keep pace with resident population growth. (*An Updated Study of The Affordable Housing Situation in Teton County, Wyoming*, Summit Management Consulting, 1992, p. 40)

As an illustration of this rental market dynamic, the Jackson Hole Racquet Club occupancy changed from a 1984 profile of 55 percent long term and 45 percent vacation/short term use, to a 1991 profile of 13 percent long term and 87 percent vacation/short term use. (*An Updated Study of The Affordable Housing Situation in Teton County, Wyoming*, Summit Management Consulting, 1992, p. 42) This is a loss of lower end, generally rental, housing from the local market. When combined with the fact that very little new housing of the same type has been built in recent years, a significant reduction in lower end housing supply has resulted.

Oftentimes, high numbers of short-term rental/for sale/other vacant housing units indicates a saturation of the housing market. However, if this were true in Teton County, housing prices would not be as high as noted previously. Similarly, Teton County's strong economy--there are more jobs than persons in the work-force--and consistent population growth demonstrate there is no reduction in resident housing demand. It is a demand to which the housing market is not responding since the second home market is more profitable.

In a market such as Teton County is experiencing, lots and homes which start out affordable do not tend to remain so. Both Rafter J and Cottonwood Park, developed in the late 70's and early 80's, began as affordable housing for County residents. As these projects approach build-out, prices for both sale and rental have escalated well above affordable levels for most County residents. This is a result of many lots and houses, including multifamily units, being purchased as second or vacation homes by nonresidents--in 1992, 59 percent of the homes in these two subdivisions were owned by nonresidents. (*The Housing Market in Teton County, Wyoming*, Summit Management Consulting, 1992, p. 27)

Table 5.1 Change in Occupancy of Housing Inventory Teton County, 1980 - 1990					
	1980	% of Total Housing Inventory	1990	% of Total Housing Inventory	1980 - 1990 Unit Growth
Owner Occupied	2,066	46%	2,691	38%	625
Renter Occupied	1,685	37%	1,877	27%	192
Seasonal/Recreation/ Occasional Use	273	6%	1,457	21%	1,184
Short-term rentals/for Sale/Other Vacant¹	505	11%	1,035	15%	530
Total Housing Units	4,529	100%	7,060	100%	2,531
Resident Housing	3,751	83%	4,568	65%	817
Nonresident Housing²	778	17%	2,492	35%	1,714
Source: <i>An Updated Study of The Affordable Housing Situation in Teton County, Wyoming</i> , Summit Management Consulting, 1992, p. 40 and 1990 Census, General Housing Characteristics, Table 49. Occupancy, Structural Characteristics, and Age of Householder, p. 62					
NOTES:					
¹ Other vacant units include certain vacant short term rental units not listed for seasonal/recreation/occasional use by the Census.					
² This row is the sum of the housing units for Seasonal/Recreational/Occasional Use and Short-Term Rental/For Sale/Other Vacant, described in the above footnote. However, since a small number of those vacant units are for sale, not vacant because of an absentee owner, the nonresident housing percentage is actually slightly lower than shown here.					

In addition, people living in what was originally a starter home have practically no option to move up to a bigger or nicer house, even though they may be able to afford an incremental increase in monthly housing expenditures--there are simply no properties within the higher range they may be able to afford. This puts the entire market into a static rather than dynamic mode with people continuing to live in their original home rather than moving periodically to a slightly more expensive dwelling. (*The Housing Market in Teton County, Wyoming*, Summit Management Consulting, 1992, p. 27)

Housing Deficit

As a result of the forces described above, there is an existing deficit of year-round housing units priced to be affordable to County residents. This deficit will continue to increase unless some action is taken to resolve the affordability problem. In addition, there is an influx of seasonal employees, a large proportion of whom also need affordable housing.

The 1993 estimated deficit of year-round housing is 400 dwelling units; 172 owner-occupied housing units and 228 rental units. This deficit has been building since 1983 at a rate of 40 plus housing units per year. Based upon this past trend, it is estimated that there will be a need for a total of 88 additional

affordable year-round homes per year--44 owner-occupied and 44 renter-occupied--through the year 2002 (Nicholas, p. 16-17.)

For the last two years (1992-1993,) Teton County has experienced an average increase of 4,500 jobs during the summer season (June-August.) This is a peak above the average number of jobs available in the County throughout the rest of the year. Accounting for those summer season employees that have housing, i.e., high school and college students whose families are residents and other year-round residents who may work in the summer only, it is estimated that 66 percent of the total seasonal employees are in need of housing assistance.

Both the year-round and seasonal housing deficits are estimates representing persons without housing, persons living with more than one unrelated adult, and those paying greater than 30 percent of their gross income for rent (*Affordable Housing Needs Assessment*, Teton County Housing Authority and Jackson/Teton County Chamber of Commerce, 1993.) These deficit numbers may be somewhat high since households with three unrelated individuals are counted, even though they may be living in a three bedroom unit. It would be appropriate, however, to count individuals in such a situation if they are cost burdened or had been forced to combine into a household in order to afford housing.

Rental Housing

Affordable housing is a broad term that includes "employee housing," which is primarily used when referring to rental units. Currently, 27 percent of all housing units in Teton County are renter-occupied. Approximately 52 percent of the rental stock is located in the Town of Jackson; the remainder is scattered throughout the County (48 percent.) Although the location of rental units is somewhat evenly split between Town and County, the rental unit proportion of total units within each jurisdiction is different: 44 percent of the total housing stock in the Town is rental, whereas 19 percent of the total housing stock in the County is rental.

The availability of rental housing is an important part of the affordable housing issue. Since average yearly salaries are generally below the median income, it is likely that a large portion of the work-force demands rental housing. Yet, the commercial/service sector and residential development sector are out of balance--the number of jobs has been increasing while the number of housing units available to residents has been decreasing.

This Chapter has documented the fact that residents are being squeezed out of the housing market, by demonstrating the proportion of nonresident homeowners has increased over the years. There are no data to directly show whether or not nonresident homeowners are making their housing units available for long-term rental. There is only anecdotal information, such as the proportion of renter occupied housing units decreased from 37 percent in 1980 to 27 percent in 1990 (see Table 5.1), along with the generally accepted fact that there are very few rental units available at any time of the year. By general experience, the county-wide vacancy rate for long-term rental housing is zero, which indicates a demand for rental housing which is not being met.

The same land-cost spiral that impacts the purchase price of housing also affects the availability and price of rental units. There is a limit to the amount of rent that can be charged for long-term units, however, since there is no demand for long-term rental units by people who do not earn their living in Teton County. Multifamily developers, therefore, often face difficulty in making rental projects financially viable. Rental prices are determined by local incomes, yet the price for the land on which to build has appreciated far beyond local affordability. Thus, developers of rental housing must obtain high densities in order to make a project financially viable.

As stated above, there is currently a deficit of 228 affordable, year-round rental units. Projections through the year 2002 indicate that there will be a need to provide an additional 44 rental units per year in order to keep up with community needs. (Nicholas, p. 16)

Existing Housing Stock

Most of the housing growth since 1970 has been in unincorporated Teton County. Housing growth in Town has lagged sharply behind. In 1970 about 1,050 dwelling units were located in Town, comprising more than 50 percent of the total County inventory. By 1990, although the Town's housing supply had more than doubled to 2,236 units, it comprised less than one-third of the total County housing unit inventory of 7,060 units (1990 Census.)

The inventory of housing units in the Town and County can be characterized as follows: housing in the Town includes mostly older, modest single-family homes on small lots, and newer multifamily dwellings scattered throughout residential neighborhoods. Housing in the Town appears to be mostly resident occupied single-family homes and multiple-family dwellings with visitor accommodations generally limited to hotels and motels.

Housing in the County consists primarily of single-family residences on large lots--from three to 20 plus acres. There are clusters of townhomes and multifamily dwellings located in planned developments, such as Rafter J, the Aspens, and Teton Village. Housing in the unincorporated townsites, such as Wilson and Kelly, consists of single-family homes on smaller lots, generally 7,500 square feet, but more than one lot is often needed to accommodate single-family home development due to locational requirements of septic systems. Along the Teton Village Road and Fall Creek Road, many newer subdivisions consist of large, exclusive vacation homes, although resident-occupied single-family homes can also be found.

The Results

The housing market is causing displacement of Teton County residents, forcing them to find places to live outside the community--or to leave the region altogether. Displacement of residents is common in two types of housing markets, and Teton County has characteristics of both. Displacement can occur in a market where housing can be obtained more cheaply within a relatively short commuting distance, or where there is an external demand for housing that is unrelated to the local income scale (i.e., second home buyers,) which causes housing prices to rise.

Many local workers have already become commuters, traveling to work from homes over Teton Pass in Teton Valley, Idaho, through the Snake River canyon from Alpine, Wyoming, and through the Hoback River canyon from the Bondurant/Pinedale vicinity. Approximately 25 percent of recent home purchases in Teton Valley, Idaho were made by people with Teton County addresses, up from only 3 percent of such purchases made in 1986. In 1980, 183 of the 1,220 person's in Teton Valley's work force (15%) were commuting to jobs outside of Teton Valley; by 1990, 477 of the 1,590 persons in Teton Valley's work force (30%) were commuting to jobs outside of Teton Valley. A reasonable assumption is that most of these persons are commuting to jobs in Teton County, the area's principal economic magnet. (*An Updated Study of The Affordable Housing Situation in Teton County, Wyoming*, Summit Management Consulting, 1992, pp. 32-4)

Current housing prices in Teton Valley are 20 percent to 40 percent below Teton County, Wyoming prices. Building costs in Teton Valley are comparable to Teton County prices, yet the bottom of the new housing market in Idaho is \$20,000 to \$60,000 below Teton County--meaning the difference is in the cost of land. (*An Updated Study of The Affordable Housing Situation in Teton County, Wyoming*, Summit Management Consulting, 1992, p. 34) Many Teton County employees may choose to live in Teton Valley, Alpine, or Bondurant simply because their housing dollars buy more; some probably live in these neighboring communities because they simply cannot find or afford housing in Teton County.

Although these areas are a reasonable commute--30 to 60 miles--the terrain is quite different from a typical suburban commute. Teton Pass, in particular, is subject to closure in the winter due to avalanches. This creates the potential for being unable to get to work or being half a day late or more to work if one lives in Teton Valley, Idaho or Alta. The Snake River Canyon is subject to the same type of closure, as is

the Hoback Canyon, but with less frequency. The commute over terrain such as these passes is very wearing on the commuter as well, making it undesirable on a daily basis.

The current housing situation is also affecting the ability to do business in Teton County. A 1989 questionnaire administered by Summit Management Consulting revealed 64 percent of employers surveyed felt the housing problem affected their business. Respondents said a lack of hiring choices limited their ability to provide quality service. They were forced to turn some business away because of staffing shortages and they were unable to pay wages necessary to attract and keep employees who wanted a future in Teton County. The study indicated that businesses not hurt by the problem either had employee housing or were small enough to cover employee shortages. (*An Investigation into Teton County, Wyoming's Housing Situation*, Summit Management Consulting, 1989, p. 1)

A 1991 Chamber of Commerce survey showed 97 percent of respondents felt housing was a critical or difficult problem for seasonal summer employees. About 90 percent thought housing was a critical or difficult problem for permanent employees making \$20,000 a year or less. Nearly 80 percent thought it was a problem for seasonal winter employees and 71 percent thought the housing problem affected permanent employees making \$20,000 to \$35,000 a year. (*1991 Annual Questionnaire Results*, Jackson Hole Chamber of Commerce, p. 3)

The housing problem has also altered the social structure of Teton County. Social and economic classes that once mingled in the community are growing apart as households that cannot afford homes in Teton County are relocating to Teton Valley, Idaho, Alpine, and Bondurant. The community as a whole has decried this trend. As described in the Community Character Chapter, maintaining both a social and economic diversity within Teton County is very important to its residents.

Moves to neighboring communities can also lead former residents to resent the community that squeezed them out. This can become a significant public relations problem in a service-oriented economy, such as Teton County's. Displaced residents begin to lose their social ties to Teton County and later may choose to sever their business ties as well. Remaining residents may grow increasingly isolated as their former social classmates are replaced by those who can afford Teton County's escalating property prices.

Disintegration of the community fabric has been exacerbated by development of exclusive subdivisions composed entirely of seasonal occupants and second-home owners. These homeowners are less likely to participate in traditional community events or to volunteer to provide needed community services. This trend, in turn, is causing shortages in volunteer services, such as the Fire Department, since the people most likely to volunteer have been squeezed out of the community.

Alternative Housing

Mobile Homes

Mobile homes provide safe, affordable, year-round housing for many Teton County residents. Both Teton County and the Town of Jackson have existing mobile home parks and individual mobile homes on subdivision lots or parcels. However, both local governments also now prohibit the location of an individual mobile home outside of a mobile home park. This indicates a decision on the part of the elected officials that mobile homes, from a community character standpoint, are acceptable only within an organized and maintained development or mobile home park. As the affordable housing problem has gotten worse, the community has had to reevaluate its position with regard to mobile homes.

Allowing mobile homes on individual lots or parcels has been considered, as well as permitting greater flexibility and ease in the location of mobile home parks. The permanent placement of mobile homes outside a mobile home park continues to be considered inappropriate from a community character standpoint. However, greater ease in locating new mobile home parks is considered appropriate, so long as they are designed to be consistent with the character of the vicinity in which they are proposed. Existing mobile home parks should be allowed to remain and continue to develop and redevelop (i.e.,

allow replacement of an existing mobile home with a different mobile home) according to the existing character of the mobile home park.

It is doubtful, however, that mobile homes can be an effective part of the solution to the affordable housing problem. Land cost is the major factor in the affordable housing problem. While mobile home units may be relatively inexpensive, the land on which to locate them is not immune from the skyrocketing values. Land values are a deterrent to the development of new mobile home parks. Existing mobile homes and mobile home parks, as well as older, smaller single-family units, are in constant jeopardy of redevelopment. Both certain types of residential uses and nonresidential uses can provide a far greater return to the landowner than a mobile home or mobile home park. As existing mobile homes and mobile home parks are replaced by more profitable development, Teton County mobile home owners are forced to sell their mobile home or to move it elsewhere--generally, out of the County due to restrictions of location of individual mobile homes and lack of mobile home park space.

Campgrounds

The development of campgrounds as a form of seasonal employee housing has been identified and is worthy of further investigation. Many summertime employees are willing and eager to camp for the summer as a way of experiencing the County's natural environs and, at the same time, achieving inexpensive housing.

There is currently insufficient private campground space and many summer workers camp on Forest Service land. The Forest Service, however, allows camping in the same spot for only 16 days; in addition, Federal Statutes permit camping for recreational purposes only. This means those who camp in one spot for more than 16 days and/or who are residing on Forest Service land are camping illegally. The number of people using Forest Service land as a home is unknown. The Forest Service has found campsites that present health and safety problems; other problems have arisen, such as theft. More structured private or local government-owned campground space could alleviate some of the seasonal housing problem, plus other potential health and safety problems, such as campers needing cooking fires when there are no burn restrictions.

Yurts and Tepees

Yurts and tepees are another option for provision of summer season housing. In order to be a viable option, however, access to kitchen and sanitary facilities, meeting County health codes, must be provided. There are some existing yurts and tepees, but only where the necessary facilities are provided should expansion of these uses be contemplated, and only for summer season use--similar to campgrounds.

B. SUMMARY STATEMENT OF GOALS AND OBJECTIVES

Goals:

1. To provide a variety of quality affordable housing for Teton County's socially and economically diverse population.
2. To establish a balanced program of incentives, requirements, and public and private actions to provide affordable housing.

Objectives:

1. Monitor affordable housing needs County-wide, by maintaining current and historical income, employment, and housing cost data.
2. Encourage innovation in development of affordable housing.

3. Allow a variety of housing types and sizes that are likely to be affordable to Teton County residents.
4. A portion of all residential development be housing that is affordable to Teton County residents.
5. Create housing stock to meet the needs of at least a portion of the County's seasonal employees.
6. Plan for and designate areas in both the Town and the County for varieties of housing types that are likely to diversify the affordable housing market.
7. Monitor the performance of affordable housing measures and make adjustments where possible to improve their effectiveness.
8. Support the efforts of the Jackson Hole Community Housing Trust to provide long-term solutions to the affordable housing problem.
9. Develop creative strategies to obtain land which is to be used exclusively for affordable housing.
10. Work with the State Legislature to create a dedicated tax-based funding source for affordable housing.
11. Explore public-private programs to provide affordable housing.

C. IMPLEMENTATION STRATEGIES

Affordable Housing Definition

The first strategy to address affordable housing issues is to adopt a definition of "affordable housing." What is the maximum amount a house can cost to be deemed affordable? Affordable to whom? Is "affordable" an absolute term, or a relative one? To better focus implementation policies and actions, the following definition of affordable housing has been adopted:

A dwelling unit which a household¹ earning 120 percent or less of the median family income in Teton County can either purchase, with a mortgage payment that does not exceed 30 percent of the gross household income, or rent, for which the gross rent and utility payments do not exceed 30 percent of the gross household income.

¹ Household means one or more persons living together as a single housekeeping unit.

As this Chapter illustrates, affordable housing, given the above definition, is not being provided by the market. Some mechanism must be instituted in order to cause development of affordable housing. Even then, it is unlikely that housing for households with incomes well below 120 percent of the median will be provided by developments complying with this definition, unless required to do so. Therefore, a system is needed that ensures provision of both owner-occupied and rental housing that is affordable to households with incomes equal to the median income and less than the median income, as well as 120 percent of the median income.

Affordable Housing Products

A second strategy is to classify affordable residential products and to identify the type of resident targeted for each type. Table 5.2 presents just such an analysis, along with an indication of the community character class in which each housing type might be expected to occur.

Table 5.2 Affordable Housing by Product Type		
CHARACTER	PRODUCTS	RESIDENT
Urban & Auto-Urban	TYPE #1 - PRIMARILY RENTAL Dormitories Single Room Occupancy Units Efficiency Apartments One-Bedroom Apartments Accessory Units	Seasonal/Service Sector Employees
Primarily Auto-Urban	TYPE #2 - RENTAL OR PURCHASE Two & Three Bedroom Apartments Duplex Triplex Fourplex Stacked Flats Townhomes Mobile Homes	Service & Permanent/Professional Employees
Primarily Auto-Urban & Suburban	TYPE #3 - PRIMARILY PURCHASE Single-Family Detached Homes Townhomes Condominiums	Service & Permanent/Professional Employees

Affordable Housing Locations

Identifying suitable locations for affordable housing is an important planning strategy. Affordable housing is often met with neighborhood opposition once a specific site is proposed. While a character-based plan and regulations can offer a wide variety of housing opportunities, not every type is appropriate for every area of Teton County. Table 5.3 is an assessment of nine areas of the Town and County, and their possibilities for providing the three affordable housing product types.

Centralized water supply or sewage treatment systems, or both, are generally needed for development of Suburban or higher densities. Both of these services are available in and near the Town of Jackson. The Wilson and Teton Village areas have potential access to one or both of these services. Thus, other affordable housing locations must either have access to water and/or sewer services, or the appropriate environmental conditions must be present. A potential water supply in the vicinity that can be affordably developed and the capacity of the soils to handle closely spaced septic systems, are essential.

Other locational criteria are close proximity, or easy access, to shopping areas, public transportation nodes, and other services.

Regulatory Strategies

Following is a description of regulatory strategies which can address aspects of the affordable housing problem. A more complete list of all of the strategies considered during the planning process may be found in the Affordable Housing Issue Paper.

Density bonuses - Density bonuses may be granted to residential or commercial developers willing to restrict the price and/or occupancy of a portion of their development for employees or residents. Under normal market conditions, price restrictions on the housing units created by density bonuses is often unnecessary; however, as this Chapter has demonstrated, Teton County is experiencing market failure with respect to housing within a certain price range. Teton County's market is such that higher density alone will not guarantee development of affordable housing--the housing developed via density bonuses must be price restricted in order to guarantee the community is receiving what it needs for what it is willing to give, i.e., higher density.

As an example, housing required to be provided by residential or commercial development (see inclusionary housing and linkage requirements, below) could be made exempt from residential density (dwelling units per acre) and commercial floor area limitations, up to a specified maximum, providing the developer a bonus. Another approach would be to establish a base residential density and commercial floor area limitation and provide for a percentage or numerical increase in those limitations in return for on-site provision of affordable housing.

For the density bonus technique to be accepted by the community, it should be coupled with map designation of areas in the community where it is anticipated higher density development will be appropriate. Such areas have been identified on the Comprehensive Plan Map: in the County, they are mainly in Wilson, Teton Village, and South Park, within the Town of Jackson, they are principally in West Jackson.

Maximum floor area ratio - This strategy would limit the gross living area which could be built on a given lot. Usually such a requirement relates directly to community character objectives. Under certain land market conditions, however, it can tend to slow the upward spiral of land costs by clearly defining the amount of development permitted on a lot-by-lot basis. It is unlikely, however, that such limits will bring new dwelling units within the range that is affordable by residents of the community.

Flexible use of allowable floor area - This technique could replace density as a regulator of residential land use. It would give landowners a floor-area square footage limit for their lots, which could be used in several ways. For example, a 2,400-square-foot limit could be used to build one 2,400-square-foot single-family home, two 1,200-square-foot homes, three 800-square-foot townhouse units or four 600-square-foot apartments. The choice would be the landowner's, subject to all other standards of the character district being met.

Accessory units - Also known as caretaker units, granny flats, or garage apartments, accessory units can be integrated with, attached to, or built apart from a principal residence on the same lot or parcel. The size of accessory units should be limited to prevent excessive population densities and other adverse impacts on neighborhoods. Used independently or in conjunction with flexible floor area allowances, experience in other communities indicates this can be a highly effective strategy for encouraging much needed Type#1 housing.

TABLE 5.3
Assessment of Affordable Housing Potential by Location

LOCATION	PRODUCT TYPE #1	PRODUCT TYPE #2	PRODUCT TYPE #3
East Jackson	As accessory units only. No multifamily complexes. Poor access and lack of commercial services.	Probably No	Primarily lot-by-lot infill. No major subdivisions.
West Jackson	Vacant land suitable for use; good access, transit, commercial services. Opportunity for accessory units.	Yes	Yes, but most new units will be Type #1 & #2.
Cottonwood Park/Gregory Lane	Yes	Yes	Yes
South Park	Probably No	Northern part near High School Road only.	Only at Suburban densities or lower, and only in clustered developments.
Wilson	As accessory units only. No multifamily complexes.	Probably No	Auto-urban or lower densities, or in clustered developments.
Resorts	Yes, some on-site employee housing should be required.	Yes, subject to character considerations and commercial services.	No
Downtown	Yes. Opportunities for accessory units.	Probably No	No
Alta	As accessory units only. No multifamily complexes. Poor access and lack of commercial services.	No	No
Hoback Junction	Yes, mainly as accessory units.	Yes, if adequate utility services can be provided.	

Inclusionary zoning - This strategy requires that with every residential development (provided that a minimum threshold may be set), a certain percentage of lots and/or units be set aside as affordable or resident-occupied housing, to offset the impacts of that development on the need for affordable housing in the community. Lots and units produced through this strategy can be permitted to be smaller than others in the development, but design and quality of construction materials should be similar.

Housing replacement - When older affordable housing units in residential districts are demolished and replaced by new projects, or are converted to commercial or other uses, developers could be required to rebuild some percentage of the housing which was lost as affordable housing. This program is intended to maintain some of the community's traditional supply of affordable housing, so the housing program is not continually playing "catch-up". It also helps to preserve the character of existing neighborhoods by retaining a mix of full time residents in areas which may be re-developing for visitor accommodations or commercial uses.

Floor area/TDR blend - By blending floor area ratios with the ability to transfer development rights, a landowner could sell the development rights, but retain ownership of the land for agriculture or other purposes. Someone who wanted to only build a modest-sized house would agree to limit its maximum size and to limit occupancy only to a resident, in order to sell the remainder of the property's development rights, which would tend to off-set the cost for land and improvements.

Small single-family units - These units can be used to provide inexpensive alternatives to apartments, and could be as small as 495 square feet. Although unsuitable for a large or growing family, they can meet the needs of single people, the elderly, or young couples.

High-density zoning - This would involve designating locations on the character district map where affordable housing could be provided, and can be closely linked to the density bonus strategy. The actual districts could be suburban, auto-urban, or urban, depending upon location and the type(s) and density of housing targeted. This strategy should prove most effective in providing Type #2 housing within a residential district or urban intensity where accessibility, commercial services, and transit can support higher densities. An alternative to actually designating these areas on the Official Zoning Map would be to show them on the Comprehensive Plan Map, but not actually establishing zoning until development proposals are received and evaluated.

Linkage requirements - Developers of commercial projects could be required to mitigate the impacts of their development on the need for affordable housing in the community by providing housing for some percentage of the workers the completed project would employ. Linkage requirements typically quantify the number of workers each type of development will generate, based on the square footage of the project. In Aspen, Colorado, for example, a standard formula shows that every 1,000 square feet of office space will generate the equivalent of 3.5 full-time employees. Options could be provided to developers to meet their linkage requirements by building housing, paying a housing authority for the cost of the housing, or dedicating land for housing.

Programmatic Strategies

Encourage employers to address the problem - Employers could provide economic incentives which would open more of the housing market to their workers. Employers could share in closing costs, offer low-interest loans, or write down the interest rate. To recoup the investment, the employer could get a percentage of the unit's appreciation upon resale. Meanwhile, employees would build equity to use on their next purchase. Employers also could develop new units, or join other employers in a master leasing program, whereby they guarantee to make rental payments to encourage private construction of new rental units.

Housing Authority - It is unlikely that a wide range of affordable housing opportunities can be achieved without some direct governmental intervention, because some housing types will not be provided by the market. When communities experience this type of market failure, one response is to form a public housing authority which maintains an inventory of multifamily and/or single-family housing that is rented or leased at below-market rates to qualified individuals. Housing authorities were widespread throughout the U.S. in the late 1960's to mid 1970's when there was relatively abundant financial support from the federal government. Today, there are virtually no federal dollars for "public housing.

Yet, as demonstrated in this Chapter, there continue to be market failures that cause communities to consider development of housing for lower income households by the public sector. In order for a housing authority to be functional, however, a funding source is required.

The Town and County could work with the State Legislature to create a dedicated tax-based funding source which would be used by the Housing Authority to buy land and to create affordable housing (this tax could also be authorized for the acquisition of development rights and continued public bus service). Possible funding sources include a real estate transfer tax and a "bed, board and booze" tax.

Another possible funding source might be an exaction system for housing whereby developers of residential and nonresidential projects mitigate their impacts on the need for affordable housing by dedicating land and/or pay fees in lieu of building the units required by inclusionary housing and linkage regulations. The Housing Authority becomes the repository for land and funds.

With funding in hand, the public sector then has the financial means to cooperate with private developers in the creation of housing. The Housing Authority can (1) provide land or direct cash subsidies to developers, (2) recommend to reduce or waive tap fees, building permit fees and property taxes, and (3) float bonds to secure cheaper financing for housing projects.

Teton County has a Housing Authority which is currently involved in a joint venture with the Jackson Hole Community Housing Trust in constructing the first 36 permanently affordable housing units in the County. In addition to projects such as the one underway, the Housing Authority will have an important administrative role in the implementation of many of the regulatory strategies discussed earlier and in maintaining an up-to-date assessment of housing demand, so units which are produced fill a documented need. Any unit created by inclusionary zoning, linkage, replacement, or density bonus approaches would be managed by the Authority to make sure that residents are properly qualified, and that the objectives of each program are being met.

Housing Trust - A Housing Trust (in other parts of the country they are called Land Trusts) is a not-for-profit organization whose purpose is to provide permanently affordable housing, generally for community residents. Housing units are kept affordable over time because the Trust retains ownership of land, leasing it to "qualified" persons for development, or developing housing which is then leased to qualified persons.

Land value appreciation is controlled, thereby controlling generally the largest factor in high housing costs. The Trust generally has first right of refusal for resale of units built on Trust land. Renters and buyers are screened for qualifications that fit the purposes of the Trust, usually income, employment within the community, and current or recent residency within the community.

Teton County has a not-for-profit organization called the Jackson Hole Community Housing Trust (JHCHT.) In order to maintain a sense of community in Teton County, the Trust's objective is to provide affordable housing, for purchase, to low and moderate income households that are members of the community. JHCHT, in joint effort with the Teton County Housing Authority, broke ground on the initial project for both entities during the spring of 1993. The JHCHT's next project will be on an acre of land that was donated to the JHCHT. The Trust has the potential to partner with the County, to partner with other private entities, or develop projects on its own; the result in each case being provision of permanently affordable housing in the County.

D. RECOMMENDATIONS

From the overview of the issues presented in this chapter, it is evident that immediate action is needed to produce affordable housing. If recent trends continue, Teton County will continue to lose its socioeconomic diversity as surely as have other resort communities. Actions are needed to address the current, unmet need for affordable housing in Teton County and to insure that the future need for housing will be met. Because the housing which is currently being built by the "free market" is not affordable to the average household, is increasingly being targeted at nonresident purchasers, and is generally for sale, rather than rental, and because much of the existing housing stock has been bid-up beyond the reach of residents, it will be necessary to insure that the affordable housing needs generated by new development are mitigated.

However, just as the community's housing problems did not arise overnight, neither will they be resolved overnight. A single "big-bang" type of solution to the housing problem is not recommended, because such an approach would be out of character with the Town and County and could tend to drive out of the market those private sector individuals who have been providing some of today's supply of affordable units. Instead, a set of complimentary solutions to the problem should be pursued, allowing the community to monitor the results of each approach and to modify them to best suit the unique physical, social and economic needs of Town and County residents.

Other resort communities with housing problems have found it appropriate to initially focus their program on the needs of those segments of the housing market which are least capable of being met through the private market. As demonstrated in this Chapter, most of the resident housing market needs assistance. Rather than address only the segment that is least capable of being met through the private market, it is recommended that each segment receive assistance, in order to achieve the goal of providing a variety of housing for the community's diverse population. As a wide range of affordable housing types are developed, there will be changes in the housing market as it responds to these developments. It is, therefore, imperative, that the market be regularly monitored, to insure that affordable housing which is being produced fills its intended niche, and to continually refine the community's understanding of which types of households continue to need assistance.

The combination of approaches recommended for implementation include both regulatory and nonregulatory strategies. Regulatory strategies are either requirements needed to insure that residential, commercial and resort developments mitigate the impacts of their projects on the community's need for affordable housing, or are incentives, generally provided via the land development regulations, intended to make it attractive for developers to provide affordable housing of their own accord.

Nonregulatory strategies are identification of tasks that must be done in order to accomplish some part of the affordable housing program, such as obtaining a funding source or maintaining a data base in order to provide the best information available when considering adjustment to affordable housing programs.

Provision of land for affordable housing is important, since obtaining land will be a key to the long term success of the housing program. Cash-in-lieu payments should also be permitted, to provide flexibility for small projects to meet their affordable housing requirements, or when the standards cause the need to produce fractions of units. It is recommended, however, that the Town and County proceed with caution in broader applications of the cash-in-lieu option. It has been the experience of other communities that cash-in-lieu can become the option of choice for developers, leaving the public sector as the only actual producer of affordable housing. One outcome of public sector production is that affordable housing will typically be brought onto the market well after the impacts of the private sector development have been experienced.

For individuals with limited incomes to be able to afford housing created by these programs in the future, restrictions must be placed on their occupancy or price. Occupancy limits typically restrict rental or sale of the unit to persons who reside in and are employees of the community. Some occupancy limitations

set a priority system based on length of residency and include a minimum time of residency before the individual is eligible for affordable housing.

Price limitations typically restrict not only the unit's initial cost but also the amount by which it may annually appreciate. While limiting the rate of increase of rental units is a relatively straightforward matter, limiting the rate of increase of units for purchase is much more complex. Such limits require the homeowner to accept a formula unit value appreciation, which may be far less than the speculative market, in return for the public or private investments which subsidized the unit's creation and the purpose behind the entire endeavor--to keep the unit affordable. Price limits can be imposed which limit appreciation to a flat rate or to a chosen index of wages or cost of living. Care must be taken to select an index which will not allow the unit's price to rise more quickly than does the occupants' ability to pay.

It is recommended that the Town and County continue to pursue a dedicated, tax-based funding source to allow land to be purchased and affordable housing to be built. Continuing support for the Jackson Hole Community Housing Trust, and the establishment of a monitoring program to identify the need for program adjustments are also recommended.

Regulatory Actions

1. Implement affordable housing linkage requirements which require residential, and nonresidential development or expansion of existing development to mitigate their impact on the need for affordable housing in the Town and County.
2. Adopt flexible use of floor area allowance. This flexibility should be a permitted option where appropriate, such as urban and auto-urban areas.
3. Allow and encourage accessory units in appropriate areas to produce Type #1 housing stock.
4. Designate on the Comprehensive Plan Map, and Official Zoning Map, as appropriate, areas for "high density" housing. Product Types #1 and #2 should be targeted. Designated areas should have good road access via arterial and collector streets and be served by transit, be located close to commercial services, and not be lands which are constrained by resource protection standards.
5. Allow density bonuses for affordable housing where appropriate. Adopt density bonus provisions in conjunction with affordable housing linkage requirements, if determined to be necessary to maintain the profitability of new developments.
6. Provide for building permit and tap fee reductions or waivers for affordable housing projects. Evaluate methods of changing the way infrastructure costs are assessed against development (i.e., if costs were assessed by the square foot, rather than by the unit, it would make smaller, resident-oriented units more affordable and, coincidentally, address some of the impacts of large second homes on public services.)

Nonregulatory Actions

1. The Town and County should work with the State Legislature to create a dedicated tax-based funding source to buy land for, build and otherwise promote affordable housing. Possible funding sources include a real estate transfer tax and a "bed, board and booze" tax.
2. Staff the Housing Authority to manage affordable units created by regulatory means, and to administer nonregulatory programs.
3. Conduct a legal analysis of alternative methods for insuring that units which are produced are properly restricted to ensure maintenance of affordability. Methods which should be analyzed include, but are not limited to, deed restrictions and long term land leases.

4. Initiate a program among the Housing Authority, Housing Trust, and Town and County planning departments to educate employers on what they can do to promote affordable housing.
5. Continue to support the programs of the Jackson Hole Community Housing Trust.
6. Establish a comprehensive monitoring program for housing production, cost, and income data. The program should monitor the effectiveness of all housing efforts County-wide, and should be the basis for any changes or adjustments to those efforts.
7. Continue to analyze strategies aimed at preserving the existing affordable housing inventory, while new inventory is produced. Such strategies could include, but not be limited to, replacement housing requirements, regulatory and economic measures to limit or tax real estate speculation, and techniques, including State legislation, to offset the impact of rising property taxes due on the ability of long term residents to afford to remain in Teton County.