

Report

Preserving Our Sense of Place

A Housing Needs Assessment of
Coeur d'Alene

Report

December 1, 2006

**Preserving Our Sense of Place: A
Housing Needs Assessment of
Coeur d'Alene**

Prepared for

The Idaho Housing and Finance Association
Lake City Development Corporation
The City of Coeur d'Alene

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EXECUTIVE SUMMARY

Housing Needs Assessment of Coeur d'Alene

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Housing Needs Assessment of Coeur d’Alene

Coeur d’Alene is a community of approximately 42,000 people located in Kootenai County in Northern Idaho. The City is bounded by the beautiful Lake Coeur d’Alene in a spectacular setting, and offers many recreational opportunities. The development of the Coeur d’Alene Resort in 1986 began the transformation of the area into a well-known resort destination in the northwest. In recent years, consumer preference for relocating to areas with recreational amenities has brought new demand for housing in Coeur d’Alene and its immediately surrounding areas.

This study is about residential housing in Coeur d’Alene. Its purpose is to identify where the housing market is adequately serving the residents of Coeur d’Alene, and pinpoint where demand is not being met. It concludes with a “Strategic Blueprint” to address housing needs in Coeur d’Alene.

This study was a joint effort by the Idaho Housing and Finance Association, Lake City Development Corporation and the City of Coeur d’Alene. These three entities retained BBC Research & Consulting (BBC) of Denver, Colorado to conduct this housing needs assessment of the City of Coeur d’Alene. BBC Research & Consulting (BBC) is a Denver-based consulting firm that specializes in housing needs assessments and housing strategies.

Why is a balanced housing market important?

A strong, healthy community is one in which all residents have access to safe housing in good condition. Because residents in every community work a variety of jobs and earn a wide range of wages, their housing needs differ considerably. When housing markets do not address the full range of housing demands in a community—that is, markets are unbalanced—some residents cannot find the housing that they need. This may cause them to seek employment elsewhere, buy a home in a different community and commute or pay more for their housing than what they can afford. When housing needs become critical, they can lead to employment constraints and, in turn, affect local economic conditions.

In sum, a balanced housing market is important to:

- Meet the various housing needs of the workforce;
- Meet the housing needs of the future workforce;
- Provide stable environments for children and their families; and
- Maintain diverse, vibrant and interesting communities.

Is the Coeur d'Alene housing market healthy? Is it balanced?

In some ways, the Coeur d'Alene housing market is very balanced. Renters earning more than \$15,000 per year have a variety of affordable rental developments from which to choose. Higher-income households—those making more than \$60,000 per year—have many opportunities to purchase homes in the City and County.

However, there are many different types of households who are underserved by Coeur d'Alene's housing market. These include:

- *Renters earning less than \$15,000 per year.* There are 2,065 renters in this income range and 1,204 units to serve them, leaving a gap of about 861 units. Deeply subsidized rental units in the City that serve renters in this income range have long waiting lists. In addition, renters who have special needs—including families and persons who are homeless—have limited options for the housing they need in the County.
- *Renters earning between \$30,000 and \$40,000 per year—the City's workforce.* These approximately 1,300 renter households would need to find housing to buy between \$100,000 to \$140,000 to afford it. Approximately 6 percent of the units for sale in the County during 2006 were priced in this affordability range. Workers in the Coeur d'Alene employment area average an annual salary of \$31,000 per year, making it very difficult to buy at current market prices.
- *Owners earning under \$15,000.* These 1,400 owner households are fortunate to own a home in Coeur d'Alene, a situation which is out of reach for many. However, they are unlikely to be able to maintain their homes or addresses emergency improvement needs given their low incomes. Seniors in this situation are unlikely to be able to afford to make the accessibility improvements they might need as they age, which would enable them to stay in their homes (the preference of most seniors).
- *Owners earning between \$15,000 and \$25,000.* Unless they have substantial equity in their current homes, these additional 1,400 owner households would have a difficult time finding another home in the City if they needed to sell their home (because of a separation, medical needs for one-level home, need to downsize, etc).

Why is the Coeur d'Alene market out of balance?

The City of Coeur d'Alene, as well as Kootenai County overall, has been growing rapidly. In areas with strong population growth, housing prices increase when demand for housing outstrips supply. In some cases, housing prices soften when the supply catches up with demand, or when demand decreases. Nevertheless, some areas—including Coeur d'Alene and Kootenai County—are so unique that demand is continually strong, and housing supply is inadequate to meet demand. The result is increasing housing prices.

Are there barriers to affordable housing development in Coeur d’Alene?

In our review of the community, we did not find institutional barriers to affordable housing development. Minimum lot size and zoning regulations do not appear to create barriers to affordable housing in Coeur d’Alene, as the City’s zoning code allows for a variety of densities and housing types.

The primary barriers are economic. Coeur d’Alene residents have relatively low incomes, and, due to the nature of economy, many jobs pay low wages. In the Coeur d’Alene metropolitan statistical area (MSA), the average wage for all occupations was \$31,330 and the median wage was \$25,090 as of May 2005. However, the wage required to afford the median-valued home in 2005 was \$39,007. Therefore, neither workers earning the median wage nor workers earning the average wage could afford the median-valued home in 2005 (\$129,922).

The situation is unlikely to improve: Based on average wage rates by occupation, workers holding jobs in three out of the top 10 fastest-growing occupations between 2006 and 2010 could not afford the median rent in 2006. Persons employed in these occupations are also likely to have a difficult time in the future finding a place to rent *and* will be priced out of the homeownership market.

What can the City do to address housing needs?

As part of this needs assessment, we developed a “Strategic Blueprint” to guide the City in its efforts to address housing needs. The strategic plan includes the following recommendations:

Goal No. 1. Create affordable homeownership opportunities for Coeur d’Alene’s workforce.

Goal No. 2. Develop more deeply subsidized rental units, including affordable senior rentals and housing with supportive services.

Goal No. 3. Create a housing rehabilitation program.

Goal No. 4. Receive a direct allocation of the Community Development Block Grant.

Goal No. 5. Educate residents, mitigate resistance to affordable housing (NIMBYism) and keep affordable properties in sound condition.

Goal No. 6. Maintain quality schools within the City.

Section V of the report contains more details on how we advise the City and its partners to execute a plan to fulfill these goals. The City is in a unique situation to address housing needs while prices are still manageable, and we commend them on their proactive approach to assessing their needs before they become more critical.

SECTION I.
Introduction

SECTION I.

Introduction

In 2006, the Idaho Housing and Finance Association, Lake City Development Corporation and the City of Coeur d'Alene retained BBC Research & Consulting (BBC) of Denver, Colorado to conduct a housing needs assessment of the City of Coeur d'Alene. BBC Research & Consulting (BBC) is a Denver-based consulting firm that specializes in housing needs assessments and housing strategies.

Purpose of Study

The purpose of the study was to provide an overview of Coeur d'Alene's housing needs and resources, a quick reference of statistics and trends and a set of instructions to inform local housing policy development and consolidated planning efforts.

Methodology

The methodology used for the study involved the collection and analysis of demographic, employment and housing market data for Coeur d'Alene, Kootenai County, Hayden, Post Falls and Rathdrum; a telephone survey of rental property owners and managers of properties in Coeur d'Alene; facilitation of two public forums about housing needs; and numerous stakeholder interviews.

Outline of Report

This housing needs assessment is organized into the following sections:

- **Section II. Community Profile**—This section provides a profile of residents in Coeur d'Alene and surrounding communities in terms of population level and growth, household characteristics, income distribution, and employment and occupation.
- **Section III. Housing Market Analysis**—This section contains an analysis of the City's residential housing market in 2000 compared to 2006, and identifies areas within the market where housing is under- and oversupplied. It also contains a discussion of subsidized housing developments available in the community.
- **Section IV. Public Input**—The public input section summarizes the discussions of housing needs that took place during the public forums and stakeholder interviews, as well as the results of the exercises on housing preferences that were conducted as part of the forums.
- **Section V. Findings and Strategies**—The section identifies the top needs in Coeur d'Alene and contains a recommended strategic plan for addressing the needs.
- **Appendix A** contains the materials presented in the public forums, as well as a transcript from one of the forums.

SECTION II.
Community Profile

SECTION II.

Community Profile

This section gives background demographic data on the City of Coeur d'Alene, Kootenai County and surrounding communities. It includes a discussion of population levels and growth, and the characteristics of households residing in the area, including income levels, which are important for analyzing housing affordability. This section concludes with an analysis of employment and wages in the Coeur d'Alene and the North Idaho Wage Area. Where data are available, this section compares Coeur d'Alene to Kootenai County, Hayden, Post Falls and Rathdrum.

Summary

- Coeur d'Alene, along with all of Kootenai County, has grown rapidly during the past 15 years. Between 1990 and 2000, the City added an average of 750 persons per year. Since 2000, this growth has almost doubled to 1,350 per year. The 2006 population estimate for the City is 42,613 people.
- Compared to other cities in Kootenai County, Coeur d'Alene has a lower proportion of children and a higher proportion of seniors. As of 2005, a little less than half of the households in Coeur d'Alene are made up of married couples, and the majority of married-couple households do not have children. About 28 percent of the City's households are single people.
- Since 2000, Coeur d'Alene has grown into a higher-income community. From 2000 to 2005, the City's median *household* income increased by 12 percentage points to \$36,811. During this same five year period, the City's median *family* income increased by 15 percentage points to \$45,360. Despite these increases, Coeur d'Alene had the lowest median income of surrounding cities in 2005. The City also has the highest poverty rate at 13 percent.
- In the Coeur d'Alene metropolitan statistical area (MSA), the average wage for all occupations was \$31,330 and the median wage was \$25,090 as of May 2005. However, the wage required to afford the median-valued home in 2005 was \$39,007. Therefore, neither workers earning the median wage nor workers earning the average wage could afford the median-valued home in 2005 (\$129,922).
- Based on average wage rates by occupation, workers holding jobs in three out of the top 10 fastest-growing occupations between 2006 and 2010 could not afford the median rent in 2006. These occupations include food preparation occupations; healthcare support occupations; and building and grounds cleaning and maintenance occupations. Persons employed in these occupations are also likely to have a difficult time in the future finding a place to rent *and* will be priced out of the homeownership market.

Population Characteristics

In 2000, the population of the City of Coeur d'Alene was 34,514, according to the U.S. Census¹. This was up from 27,065 in 1990, an increase of 7,449 people over 10 years. Therefore, from 1990 to 2000, the population in the City increased by approximately 750 persons per year, or at a compound annual growth rate of 2.5 percent per year. Kootenai County grew at a compound annual rate of 2.9 percent from 1990 to 2000.

2006 population. J.P. Stravens/Planning Associates is a local planning firm that produces population estimates for all cities in Spokane and Kootenai Counties. J.P. Stravens' current estimate for the City in 2006 is 42,613 persons. Claritas, a national commercial data provider, estimates the 2006 population of Coeur d'Alene at 38,955 (3,658 fewer people than J.P. Stravens' estimate).

2000 to 2006 growth. Coeur d'Alene's rate of population growth has increased rapidly since 2000. According to the J.P. Stravens' data, between 2000 and 2006 Coeur d'Alene grew by 1,350 people per year. This is almost twice as high as the per-person annual growth between 1990 and 2000 (750 persons per year).

Between 2000 and 2006, the City's annual growth rate is equivalent to 3.6 percent, compared to 2.5 percent from 1990 to 2000. From 2000 to 2006, Kootenai County's compound annual growth rate is 4.1 percent.

Historical and current population. Exhibit II-1 shows Census population estimates for 1990 and 2000, and J.P. Stravens' interim estimates for Coeur d'Alene, Kootenai County, and select cities in the county.

Exhibit II-1. Population Trends for Selected Cities in Kootenai County

	1990 Census	1996	1998	2000 Census	2004	2006
Coeur d'Alene	27,065	30,568	32,171	34,514	38,250	42,613
Kootenai County	81,059	95,667	105,026	108,685	121,071	138,093
Hayden	3,897	6,514	7,942	9,159	9,392	12,255
Post Falls	8,015	12,595	15,332	17,247	19,012	22,926
Rathdrum	2,148	2,819	4,009	4,816	5,132	6,047

Note: 1996, 1998, 2004 and 2006 numbers are J.P. Stravens/Planning Associates' estimates.

Source: Inland Northwest Demographics, Population & Dwelling Unit Estimates and Projections, 2006, J.P. Stravens/Planning Associates, Inc.

As demonstrated by Exhibit II-1, Coeur d'Alene is the largest city in the county. Post Falls is the next most populous city with 22,926 people in 2006. Of the 5 study areas, Rathdrum is the smallest city with 6,047 people.

¹ There are multiple data sources that offer population and household estimates for Coeur d'Alene and Kootenai County. The sources discussed in this section include the U.S. Census Bureau, J.P. Stravens/Planning Associates and Claritas, a commercial data provider. This study uses the latest and most reliable data for population and housing estimates. The sources used are provided throughout the report.

Exhibit II-2 shows the population growth rates according to the J.P. Stravens estimates.

**Exhibit II-2.
Population Growth Rates for Selected Cities in Kootenai County**

	1990-2000		2000-2006	
	Number	Percent	Number	Percent
Coeur d’Alene	7,449	28%	8,099	23%
Kootenai County	27,626	34%	29,408	27%
Hayden	5,262	135%	3,096	34%
Post Falls	9,232	115%	5,679	33%
Rathdrum	2,668	124%	1,231	26%

Note: Growth rates were calculated using J.P. Stravens/Planning Associates’ estimates for 1996, 1998, 2004 and 2006, and the U.S. Census for 1990 and 2000.

Source: Inland Northwest Demographics, Population & Dwelling Unit Estimates and Projections, 2006, J.P. Stravens/Planning Associates, Inc.

From 2000 to 2006, Hayden’s population increased by the highest percentage of all study areas (34 percent). Coeur d’Alene’s population increased by 23 percent over the same time period. Although this rate of growth is very strong, the City had the lowest percentage change of all areas.

Households. To conduct a housing needs assessment, residents must be combined into households. This is because the income of the entire household is used to determine what households can afford to pay for housing costs.

Exhibit II-3 shows the estimated number of households for the study areas, from the Census and from J.P. Stravens. According to the J.P. Stravens estimates, in 2006, the 42,613 residents of Coeur d’Alene formed 17,941 households—an equivalent of about 2.4 persons per household. This is a slightly larger household size than that estimated by the 2000 Census (2.3 persons per household).

**Exhibit II-3.
Household Trends for Selected Cities in Kootenai County**

	1990	1994	1996	2000	2004	2006
	Census			Census		
Coeur d’Alene	10,956	11,920	13,389	14,835	16,955	17,941
Kootenai County	31,964	36,117	40,316	45,776	52,232	58,994
Hayden	1,556	2,296	2,749	3,445	3,831	4,910
Post Falls	2,730	3,999	5,093	6,336	7,377	8,938
Rathdrum	766	907	1,149	1,612	1,777	2,196

Note: 1996, 1998, 2004 and 2006 numbers are J.P. Stravens/Planning Associates’ estimates.

Source: Inland Northwest Demographics, Population & Dwelling Unit Estimates and Projections, 2006, J.P. Stravens/Planning Associates, Inc.

Household Characteristics

This section presents information on the household characteristics of the residents in Coeur d’Alene and surrounding areas to set the context for the housing market analysis in Section III.

Race and ethnicity. Exhibit II-4 shows the estimated races and ethnicities of Coeur d’Alene residents in 2005. Racially, the vast majority of residents were White in 2005 (95 percent). The next largest racial category, persons identifying themselves as “Two or more races,” described just 2 percent of the population in Coeur d’Alene. Ethnically, 97 percent of the population was Non-Hispanic/Latino and only 3 percent was Hispanic/Latino².

**Exhibit II-4.
Population by Race and
Ethnicity, 2005**

Source:
PCensus, 2005 Claritas database.

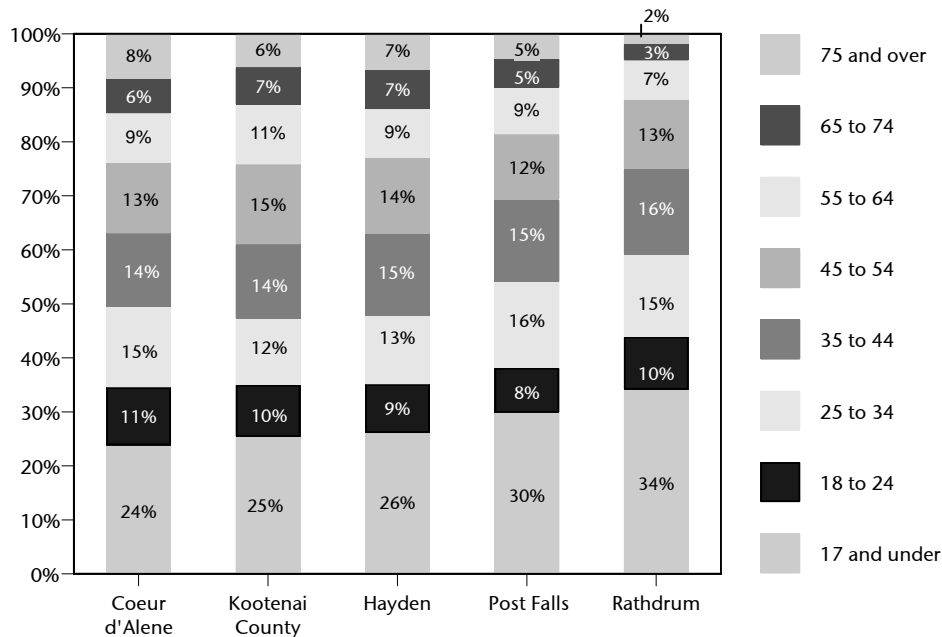
	Number	Percent
Race		
White alone	36,385	95%
Black or African American alone	142	0%
American Indian and Alaska Native alone	290	1%
Asian alone	251	1%
Native Hawaiian and Other Pacific Islander alone	54	0%
Some other race alone	286	1%
Two or more races	805	2%
Ethnicity		
Hispanic/Latino	1,212	3%
Non-Hispanic/Latino	37,001	97%

Age of population. Exhibit II-5 compares the estimated age distribution of residents in 2005 for Coeur d’Alene and surrounding areas. The data show the following:

- Coeur d’Alene has the lowest percentage of children. Twenty-four percent of the city’s population was under age 17, compared with between 26 and 34 percent for other cities. Rathdrum had the highest percentage of children at 34 percent of its population.
- Conversely, Coeur d’Alene had the highest proportion of persons over the age of 75 at 8 percent of residents (Hayden was very close at 7 percent). Rathdrum had the lowest at 2 percent.

² The U.S. Census collects data on race and ethnicity separately. The Census defines “ethnicity” as Hispanic or non-Hispanic descent. Hispanic is not considered a race category by the U.S. Census. The U.S. Department of Housing & Urban Development requires that the Census definitions of race and ethnicity be used in housing studies that are used as applications for federal block grant funds.

**Exhibit II-5.
Estimated Age Distribution of Population, 2005**



Source: PCensus, 2005 Claritas database.

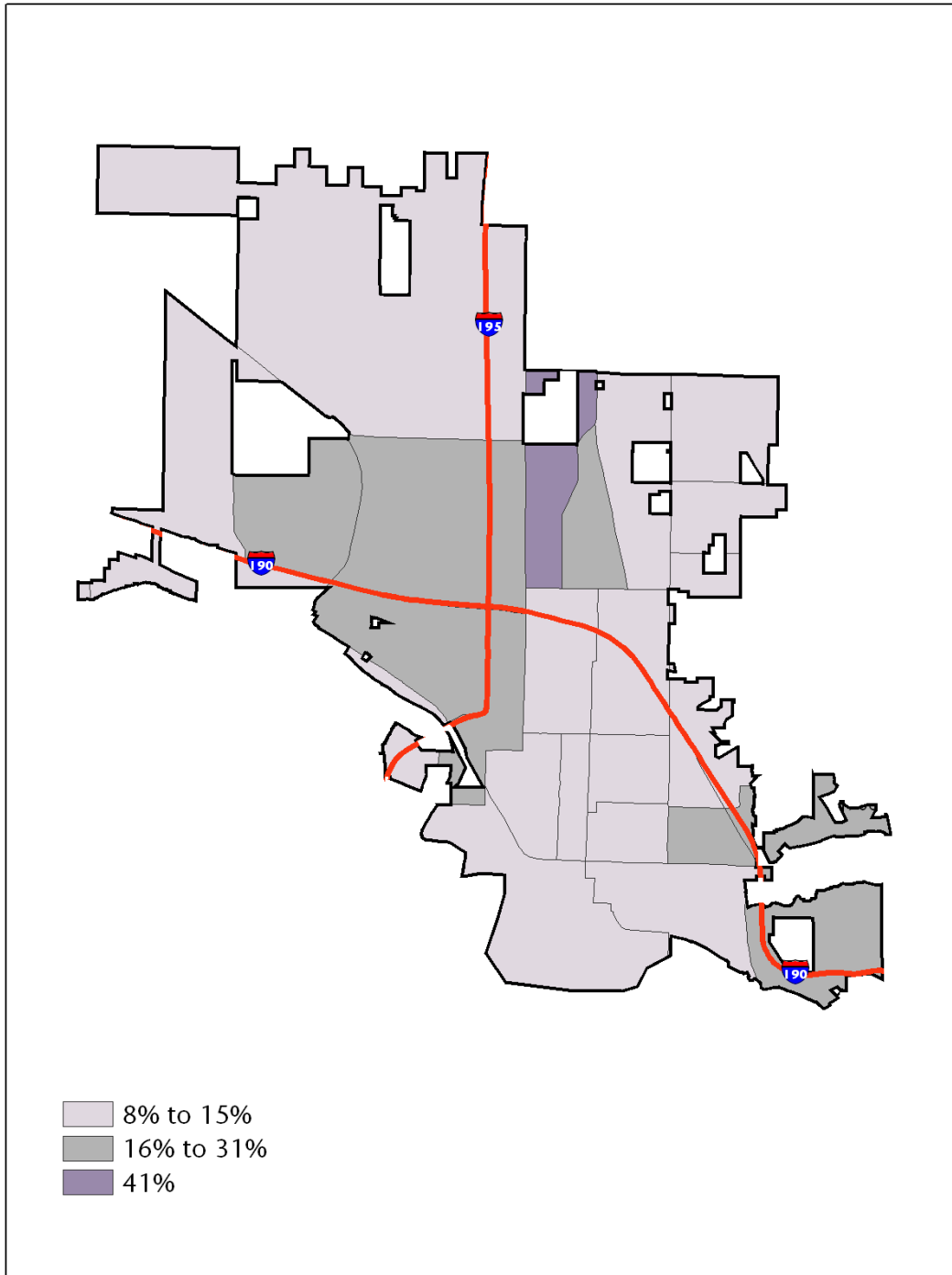
The relatively higher percentage of people over 75 may be due to the greater number of nursing homes and assisted-living facilities than the other study areas. Therefore, the senior population might choose to live in the City as opposed to the other study areas (see the Assisted living and senior housing options section of Section III).

Where seniors live in Coeur d'Alene. The map in Exhibit II-6 on the following page shows where persons who were over the age of 65 in Coeur d'Alene lived in 2005. The legend at the bottom shows the percentage of seniors for each "Block Group" within the City³. A Block Group is the smallest geographic unit for which the Census Bureau tabulates much of its data. A Block Group is made up of "blocks," which can correspond to residential blocks in cities and towns.

Overall, 14 percent of the population in Coeur d'Alene is made up of seniors (defined as age 65 and older). The area east of Highway 95 and north of I-90 has the highest percentage of seniors: 41 percent of the population in this Block Group is over the age of 65, which is almost 3 times the Citywide proportion. By comparison, most Block Groups have between 8 and 15 percent of the population age 65 and over.

³ The legend does not contain a range between 31 and 41 percent because there are no Block Groups with these percentages.

Exhibit II-6.
Distribution of Population Age 65 and Over, Coeur d'Alene, 2005



Source: PCensus, 2005 Claritas database.

Household structure. Household structure refers to the relationship between the members in a household, whether the household is comprised of related members (e.g., husband and wife), unrelated individuals (e.g., students living together), or a householder living alone. Household structure is important in analyzing housing need, because households make different housing choices depending on their circumstances. For example, a married couple expecting children may have very different housing desires and needs than a single person who is starting school or a senior living with a caregiver.

Exhibit II-7 separates Coeur d’Alene’s households into several categories:

- Married couples—with and without children;
- Single parents—single fathers and single mothers;
- People who live alone or with others with whom they are not related (e.g., roommates sharing a house).

**Exhibit II-7.
Household Structure, 2005**

	Coeur d'Alene		Kootenai County		Hayden		Post Falls		Rathdrum	
Married-Couple Families	7,406	48%	26,906	58%	2,514	60%	4,451	58%	1,030	62%
With own children	3,307	45%	12,002	45%	1,185	47%	2,257	51%	652	63%
No own children	4,099	55%	14,904	55%	1,329	53%	2,194	49%	378	37%
Single Parents	1,641	11%	4,100	9%	345	8%	793	10%	240	14%
Single Fathers	412	25%	1,234	30%	97	28%	243	31%	79	33%
Single Mothers	1,229	75%	2,866	70%	248	72%	550	69%	161	67%
People Living Alone	4,261	28%	10,082	22%	913	22%	1,606	21%	230	14%
Single Male Householder	1,594	37%	4,389	44%	360	39%	657	41%	114	50%
Single Female Householder	2,667	63%	5,693	56%	553	61%	949	59%	116	50%
Unrelated People Living Together	2,076	13%	5,079	11%	427	10%	814	11%	160	10%
Male Householder living with Others	979	47%	2,497	49%	210	49%	401	49%	82	51%
Female Householder living with Others	1,097	53%	2,582	51%	217	51%	413	51%	78	49%
Total	15,384	100%	46,167	100%	4,199	100%	7,664	100%	1,660	100%

Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

In 2005, married-couple households made up the highest proportion of households in Coeur d’Alene at 48 percent. The majority of married-couple households (55 percent) did not have children. People living alone made up the next highest proportion at 28 percent of all households.

Compared to all cities in the study area and Kootenai County, Coeur d’Alene had the lowest percentage of married-couple households, whereas Rathdrum, at 62 percent, had the highest percentage. In contrast, Coeur d’Alene had the highest proportion of single people living alone (Rathdrum had the lowest at 14 percent).

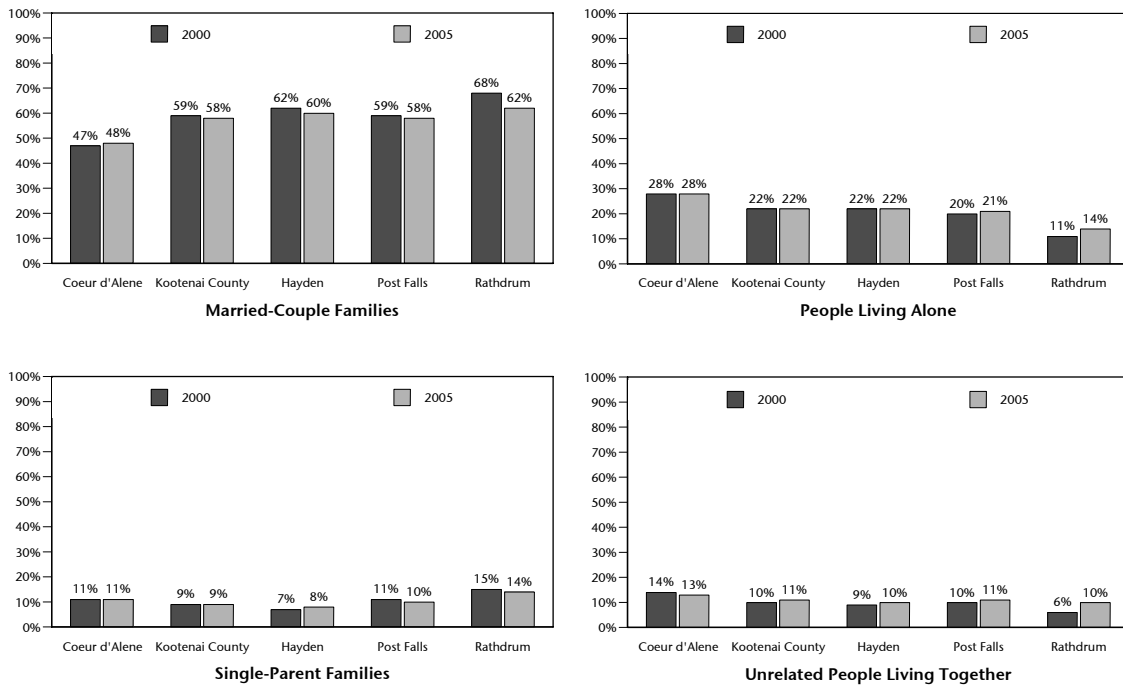
Coeur d’Alene’s relatively high proportion of people living alone and slightly higher proportion of people with unrelated parties is partially explained by the presence of North Idaho College in the City. North Idaho College’s enrollment for the 2005–2006 school year was approximately 4,400,

and the average age of the students was 25.⁴ Therefore, a portion of the City’s population of people living alone and unrelated people living together is made up of college students.

In addition, the 2000 Census suggests that about half of the single females living alone in Coeur d’Alene are seniors (over the age of 65). By comparison, the percentage of single males living alone who are seniors is estimated at only 18 percent. As is often the case, many seniors live alone in later years (particularly women, who tend to outlive their spouses). Nationwide, in 2000, approximately 7.5 million women over the age of 65 lived alone, compared with 2.4 million men over 65.⁵ The proportion of female householders living alone who were seniors was similar across all study areas in 2000: Coeur d’Alene (51 percent); Kootenai County (50 percent); Hayden (55 percent); Post Falls (57 percent); and Rathdrum (49 percent).

Exhibit II-8 compares the household composition of Coeur d’Alene and surrounding areas in 2000 and 2005. As demonstrated by the Exhibit, household structure has changed very little since 2000, except for Rathdrum, which has experienced some shifting away from married-couple households toward unrelated parties living together. It should be noted that because of Rathdrum’s very small number of households, small increases in numbers can lead to large changes in terms of percentages (indeed, the number of “unrelated party” households is estimated at just 160 in 2005).

**Exhibit II-8.
Household Structure, 2000 and 2005**



Source: U.S. Census 2000 and Claritas.

⁴ <http://www.nic.edu/about/overview.htm>

⁵ *We the People: Aging in the United States*, Census 2000 Special Reports, issued December 2004.

Income

This section provides income information for Coeur d'Alene, Kootenai County, Hayden, Post Falls and Rathdrum. It introduces many of the concepts that are used later in this report to identify where gaps occur in housing provision and housing need by income level.

The U.S. Census estimates and reports both *family* median and *household* median income. The median income is the point at which 50 percent of households earn above the median amount, and 50 percent earn below the median amount. Household median income is usually lower than family median income, since household income counts single-person households and unrelated persons living together, where median family income does not. That is, the median family income category has a larger proportion of two-earner households, who usually have higher earnings than one-person households.

The 2000 Census reported a median *household* income of \$33,001 for Coeur d'Alene and a median *family* income of \$39,491.

From 2000 to 2005, the City's median household income increased by 12 percentage points to \$36,811. During this same five-year period, the City's median family income increased by 15 percentage points to \$45,360. Exhibit II-9 displays the median household and family income for Coeur d'Alene and the study areas in 2000 and 2005.

Exhibit II-9. Median Household and Family Income, 2000 and 2005

	Median Household Income			Median Family Income		
	2000	2005	% Change	2000	2005	% Change
Coeur d'Alene	\$33,001	\$36,811	12%	\$39,491	\$45,360	15%
Kootenai County	\$37,754	\$43,004	14%	\$42,905	\$49,303	15%
Hayden	\$37,097	\$43,255	17%	\$40,875	\$48,490	19%
Post Falls	\$39,061	\$45,012	15%	\$42,758	\$48,561	14%
Rathdrum	\$41,167	\$43,992	7%	\$42,652	\$47,022	10%

Source: U.S. Census Bureau, 2000 Census and PCensus, 2005 Claritas database.

Coeur d'Alene had the lowest median household and family incomes in both 2000 and 2005.

For household income, Rathdrum had the highest level in 2000 at \$41,167, which was over \$8,000 higher than Coeur d'Alene's median. In 2005, Post Falls had the highest median household income (\$45,012), which was also over \$8,000 higher than the City's median.

The median *family* income in Coeur d'Alene compared to the areas of interest was not as disparate as the median household income. In 2000, Kootenai County had the highest median family income (\$42,905). Kootenai County remained the area with the highest median family income in 2005 (\$49,303). Coeur d'Alene's median was almost \$4,000 less than the county's in 2005.

It should be noted that even though Coeur d'Alene's median income was lower in numbers, the percentage point increase during the five-year time span for both median household and family incomes was on a par with the other study areas.

Income distribution. Exhibit II-10 shows the estimated income distribution of households in Coeur d'Alene in 2005. In 2005, 25 percent of households made less than \$20,000 per year. The majority of households—67 percent—earned less than \$50,000 per year.

**Exhibit II-10.
Household Income in Coeur d'Alene, 2005**

Income	Coeur d'Alene	
Less than \$10,000	1,458	9%
\$10,000 to \$19,999	2,411	16%
\$20,000 to \$29,999	2,269	15%
\$30,000 to \$39,999	2,297	15%
\$40,000 to \$49,999	1,857	12%
\$50,000 to \$59,999	1,410	9%
\$60,000 to \$74,999	1,363	9%
\$75,000 to \$99,999	1,324	9%
\$100,000 to \$149,999	706	5%
\$150,000 to \$199,999	167	1%
\$200,000 or more	122	1%
Total	15,384	100%

Note: May not total due to rounding.

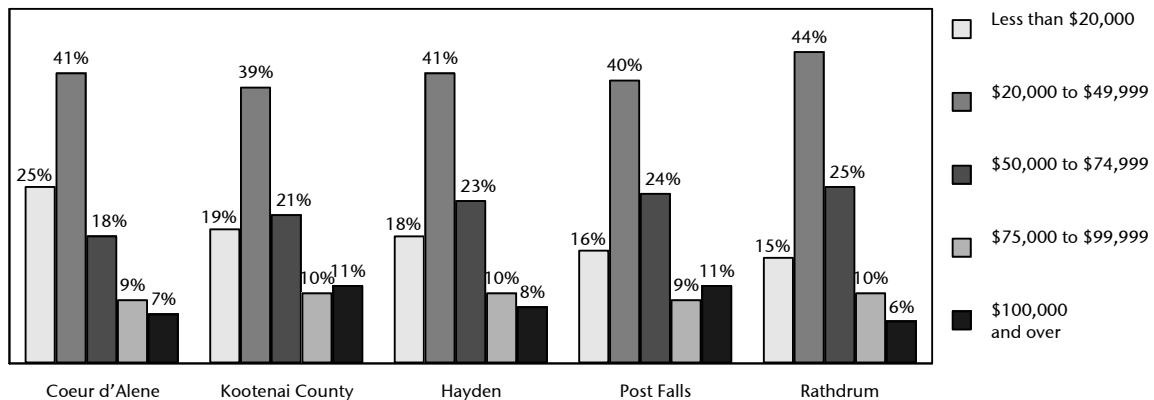
Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

Since 2000, Coeur d'Alene's household incomes have shifted upward. In 2000, 28 percent of households earned less than \$20,000—by 2005, this had dropped to 25 percent. Seventy-three percent of households earned less than \$50,000 in 2000, compared to 67 percent by 2005.

Household income in Coeur d'Alene has been redistributed to the higher end. In 2000, 12 percent of households earned more than \$75,000 per year. By 2005, this percentage had increased to 16 percent. This redistribution has occurred in surrounding communities also.

As seen in Exhibit II-11 below, in 2005 Coeur d’Alene had the highest proportion of households earning less than \$10,000 to less than \$19,999 (25 percent). This may be attributable to the greater percentage of students and seniors than in the other study areas. Coeur d’Alene also has a relatively lower proportion of households earning between \$50,000 and \$75,000 per year.

Exhibit II-11.
Household Income, Selected Cities in Kootenai County, 2005



Source: PCensus, 2005 Claritas database.

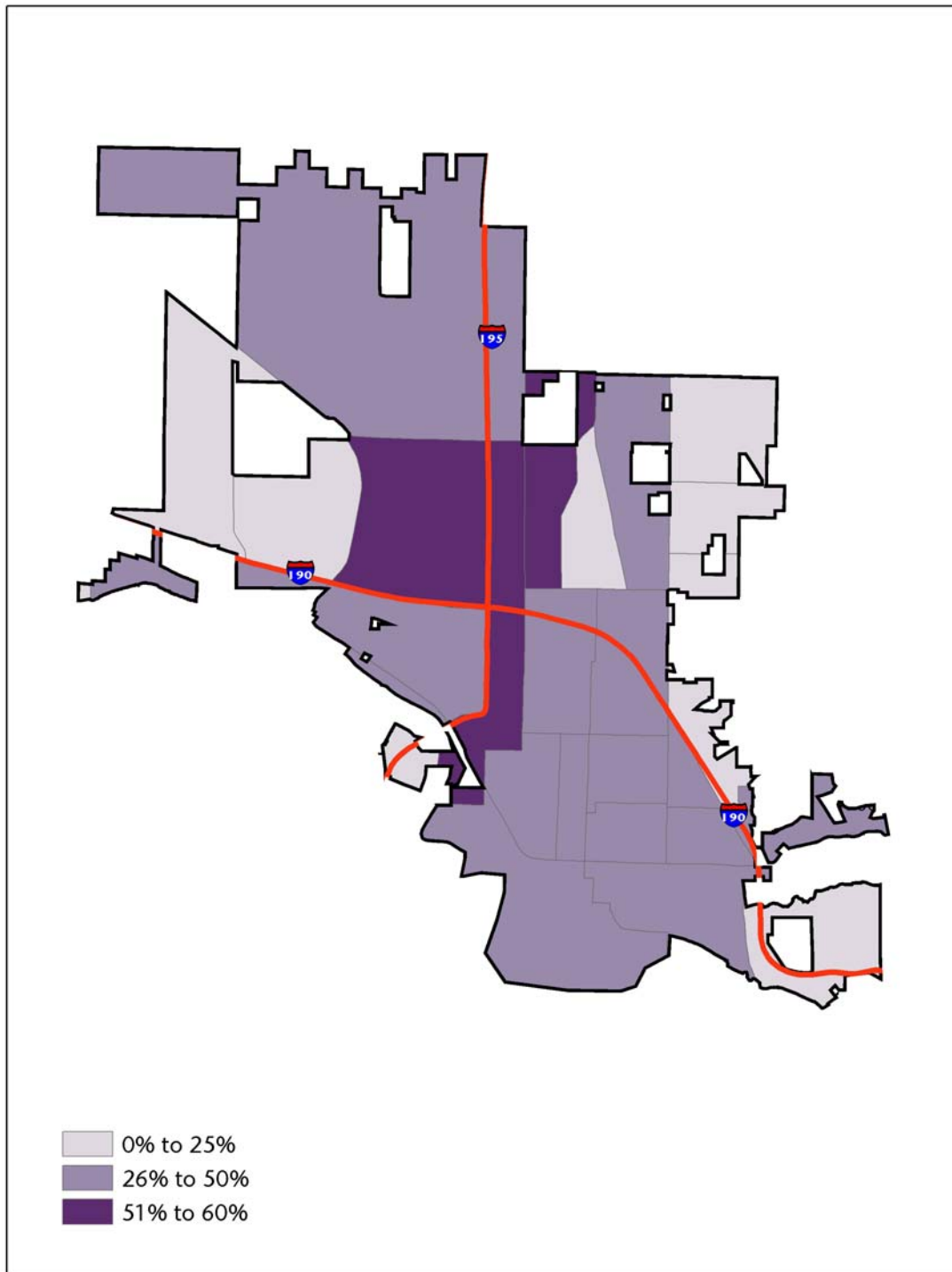
The U.S. Department of Housing & Urban Development (HUD) separates households into certain income categories for its housing grant funds and programs. These categories are based on the family median income for an area, called the MFI. The categories are:

- Extremely low-income households, defined as those earning 30 percent of the median family income (MFI) or less;
- Very low-income, earning between 31 and 50 percent of the MFI;
- Low income, earning between 51 and 80 percent of the MFI;
- Moderate income, earning between 81 and 100 percent of the MFI.
- Households earning the median family income and more are classified as “middle-” to “high-income”.

In 2005, HUD estimated the median family income for Kootenai County at \$50,150—a 12.2 percentage increase from 2000. The 2006 MFI for the Coeur d’Alene MSA is estimated at \$50,100 (\$50 less than the 2005 Kootenai County MFI).

Exhibit II-12 shows the location of extremely low- and very low-income households in Coeur d’Alene in 2005, using the HUD definitions of extremely low- and very low-income. Extremely-low and very-low income households are those earning less than \$25,075 per year in 2005.

Exhibit II-12.
Distribution of Households Earning Less than \$25,075, 2005



Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

The very western edge of the City limits has the lowest percentage of households earning less than \$25,075; 9 percent of households in this Block Group have annual incomes in this range. However, no Block Group in the City is without some proportion of very low-income households.

As shown in the map displayed in Exhibit II-12, there are 3 Block Groups in the City that have concentrations of extremely low- and very low- income households greater than 50 percent. The following table lists these Block Groups and their respective percentages of households earning less than \$25,075 annually.

**Exhibit II-13.
Block Groups with Concentrations of
Extremely Low- and Very Low-Income
Households above 50 Percent**

Source:
PCensus, 2005 Claritas database and BBC Research & Consulting.

Block Group	Census Tract	Percent Earning Less than \$25,075
3	9	57%
1	12	57%
1	9	60%

At 60 percent, Block Group 1 in Census Tract 9, located at the intersection of Highway 95 and I-90, has the highest percentage of households earning less than \$25,075 a year.

Income of the senior population. The senior population (65 and over) in Idaho is growing very rapidly. The Census estimates that Idaho will grow by 52 percent from 2000 to 2030—one of the fastest-growing states in the nation—and a major factor will be the growth in the population 65 and over.

Exhibit II-14 shows the income distribution for seniors only in Coeur d'Alene and the surrounding areas. The highlighted percentages represent the highest proportions for each city/county.

**Exhibit II-14.
Income of Senior Households, 2005**

Income	Coeur d'Alene		Kootenai County	Hayden	Post Falls	Rathdrum
Less than \$10,000	481	14%	11%	10%	11%	10%
\$10,000 to \$19,999	894	26%	21%	26%	19%	32%
\$20,000 to \$29,999	590	17%	17%	13%	19%	6%
\$30,000 to \$39,999	484	14%	15%	16%	17%	2%
\$40,000 to \$49,999	321	9%	11%	11%	12%	26%
\$50,000 to \$59,999	193	6%	7%	4%	8%	12%
\$60,000 to \$74,999	161	5%	6%	9%	4%	3%
\$75,000 to \$99,999	167	5%	5%	6%	3%	4%
\$100,000 to \$149,999	57	2%	4%	6%	2%	5%
\$150,000 to \$199,999	25	1%	1%	0%	1%	1%
\$200,000 or more	35	1%	2%	0%	4%	0%
Total	3,408	100%	100%	100%	100%	100%

Note: May not total due to rounding.

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

In 2005, in Coeur d'Alene, 14 percent of seniors earned less than \$10,000. This compares with 9 percent of *all Coeur d'Alene households* who earned less than \$10,000 per year in 2005. Forty percent of Coeur d'Alene seniors earned less than \$20,000 in 2005, compared with 25 percent of households overall. Eighty percent of seniors earned less than \$50,000.

Seniors' incomes are much more concentrated on the lower end of the income spectrum than for Coeur d'Alene households overall. This is also true of the study areas. That said, the household income of seniors has shifted upwards fairly significantly since 2005 for Coeur d'Alene and the other study areas.

Poverty. Households living below the poverty level are generally considered to have some of the greatest housing needs because of their very low incomes. To determine poverty status, a person's total family income is compared with the poverty threshold appropriate for that person's family size and composition. If the total income of that person's family is less than the threshold appropriate for that family, then the person is considered poor, together with every member of his or her family. If a person is not living with anyone related by birth, marriage, or adoption, then the person's own income is compared with his or her poverty threshold.

The poverty threshold is established at the federal level and updated annually. It is adjusted for household size but not by geographic area, except for Alaska and Hawaii⁶. In 2006, the poverty threshold for a family of four was \$20,000.

Exhibit II-15 gives poverty rates of the population in the study areas by age, as of the 2000 Census. Coeur d'Alene has the highest poverty rate of any of the study areas.

The City's youngest children were most likely to be living in poverty—18 percent of children in Coeur d'Alene were living below the poverty level. Coeur d'Alene is not unique for having the highest incidence of poverty occur within its youngest age cohort (this is also true for all other study areas except Rathdrum).

**Exhibit II-15.
Likelihood of being in Poverty by Age, 2000**

Age	Coeur d'Alene	Kootenai County	Hayden	Post Falls	Rathdrum
Under 5 years	434 18%	15%	20%	16%	2%
5 to 17 years	751 13%	13%	13%	12%	11%
18 to 64 years	2,745 13%	10%	8%	8%	8%
65 to 74 years	122 6%	6%	4%	6%	0%
75 and over	261 10%	9%	6%	9%	34%
Overall Poverty Rate	13%	10%	9%	9%	8%

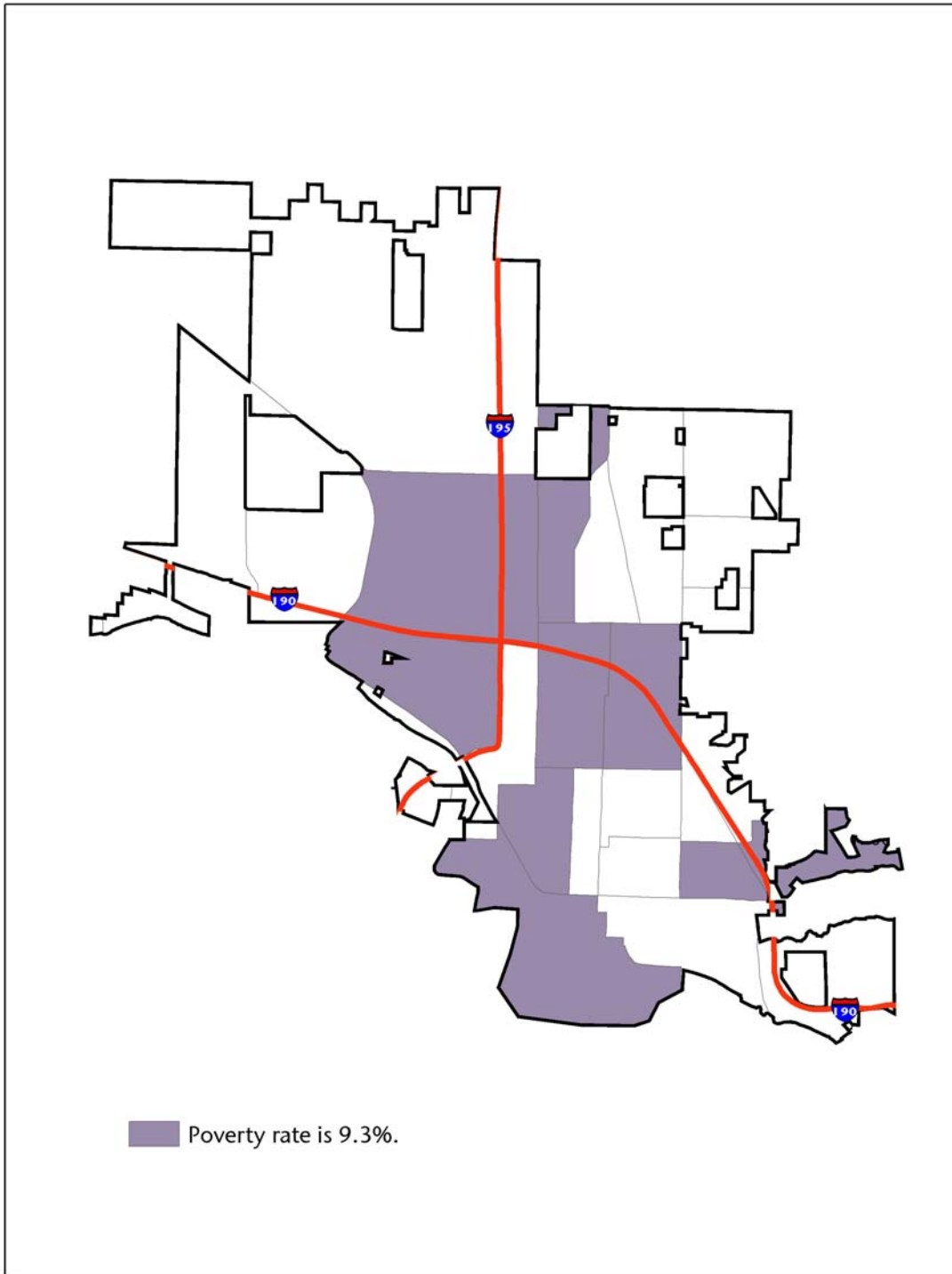
Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

The occurrence of poverty in Rathdrum is quite unlike the other study areas. The population over 75 had the highest likelihood of being in poverty. In fact, the proportion of this population (34 percent) in poverty was almost double the highest poverty rates of any age cohort in the other study areas. Conversely, the incidence of poverty for children under 5 years of age (2 percent) was very small in comparison to the other areas of interest.

⁶ Therefore, the poverty threshold in Manhattan, New York is the same as in Minot, North Dakota.

The Citywide *family* poverty rate in 2000 was 9.3 percent, and had decreased slightly to 9.1 percent in 2005. Exhibit II-16 on the following page highlights those Block Groups with family poverty rates above the Citywide percentage in 2005.

Exhibit II-16.
Areas with Higher than Citywide Poverty Rate



Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

Employment and Wages

In its current role, Coeur d'Alene is the city employing the most people in all of Kootenai County, providing an estimated 18,000 jobs in 2005. These jobs represent 32 percent of all jobs in the county. This is similar to the proportion of the County population that resides in Coeur d'Alene (31 percent).

Employment data are collected in two ways, by industry (e.g., agriculture, manufacturing) or occupation (e.g., farm worker, auto mechanic). Employment data are usually collected for a metropolitan statistical area (MSA) overall, rather than for individual communities. This section provides information about employment in the Coeur d'Alene MSA, as well as for the communities within the MSA where data are available. It also provides information on wage rates for workers by industry, identifies the largest employers in the City, tracks unemployment rates and discusses housing need as related to employment growth.

Employment base. The Coeur d'Alene Chamber of Commerce estimated that, in 2003, total employment in the City was 18,558. By 2005, the Chamber estimated that employment totaled 21,048, an increase of 2,490 jobs (13 percent) in 3 years. Kootenai County's workforce totaled 65,935 in 2005.

Coeur d'Alene's job base is relatively diverse, with the primary employment industries including the sectors of educational, health and social services, and retail trade. Exhibit II-17 shows employment in Coeur d'Alene and the study areas by industry, according to the 2000 Census.

As shown in the exhibit, in 2000, the sector employing the largest percentage of people was the educational, health and social services industry; 19 percent of Coeur d'Alene residents were employed in this sector. Following the educational, health and social services industry, the retail trade sector provided 2,798 jobs (17 percent of total employment in the City).

Exhibit II-17. Employment by Industry for the Population Over 16 Years Old, 2000

Industry	Coeur d'Alene		Kootenai County	Hayden	Post Falls	Rathdrum
Agriculture, Forestry, Fishing and Hunting and Mining	337	2%	3%	3%	0%	2%
Construction	1,585	10%	11%	13%	11%	11%
Manufacturing	1,451	9%	12%	12%	14%	15%
Wholesale Trade	474	3%	3%	3%	3%	3%
Retail Trade	2,798	17%	16%	15%	15%	16%
Transportation and Warehousing and Utilities	474	3%	4%	3%	5%	3%
Information	552	3%	3%	2%	4%	3%
Finance, Insurance, Real Estate and Rental and Leasing	879	5%	6%	7%	5%	6%
Professional, Scientific, Management, Administrative and Waste Management Services	1,342	8%	7%	6%	7%	5%
Educational, Health and Social Services	3,025	19%	18%	21%	14%	21%
Arts, Entertainment, Recreation, Accommodation and Food Services	1,972	12%	10%	8%	10%	5%
Other Services (Except Public Administration)	663	4%	5%	5%	4%	5%
Public Administration	602	4%	4%	3%	5%	4%
Total	16,154	100%	100%	100%	100%	100%

Source: U.S. Census Bureau, 2000 Census.

The employment composition of the industries in the study areas was fairly similar in 2000. The largest industry in Kootenai County, Hayden and Rathdrum was also the educational, health and social services sector. However, in Post Falls, retail trade provided the most jobs (15 percent of the total). Post Falls and Rathdrum were slightly more manufacturing oriented, and Rathdrum's proportion of jobs in the arts and entertainment sector was considerably smaller than the other areas of interest.

The Idaho Department of Commerce and Labor maintains a database on company name, industry, size and location. This database provides more detailed industry categories than the U.S. Census data. Using this database, the companies in Coeur d'Alene were separated from the rest of Kootenai County to determine the largest industries, defined as those that together provide 50 percent of the jobs in Coeur d'Alene.

It should be noted that although these industries employ the most people within the City limits, this does not mean that all of these employees also *live* in the City of Coeur d'Alene; workers might also commute from areas outside of the City.

Exhibit II-18 highlights specific industry types employing the most persons in the City.

**Exhibit II-18.
Industries in Coeur d'Alene Employing Half of the Workforce, June 2006**

Specific Industry	Estimated Employees	Percent of Total Employment
Medical Center	1,750	11%
Elementary and Secondary School	1,287	8%
Food Services	1,148	7%
City and County Offices	1,000	6%
Hotels and Motels	868	5%
Automotive Sales/Repair/Stores	674	4%
Post-Secondary Education	650	4%
Residential Care Facilities	629	4%
Total Employment in Industries Employing Half the Work Force	8,006	49%
Total Estimated Employment in City per the Idaho Business Directory	16,419	

Note: Because the estimated employment was calculated using the median number of jobs in a given employment size class, the estimate may under- or overestimate employment.

Source: Idaho Commerce and Labor, Business Directory, <http://lmi.idaho.gov/cgi/dataanalysis/stFirmsReport.asp?menuchoice=STFIRMS> and BBC Research & Consulting.

The above exhibit shows that, by specific industry, the medical center employs the most people. The second largest industry was the school system, followed by food services. Together, jobs in the government sector (schools, city and county offices, and federal government offices) employ approximately 2,822 persons, providing an estimated 17 percent of total Coeur d'Alene jobs.

Employment by occupation. By *occupation*, office/administrative jobs represented the largest proportion of jobs in all study areas. In Coeur d'Alene, 28 percent of all jobs were sales and office occupations in both 2000 and 2005. Farming, fishing and forestry occupations represented 1 percent or less of the jobs in Coeur d'Alene and the areas of interest.

**Exhibit II-19.
Occupations for the Population Over 16, 2005**

Industry	Coeur d' Alene		Kootenai County	Hayden	Post Falls	Rathdrum
Management, Business, and Financial Operations	1,843	10%	12%	7%	11%	12%
Professional and Related Occupations	3,234	18%	16%	16%	14%	16%
Service Occupations	3,438	19%	17%	17%	16%	13%
Sales and Office Occupations	5,146	28%	28%	29%	30%	27%
Farming, Fishing and Forestry Occupations	93	1%	1%	1%	0%	1%
Construction, Extraction and Maintenance Occupations	2,111	12%	13%	15%	13%	14%
Production, Transportation and Material Moving Occupations	2,224	12%	14%	15%	16%	18%
Total	18,089	100%	100%	100%	100%	100%

Source: PCensus, 2005 Claritas database.

Occupational employment increased by approximately 2,000 jobs from 2000 to 2005 in Coeur d'Alene. However, the distribution of jobs among occupations did not change according to employment data estimates.

Largest employers. The largest employers in Coeur d'Alene were identified using the Coeur d'Alene *Community Profile* from the Idaho Department of Commerce and Labor. Exhibit II-18 shows the company, estimated number of employees and the industry/product.

**Exhibit II-20.
Largest Employers/Manufacturers, as of March 1, 2006**

Company/Agency	Estimated Employees	Industry/Product
Hagadone Corporation	1,500	Hotel, Resort, Periodicals, Directories
Kootenai County Medical Center	1,200	Healthcare Services
North Idaho College	1,034	Education
Center Partners	900	Call Center
Coeur d'Alene School District #271	883	Education
Kootenai Rehabilitation Center	750	Healthcare Services
Kootenai County	560	Government Services
U.S. Government	560	Government Services
GTE Northwest	380	Call Center and Telecommunications Services
Coldwater Creek Corporation	375	Catalog Clothing Sales
Advanced Input Devices	310	Computer Keyboards Manufacturing
Stimpson Lumber	300	Lumber Manufacturer
Total	8,752	

Source: Idaho Commerce and Labor, *Idaho Community Profiles*, Coeur d'Alene.

Hagadone Corporation, a multifaceted company dealing in the hospitality, food services and publishing industries, is the single largest employer in the City, employing approximately 1,500

persons. Kootenai County Medical Center is the next largest employer in the City, providing 1,200 jobs as of March 1, 2006.

Wages. Specific wage data for the City of Coeur d’Alene alone are not available (employment and wage data are most often reported on the regional or MSA level). However, wage data for the Coeur d’Alene MSA are available from the Bureau of Labor Statistics.⁷ Exhibit II-21 shows the annual median and average wage by occupation in 2005.

Exhibit II-21.

Wages by Occupation in the Coeur d’Alene MSA, May 2005

Occupation	Employment	Annual Average Wage	Annual Median Wage
Office and Administrative Support Occupations	8,280	\$26,480	\$24,830
Sales and Related Occupations	6,150	\$27,870	\$22,360
Food Preparation and Serving Related Occupations	5,340	\$15,090	\$13,750
Production Occupations	3,650	\$25,090	\$23,170
Management Occupations	3,270	\$58,080	\$50,530
Transportation and Material Moving Occupations	2,930	\$23,660	\$22,300
Healthcare Practitioner and Technical Occupations	2,360	\$62,540	\$49,560
Healthcare Support Occupations	2,090	\$20,710	\$19,810
Installation, Maintenance and Repair Occupations	1,930	\$36,210	\$34,290
Building and Grounds Cleaning and Maintenance Occupations	1,720	\$21,010	\$19,590
Personal Care and Service Occupations	1,300	\$18,420	\$16,640
Business and Financial Operations Occupations	1,040	\$43,700	\$39,940
Protective Service Occupations	840	\$31,370	\$29,490
Community and Social Services Occupations	750	\$35,470	\$32,760
Arts, Design, Entertainment, Sports and Media Occupations	700	\$25,760	\$20,500
Computer and Mathematical Occupations	450	\$52,230	\$50,360
Life, Physical, and Social Science Occupations	370	\$42,910	\$39,490
Farming, Fishing, and Forestry Occupations	310	\$31,800	\$33,090
Legal Occupations	270	\$69,770	\$50,100
Construction and Extraction Occupations ⁽¹⁾	**	\$30,000	\$29,280
Total ⁽²⁾	50,470	\$31,330	\$25,090

Note: Does not included persons who are self-employed.

(1) Estimate not released due to confidentiality reasons.

(2) Total does not match the sum of the detailed occupations due to jobs that could not be included as part of any detailed category for confidentiality reasons.

Source: Bureau of Labor Statistics, Coeur d’Alene, Idaho—Metropolitan Area, Period: May 2005, Standard Occupational Classification code, <http://www.bls.gov/soc/home.htm>.

In the Coeur d’Alene MSA, the average wage for all occupations was \$31,330 and the median wage was \$25,090, as of May 2005. As discussed in Section III, the wage required to afford the median-valued home in 2005 was \$39,007. Neither the persons earning the median wage nor the persons earning the average wage could afford the median-valued home in 2005 (\$129,922). The average wage was \$7,677 less than the required income to afford the median-valued home. The median wage was \$13,917 less than the income necessary to afford the median-valued home in 2005.

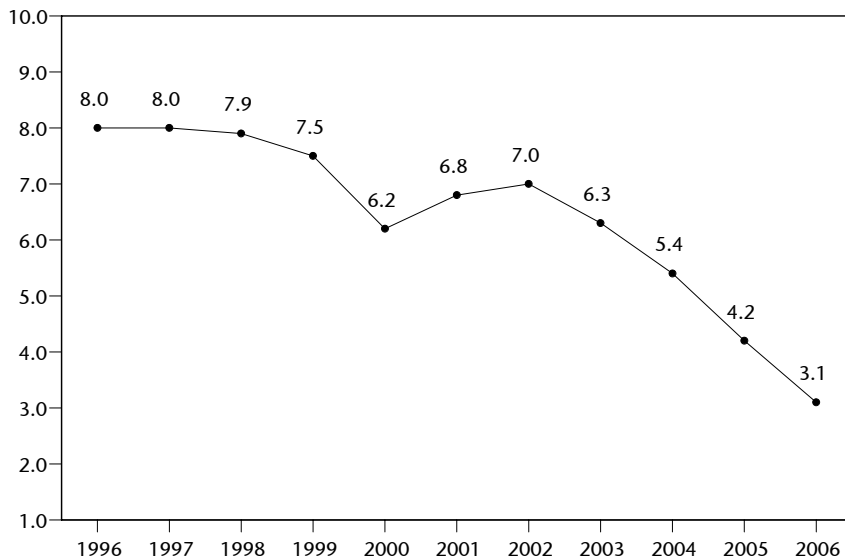
⁷ The Coeur d’Alene MSA and Kootenai County are one and the same, representing the same geographic area.

By occupational category, the greatest number of employed persons (8,280) earned an average wage of \$26,480 and a median wage of \$24,830 at an office and administrative support job. This average wage is \$12,527 less than the income required to afford a home valued at \$129,992 (the median-valued home in 2005).

Legal and management occupations earned the most in 2005. The average wage for legal occupations was the highest of all occupations at \$69,770, and the median wage of management occupations was the highest (\$50,530). However, legal occupations in the MSA totaled only 270. There are 12 times more management occupations in the MSA than legal occupations; management occupations totaled 3,270 in 2005, the fifth largest occupational category.

Unemployment rates. Exhibits II-22 and II-23 show unemployment rates in the Coeur d’Alene MSA and for the City only from 1996 through May 2006. Since 1996, the unemployment rate has been on a decreasing trend, with the exception of the early part of the decade when the unemployment rate increased. In recent years, the rate of unemployment has been decreasing at a fairly dramatic rate: From 2005 to May 2006, the unemployment rate decreased from 4.2 percent to 3.1 percent, a 26-percent decrease.

Exhibit II-22.
Unemployment Rate, Coeur d’Alene MSA (Kootenai County), 1996 to 2006

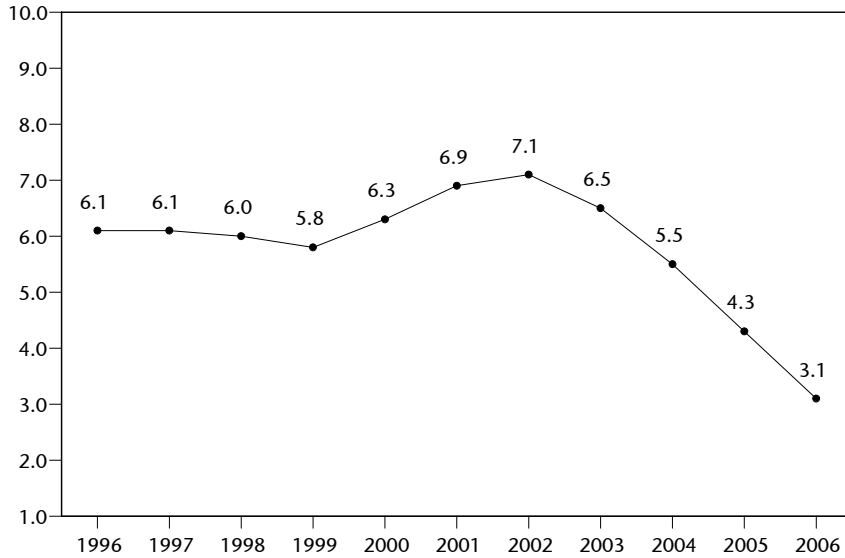


Source: U.S. Bureau of Labor Statistics and BBC Research & Consulting.

The Bureau of Labor Statistics also provides data on the unemployment rate specifically for the City of Coeur d’Alene. The trend in the unemployment rate mirrors that of the county with one exception. The City’s period of increasing unemployment rates was one year longer than the rate increase in Kootenai County. The unemployment rate in the City increased from 1999 to 2002 (a 4-year period as compared to a 3-year period in the county).

Comparing the actual numeric values of the unemployment rates, Coeur d'Alene's rate was significantly lower than the County's in the 1990s. However, since 2000, the City's and the County's unemployment rates have been quite close. Exhibit II-21 graphically displays the unemployment rates from 1996 to May 2006 in Coeur d'Alene.

Exhibit II-23.
Unemployment Rate, City of Coeur d'Alene, 1996 to 2006



Source: U.S. Bureau of Labor Statistics and BBC Research & Consulting.

Since 2002, the unemployment rate in Coeur d'Alene has decreased significantly from 7.1 percent in 2002 to just 3.1 percent as of May 2006.

Educational attainment and future workforce. The educational attainment of a community is an important factor that employers consider when deciding to relocate in an area. Exhibit II-24 shows the educational attainment of each study areas' population over the age of 25. In 2005, about 19 percent of Coeur d'Alene's residents over the age of 25 had graduated from college and/or obtained an advanced degree. Twenty-nine percent had graduated from high school, and another 29 percent had taken some college courses but had not obtained a degree.

In 2005, Hayden was the most highly educated of the five study areas, but only by a small margin. Twenty percent of Hayden's population had a bachelors' degree or higher compared to 19 percent in Coeur d'Alene and Kootenai County. Rathdrum is the least educated with only 11 percent of the population with a bachelors' degree or higher.

**Exhibit II-24.
Educational Attainment for the Population over 25, 2005**

	Coeur d'Alene		Kootenai County		Hayden	Post Falls	Rathdrum
Less than 9th Grade	951	4%	3%	3%	3%	3%	4%
9th Grade through 12th Grade (No Diploma)	2,582	10%	10%	10%	10%	9%	7%
High School Graduate (Includes Equivalency)	7,155	29%	30%	32%	34%	34%	37%
Some College, No Degree	7,141	29%	30%	31%	30%	30%	30%
Associate's Degree	2,180	9%	8%	6%	9%	9%	11%
Bachelor's Degree	3,311	13%	13%	14%	12%	12%	8%
Master's Degree	1,101	4%	4%	3%	2%	2%	3%
Professional Degree	396	2%	2%	3%	1%	1%	0%
Doctorate Degree	114	0%	0%	0%	0%	0%	0%
Total	24,931	100%	100%	100%	100%	100%	100%

Note: May not total due to rounding. "Professional" degree would include degrees such as a law degree, educational certification, etc.

Source: PCensus, 2005 Claritas database and BBC Research & Consulting

Future employment growth. The Idaho Department of Commerce and Labor provides the most recent projections of employment. However, the data are only available for Idaho wage areas. Coeur d'Alene and Kootenai County are in Region 1, the North Idaho Wage Area. This area includes Benewah, Bonner, Boundary, Clearwater, Idaho, Kootenai, Latah, Lewis, Nez Perce and Shoshone Counties. Although Region 1 is quite extensive, the data can nonetheless provide some base information about the job growth in the county and Coeur d'Alene.

Exhibit II-25 presents the employment forecasts for 2006 through 2010. The data project a 17-percent increase in total jobs (14,000).

Exhibit II-25.
Occupational Projections for the North Idaho Wage Area, 2006 through 2012

Occupation	2006	2012	Numeric Increase	Percent Increase
Office and Administrative Support Occupations	13,013	15,570	2,557	20%
Sales and Related Occupations	9,854	11,070	1,216	12%
Transportation and Material Moving Occupations	6,097	7,160	1,063	17%
Healthcare Practitioners and Technical Occupations	3,466	4,500	1,034	30%
Food Preparation and Serving Related Occupations	7,289	8,290	1,001	14%
Construction and Extraction Occupations	5,195	6,180	985	19%
Management Occupations	5,317	6,160	843	16%
Healthcare Support Occupations	2,229	2,930	701	31%
Production Occupations	5,277	5,870	593	11%
Building and Grounds Cleaning and Maintenance Occupations	3,025	3,560	535	18%
Education, Training, and Library Occupations	3,780	4,250	470	12%
Business and Financial Operations Occupations	2,258	2,700	442	20%
Installation, Maintenance, and Repair Occupations	3,179	3,620	441	14%
Personal Care and Service Occupations	2,349	2,750	401	17%
Community and Social Services Occupations	1,550	1,940	390	25%
Protective Service Occupations	1,666	2,020	354	21%
Architecture and Engineering Occupations	1,425	1,700	275	19%
Life, Physical, and Social Science Occupations	1,341	1,610	269	20%
Computer and Mathematical Occupations	921	1,100	179	19%
Farming, Fishing, and Forestry Occupations	1,423	1,560	137	10%
Legal Occupations	692	820	128	18%
Arts, Design, Entertainment, Sports, and Media Occupations	605	680	75	12%
Total	81,952	96,040	14,088	17%

Source: Idaho Commerce and Labor, Idaho Labor Market Information System.

Numerically, office and administrative support occupations are expected to experience the largest increase of approximately 2,600 jobs. At a projected 15,570 jobs, office jobs will comprise 16 percent of total occupations in 2012. Following office and administrative jobs, sales occupations are expected to increase by 1,200 jobs.

With a 31-percent increase, healthcare support occupations are expected to increase the most percentage-wise; this represents a numeric increase of approximately 700 jobs (from 2,200 jobs to 2,900 jobs by 2012). Even though healthcare support occupations will increase the most percentage-wise over the 6-year period, these jobs will only comprise 3 percent of total jobs in 2012. Healthcare practitioners and technical occupations are expected to undergo the second largest percentage increase from 2006 to 2012. These occupations are predicted to increase by 1,000 to 4,500 jobs, 5 percent of total occupations in 2012.

Housing needs of new workers. Examining job growth by industry and wage category can assist with determining housing needs. For example, if most of the future jobs in an area pay low wages, future housing needs are likely to be at the lower price range, all other things being equal. One limitation of this exercise is that household formation and change—people getting married or divorced and having or not having children—can have a large effect on housing preferences and affordability. A teacher starting his first job might have a very difficult time finding an affordable

home until he marries someone who is employed as a tax attorney, at which point housing affordability becomes much less of a concern⁸.

Exhibit II-26 on the following page shows the top 10 occupations that are expected to produce the greatest number of new jobs between 2006 and 2012 in the North Idaho Wage Area. The exhibit estimates the number of employees that will live in Coeur d'Alene based on the current proportion of City employment in the 10-county wage area. According to employment estimates in 2005, employment in Coeur d'Alene currently represents 13 percent of total employment in the North Idaho Wage Area.

The exhibit also identifies the average annual wages of the top 10 occupations and the affordable rents and home prices for each occupation category, based on 2005 wages. Finally, the exhibit determines if an individual earning the average wage can afford to pay the median rent and buy the median-priced home in 2005.

⁸ The U.S. Department of Housing & Urban Development addressed the effect of household formation on homeownership in a recent publication, "The Influence of Household Formation on Homeownership Rates Across Time and Race."

**Exhibit II-26.
Expected Job Growth, 2006 through 2012**

Occupation	Job Openings between 2006 and 2012	Workers Potentially Housed in Coeur d'Alene	2005 Average Wage	Affordable Rent or Mortgage Payment	Affordable Home Price	Could They Afford Median Rent in 2006?	Could They Afford The Median Value Home in 2005?
Office and Administrative Support Occupations	2,557	342	\$26,480	\$662	\$88,198	Yes	No
Sales and Related Occupations	1,216	163	\$27,870	\$697	\$92,861	Yes	No
Transportation and Material Moving Occupations	1,063	142	\$23,660	\$592	\$78,872	Yes	No
Healthcare Practitioners and Technical Occupations	1,034	138	\$62,540	\$1,564	\$208,372	Yes	Yes
Food Preparation and Serving-Related Occupations	1,001	134	\$15,090	\$377	\$50,228	No	No
Construction and Extraction Occupations	985	132	\$30,000	\$750	\$99,923	Yes	No
Management Occupations	843	113	\$58,080	\$1,452	\$193,450	Yes	Yes
Healthcare Support Occupations	701	94	\$20,710	\$518	\$69,013	No	No
Production Occupations	593	79	\$25,090	\$627	\$83,535	Yes	No
Building and Grounds Cleaning and Maintenance Occupations	535	72	\$21,010	\$525	\$69,946	No	No
Total	10,527	1,408					

Note: Workers Potentially Housed in Coeur d'Alene estimates the number of employees that will live in Coeur d'Alene based on the current proportion of City employment in the 10-county wage area. According to Claritas, employment in Coeur d'Alene currently represents 13 percent of total employment in the North Idaho Wage Area.

Source: Bureau of Labor Statistics, Coeur d'Alene, Idaho—Metropolitan Area, Period: May 2005, Standard Occupational Classification code, <http://www.bls.gov/soc/home.htm>, PCensus, 2005 Claritas database, BBC telephone survey and BBC Research & Consulting.

Only persons who are employed as healthcare practitioners or technicians or employed in management positions could afford the median-priced home in Coeur d'Alene in 2005 (\$129,922). All other persons in occupations that are projected to grow the fastest numerically from 2006 to 2012 cannot afford the median-priced home.

Three out of the top 10 fastest-growing occupations could not afford the median rent, as identified in BBC's 2006 rental survey (\$540). These occupations are food preparation and serving-related occupations; healthcare support occupations; and building and grounds cleaning and maintenance occupations. Persons employed in these occupations are likely to have a difficult time finding a place to rent *and* will be priced out of the homeownership market.

The above analysis changes if the person holds more than one job or shares a housing unit with another wage-producing household member. Therefore, the exhibit is only applicable for single wage-producing households.

SECTION III.
Housing Market Analysis

SECTION III.

Housing Market Analysis

This section provides a detailed analysis of the housing market in Coeur d'Alene. Data are provided on the market for Kootenai County, Hayden, Post Falls and Rathdrum as available. The section begins with an overview of housing in Coeur d'Alene and the other study areas, and, for the City, discusses housing condition and provides an affordability analysis. It concludes with a discussion of assisted and special-needs housing available in the area.

Summary

- The median value of all homes in Coeur d'Alene has increased by 23 percent between 2000 and 2005, from \$105,300 in 2000 to \$129,922 in 2005. The *average* price of homes for sale during this period increased from \$121,895 in 2001 to \$229,687 as of April 30, 2006. Countywide, 34 percent of homes on the market in 2002 were priced at \$100,000 or less. In the first 4 months of 2006, this had dropped to just 6 percent. In sum, the housing market has been very strong in the Coeur d'Alene area in the past 5 to 6 years, and affordable housing is becoming increasingly difficult to find.
- Rental prices have increased more slowly than the prices of homes for sale, and, rental units are affordable to all but the City's lowest income renters. In 2005, 60 percent of renters in Coeur d'Alene could afford the median-priced rental unit.
- A comparison of housing supply with household demand by price range found a shortage of 861 units to serve the City's renters earning less than \$15,000 per year. For owner-occupied housing, households earning less than \$50,000 per year have difficulty finding a home they can afford in the current market.
- A residential housing condition survey conducted in neighborhood revitalization areas in Coeur d'Alene found most properties in sound condition or needing only minor repairs. However, the Midtown neighborhood has many properties with driveways in poor condition and sidewalks that were crumbling and/or had tripping hazards, along with accessory units in unsound condition.
- Coeur d'Alene provides a variety of assisted housing opportunities for the City's lowest income households and households with special housing needs. There are approximately 4,900 families in Kootenai County (1,800 in Coeur d'Alene) whose incomes qualify them for housing assistance. Within the County there are 791 family units and 481 elderly units offering subsidized rental housing (with 163 units that are handicapped accessible); 60 beds in shelters to assist homeless persons/families and victims of domestic violence; and 37 units of transitional housing for persons moving out of homelessness. However, housing and service providers who serve the County's lowest income and special-needs populations report more of these housing types are needed to meet the needs of the current population.

Residential Housing Units

In 2000, the residents of Coeur d’Alene occupied 13,940 units. The majority of these housing units—64 percent—were single-family detached homes. The next most common types of residential unit in the City were duplexes/triplexes/fourplexes, which collectively made up 11 percent of all occupied units.

Compared to surrounding areas, Coeur d’Alene had the lowest percentage of occupied single-family homes of all comparison areas. This was offset by the City’s relatively higher proportion of multifamily units, ranging from duplexes to apartment complexes with more than 50 units. These multifamily residential units made up 25 percent of Coeur d’Alene’s occupied housing in 2000. At 74 percent, Rathdrum had the highest percentage of single-family–occupied housing units.

The City of Coeur d’Alene had the lowest percentage of occupied mobile homes out of all comparison areas; 8 percent of all occupied housing was mobile homes in 2000. By comparison, 15 percent of Hayden’s occupied housing stock was mobile homes.

Exhibit III-1 below shows the number of units and type of residential housing in Coeur d’Alene, and the percentages for the County and surrounding areas in 2000. The number of units can range from a single-family detached home to a housing unit that is part of an apartment complex with 50 or more total units.

**Exhibit III-1.
Occupied Housing Units by Units in Structure, 2000**

	Coeur d’Alene		Kootenai County	Hayden	Post Falls	Rathdrum
Total housing units	13,940		41,308	3,475	6,361	1,565
1-unit, detached	8,861	64%	70%	72%	71%	74%
1-unit, attached	615	4%	3%	4%	2%	4%
2 to 4 units	1,473	11%	6%	6%	9%	6%
5 to 19 units	0	8%	4%	2%	2%	2%
20 to 49 units	236	2%	1%	1%	3%	0%
50 or more units	526	4%	2%	0%	3%	0%
Mobile home	1,112	8%	13%	15%	9%	13%
Boat, RV, van, etc.	25	0.2%	0.3%	0%	1%	1%

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

Housing occupied by renters. Of the 8,861 single-family units in Coeur d’Alene in 2000, about 18 percent was occupied by renters. As shown in Exhibit III-2, renters were most likely to be renting single-family units (30 percent of renters lived in single-family units), followed by duplexes/triplexes/fourplexes (24 percent) and small apartment buildings with 5 to 19 units (20 percent). In the surrounding communities, renters were also most likely to be living in single-family units, except for Post Falls, where 30 percent of renters live in small apartment complexes and 29 percent live in single-family detached units.

**Exhibit III-2.
Renter-Occupied Housing by Units in Structure, 2000**

	Coeur d'Alene	Kootenai County	Hayden	Post Falls	Rathdrum
Total renter housing units	5,314	10,527	693	1,762	314
1-unit, detached	1,584 30%	35%	43%	29%	36%
1-unit, attached	448 8%	7%	10%	4%	15%
2 to 4 units	1,299 24%	22%	20%	30%	23%
5 to 19 units	1,075 20%	14%	12%	8%	9%
20 to 49 units	228 4%	5%	7%	12%	0%
50 or more units	477 9%	8%	0%	12%	0%
Mobile home	184 3%	10%	8%	6%	16%
Boat, RV, van, etc.	19 0.4%	0.3%	0%	0%	0%

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

The percentage of renter-occupied mobile homes in Coeur d'Alene was considerably less than the other areas. Just 3 percent of the City's occupied rental units were mobile homes—at 6 percent, Post Falls as the highest and twice the proportion of Coeur d'Alene.

Housing occupied by owners. Exhibit III-3 details the *owner*-occupied housing units by units in structure. The data show that, across the study areas, few owners lived in townhomes or condominiums in 2000. If owners are not living in single-family detached units, they are occupying mobile homes.

**Exhibit III-3.
Owner-Occupied Housing by Units in Structure, 2000**

	Coeur d'Alene	Kootenai County	Hayden	Post Falls	Rathdrum
Total owner housing units	8,626	30,781	2,782	4,599	1,251
1-unit, detached	7,277 84%	83%	79%	87%	84%
1-unit, attached	167 2%	1%	2%	1%	1%
2 to 4 units	174 2%	1%	2%	1%	2%
5 to 19 units	17 0.2%	0.1%	0.1%	0.3%	0%
20 to 49 units	8 0.1%	0.1%	0%	0.2%	0%
50 or more units	49 1%	0.2%	0%	0%	0%
Mobile home	928 11%	14%	17%	11%	13%
Boat, RV, van, etc.	6 0.1%	0.3%	0%	1%	1%

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

Exhibit III-4 shows the estimated type of residential housing in 2005. Compared to the 2000 Census data which is shown in Exhibit III-1, the type of housing units have changed very little.¹ For Coeur d'Alene, the most significant change was a decrease of 2 percentage points for occupied single-family units (from 64 percent in 2000 to 62 percent in 2005). Additionally, occupied mobile homes increased by 1 percentage point from 8 to 9 percent. In fact, in all of the study areas cities and Kootenai County, the percentage of occupied housing units that were mobile homes increased between 2000 and 2005.

**Exhibit III-4.
Occupied Housing Units by Units in Structure, 2005**

	Coeur d'Alene		Kootenai County		Hayden	Post Falls	Rathdrum
Total housing units	16,432		52,073		4,474	8,079	1,759
1-unit, detached	10,200	62%	69%		68%	70%	74%
1-unit, attached	696	4%	3%		4%	1%	4%
2 to 19 units	2,939	18%	10%		11%	11%	7%
20 to 49 units	281	2%	2%		1%	3%	0%
50 units or more	633	4%	2%		0%	4%	0%
Mobile home	1,552	9%	14%		16%	10%	15%
Boat, RV, van, etc.	131	1%	1%		0%	0%	1%

Source: PCensus, Claritas database and BBC Research & Consulting.

Housing Condition

This section reports the results of the housing condition survey that was conducted as part of the housing needs assessment. It also includes data on housing units in substandard condition, as reported through Census surveys.

Residential survey. In late August, surveyors observed the exterior condition of a sample of residential properties in the Midtown and East Sherman neighborhoods in the City of Coeur d'Alene. These neighborhoods were selected because they are either existing or potential targeted redevelopment areas for the City. The surveyors took notice of the condition of public sidewalks, private sidewalks, private driveways, roofs, structure, exterior paint, windows and doors, porches/fences/accessory buildings, and the lawn/landscaping. Each item was assigned a rating of between 1 and 4, according to predeveloped rating criteria, with 4 being in sound condition and 1 being in dilapidated condition.

¹ Please note that the 2005 units in structure categories do not exactly match the 2000 Census categories. The 2000 Census has a separate category for occupied housing units in structures with 2 to 4 total units. Claritas does not have a separate category for 2 to 4 units; instead, the category is 2 to 19 units.

Exhibit III-5 shows the types of properties examined in each neighborhood. The housing units were mostly occupied or for sale, and single-family detached units.

**Exhibit III-5.
Occupancy and Type of
Housing Examined**

Source:
BBC Research & Consulting.

	East Sherman	Midtown
Occupancy		
Occupied	85%	80%
For Sale	6%	15%
Vacant	5%	0%
Unknown	5%	5%
	100%	100%
Housing Type		
Single-Family Detached	87%	91%
2-4 Units	8%	7%
5+ Units	5%	2%
Mobile Home	0%	0%
	100%	100%

Exhibit III-6 shows the average ratings of the homes examined for the two neighborhoods, by condition type. (Recall that 4 is the highest rating; 1 is the lowest). Anything between 3 and 4 implies fairly good to sound condition, with minor repairs possibly needed.

In general, the homes in the East Sherman neighborhood were found to be in slightly better condition—particularly for sidewalks and drives, and porches/fences/accessory buildings. The public sidewalks in East Sherman, however, averaged a lower condition rating than in Midtown.

**Exhibit III-6.
Condition Ratings**

Source:
BBC Research & Consulting.

	East Sherman	Midtown
Public sidewalks	2.9	3.1
Roof	3.8	3.7
Structure & exterior paint	3.8	3.8
Windows & doors	3.9	3.7
Sidewalks & drives	3.8	2.9
Lawns/shrubs/litter	3.6	3.6
Porches/fences/accessory buildings	3.8	3.2

Overall, most properties in the two neighborhoods either need minor repairs or are in sound condition. The only condition type that averaged a rating below 3 was sidewalks and driveways in the Midtown neighborhood. Some of the houses examined in this neighborhood had dirt or gravel driveways in poor condition and sidewalks that were crumbling and/or had tripping hazards.

The Midtown area also ranked relatively low for the condition of porches, fences and—in particular—accessory buildings. The surveyor observed many accessory structures that appeared to be in unsound condition and could be hazardous, as well as clutter and objects in front and back and side yards.

Census condition surveys. The 2000 Census also provides information on housing condition, as collected through the Census survey of households. The Census data are useful in identifying the percentage of units that are in severely substandard condition—lacking complete plumbing facilities, lacking complete kitchens and units without standard heating². Exhibit III-7 shows the number and proportions of units in the study areas that were in substandard condition according to the Census in 2000.

**Exhibit III-7.
Housing Units in Substandard Condition, 2000**

	Coeur d'Alene		Kootenai County		Hayden		Post Falls		Rathdrum	
	No.	%	No.	%	No.	%	No.	%	No.	%
Total housing units	14,775		46,607		3,705		6,689		1,632	
Lacking complete plumbing facilities	107	0.7%	331	0.7%	0	0%	7	0.1%	8	0.5%
Lacking complete kitchen facilities	200	1.4%	403	0.9%	0	0%	33	0.5%	0	0%
Using non-utility heat or no heat	922	6.2%	6,750	14.5%	236	6%	362	5.4%	123	8%
Total	1,229	8.3%	7,484	16.1%	236	6.4%	402	6.0%	131	8.0%

Note: The universe for plumbing and kitchen facilities is housing units. The universe for heating type is *occupied* housing units. Non-utility heat consists of nontraditional heat sources including coal, wood, fuel oil, kerosene and bottled gas.

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

At 16 percent, Kootenai County had the highest percentage of housing units in substandard condition. Coeur d'Alene followed with 8 percent of total units lacking complete plumbing or kitchen facilities, using non-utility heat or having no heat. Hayden and Post Falls had the smallest proportion of units in substandard condition in 2000.

As shown above, just over 2 percent of the City's units were lacking complete plumbing and kitchen facilities in 2000. The number of units without complete kitchen facilities (200) was almost twice the number without complete plumbing (107) in 2000.

Coeur d'Alene and Kootenai County had the highest proportion of units using nontraditional heating sources: 15 percent of units in the County and 6 percent of units in the City used non-utility heat or were without a fuel source in 2000.

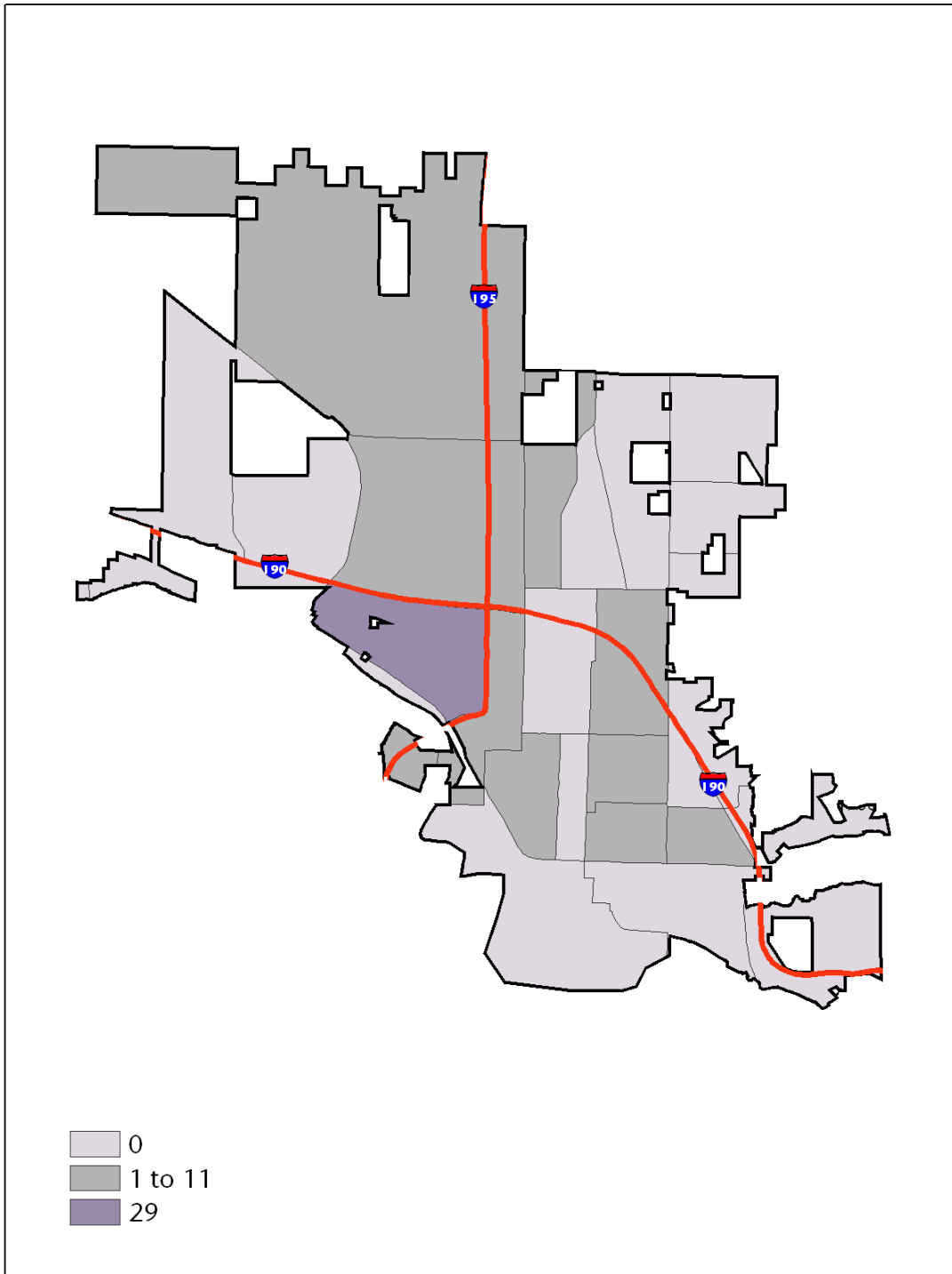
Exhibits III-8 through III-10 provide further detail on two condition indicators by Census Block Group for the City of Coeur d'Alene. Mapping these indicators gives insight into the areas with concentrations of substandard housing.

The map below shows the number of units in the City, by Block Group, that have incomplete plumbing. Numerically and percentage-wise, the City does not have a significant problem with substandard plumbing.

As Block Group is the smallest geographic unit for which the Census Bureau tabulates much of its data. A Block Group is made up of "blocks," which can correspond to residential blocks in cities and towns.

² The condition survey described above did not inventory these conditions since surveyors did not go inside the home.

**Exhibit III-8.
Housing Units Lacking Plumbing Facilities, 2000**

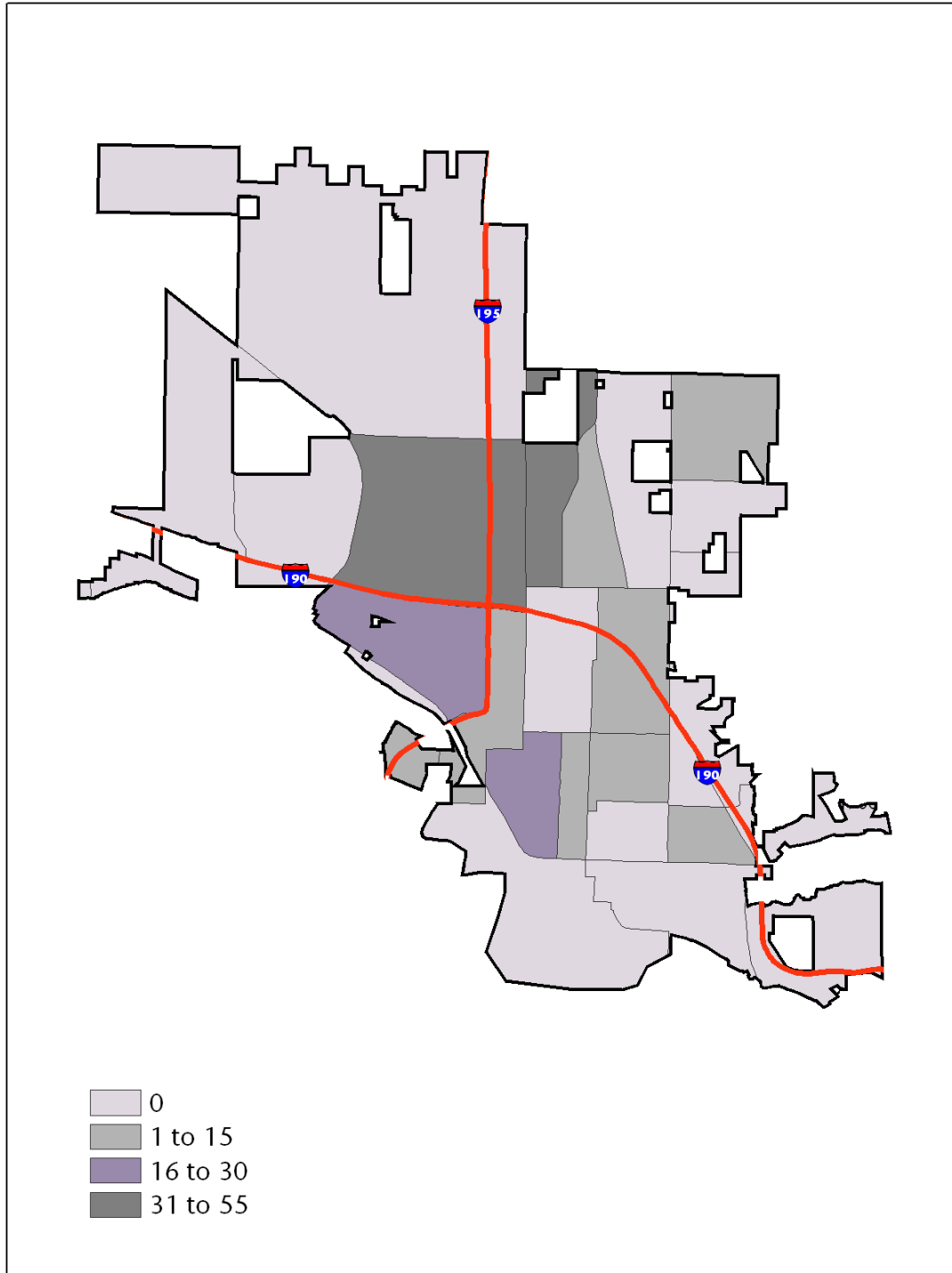


Note: The total number of housing units in the Block Groups lacking complete plumbing facilities is 7 housing units more than the City of Coeur d'Alene total without plumbing; some Census Block Groups are not wholly included in the City limits.

Source: U.S. Census Bureau, 2000 Census.

Exhibit III-9 portrays areas in the City with incomplete kitchen facilities. Similar to plumbing facilities, there are few housing units with substandard kitchen facilities.

**Exhibit III-9.
Housing Units Lacking Kitchen Facilities, 2000**

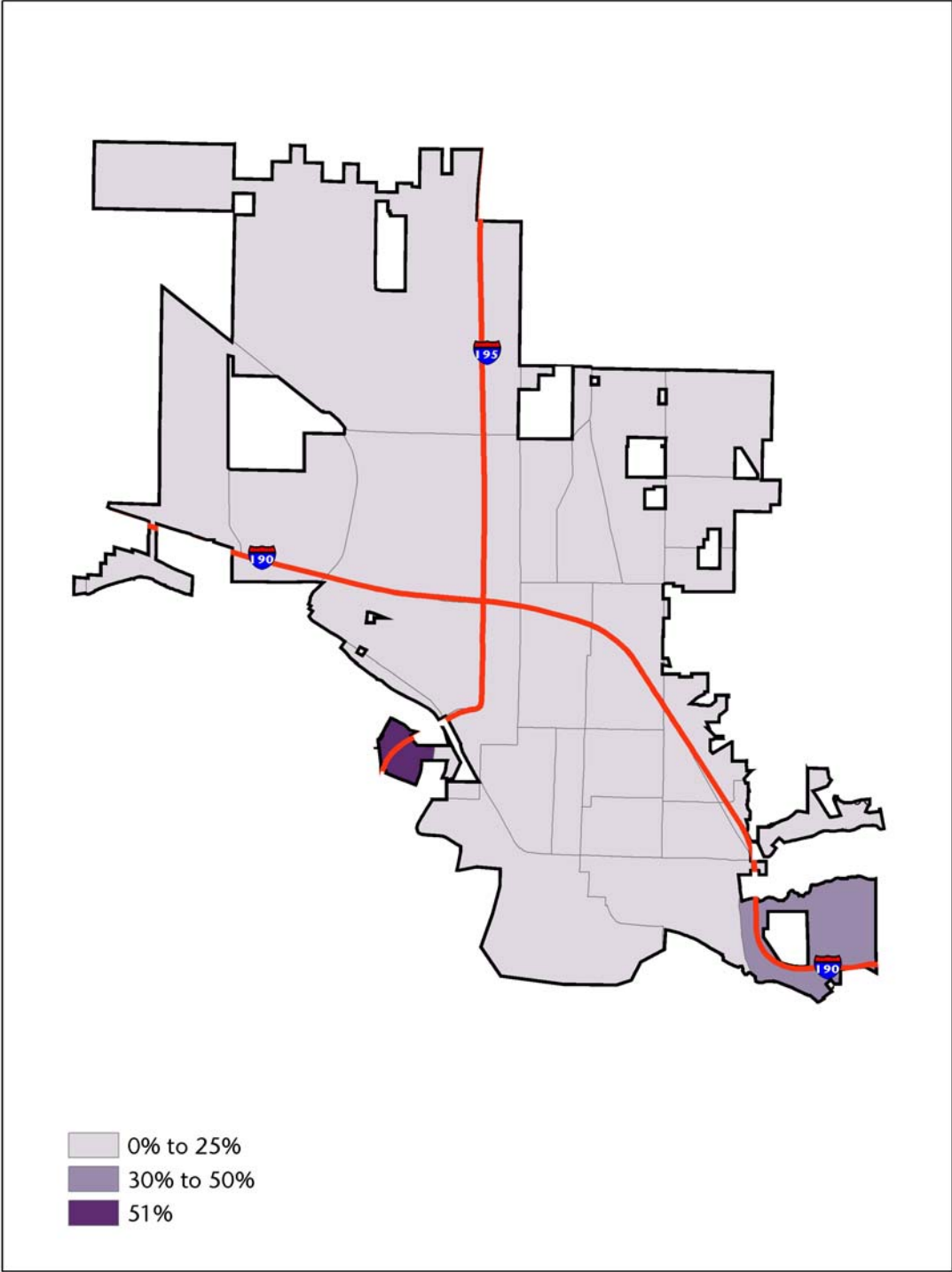


Note: The total number of housing units in the Block Groups lacking complete kitchen facilities is 7 housing units more than the City of Coeur d'Alene total without complete kitchen facilities; some Census Block Groups are not wholly included in the City limits.

Source: U.S. Census Bureau, 2000 Census.

Exhibit III-10 shows the percentage of housing units by Block Group that use non-utility sources of heat or have no heating source.

Exhibit III-10.
Housing Units Using Non-Utility Heat or Lacking Heat Sources, 2000



Source: U.S. Census Bureau, 2000 Census.

Age of housing units. Housing age is important to consider in any city because often the older the home, the more likely the home is to be in substandard condition. Exhibit III-11 below lists the age of housing by decade from 1939 to March of 2000. By decade, the largest percentage of housing units in Coeur d’Alene was built between 1990 and 2000: Nearly one-third of the City’s housing stock was built during these ten years. Numerically, just over 4,000 units were built during this decade.

**Exhibit III-11.
Number and Percent of Housing Units by Age, 2000**

	Coeur d’Alene		Kootenai County		Hayden	Post Falls	Rathdrum
1939 or earlier	1,865	13%	8%		2%	3%	6%
1940-1949	953	7%	4%		1%	1%	2%
1950-1959	1,144	8%	6%		3%	5%	3%
1960-1969	1,183	8%	7%		4%	4%	2%
1970-1979	3,095	22%	24%		24%	19%	18%
1980-1989	1,632	12%	14%		16%	13%	10%
1990 - March 2000	<u>4,068</u>	<u>29%</u>	<u>38%</u>		<u>49%</u>	<u>57%</u>	<u>60%</u>
Total	13,940	100%	100%		100%	100%	100%

Note: May not total due to rounding.

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

Comparatively, the housing stock in Coeur d’Alene was older than that of the surrounding areas in 2000. The City’s housing stock built from 1939 (or earlier) to 1949 was 9 percent higher than Kootenai County (the next closest percentage-wise).

By comparing the percentages of housing units built from 1990 to 2000, it is apparent that, although Coeur d’Alene has built the greatest percentage of its housing stock from 1990 to 2000, the proportion is less than that of the study areas. Twenty-nine percent of the City’s housing stock was built between 1990 and 2000, compared to more than half (60 percent) of Rathdrum’s housing units.

Exhibit III-12 below provides further detail on the age of housing units by dividing the units into renter and owner-occupied.

**Exhibit III-12.
Number and Percent of Housing Units by Age and Tenure, 2000**

	Coeur d’Alene		Kootenai County		Hayden		Post Falls		Rathdrum			
	Owner Occupied	Renter Occupied	Owner Occupied	Renter Occupied	Owner Occupied	Renter Occupied	Owner Occupied	Renter Occupied	Owner Occupied	Renter Occupied		
1939 or earlier	1,152	13%	713	13%	7%	10%	2%	1%	2%	3%	5%	9%
1940-1949	627	7%	326	6%	4%	4%	2%	1%	1%	0%	3%	0%
1950-1959	845	10%	299	6%	5%	6%	2%	8%	4%	6%	2%	7%
1960-1969	655	8%	528	10%	6%	9%	3%	7%	3%	6%	2%	3%
1970-1979	1,678	19%	1,417	27%	24%	26%	25%	21%	20%	15%	19%	12%
1980-1989	879	10%	753	14%	14%	15%	15%	19%	13%	12%	9%	13%
1990 - March 2000	<u>2,790</u>	<u>32%</u>	<u>1,278</u>	<u>24%</u>	<u>40%</u>	<u>30%</u>	<u>51%</u>	<u>43%</u>	<u>57%</u>	<u>58%</u>	<u>60%</u>	<u>57%</u>
Total	8,626	100%	5,314	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: May not total due to rounding.

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

Overall, the owner and renter housing stock in the City has been built at fairly equal rates, with one exception. From 1970 to 1979, 27 percent of the rental housing stock was built from 1970 to 1979, while only 19 percent of the homeownership housing was built during this same period.

Numerically, before 1939 until 1959, the new housing built in Coeur d'Alene was primarily owner-occupied housing. However, beginning in 1960 until the late 1980s, the housing market began to balance out and the gap in the *number* of owner and renter units built each decade narrowed. The market shifted again from 1990 to 2000 emphasizing owner units over rental units (2,790 owner units vs. 1,278 renter units).

Similar to the findings in Exhibit III-11, the renter and owner housing stock in all the study areas was considerably newer than the housing stock in Coeur d'Alene. Kootenai County's housing stock age is most similar to Coeur d'Alene. Forty-percent of the County's owner housing units and 30 percent of the County's renter units was built from 1990 to 2000. On the other hand, the age of Rathdrum's housing stock is most dissimilar to the City's housing. In Rathdrum, almost twice the Coeur d'Alene proportion of owner units were built from 1990 to 2000, and more than twice the City's renter-occupied units were built during this same decade.

Exhibit III-13 shows the estimated distribution of housing units by age as of 2005.

**Exhibit III-13.
Number and Percent of Housing Units by Age, 2005**

	Coeur d'Alene		Kootenai County		Hayden	Post Falls	Rathdrum
1939 or earlier	1,902	12%	6%	6%	2%	2%	5%
1940-1949	934	6%	3%	3%	2%	1%	2%
1950-1959	1,131	7%	5%	5%	2%	4%	2%
1960-1969	1,274	8%	7%	7%	3%	3%	2%
1970-1979	3,113	19%	21%	21%	19%	15%	16%
1980-1989	1,697	10%	13%	13%	14%	10%	10%
1990 - 1999	4,214	26%	31%	31%	40%	45%	53%
2000 - March 2005	<u>2,167</u>	<u>13%</u>	<u>14%</u>	<u>14%</u>	<u>18%</u>	<u>20%</u>	<u>10%</u>
Total	16,432	100%	100%	100%	100%	100%	100%

Note: May not total due to rounding.

Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

Since 2000, the City has built 2,167 new housing units (owner and renter-occupied).³ The number of new units built thus far (from 2000 to 2005) is on pace to meet the same number of units built during the previous decade (1990 to 2000).

In general, from 13 to 20 percent of the total housing stock in the study areas has been built in the last five years. The study areas are more similar in the rate of new housing construction in the last five years (2000 to 2005) than they were from 1990 to 2000. Thus far, halfway through the current decade, the study areas' housing construction is within 7 percent of each other. This is unlike the data in 2000 in which the largest disparity was a 31 percent difference (29 percent of Coeur d'Alene's housing was built between 1990 and 2000 while 60 percent of Rathdrum's housing stock was built during this same decade).

Overcrowded housing. In addition to substandard housing condition, another key factor to examine in evaluating housing condition is overcrowded housing. The U.S. Department of Housing and Urban Development (HUD) defines an overcrowded unit as having more than one person per room. According to 2000 Census data, about 1 percent of owner-occupied housing units and 2 percent of renter-occupied units in Coeur d'Alene were overcrowded.⁴

³ Claritas, the commercial data provider, does not offer data on housing age by tenure.

⁴ Claritas does not offer data on overcrowded housing units for 2005.

Exhibit III-14 shows the number of renter and owner households in overcrowded conditions in Coeur d'Alene and the other areas of interest.

**Exhibit III-14.
Households Living in Overcrowded Conditions, 2000**

1.01 or more occupants per room	Total occupied		Owner occupied		Renter occupied	
	Units	% of Units	Units	% of Units	Units	% of Units
Coeur d'Alene	500	4%	167	1%	333	2%
Kootenai County	1,401	3%	789	2%	612	1%
Hayden	116	3%	64	2%	52	1%
Post Falls	293	5%	166	3%	127	2%
Rathdrum	92	6%	72	5%	20	1%

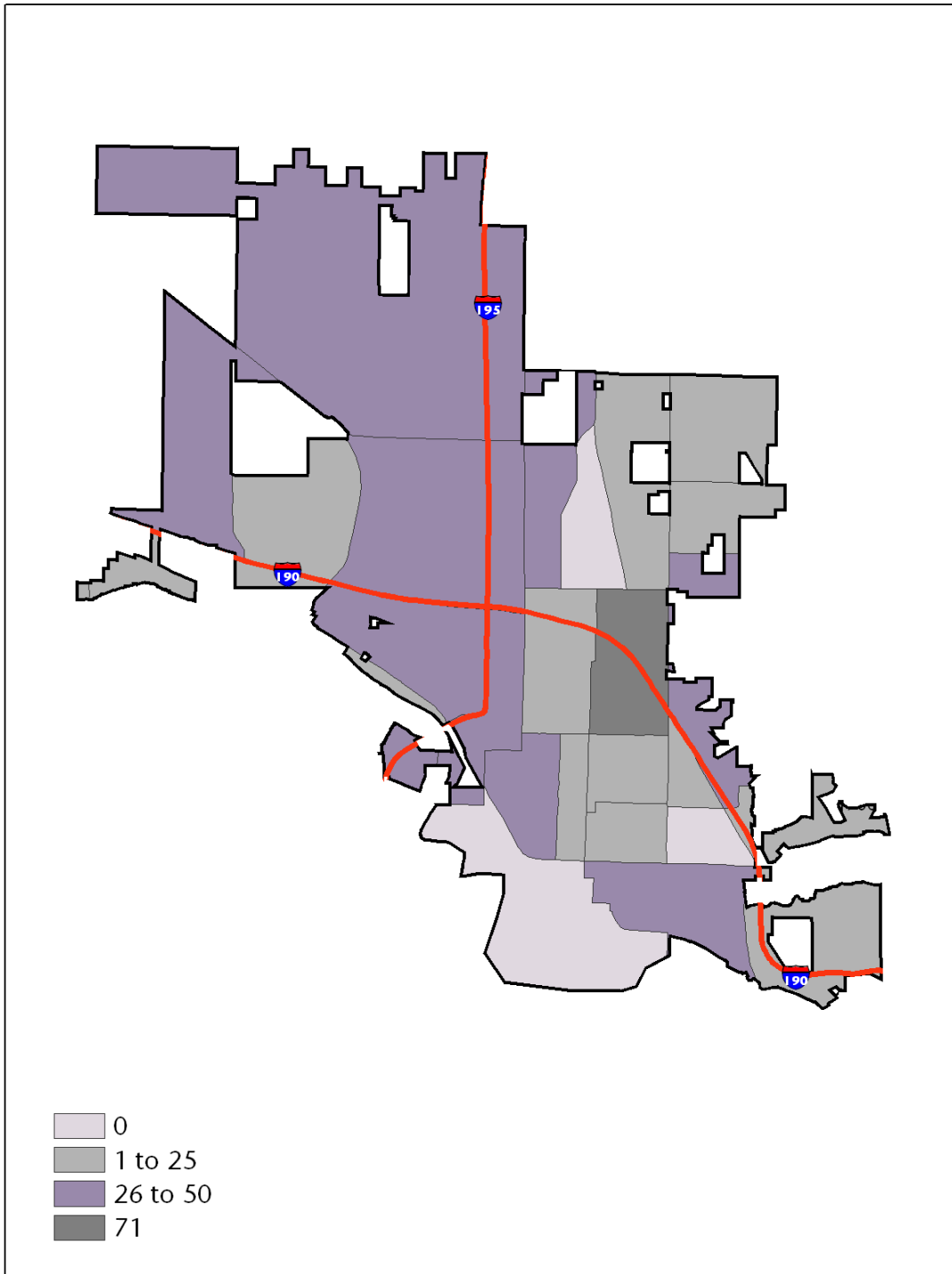
Note: May not total due to rounding.

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

Coeur d'Alene, Kootenai County and the cities in the study area were all quite similar in the proportion of housing units that were overcrowded. In 2000, just over one-third of all overcrowded housing units in the County were located in Coeur d'Alene. About another third of all overcrowded units were located in the remaining study area cities (Hayden, Post Falls and Rathdrum). Of all cities in the study area, Rathdrum had the highest proportion of overcrowded housing units (6 percent). The greater proportion of overcrowded housing units in Rathdrum was due to a higher level of overcrowded owner-occupied units; the percentage of overcrowded rental units was similar to the other study areas.

Exhibit III-15 on the following page highlights the areas in the City where there are concentrations of overcrowded housing. It should be noted that together these units represent just 4 percent of all housing units in the City.

Exhibit III-15.
Number of Households Living in Overcrowded Conditions, 2000



Note: The total number of overcrowded housing units in the Block Groups is 83 housing units more than the City of Coeur d'Alene total; some Census Block Groups are not wholly included in the City limits.

Source: U.S. Census Bureau, 2000 Census.

The most northern Block Group in the City has 48 units with 1.01 occupants or more per room, the largest number of all Block Groups in Coeur d'Alene. The majority of Block Groups in the City, however, have between 26 and 50 households living in overcrowded conditions.

Cost of Housing

This section provides data on the prices of the City's single-family homes and rental units, and compares the data to surrounding areas where available. The section also discusses recent trends in home sales and rental prices in Coeur d'Alene, as collected through data on home resales and a 2006 telephone survey conducted of property owners and manager of the City's rental units.

The cost of for-sale housing. This section presents data on owner-occupied housing in Coeur d'Alene. It begins with data on the median value of owner-occupied housing, as collected through Census surveys. It also presents data for homes on the market, as reported through the real estate Multiple Listing Service (MLS).

The median values of owner-occupied housing in the City differ considerably from the average values suggested by the MLS because of a few reasons:

- The home values from the 2000 Census and the 2005 projections present values for all units in the City, not just those for sale. The MLS data represent homes for sale only.
- The home values from the 2000 Census and the 2005 projections are *median* values. That is, they report the point at which half of all houses in Coeur d'Alene are valued at less than the median, and half are valued at more. In contrast, the MLS data report *average* values. Average values are influenced by very high and very low numbers, where the median is not. Sales on the very high end of the market in Coeur d'Alene have pushed up the average value recently.

The 2000 and 2005 homes values are useful to understand how well the market fits the income distribution of residents in Coeur d'Alene. (This exercise is conducted as part of the "housing gaps" analysis below). The MLS data are useful in determining how easy it is for the certain households to find a home to purchase, including household moving into the area, renters wanting to become owners and current owners who wish to sell and move into a different house.

Census data on home values. In 2000, the median value of Coeur d'Alene's occupied owner units was \$105,300. The "median price" is the point at which half of the units are valued at less than the median and half are valued at more than the median. Using the median to measure overall prices is better than using an average because the median is not influenced by extreme prices (e.g., large, custom homes selling at prices far above the majority of the market).

Exhibit III-16 shows the 2000 median values for owner-occupied homes in Coeur d'Alene, the median value of homes on the market as of 2000 ("asked price"), and the estimated median value in 2005. The City's median value in 2000 was the second lowest value when compared to the study areas. Only the value of housing in Rathdrum was lower (\$102,400). In 2000, the County had the highest median value of \$116,400.

According to data projections, the median value in 2005 was estimated at \$129,922 for Coeur d'Alene—a 23 percent increase. That is, between 2000 and 2005, the median value of owner-occupied homes in the City rose by \$24,622. The City had the second highest percentage point increase from 2000 to 2005 (Post Falls was first).

Despite this growth in prices, in 2005, the City's median value remained lower than other areas. The County's median value was the highest in 2005 at \$142,788.

**Exhibit III-16.
Median Value and Asking Price of Owner Housing Units, 2000 and 2005**

	2000 Median Value	2000 Median Priced Asked	2005 Median Value	Percent Change (2000–2005)
Coeur d'Alene	\$105,300	\$98,100	\$129,922	23%
Kootenai County	\$116,400	\$114,900	\$142,788	23%
Hayden	\$112,300	\$112,500	\$134,259	20%
Post Falls	\$107,900	\$96,900	\$133,596	24%
Rathdrum	\$102,400	\$85,000	\$120,267	17%

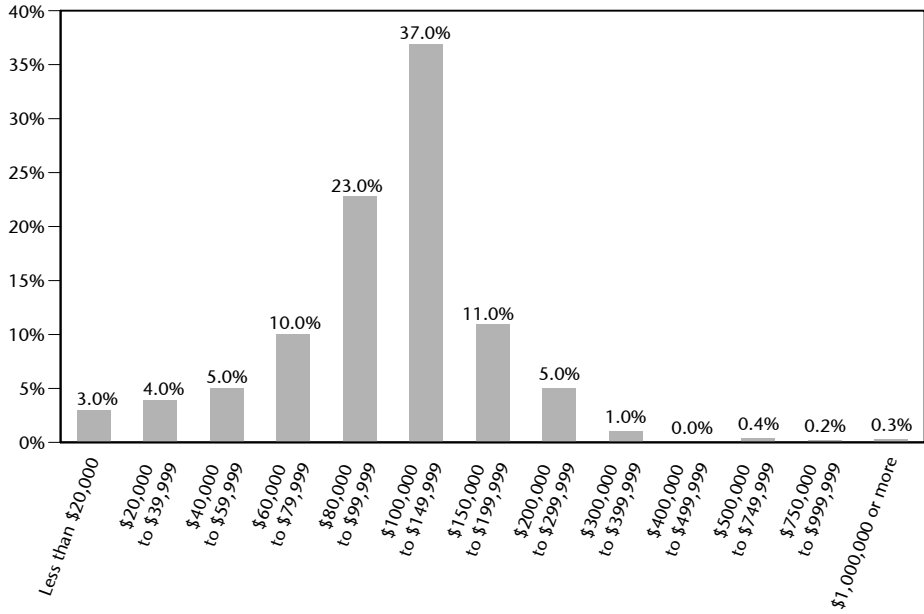
Source: U.S. Census Bureau, 2000 Census, PCensus, 2005 Claritas database and BBC Research & Consulting.

Exhibits III-17 and III-18 graphically show the median value of owner-occupied homes in Coeur d'Alene in 2000 and 2005. The highest bar represents the value of the largest proportion of units. For example, in 2000, 37 of owner-occupied units in Coeur d'Alene were valued at between \$100,000 and \$150,000. Another 23 percent were valued at between \$80,000 and \$100,000. Therefore, 60 percent of the City's housing stock in 2000 had a value of between \$80,000 and \$150,000.

Comparing Exhibits III-17 and III-18 shows how the market has shifted between 2000 and 2005. Even though the highest proportion of units in 2005 remains in the \$100,000 and \$150,000 price range, the proportion of lower priced units (\$60,000 to \$100,000) has changed dramatically. In 2000, 33 percent of Coeur d'Alene's owner-occupied units were worth \$60,000 and \$100,000. By 2005, this had dropped to 14 percent.

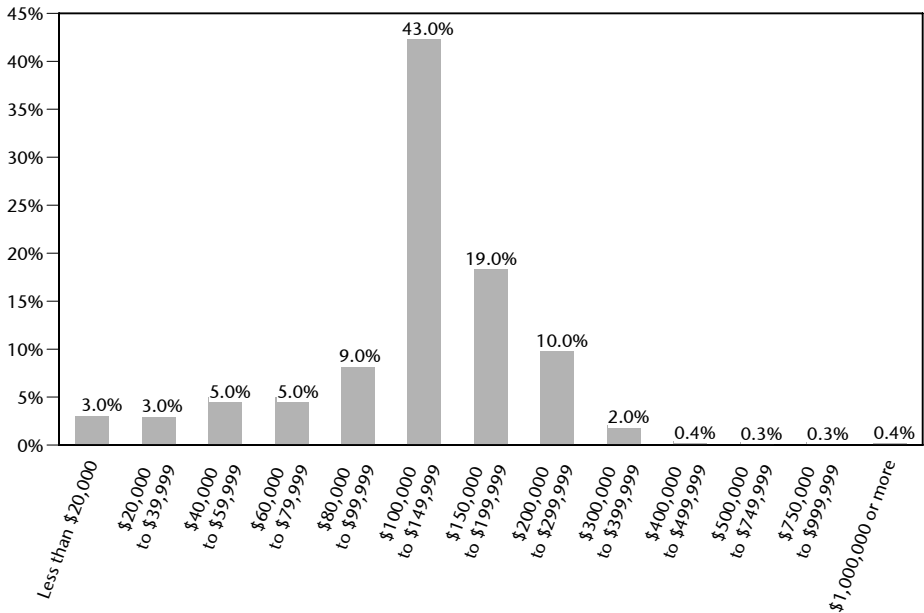
Making up for this change is a growth in units valued between \$150,000 and \$300,000. In 2000, 16 percent of the City's owner-occupied housing stock was valued at between \$150,000 and \$300,000. By 2005, this had grown to 29 percent.

Exhibit III-17.
Values of Owner-Occupied Housing Units, 2000



Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

Exhibit III-18.
Values of Owner-Occupied Housing Units, 2005



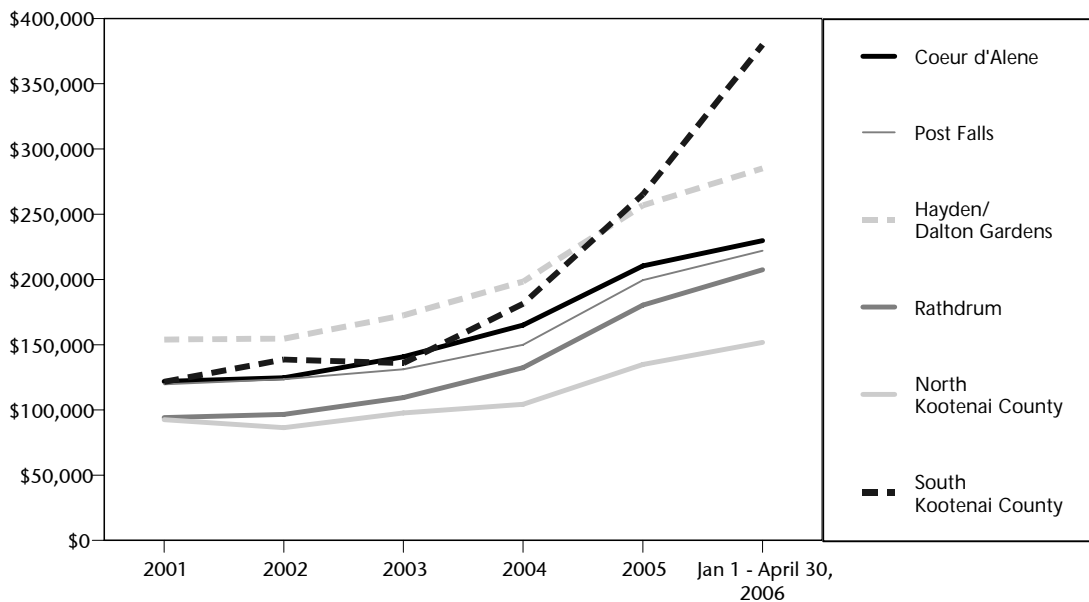
Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

Multiple Listing Service (MLS). The MLS is a listing of residential properties for sale and on the market in a given area and their prices (with the exception of properties that are being sold by owners and not advertised on the MLS). The MLS also records all recent closed sales and their sales prices.

The organization responsible for maintaining the MLS in Kootenai County is the Coeur d'Alene Association of Realtors. Access to MLS data allows for a more in-depth understanding of the housing market in Coeur d'Alene by analyzing trends in the prices of sold home and by analyzing the asking price of homes currently on the market.

According to MLS data, the average price residential units sold in Coeur d'Alene during 2001 was \$121,895. Since 2001, MLS data demonstrate a very rapid increase in average prices. Exhibit III-19 graphs the change in the average sold price of single-family units for various cities and regions within Kootenai County. As evidenced by the graph, the average sold price increased steadily between 2001 and 2004, and then quite dramatically between 2004 to spring 2006. The average price for all listings sold between 2001 and April 30, 2006 was \$229,687 in the City.

Exhibit III-19.
Average Price of Sold Single-Family Units by Area, 2001 to April 30, 2006



Source: *MLS STATS: Coeur d'Alene Multiple Listing Service, 2002, 2003, 2004, 2005, 2006, Coeur d'Alene Association of Realtors.*

Exhibit III-20 shows the percent change in average prices from year-to-year. Again, the data show that the most significant percentage point increase for all areas occurred between 2004 and 2005. The City's average price of sold units increased by 28 percent and the average sold price in South Kootenai County (the greatest increase) was 46 percent.

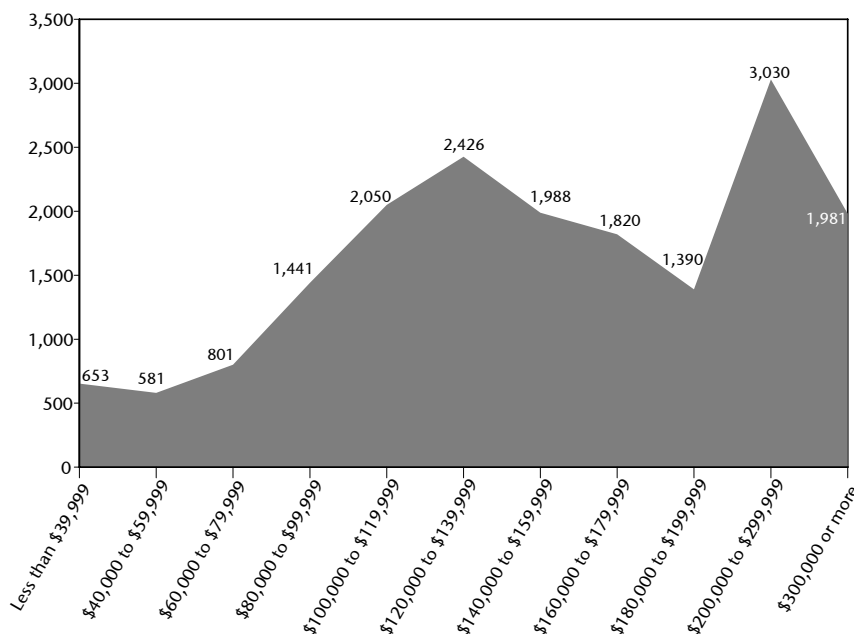
**Exhibit III-20.
Percent Change in Average Sold Price of Single-Family Homes, 2001 to April 30, 2006**

	% Change 2001-2002	% Change 2002-2003	% Change 2003-2004	% Change 2004-2005	% Change 2005-2006	Overall % Change 2001-2006
Coeur d'Alene	2%	13%	17%	28%	9%	88%
Hayden/Dalton Gardens	0%	14%	15%	29%	11%	85%
Post Falls	3%	6%	14%	33%	11%	85%
Rathdrum	3%	10%	21%	36%	15%	120%
North Kootenai County	-7%	9%	7%	29%	13%	64%
South Kootenai County	14%	-2%	33%	46%	43%	212%

Source: *MLS STATS: Coeur d'Alene Multiple Listing Service, 2002, 2003, 2004, 2005, 2006, Coeur d'Alene Association of Realtors and BBC Research & Consulting.*

Exhibit III-21 shows the number of units for sale Countywide between 2002 to April 30, 2006, by price range. The “peaks” in the graph represent the price ranges where the most homes could be found for sale; the “valleys” represent where the homes for sale are most limited. Altogether, 18,161 single-family housing units were sold in the County over the 5-year time period.⁵ By price range, the most units sold for between \$200,000 and \$299,999 (3,030 units).

**Exhibit III-21.
Price Distribution of Sold Single-Family Homes, 2002 to April 30, 2006**



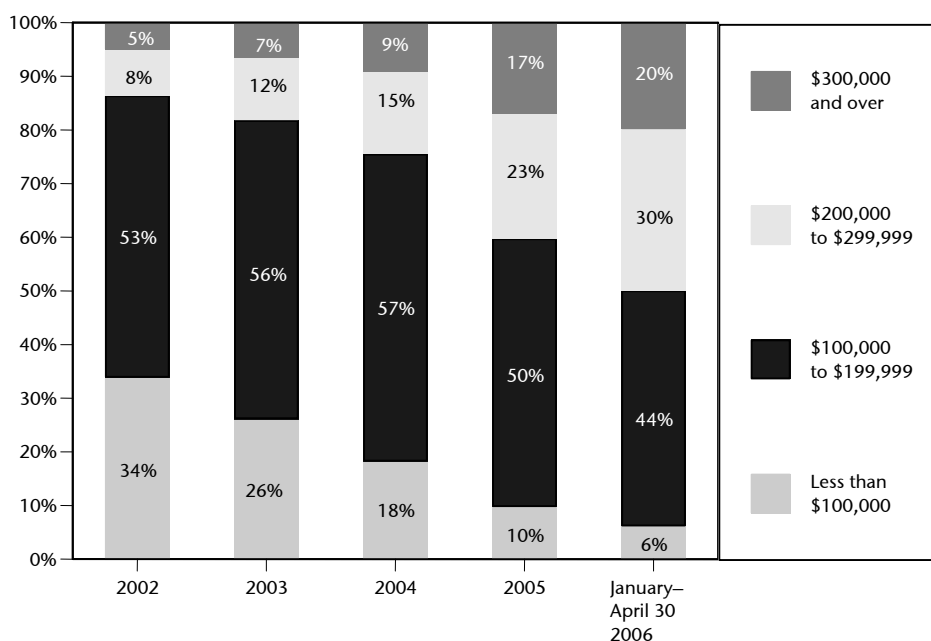
Source: *MLS STATS: Coeur d'Alene Multiple Listing Service, 2002, 2003, 2004, 2005, 2006, Coeur d'Alene Association of Realtors.*

⁵ It should be noted that the MLS does not include price data on homes for-sale-by-owner or homes directly sold by builders.

Exhibit III-22 shows the price of sold single-family units by income range and year. The Exhibit demonstrates that from 2002 to April 2006, the market saw many more homes selling for above \$100,000, and far fewer selling for under \$100,000. The proportion of homes sold for under \$100,000 declined by a dramatic 28 percentage points.

The shift away from homes priced under \$100,000 was redistributed to homes priced primarily above \$200,000. Homes that sold between \$200,000 and \$299,999 increased from 8 percent in 2002 to 30 percent in 2006; this is an increase of 22 percentage points. Likewise, sold homes for \$300,000 and above increase by 15 percentage points from 5 percent in 2002 to 20 percent as of April 2006.

Exhibit III-22.
Changes in Price of Sold Single-Family Homes, Kootenai County, 2002 to April 30, 2006



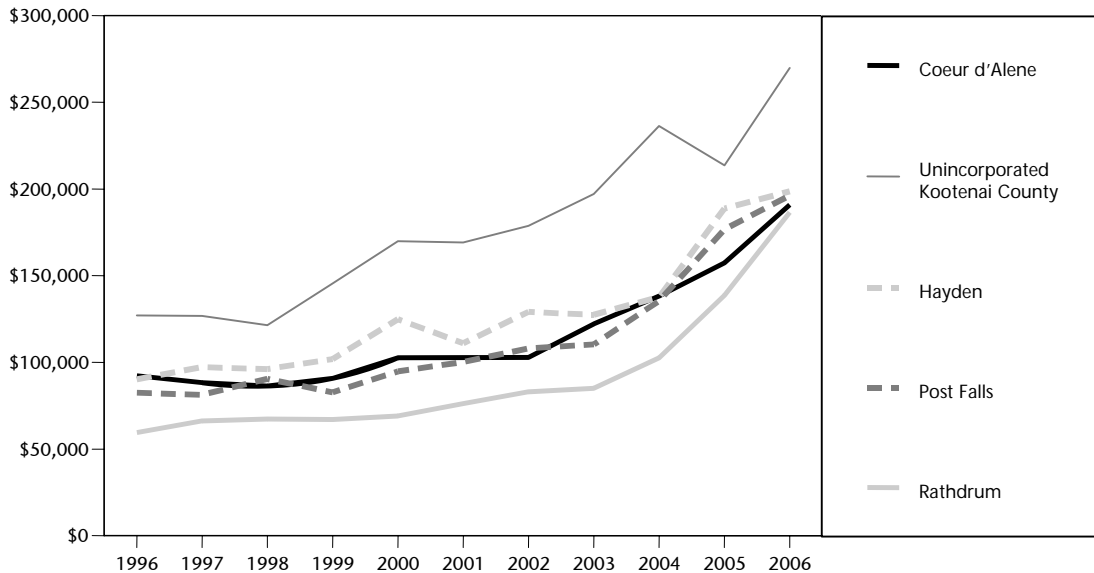
Source: MLS STATS: Coeur d'Alene Multiple Listing Service, 2002, 2003, 2004, 2005, 2006, Coeur d'Alene Association of Realtors.

Building permits. When a City issues a permit to develop a home, they request information on the value of the work to be completed. Trends in valuation (as tracked by building permits) are another indicator of the changes in housing costs. In general, the more that a house costs to develop, the more it will fetch in the market (barring market downturns and shocks in supply and demand).

Exhibit III-23 on the following page shows the average valuation of building permits from 1996 through May 2006 for Coeur d'Alene and the areas of interest. The graph shows that the permits in the unincorporated County have been valued the highest. In fact, the unincorporated County permit valuation has remained well above the other study areas during the past 10 years.

The valuation of Coeur d'Alene's single-family permits has consistently been in-line with the valuation of permits in Hayden, Post Falls and Rathdrum. Hayden single-family permits have been valued slightly above the City's consistently in the last 10 years, and Rathdrum's permits have been valued consistently below Coeur d'Alene's permits.

Exhibit III-23.
Average Single-Family Building Permit Valuation, 1996 to May 2006



Source: U.S. Census Bureau, Monthly New Privately-Owned Residential Building Permits, 1996-2006.

Actual market data (as explained in the previous section) also support the building permit data above that indicate that prices have changed dramatically since 1996. In Coeur d'Alene, the average building permit valuation increased from \$92,277 in 1996 to \$190,926 as of May 2006. That is, the value of the work completed on the average new home in Coeur d'Alene rose by almost \$100,000. This is a 107 percentage point increase over the 10-year period.

The cost of rental housing. This section reports information on the cost of rental units in Coeur d'Alene and the other study areas, as gathered through Census data, data from HUD and a telephone survey of property owners and managers conducted by BBC.

Census data. The 2000 Census gathered information on rents in Coeur d'Alene and surrounding areas; this is the most recent comprehensive data on rents⁶. Exhibit III-24 lists three rent values:

- Median gross rent, which is the price of rent and utilities;
- Contract rent, which is rent cost only, and
- The rent asked for vacant units at the time the 2000 Census was conducted.

In 2000, the median gross rent paid by the City's renters was \$555; the median contract rent was \$487; and the median rent asked was \$495. The rental rate for vacant units was only \$8 higher than the median rent paid by renters before utilities.

Coeur d'Alene had the lowest rental rates (gross, contract and asked) of all the study areas. The County's rental rates were the most similar to Coeur d'Alene. The contract rent in Kootenai County was only \$10 more than the City's in 2000. On the other hand,

⁶ The commercial data provider used for this study does not provide updated data on rental rates.

Rathdrum's rates were the highest; the gross rent was over \$100 more than the City's; contract rent was approximately \$100 higher; and rent asked was \$80 more than the rates in Coeur d'Alene.

**Exhibit III-24.
Median Rental Values, 2000**

	Coeur d'Alene	Kootenai County	Hayden	Post Falls	Rathdrum
Median gross rent	\$555	\$571	\$621	\$607	\$664
Median contract rent	\$487	\$497	\$561	\$555	\$581
Median rent asked	\$495	\$518	\$601	\$547	\$575

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

Rental prices have also increased since 2000, but not nearly as rapidly as single-family home prices. According to Census data, in 2000, the median contract rent (excluding utilities) was \$487. Rental data obtained from BBC's telephone survey estimate a median rent of \$540. A comparison of these data suggests that since 2000, the median price of rental units has increased by 11 percent.

HUD rental data. Annually, HUD establishes Fair Market Rents (FMR) for metropolitan areas, which are used to determine the subsidy that households are eligible to receive under subsidized programs. The FMRs of the Coeur d'Alene MSA (which is the boundaries of Kootenai County) are used for the City.

The FMRs reflect the 40th-percentile rent level in an area. That is, it is the point at which 40 percent of units rent for less than the 40th percentile; 60 percent of units rent for more. The 40th-percentile rent is lower than the median (which separates at 50 percent).

Exhibit III-25 lists the FY2006 FMRs.

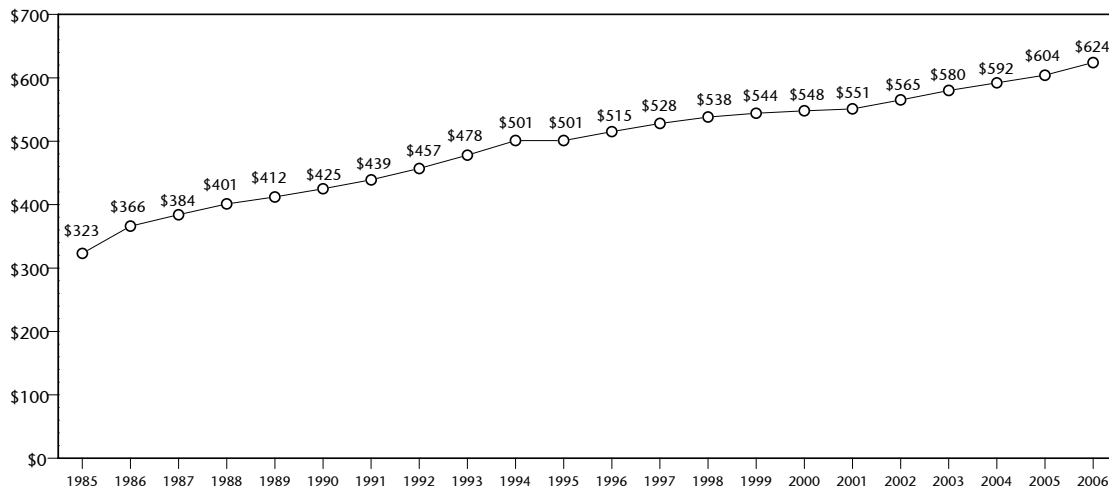
**Exhibit III-25.
Fair Market Rents,
Coeur d'Alene MSA, 2006**

Source:
U.S. Department of Housing and Urban Development.

Bedroom Size	Fair Market Rent
Efficiency	\$480
One-Bedroom	\$519
Two-Bedroom	\$624
Three-Bedroom	\$907
Four-Bedroom	\$1,015

Exhibit III-26 shows the trend in FMRs during the past 21 years. As shown, the FMRs have almost doubled since 1985. The rent levels have generally been on a steady increasing trend. Most recently, from 2005 to 2006, the fair market rent increased by \$20.

Exhibit III-26.
Trends in Fair Market Rents for Two-Bedroom Units, 1985 to 2006



Source: U.S. Department of Housing and Urban Development and BBC Research & Consulting.

2006 BBC rental survey. To examine current rental rates, BBC conducted a telephone survey of multifamily rental units on the market in July 2006. BBC called all apartment complexes found through apartment finder Internet resources. The information collected through the surveys reflects data for 1,196 units in 17 complexes. Of these units, rent cost data were provided for 870 units. Additional information collected through the survey included age of units, percent of units that are handicapped (ADA) accessible, and vacancy rates.

Exhibit III-27 summarizes the data collected through the rental survey.

Exhibit III-27.
Characteristics of Rental Units Surveyed July 24 through July 28, 2006

Note:
 Median rent only reflects 870 units; rates for the remaining 326 units were not provided.
 Source:
 BBC telephone survey, 07/24 - 07/28/2006.

Total number of units surveyed	1,196
Median year built	1980
Median rent	\$540
Percent of total units ADA accessible	7%
Median vacancy rate in July 2006	0%
Median vacancy rate in July 2005	0%

As shown above, the median year built for the 17 surveyed complexes in Coeur d’Alene was 1980. The median rent across all bedroom sizes was \$540, and 7 percent of the total units in the complexes were ADA accessible. BBC’s median rent is less than HUD’s 40th percentile fair market rent for the Coeur d’Alene MSA, suggesting that rents in the City are currently lower than for the MSA overall.

The vacancy rates in BBC's rental survey were reported by landlords to be so low that, when calculating the median rate, the complexes that did have vacancies were overshadowed by the 0-percent vacancy rates in the majority of the remaining developments.

Other information gleaned from the rental survey included the following:

- The most frequently mentioned needed repairs to units included new flooring (carpet and vinyl), painting and countertop replacement.
- Two bedroom units were the most likely to be vacant according to interviewees who responded to the question.
- Most of the interviewees who responded to a question about lead-based paint hazards said that their units had never been treated for lead-based paint hazards, or the interviewees were not sure if their units had ever been treated.

Affordability

This section presents an analysis of the affordability of Coeur d'Alene's single-family and rental market. The section starts by introducing industry/HUD measures of housing affordability.

Defining affordability. Housing is "affordable" if no more than 30 percent of a household's gross monthly income is needed for rent or mortgage payments, and utilities. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered "cost burdened."

In general, housing needs are great not only for persons living in poverty, but also for many low-income households. HUD defines low-income households more broadly than households living in poverty. Like the poverty definition, HUD adjusts the definition of low-income to incorporate family size. In addition, HUD uses several ranges to define the various levels of low-income status.

As introduced in Section II, HUD divides low-income households into categories, based on their relationship to the median family income (MFI): extremely low-income (earning 30 percent or less of the MFI), very low-income (earning between 31 and 50 percent of the MFI) and low-income (earning between 51 and 80 percent of the MFI).

In 2000, the U.S. Department of Housing and Urban Development (HUD) reported a median family income (MFI) of \$44,700 for Kootenai County.⁷ In 2005, HUD estimated the median family income at \$50,150—a 12.2 percentage increase from 2000.⁸

⁷ Coeur d'Alene was not classified as a Metropolitan Statistics Area in 2000. Therefore, in 2000, the City followed HUD income limits for Kootenai County. In 2006, HUD designated Coeur d'Alene as a metropolitan statistical area (MSA); however, the MSA and Kootenai County are one-and-the-same.

⁸ Although there are 2006 HUD income limits posted, the majority of the available data are current as of 2005. Therefore, to be consistent with the rest of the study, BBC has chosen to base the affordability analysis on the 2005 HUD income limits. The 2006 MFI for the Coeur d'Alene MSA is \$50,100 (\$50 less than the 2005 Kootenai County MFI).

Exhibit III-28 shows the maximum earnings of families in various income categories for 2005, using HUD's income definitions. The two right-hand columns in the exhibit show the affordable home price and rents for households at the various defined income levels. These prices and rents represent the maximum home price and rent that the households in the defined income categories could afford without being cost burdened.

**Exhibit III-28.
HUD Income Categories
and Affordable Values,
2005**

Note: The numbers assume loan terms of 5 percent down, 6.5 percent interest rate, and 30-year term, and are adjusted for PMI, hazard insurance, and property taxes.

Source:
HUD and BBC Research & Consulting.

HUD Income Category	Income Limit	Maximum Affordable Home Price	Maximum Affordable Rent
Median Family Income (MFI)	\$50,150	\$167,037	\$1,254
Extremely low-income (0-30% of MFI)	\$15,045	\$50,111	\$376
Very low-income (31-50% of MFI)	\$25,075	\$83,519	\$627
Low-income (51-80% of MFI)	\$40,120	\$133,630	\$1,003
Moderate-income (81-100% of MFI)	\$50,150	\$167,037	\$1,254
Middle-income (100-120% of MFI)	\$60,180	\$200,445	\$1,505
Upper-income (121% or greater of MFI)	\$60,180 +	\$200,445 +	\$1,505 +

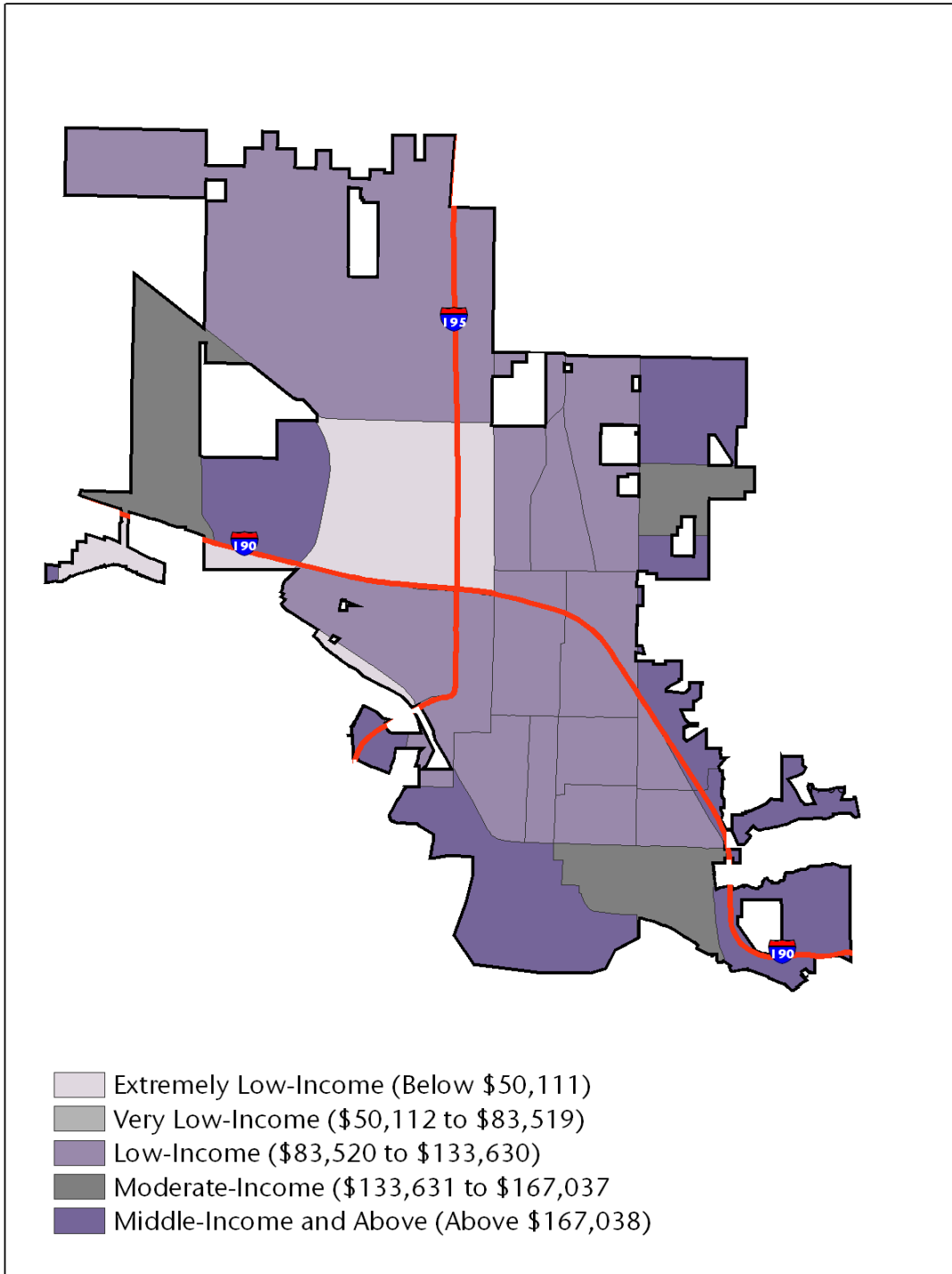
As shown in Exhibit III-28, a household in Coeur d'Alene that is considered extremely low-income by HUD standards (earning \$15,045 or less in 2005) could afford to buy a house priced at no more than \$50,111, or could afford to pay no more than \$376 per month in rent. According to household income projections, about 2,800 Coeur d'Alene households fell into this category, representing 18 percent of Coeur d'Alene's households.

In 2005, very low-income households (earning between \$15,046 and \$25,075) could afford a rent payment of up to \$627, and could afford to buy a house that cost up to \$83,519. About 2,300 Coeur d'Alene households fell into this category, representing 15 percent of Coeur d'Alene's households.

The City's low-income households (earning between \$25,076 and \$40,120) could afford a rent payment of up to \$1,003 and could afford to buy a house that cost up to \$133,630. In 2005, approximately 3,600 households in Coeur d'Alene were considered to be low-income, representing about 22 percent of the City's households.

Location of affordable housing. In certain parts of the Coeur d'Alene (primarily areas along the lake), the City's lower-income households would find it difficult to buy housing. Exhibit III-29 shows the distribution of single-family housing by *median value* in 2005. The affordability ranges correspond to the affordable house price by HUD income category (e.g., the lightest-shaded Block Groups have a median value affordable to extremely low-income households).

**Exhibit III-29.
Median Value Distribution, 2005**

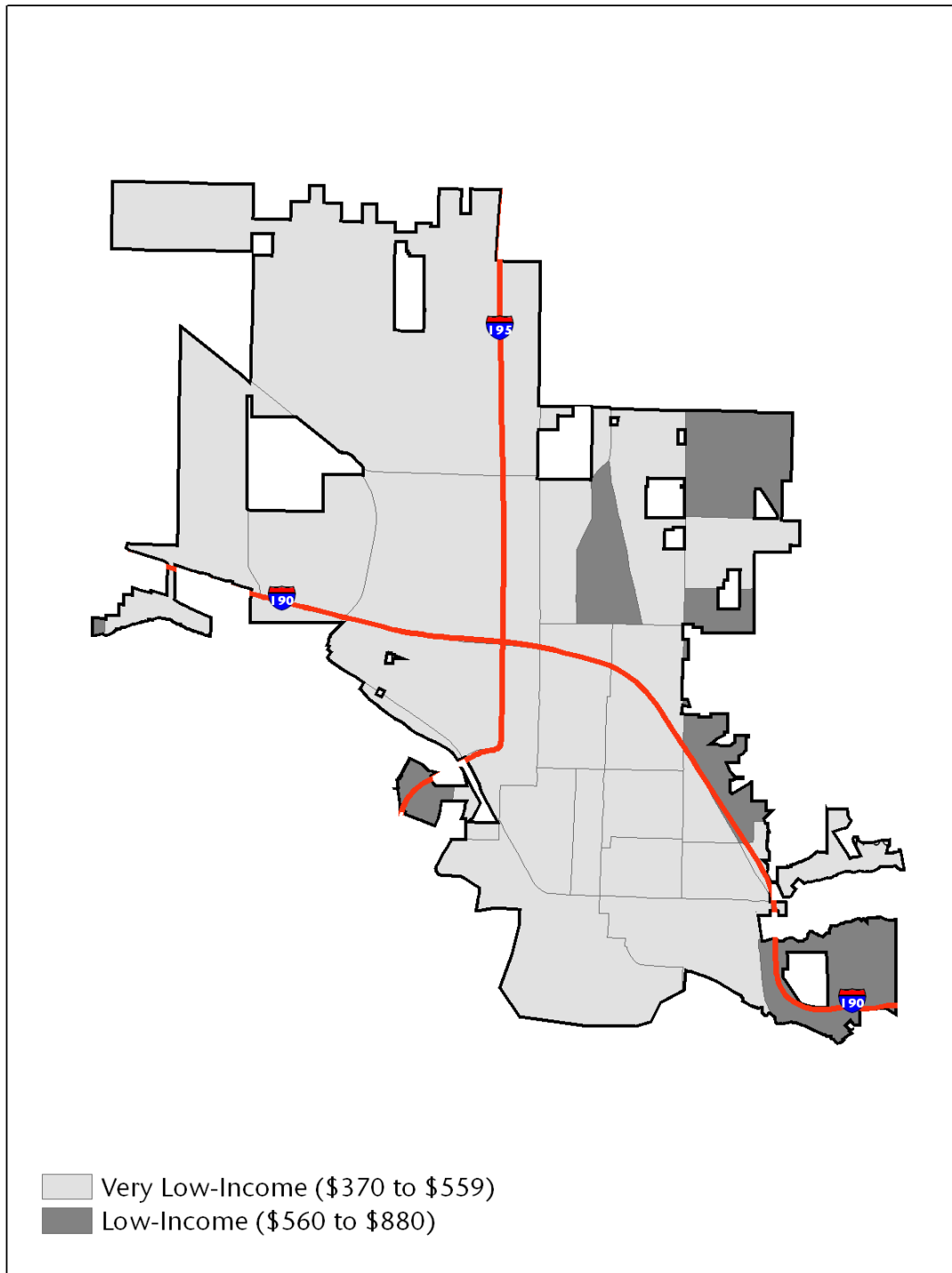


Source: PCensus, 2005 Claritas database and BBC Research & Consulting.

Curiously, there were two Block Groups in Coeur d'Alene with median home values below \$50,111, but none with median values between \$50,111 and \$83,519. The largest number of Block Groups (14) within a HUD-defined income-range had median values affordable to low-income households. This is shown visually in the map by the number of Block Groups shaded in a medium purple.

Exhibit III-30 on the following page shows the distribution of rental housing units in Coeur d'Alene by median contact rent (excluding utilities) in 2000. As in Exhibit III-29 above, the legend corresponds to the rental affordability categories by HUD income ranges.

**Exhibit III-30.
Median Rent Distribution, 2000**



Source: U.S. Census Bureau, 2000 Census.

The median values of rental housing are considerably less diverse than the values of owner-occupied housing. There are no Block Groups with median rents affordable to extremely low-income households. Of the 27 Block Groups in the City, 21 have medians affordable to very low-income

households, and 6 are affordable to low-income households. These data indicate that extremely low-income renters are likely to be renting units that are not affordable, and moderate-, middle- and upper-income households are probably renting units that are well below their affordability threshold.

Housing affordability in 2000 and 2005. According to the 2000 Census, the median home value in Coeur d'Alene was \$105,300. In 2000, the median contact rent (excluding utilities) was \$487. The income required to afford the median home in the City in 2000 was \$31,614; the income required to afford the median rent was \$19,480.⁹

Who could afford to buy and rent in 2000? In 2000, 53 percent of households could afford to purchase the median priced home in the City. Seventy-three percent of households in the City could afford to pay the median rent. Overall, in 2000, it was less expensive (by \$303 per month) for median income households to rent than to buy a median priced home. In other words, a household that could only afford to pay the median rent would need a \$303 monthly subsidy to afford the mortgage on a median-priced home.

Who could afford to buy and rent in 2005? In 2005, the median value of owner-occupied homes was \$129,922. The income required to afford the median valued home in 2005 was \$39,007. Forty-seven percent of households could afford the median-priced home in 2005. The percentage of households able to afford the median values in 2000 and 2005 decreased by 6 percentage points over the 5-year period.

Based on the median determined through BBC's rental survey (\$540), about 60 percent of renters in the City could afford to pay the median rent. Overall, 75 percent of all households in the City could afford the median rent. In contrast to the ability to buy, the percentage of households finding it easy to pay the median rent in the City improved between 2000 and 2005.

Exhibit III-31 summarizes the median values, the income required to afford such housing, and the percentage of Coeur d'Alene residents who could afford rental and ownership housing at the median levels.

**Exhibit III-31.
Median Values and Affordability, 2000 and 2005**

	Median Value/Rent	Income Required to Afford Median Value/Rent	Percent of Households that Could Afford Median Value/Rent
2000 Occupied Units			
Single-Family Units	\$105,300	\$31,614	53%
Rental Units	\$487	\$19,480	73%
2005 Occupied Units			
Single-Family Units	\$129,922	\$39,007	47%
Rental Units	\$540	\$21,593	80%

Note: The numbers assume loan terms of 5 percent down, 6.5 percent interest rate, and 30-year term, and are adjusted for PMI, hazard insurance, and property taxes.

Source: U.S. Census Bureau, 2000 Census, PCensus, 2005 Claritas database and BBC Research & Consulting.

⁹ Required income assumes loan terms of 5 percent down, 6.5 percent interest rate, or 30-year term, and is adjusted for PMI, hazard insurance, and property taxes.

Based on data from the Coeur d'Alene Multiple Listing Service, the table below shows the number and percentage of units on the market as of August 2, 2006, that were affordable to households in the various HUD-defined income ranges.

**Exhibit III-32.
For-Sale Housing by HUD Affordability Ranges, as of August 2, 2006**

HUD Income Category	Maximum Affordable Home Price	Number Affordable	Percent Affordable
Extremely Low-Income	\$50,061	0	0%
Very Low-Income	\$83,435	0	0%
Low-Income	\$133,497	8	1%
Moderate-Income	\$166,871	32	5%
Middle-Income	\$200,245	118	19%
Upper-Income	\$200,245 +	<u>472</u>	<u>75%</u>
Total		630	100%

Note: Maximum Affordable Home Price determined using HUD's 2006 Median Family Income for the Coeur d'Alene Metropolitan Statistical Area.
Source: Multiple Listing Service, Coeur d'Alene Association of Realtors, July 31, 2006, HUD and BBC Research & Consulting.

Of the units on the market on August 2, 2006, the vast majority (75 percent) were affordable only to upper-income households. The next income category with the most affordable housing units for sale were middle-income households and above. Therefore, the above table demonstrates that, at this particular point in time, moderate-income households and below (those earning \$50,100 or less) had extremely limited housing options within their affordability range. In fact, only 32 for-sale housing units were affordable to moderate-income households, 8 housing units were affordable to low-income households, and there were no housing units on the market affordable to either very low-income or extremely low-income households.

What is the trade-off between price and housing characteristics? Per the Multiple Listing Service, the average price of homes for sale in Coeur d'Alene on August 2, 2006 was \$348,588. A home priced at this value typically had 3 bedrooms, 2 baths and 2,229 square feet. Exhibit III-33 organizes the 630 for-sale single-family properties by price range. Each price range is accompanied by the characteristics of the housing units, on average.

**Exhibit III-33.
Characteristics of For-Sale Single-Family Homes in Coeur d’Alene, as of August 2, 2006**

Price Range	Average Price	Average Square Feet	Average Price Per Square Foot	Average Baths	Average Bedrooms
\$100,000 to \$149,999	\$136,205	1,025	\$132.91	1.12	2.12
\$150,000 to \$199,999	\$182,839	1,452	\$125.89	1.68	2.88
\$200,000 to \$299,999	\$246,888	2,008	\$122.95	2.15	3.48
\$300,000 to \$399,999	\$348,826	2,492	\$139.98	2.45	3.59
\$400,000 or more	\$746,504	3,442	\$216.90	3.14	3.95
Total	\$348,588	2,229	\$156.36	2.27	3.43

Source: Multiple Listing Service, Coeur d’Alene Association of Realtors, July 31, 2006, HUD and BBC Research & Consulting.

As of August 2, 2006, there were no housing units for-sale that were priced under \$100,000. As such, there were no housing units affordable to very low- and extremely low-income households. At the lowest end of the price range, the average home was on the market for \$136,205, had 2 bedrooms, 1 bath and 1,025 square feet.

The most significant change in the housing characteristics by price range occurs when moving from homes priced between \$300,000 to \$399,999 to homes over \$400,000. The average home size increased by almost 1,000 square feet and the average price of the home increased to \$746,504 (an increase of \$397,678). It should be noted, however, that there are several homes priced at over \$2 million that would artificially increase the average price of all homes over \$400,000.

Housing Mismatch Analysis

A common tool used to examine gaps in provision of housing at different income levels is called a “gaps analysis.” A gaps analysis compares the number of households in the City at certain income ranges to the number of occupied housing units affordable to these households. The results of the gaps analysis show how well the prices in a housing market match the ability to residents to afford housing.

We conducted two gaps analyses for this study—one for the City’s housing market in 2000, and another in 2006. The 2006 gaps analysis updates the 2000 analysis, which used Census data, by introducing rental data from BBC’s rental survey, building permit data from the U.S. Census Bureau, and single-family data from the Multiple Listing Service.

Housing gaps in 2000. Exhibit III-34 on the following page compares the number of households in Coeur d’Alene with the number of occupied renter and owner units at different HUD income ranges. The middle and far right columns show where there is a shortage (represented by parentheses) or an excess of units (no parentheses) available to households in each income range.

For example, in 2000, there were 1,553 extremely low-income renters and 876 extremely low-income owners. These households made less than about \$15,000 per year. The 1,553 renters in this income category had 646 affordable rental units to choose from in Coeur d’Alene—leaving a gap of 907 units. The 876 owners had about 85 units affordable to them—leaving a gap of 791 units.

**Exhibit III-34
Under- and Oversupply of Housing Units, 2000**

	Number of renter households	Number of occupied rental units	Gap in rental units	Number of owner households	Number of occupied owner units	Gap in owner units
Extremely low-income (0–30% of MFI)	1,553	646	(907)	876	85	(791)
Very low-income (31–50% of MFI)	1,127	2,253	1,126	965	802	(163)
Low-income (51–80% of MFI)	1,204	2,341	1,137	1,793	4,461	2,668
Moderate-income (18–100% of MFI)	484	230	(254)	1,130	1,683	553
Middle-income (100–120% of MFI)	349	75	(274)	941	864	(77)
Upper-income (121% of MFI or greater)	596	142	(454)	2,921	989	(1,932)
Total	5,313	5,687		8,626	8,884	

Source: U.S. Census Bureau, 2000 Census, HUD and BBC Research & Consulting.

Several mismatches are evident in the City’s housing market based on the 2000 gaps analysis:

- In 2000, there was a shortage of 907 units for the City’s extremely low income renters (earning less than about \$13,000 per year in 2000). To be affordable to this population, units must rent for less than \$335 per month. Because not all of the 1,553 renters in this income category can find affordable rental units, they live in units that are more expensive than what they can afford. Renters in this situation are called “cost burdened.”
- Once renters make more than \$15,000 per year, they have a more than adequate supply of rental units from which to choose. In 2000, most of the City’s rental units rented for between \$350 and \$900 per month. Renters who could afford to pay for units in this price range would not have had trouble finding affordable units in the City in 2000.
- Renters earning more than \$50,000 per year and more would have some difficulty finding higher-end or luxury rental units at their affordability level, since the number of such units is limited in Coeur d’Alene. It is important to note that many renters choose to rent at lower levels than they can afford because they wish to save money to potentially purchase a home. Therefore, although the gaps analysis suggests that there may be demand for higher-end rental units in Coeur d’Alene, the real demand depends on renters’ preferences to pay more for such units (v. save money by renting a less expensive unit).
- Very low-income owners (earning less than \$25,000 per year) would have had a difficult time purchasing a new/different house in Coeur d’Alene in 2000, unless they had substantial equity in their current home (and could use this equity towards a purchase of another home).

One limitation of the gaps analysis is that it tends to oversimplify reality. For example, a gaps analysis assumes that households were living in units that were affordable for their specific income range. In actuality, households may have been living in units that were more expensive than they could afford for very good reasons—e.g., a household might purchase an expensive house in anticipation of future income increases or an elderly household living on a fixed income may have been occupying a home they have owned for a long time which has increased in value. The gaps analysis in Exhibit III-34 shows where the market was under- and oversupplying housing in 2000, *assuming households desired to occupy housing that is exactly affordable for their income ranges.*

Housing gaps in 2006. Exhibit III-35 presents the updated gaps analysis for 2006. It reflects household growth by income range, housing unit growth and changes in housing prices. This gaps analysis points out the most significant changes in the City’s housing needs since 2000.

**Exhibit III-35.
Under- and Oversupply of Housing Units, 2006**

	Number of renter households	Number of occupied rental units	Gap in rental units	Number of owner households	Number of occupied owner units	Gap in owner units
Extremely low-income (0-30% of MFI)	2,065	1,204	(861)	1,381	274	(1,107)
Very low-income (31-50% of MFI)	1,374	3,209	1,835	1,384	1,558	174
Low-income (51-80% of MFI)	1,283	1,835	552	2,644	5,118	2,474
Moderate-income (81-100% of MFI)	620	107	(513)	1,653	1,726	73
Middle-income (100-120% of MFI)	201	66	(134)	989	1,036	47
Upper-income (121% or greater of MFI)	581	128	(453)	3,276	2,142	(1,134)
Total	6,124	6,549		11,326	11,854	

Source: U.S. Census Bureau, 2000 Census, MLS STATS: Coeur d'Alene Multiple Listing Service, 2002, 2003, 2004, 2005, 2006, Coeur d'Alene Association of Realtors and BBC Research & Consulting.

Between 2000 and 2006, the City’s housing market changed in the following ways:

Rental Housing

- The shortage of units for the City’s extremely income renters decreased slightly between 2000 and 2006, by about 50 units.
- Very and low-income renters (earning between \$15,000 and \$40,000 per year) continue to have a large number of units from which to choose.
- The “shortage” of higher-end/luxury rentals to serve low- to moderate-income households increased slightly by about 120 units.

Owner-occupied housing

- The composition of the City’s owner gap has changed significantly between 2000 and 2006. On the high-end of the price range, the number of units affordable for households earning \$60,000 and more grew by more than 1,000 units, reducing the “shortage” of units for high-income owners.
- Owner-occupied units also increased at levels affordable to very low- and low-income owners.

- In 2006, mismatches in the owner-occupied housing market only occurred at the very lowest and highest price ranges. The City’s extremely low-income owners would have a difficult time selling their homes and finding affordable replacement homes (without using a substantial amount of equity in the current homes), if they needed to move. The City’s highest income owners are occupying homes priced less than they could afford, as the supply of housing at their price range is limited compared to the number of households.

Cost Burden

We defined “affordable” housing earlier as being less than 30 percent of a household’s monthly income. Housing costs include mortgages, real estate taxes, insurance, utilities, fuels, and, where appropriate, costs such as condominium fees or monthly mobile home fees. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered “cost burdened.” If the share of income spent on housing grows to 50 percent or more, households are considered “severely cost burdened.”

The 2000 Census provides estimates of cost burdened households and includes some information about the characteristics of households that experience cost burden.

The Census data estimate that in 2000 about 48 percent of Coeur d’Alene’s renter households (or 2,378 renter households) and 26 percent of the City’s homeowners (or 1,801 households) were cost burdened in 2000. The data also show that 23 percent of renters (1,155 households) and 9 percent of homeowners (622 households) were *severely* cost burdened, paying 50 percent or more of their incomes for housing costs.

Exhibit III-36 shows the cost burdened status of the households in Coeur d’Alene. To give the concept of cost burdened more context, the City is compared, not only to the 4 original study areas, but to Blaine County and the State of Idaho. Because Blaine County is a high cost resort region, examining the cost burden of households in this County can be a useful comparison for Coeur d’Alene. The proportion of households experiencing cost burden within the entire state also provides context in comparison to a larger geographical area. The highlighted percentages represent the highest of any community for each cost burden category.

**Exhibit III-36.
Cost Burdened Renter and Owner Households, 2000**

	Coeur d'Alene	State of Idaho	Kootenai County	Blaine County	Hayden	Post Falls	Rathdrum
Renter Households	4,946	113,877	9,591	2,065	650	1,705	292
Percent not cost burdened	52%	61%	55%	61%	50%	52%	59%
Percent cost burdened	48%	39%	45%	39%	50%	48%	41%
Percent severely cost burdened	23%	18%	21%	18%	18%	22%	10%
Owner Households	7,021	253,487	22,052	4,041	2,140	3,825	1,000
Percent not cost burdened	74%	79%	72%	68%	71%	73%	68%
Percent cost burdened	26%	21%	28%	32%	29%	27%	32%
Percent severely cost burdened	9%	7%	10%	12%	9%	9%	7%

Note: When calculating the percentage cost burdened, the number of housing units for which data were not computed was subtracted from the total number of units.

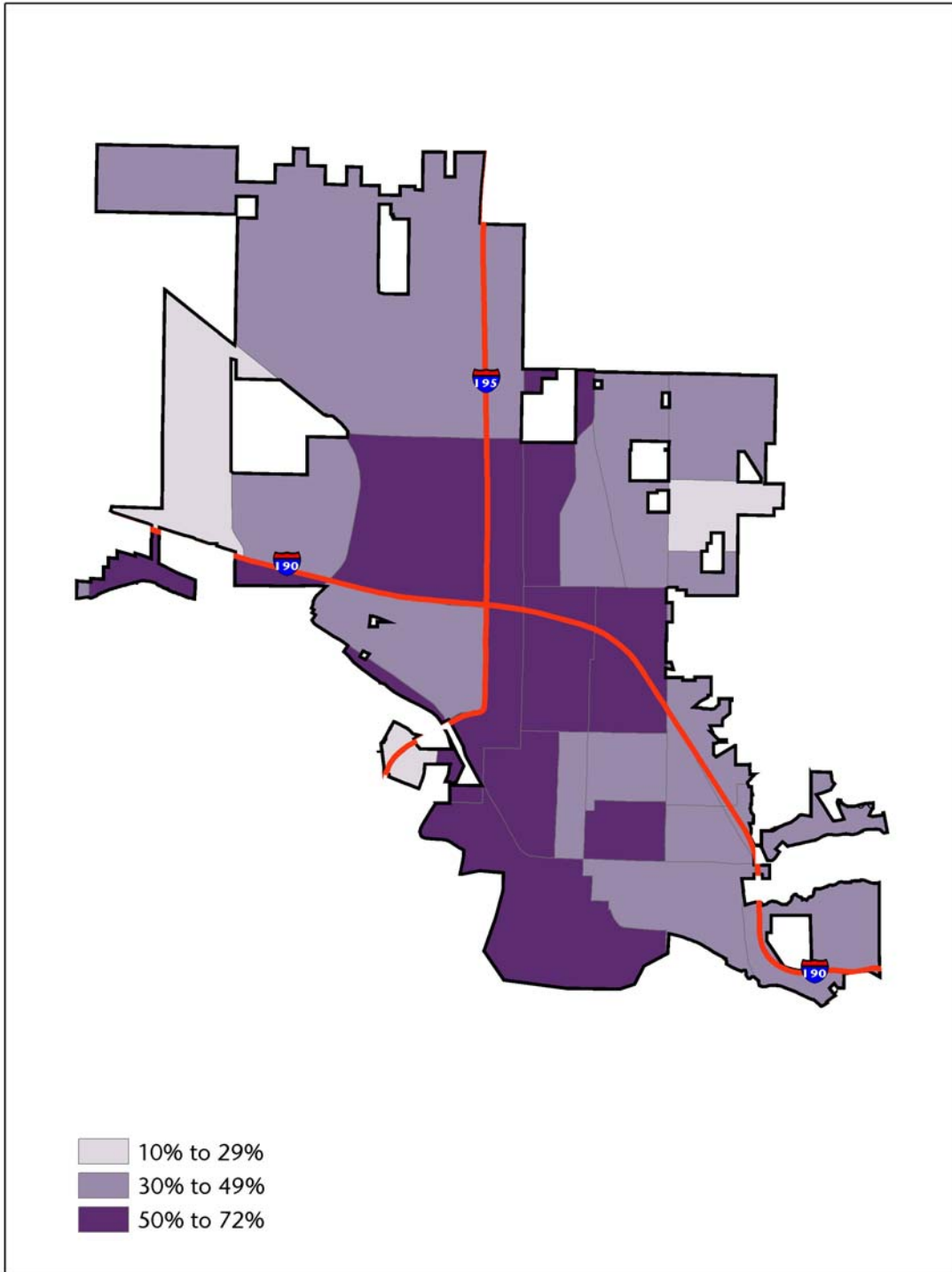
Source: U.S. Census Bureau, 2000 Census.

Coeur d'Alene renter households were generally slightly more cost burdened than any of the comparison areas. Only the city of Hayden, at 50 percent, had a higher proportion of cost burdened renter households than Coeur d'Alene.

In terms of *severely* cost burdened renters, Coeur d'Alene, at 23 percent, had the highest percentage relative to the other study areas. However, Post Falls followed closely behind with 22 percent of households paying more than 50 percent for housing costs. It should be noted that although Blaine County is a high-cost community, the percentage of cost burdened households is the lowest of all study areas.

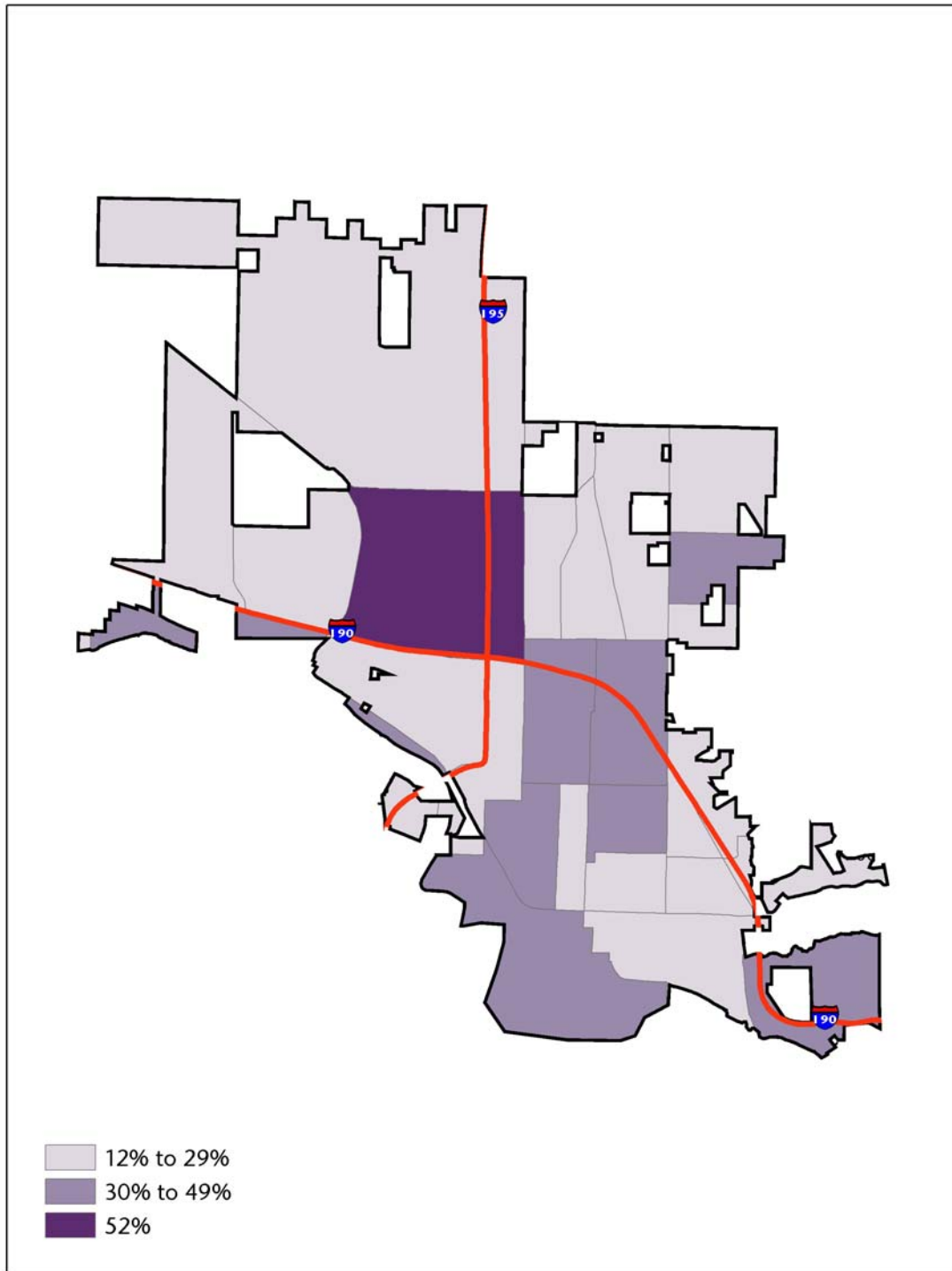
Exhibit III-37 shows the proportion of Coeur d'Alene renter households who were cost burdened in 2000 by Census Block Group. Exhibit III-38 maps the percentage of owner households who were cost burdened in 2000 by Block Group.

Exhibit III-37.
Cost Burdened Renter-Occupied Households, by Census Block Group, 2000



Source: U.S. Census Bureau, 2000 Census.

Exhibit III-38.
Cost Burdened Owner-Occupied Households, by Census Block Group, 2000



Source: U.S. Census Bureau, 2000 Census.

Exhibit III-39 shows the percentage of households who were cost burdened and not cost burdened by age and household income. For the City's *renter* households, cost burden was greatest for the householders over the age of 65; 75 percent of these householders were cost burdened in 2000.

In contrast, for the City's *homeowners*, the youngest householders, those between the ages of 15 and 24 were the most cost burdened; over half (53 percent) paid more than 30 percent of their income on housing. The youngest homeowners were considerably more cost burdened than any other age group. In fact, compared to householders between the ages of 45 and 54, and 65 and over, the youngest owner householders were more than twice as likely to be cost burdened.

It is interesting to note that although the City's renters households over the age of 65 were the most likely to be cost burdened, homeowners in this same age range were the *least* likely to be cost burdened in 2000. The highlighted areas represent the ages that had the highest levels of cost burden in each community.

Exhibit III-39.
Cost Burdened Renters and Owners by Age, 2000

	Coeur d'Alene	State of Idaho	Kootenai County	Blaine County	Hayden	Post Falls	Rathdrum	
Renter Households	2,378	48%	39%	45%	39%	50%	48%	41%
15-24 years	568	58%	46%	56%	46%	56%	63%	32%
25-34 years	476	41%	36%	39%	33%	41%	44%	42%
35-44 years	336	37%	34%	37%	41%	41%	34%	38%
45-54 years	306	39%	34%	40%	34%	47%	51%	53%
55-64 years	153	39%	39%	39%	37%	86%	40%	47%
65 years and over	539	75%	52%	68%	62%	65%	59%	0%
Owner Households	1,801	26%	21%	28%	32%	29%	27%	32%
15-24 years	85	53%	35%	43%	60%	17%	39%	42%
25-34 years	329	31%	25%	33%	29%	28%	36%	33%
35-44 years	381	25%	22%	30%	33%	38%	24%	25%
45-54 years	375	23%	19%	26%	31%	34%	28%	25%
55-64 years	216	27%	19%	28%	35%	18%	16%	48%
65 years and over	415	23%	18%	21%	27%	20%	23%	54%

Note: When calculating the percentage cost burdened, the number of housing units for which data were not computed was subtracted from the total number of units.

Source: U.S. Census Bureau, 2000 Census.

Special-Needs Housing

In most communities, there is no one affordable housing product that addresses the wide range of housing needs. The amount and type of housing assistance lower-income households need to avoid being cost burdened varies depending on their income and household characteristics.

For example, persons who have a physical disability may require special adaptations to their homes. Persons with mental illnesses and/or developmental disabilities might need housing with health care services nearby. Families living in poverty usually need large subsidies to help them pay their rent costs. HUD calls households in these and similar situations as households with “special needs.”

There are numerous programs to help special-needs households with their housing costs. These include Section 8 vouchers, assisted living homes, nursing homes, affordable rental housing properties and emergency and transitional shelters. This section discusses the availability of these programs and housing developments to assist special-needs populations.

Defining assisted housing. The Idaho Housing and Finance Association (IHFA) is a private, not-for-profit housing and finance association that provides a variety of housing programs and works with public and private partners to increase housing affordability for Idahoans.

IHFA uses four categories to define the different types of assisted housing:

- Affordable housing—rental housing offering fixed below-market rents;
- Subsidized housing—rents are tied to a household’s income;
- Emergency shelters—housing for persons who are homeless; and
- Transitional housing—housing that bridges the gap between homelessness and more stable housing.

Ideally, the emergency shelter and transitional housing—and as needed, subsidized housing—have an onsite supportive service component. Many families and persons with special needs, including those transitioning out of homelessness, need supportive services in addition to housing to move them into self-sufficiency. For example, persons with mental illness and developmental disabilities benefit from having on-site counselors or health care providers close by, and victims of domestic violence might need counseling, job training/education and child care assistance.

Number of eligible households. Exhibit III-40 shows the number and percentage of families in the study areas that were eligible for assistance under the income requirement of the Section 8 program. The Section 8 program helps very and extremely low-income households with a portion of their rent costs each month; the amount each household receives depends on their monthly income.

The HUD-defined income threshold for the Section 8 program varies depending on family size. Therefore, the first step to calculate the number and percentage of eligible families was to calculate the average family size in the County. In 2005, Kootenai County had an average of 3 persons per family household. Because the Coeur d’Alene IHFA branch uses the very low-income threshold to qualify families, the number of qualifying families was calculated using the 2005 very low-income

threshold for 3-person families (\$25,550). Finally, the number of qualifying families was determined using the 2005 estimates of family household income by range.

**Exhibit III-40.
Family Households
Eligible for Assisted
Housing, 2005**

Source:
U.S. Department of Housing and Urban
Development, Claritas, Idaho Housing
Finance Authority and BBC Research &
Consulting.

	Number	Percent of Families
Coeur d’Alene	1,757	18%
Kootenai County	4,863	15%
Hayden	406	13%
Post Falls	738	13%
Rathdrum	205	15%

In Kootenai County in 2005, there were approximately 5,000 families who qualified for housing assistance. These 5,000 families represented 15 percent of all families in the County.

Coeur d’Alene had the highest proportion of qualifying families in 2005; 18 percent (1,757 families) were defined as very low-income or below. Coeur d’Alene’s eligible families represented 36 percent of the total eligible families in the County. The City has a disproportionately high number of family households eligible for housing assistance: 36 percent of eligible families are located in Coeur d’Alene, but only 30 percent of *total* families in Kootenai County live in the City. In order to have a proportionate number of eligible families in Coeur d’Alene, the percentage of eligible families would need to be equivalent to the overall proportion of Kootenai County families living in Coeur d’Alene (30 percent).

Supply of housing. This section discusses the various programs in Kootenai County that are available to assist very and extremely low-income households and special-needs households with their housing needs.

Affordable housing programs include the Low Income Housing Tax Credit (LIHTC) program; the Project-Based Section 8 program;

Low-Income Housing Tax Credit (LIHTC) and HOME programs. The LIHTC program provides a developer with federal tax credits to build or rehabilitate housing for low-income persons. LIHTC developments usually serve slightly higher income populations (40 to 60 percent of MFI) than do Public Housing Authorities or the Section 8 voucher program, which generally serve households at 30 percent of MFI and less. The federal Home Investment Partnerships Program (HOME) provides subsidies to construct or rehabilitation affordable rental housing.

Exhibit III-41 lists the LIHTC projects and/or HOME developments in Kootenai County and the number of subsidized units. The most recent available data are current as of December 2004.

**Exhibit III-41.
Low-Income Housing Tax Credit/HOME Developments in Kootenai County, Year-End 2004**

City	Facility Name	Address	Phone	Units by Type			Unit Sizes			Rent Range	
				Family	Elderly	Accessible	1 bd	2 bd	3 bd	Low	High
Coeur d'Alene	Fairwood Apts	1905 W. Appleway	664-3797	120		2	X	X		\$495	\$591
Coeur d'Alene	Cherry Ridge	1053 Emma Avenue	667-6880	61		11	X	X		VARIES	
Coeur d'Alene	Coeur d'Alene Senior Housing	7712 N. Heartland Drive	762-9809		37	37	X	X		\$215	\$560
Coeur d'Alene	Park Place Apts	3825 Ramsey	765-4100	30		16	X	X	X	VARIES	
Coeur d'Alene	Lakewood Ranch	3755 4th Street	765-4111		80	4	X	X		VARIES	
Coeur d'Alene	Homestead Apts	106 E. Homestead	765-5105	7	6	2	X	X		\$475	\$550
Coeur d'Alene	Maple Grove Apts	3157 Fruitland	765-8438	23		1	X	X		\$475	\$520
Coeur d'Alene	Silver Lake Apts I	692 W. Wilbur	772-4129	60		3	X	X	X	\$223	\$605
Coeur d'Alene	Silver Lake Properites II	698 W. Wilbur	772-4129	60		3	X	X	X	\$373	\$605
Coeur d'Alene	Heartland Senior Housing	7713 North Heartland Dr	772-1501		29	29	X	X		VARIES	
Hayden	Hayden Country Ridge	61 East Country Ridge Court	772-0491	45		3	X	X	X	VARIES	
Post Falls	Kamps Apts	201 W. Seltice	457-8380	15			X	X		\$315	\$392
Post Falls	Seltice Place Apts	3955 2nd Ave	773-6293	20				X	X	\$475	\$570
Rathdrum	Timber Cove	824 Main Ave.	245-1802	21			X	X	X	VARIES	
Rathdrum	Treehouse Apartments	1445 N. Hwy 41	687-3736	26		2	X	X	X	VARIES	
Rathdrum	Pine Wood Village	682 Heritage	623-2047		16		X			VARIES	
Total				488	168	113					

Source: Idaho Housing and Finance Association.

As of December 2004, there were 16 low-income housing tax credit and HOME developments in Kootenai County. These developments had 630 total units, 462 family units and 168 units for seniors. Of these units, 113 were accessible to persons with disabilities. Coeur d'Alene housed 10 of the 16 LIHTC developments in the County, and the vast majority of units (81 percent) were also located within the City limits.

Project-Based Section 8 program. Under the project-based Section 8 program, a Public Housing Authority (PHA) enters into an assistance contract with a property owner to provide rental assistance to a specified number of units and for a specified term. The PHA refers families from its waiting list to the project owner to fill vacancies. The rental payment is on a sliding scale, determined by a tenant's household income. Because the assistance is tied to the unit, a family who moves from the project-based unit does not have any right to continued housing assistance. However, they may be eligible for a tenant based voucher when one becomes available. The PHA pays the owner the difference between 30 percent of a family's income and the gross rent for the unit.

Exhibit III-42 lists the Project-Based Section 8 properties in Kootenai County. A little more than half of the units are family units; a little less than half are elderly units. Fifty units are accessible to persons with disabilities.

**Exhibit III-42.
Project-Based Section 8 Developments, Year End 2004**

City	Facility Name	Address	Phone	Units by Type			Unit Sizes					
				Family	Elderly	Accessible	Studio	1 bd	2 bd	3 bd	4 bd	
Coeur d'Alene	Heritage Place I & II	702 W. Walnut Avenue	664-2680		129	2		X				
Coeur d'Alene	English Village Apts	115 Anton Avenue	664-4290	54		8		X	X	X		
Coeur d'Alene	Coeur d'Alene Manor	3016 Government Way	664-6800		60		X	X				
Coeur d'Alene	Lincoln Way Terrace Apts.	Harrison & Lincoln Way	666-1502		18	2		X				
Coeur d'Alene	Howard Place	2707 N. Fruitland Lane	667-7280	40		2		X	X	X		
Coeur d'Alene	Lake Country	1421 N. 9th	667-9682	44		2				X	X	
Coeur d'Alene	Prairie Run	7760 N Heartland Drive	762-9809		21	21		X				
Hayden	Lakeview Village Apts	10102 N. Government Way	666-1502	24				X	X	X		
Hayden	Mathews Apts	8551 N. Government Way	666-1502	24		1		X	X	X		
Hayden	Gateway Apts	649 W. Hayden Avenue	664-2042	16				X	X			
Hayden	Sarah Seniors	9359 N. Government Way	772-7762		35	2		X				
Post Falls	Meadow Glenn II	1105 East 3rd	457-8380		20	2		X				
Post Falls	Vali-Vu	1358 East 16th	457-8380	8						X		
Post Falls	Parkside Apts	1814 N. Spokane Street	773-2459	24		1		X	X	X		
Post Falls	Parkside Senior Apts	1900 North Williams	773-2459		18	1	X					
Post Falls	Ross Point I	3200 E. 2nd Street	773-3378	24		2	X	X	X			
Post Falls	Ross Point II	3200 E. 2nd Street	773-3378	24		2	X	X	X			
Post Falls	Park Ridge Apartments	In Process	746-2422									
Post Falls	Post Falls Terrace	1120 N Idaho St	733-3493	35			X	X				
Post Falls	Meadowood Glen	1105 E. 3rd Avenue	457-8380	<u>12</u>	<u>12</u>	—	X	X				
Total				329	313	50						

Source: Idaho Housing and Finance Association.

Seven out of 20 Project-Based Section 8 properties are located in Coeur d'Alene. The units in Coeur d'Alene represent 57 percent of all of the units in the County.

Section 8 voucher program. The Section 8 voucher program provides rental subsidies to qualifying households who find rental housing in the private market. Section 8 is a federally funded program with budget limitations. It is a very popular program because it offers families a wide range of choices about where to live and, as a result, waiting lists to participate in the program are usually quite long.

The Idaho Housing and Finance Association administers the Section 8 program through four branch offices statewide, including an office in Coeur d'Alene. The waiting list for families in Coeur d'Alene is about 28 months long.

Shelters and transitional housing. For persons experiencing homelessness and women who are domestic violence victims, there are 6 shelters in the County to assist these persons. These shelters are the Children's Village, St. Vincent de Paul Women's Shelter, St. Vincent de Paul Men's Shelter, St. Pius Church, the Women's Center and the OASIS Post Falls Police Department, which is the only shelter located outside of Coeur d'Alene. Together, these shelters provide beds to 60 people in need of housing because they are homeless.

The Children's Village is an emergency and transitional shelter for abused, neglected and homeless children. The Moyer Home serves children 0 to 18 years of age. If needed, the home can serve as a permanent foster home. Siblings are kept together and the children are bussed back to neighborhood schools with the goal of keeping as much stability in their lives as possible. Daily, the home can serve up to 22 residents. The facility also has a second home that serves children who experience difficulties such as depression, behavioral difficulties, poor social development, and lack of anger management that impairs the child from functioning on a daily basis. These children receive structured, individualized and behaviorally focused residential treatment. The Children's Village is planning to build 4 more homes, as funding allows.

The Women's Center is a support system for women and their families. The shelter assists women in the five northern Idaho counties when economical, physical and other emotional needs are not met by other community agencies and organizations. The Women's Center provides 24-hour crisis intervention and referral for victims of domestic violence, rape and sexual assault. The center offers emergency shelter, victims' advocacy, community education, and support for abused women and their families.¹⁰ The Women's Center has 15 beds for women and children.

The shelters provided by St. Vincent de Paul provide emergency housing to men and women separately. There are 10 beds for single men and 12 beds to serve women with children. St. Pius Church houses women and small children and has 8 beds available. Finally, the Post Falls Police Department OASIS program provides 5 beds to persons fleeing domestic violence.

Transitional housing is provided by St. Vincent de Paul which serves families and singles with 27 units in Coeur d'Alene and 5 units in Post Falls. St. Vincent's also offers 4 one-bedroom units as transitional housing within their Kamps Apartment complex; these units serve families with children under 18 years old. Finally, the OASIS program at the Post Falls Police Department provides 1 unit or 5 beds for transitional housing as needed. In total, there are 37 units of transitional housing available in the County.

Assisted living and housing options for seniors. For persons unable to live alone, including the elderly and persons with disabilities, there are 32 assisted living facilities in the County from which to choose. Exhibit III-43 on the following page lists the assisted living facilities, the location of the facilities, the number of beds, and the type of population served.

Depending on the facility, assisted living can be cost prohibitive to low-income seniors. However, low-income seniors who are eligible for Medicaid may be able to use their Medicaid to pay for a portion of the costs of an assisted living facility.

¹⁰ <http://www2.state.id.us/crimevictim/directory/pr/CdATribeWomensCenter/services.html>

**Exhibit III-43.
Assisted Living Facilities in Kootenai County, as of January 2006**

Name	City	Number of Beds	Type
Adult Residential Care Home II	Coeur d'Alene	8	Elderly/ Alzheimer's/Dementia /Mental Illness
Beehive Homes of North Idaho - A	Coeur d'Alene	10	Elderly/Alzheimer's/Dementia/Mental Illness/Developmentally Disabled
Beehive Homes of North Idaho - B	Coeur d'Alene	10	Elderly/Alzheimer's/Dementia/Mental Illness/Developmentally Disabled
Beehive Homes of North Idaho - C	Coeur d'Alene	10	Elderly/Alzheimer's/Dementia/Mental Illness/Developmentally Disabled
Bestland Retirement Community	Coeur d'Alene	n/a	n/a
Birch Avenue Retirement Center	Coeur d'Alene	8	Elderly
Coeur d' Alene Homes	Coeur d'Alene	36	Elderly/Developmentally Disabled/Mental Illness
Courtyard on Sherman	Coeur d'Alene	15	Elderly/Alzheimer's/Dementia/Mental Illness/Developmentally Disabled
Loyalton of Coeur d' Alene	Coeur d'Alene	96	Elderly
Fairwinds	Coeur d'Alene	35	Elderly
Four Seasons Assisted Living	Coeur d'Alene	58	Elderly/ Alzheimer's/Dementia
Hayden View Cottage	Coeur d'Alene	8	Elderly/Alzheimer's/Dementia/Mental Illness/Developmentally Disabled/Physically Disabled
Legends Park Assisted Living Community	Coeur d'Alene	45	Elderly
Preferred Living	Coeur d'Alene	8	Elderly
Sherman Avenue Beehive	Coeur d'Alene	8	Elderly
Forever Young	Hayden	3	Elderly
Harmony House Assisted Living I	Hayden	12	Disabled/Traumatic Brain Injury
Harmony House Assisted Living II	Hayden	13	Developmentally Disabled/Mental Illness/Physically Disabled/Traumatic Brain Injury
Hayden Country Guest Home - III	Hayden	45	Elderly/Alzheimer's/Dementia
Lark's Haven	Hayden	12	Elderly/Developmentally Disabled
Sylvan House	Hayden	45	Elderly/Developmentally Disabled/Alzheimers/Dementia
Wellspring Meadows Assisted Living	Hayden	15	Elderly/Alzheimer's/Dementia
Autumn Haven I	Hayden Lake	15	Elderly/Alzheimer's/Dementia
Autumn Have II	Hayden Lake	11	Elderly/Alzheimer's/Dementia
Elite Care II	Hayden Lake	15	Elderly/Alzheimer's/Dementia
Elite Care LTD	Hayden Lake	9	Elderly/Alzheimer's/Dementia
Garden Homes	Post Falls	15	Elderly/Alzheimer's/Dementia
Guardian Angel Homes	Post Falls	60	Elderly/Alzheimer's/Dementia
Haven Acres Residential Care	Post Falls	9	Elderly/Alzheimer's/Dementia
Living Springs	Post Falls	14	Elderly/Developmentally Disabled/Alzheimers/Dementia
Generations Assisted Living and Wellness	Rathdrum	15	Elderly/Alzheimer's/Dementia
Aspen Springs Pioneer Homes	Spirit Lake	12	Elderly
Rose Terrace Country Homes	Spirit Lake	45	Elderly/Alzheimer's/Dementia
County Total		720	
Total in Coeur d'Alene		355	
Percent in Coeur d'Alene		49%	

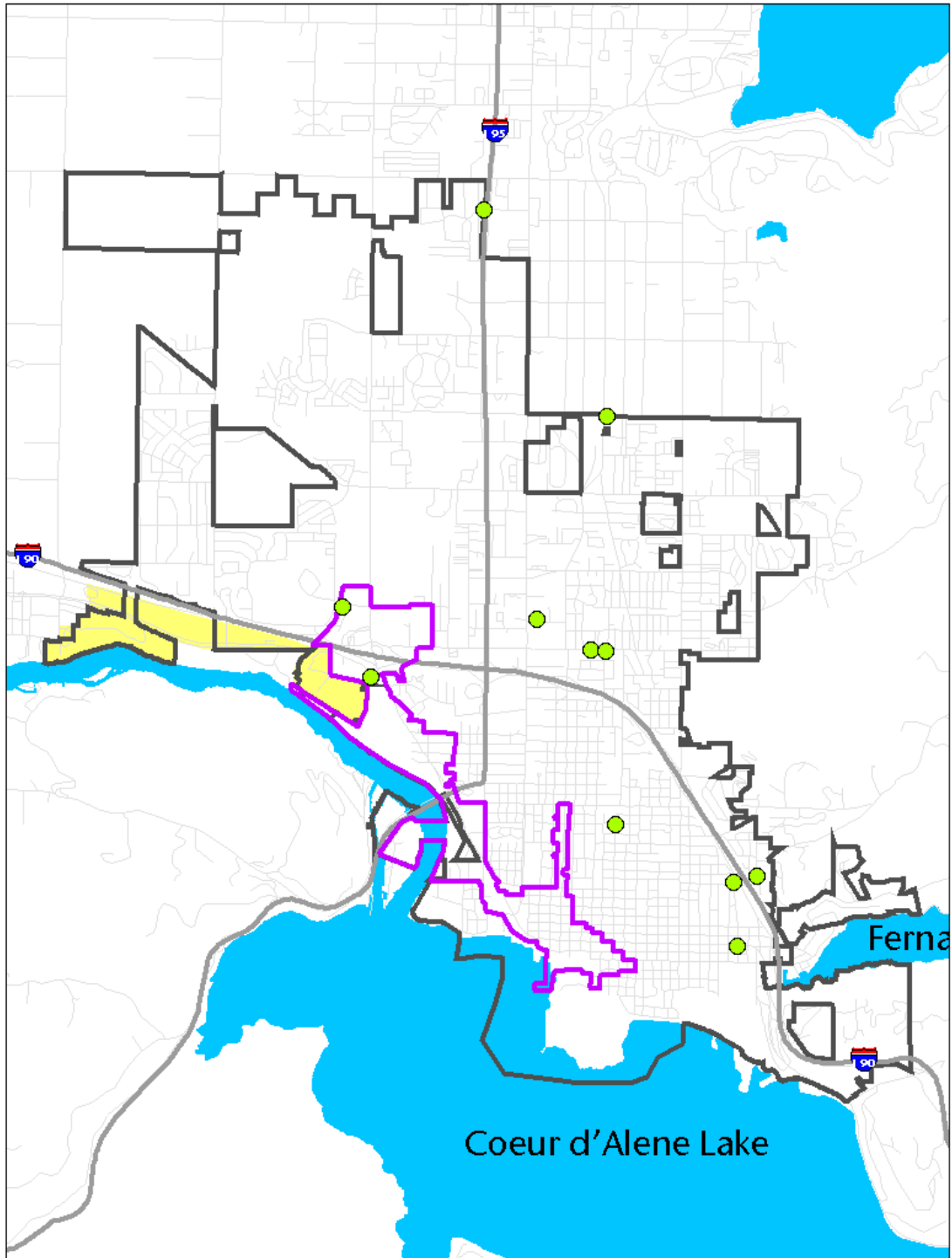
Source: Residential Care Facility/Assisted Living, The State of Idaho, January 12, 2006, Bureau of Facility Standards, Idaho Department of Health and Welfare, www.elderlivingcenter.com and BBC Research & Consulting.

As shown in the Exhibit, there are 720 beds for persons with disabilities and the elderly in Kootenai County. Almost half (49 percent) of the beds are located in 14 developments in Coeur d'Alene. The majority of the remaining assisted living facilities are in the City of Hayden.

All of the facilities specifically target the elderly except for Harmony House Assisted Living I and II. The Harmony House facilities target persons with severe needs: the developmentally disabled, physically disabled, patients with traumatic brain injury, and persons with mental illness. Most of the facilities specifically targeting the elderly also assist Alzheimer's patients and persons with dementia.

Exhibit III-44 shows the locations of the assisted living facilities in the City.

**Exhibit III-44.
Location of Assisted Living Facilities, Coeur d'Alene, 2006**



Source: *Residential Care Facility/Assisted Living*, The State of Idaho, January 12, 2006, Bureau of Facility Standards, Idaho Department of Health and Welfare, www.elderlivingcenter.com and BBC Research & Consulting.

For residents with more intensive care needs, there are 4 nursing home facilities in the County, all located in Coeur d'Alene. Exhibit III-45 lists the nursing homes and the number of beds.

**Exhibit III-45.
Nursing Homes in
Kootenai County, 2006**

Note:

All facilities listed above accept Medicare and Medicaid. Ivy Court is certified for 125 Medicare/Medicaid beds but only has 85 beds as of June 2006.

Source:

<http://www.medicare.gov> and BBC Research & Consulting phone interviews.

Name	City	Number of Beds
Life Care of Coeur d'Alene	Coeur d'Alene	120
Pinewood Care Center	Coeur d'Alene	112
Ivy Court	Coeur d'Alene	85
Lacrosse Health and Rehabilitation	Coeur d'Alene	<u>109</u>
Total		426

There are a total of 426 beds in the 4 nursing homes in Kootenai County. The largest facility is Life Care of Coeur d'Alene with 120 beds.

SECTION IV.
Public Input

SECTION IV.

Public Input

In addition to the quantitative analyses conducted and discussed in Sections II and III, we gathered information from the public and stakeholders from the housing/real estate and social service industries for the study. This section presents the results of the public input.

Public Forums

On August 25 and 26, 2006, two forums were held in the City Council Chambers in Coeur d'Alene. The purpose of the forums was to collect public input for the study. A secondary objective was to share summary findings and preliminary results from the study. BBC presented information and facilitated the forums with assistance from the Idaho Housing Finance Association (IHFA).

The forums began with an introduction about the housing needs assessment and its purpose. BBC shared a presentation with the audience which provided information demographic and housing market characteristics in Coeur d'Alene and surrounding communities, as well as Kootenai County overall. The presentation also contained questions to prompt a group discussion about the primary housing needs in the area. A copy of the presentation is located in Appendix A.

Participants at the forum were also asked to complete worksheets that examined potential housing prototypes. (A copy of the worksheet also appears in Appendix A). The data from the worksheets were analyzed to develop conclusions about housing demand and preferences in the study area.

The first workshop that was conducted was videotaped and broadcast on public access television for approximately one month. The second workshop was recorded; the transcripts from this forum appear in Appendix A.

Key findings from the discussion. This section summarizes the primary findings from the two public forums.

Who has the greatest housing needs in Coeur d'Alene? In surrounding areas?

- First-time homebuyers
- Workforce: teachers, police, fire fighters, etc.
- Single women with children
- Persons with mental illnesses and developmental disabilities
- Persons being discharged from the criminal justice system

What types of housing would best meet their needs?

- Affordable single-family housing
- Rental units with very low rent. Rental subsidies like Section 8 vouchers
- Housing with supportive services for persons with disabilities and mental illnesses
- Transitional housing

Potential solutions. In this discussion, forum attendees were asked how they felt about several types of tools used to produce affordable housing in other communities. In addition to collecting public input about potential solutions, this discussion was used to gauge the market for two types of solutions: deed-restricted housing and infill housing.

Deed-restricted housing. When homeownership housing is built with subsidies to make it affordable to low- and moderate-income households, there is often a deed-restriction attached to the property, which controls the price appreciation over time. Deed-restrictions are a tool used to maintain affordability of subsidized homeownership housing, to make sure the initial subsidy that made the units affordable is passed on to other households, should the units be sold.

Deed-restrictions can be controversial because they do not allow owners to recognize the equity gains they might achieve if they were occupying free market housing.

The attendees discussed deed-restrictions and, in general, agreed that housing with deed-restrictions would be accepted in the Coeur d'Alene market if it enabled first time and lower income homebuyers to purchase homes.

Infill housing. Infill housing refers to housing that is developed on vacant lots surrounded by existing development. Infill can also take place when housing that is in dilapidated condition is torn down. With subsidies, infill housing can be made affordable.

The attendees were very excited about the possibilities for infill housing in Coeur d'Alene. Using red dots and aerial maps of the City, they marked where they would like infill housing to occur. The dots were mostly congregated around existing uses that they find undesirable, such as used car lots. Some attendees indicated that infill housing should occur in outlying areas of the city (where mostly residential development exists) to encourage mixed-income housing, as there is little affordable housing in the newer developments.

Other solutions. The attendees suggested additional solutions to help meet their perceived needs in their community. These included:

- Downpayment assistance
- Financial literacy programs to assist lower-income households with personal finance and budgeting

Housing prototype analysis. Residents who participated in the forums were shown several pictures of potential residential developments that might be appropriate for Coeur d'Alene.

Residents were asked a series of questions about the different housing types:

1. Is this an appropriate type of housing for Coeur d'Alene?
2. What kind of person or household would find this type of housing appealing?
3. If this housing were for sale, what price do you think it should sell for?
4. If this type of housing were for rent, what do you think the monthly rent would be?
5. If you had to make a choice, would you rather: 1) Buy/rent this housing in the River or Lake Districts or 2) Buy a different home outside Coeur d'Alene and drive into the City?
6. What are the positives of this type of housing?
7. What are the negatives of this type of housing?

Exhibit IV-1.
Housing Prototype No. 1



Source: BBC Research & Consulting.

Appropriateness. All attendees except for one person agreed that this type of housing is appropriate for Coeur d’Alene. Attendees commented that the development is attractive and would be appropriate for workforce housing and families.

Who would find this appealing? Families (43 percent of attendees’ responses), singles (17 percent) and couples (14 percent).

“With yards, more family appeal; otherwise, singles and couples without children.”
“All ages—singles, couples, no children.”

Desired price for sale. \$100,000 to \$175,000. A few respondents remarked that the units should sell for less than \$125,000.

Desired price for rent. \$800 to \$1,000 per month.

Buy or drive? The vast majority—88 percent of respondents—said they would prefer to buy this type of housing in Coeur d’Alene rather than purchase a home outside of the City and drive in.

Location of housing. When asked why they would choose to live in this development, most people responded that they do not like to commute and/or want to live close in, near the urban parts of the City.

“Travel is costly—we want to keep our workers in our area to spend money here.”
“The setting would be pleasant.”

Positives of housing. The primary positives according to attendees is the use of land and affordability that people felt would come with Housing Prototype No. 1. The written comments in response to this question suggest that the public sees density as a positive.

Negatives of housing. The primary negative is that the development appears to be lacking a yard/private space, and was perceived to be too expensive.

**Exhibit IV-2.
Housing Prototype No. 2**



Source: BBC Research & Consulting and the City of Boulder, Colorado.

Appropriateness. Like Housing Prototype No. 1, most attendees agreed that this is appropriate for Coeur d'Alene. Overall, however, attendees were less enthusiastic about this type of development, with four attendees saying they did not feel it was appropriate for Coeur d'Alene. Those who did not favor the development felt that it didn't project a small-town image.

Who would find this appealing? Forty-five percent of attendees said the development would be appealing to singles; 31 percent said it would be appealing to couples. None of the attendees felt it would be appealing to families.

Desired price for sale. \$60,000 to \$150,000, with a few attendees estimating a sales price as high as \$250,000.

Desired price for rent. \$600 to \$800 per month.

Location of housing. Attendees remarked that this type of development would be a good fit for the City's downtown, urban environment.

Positives of housing. The majority of attendees said that "convenience" is the strongest positive characteristic of this housing type.

Negatives of housing. Attendees felt that there are many negatives about Housing Prototype No. 2, including noise, too modern, too dense, lack of yard space, not kid-friendly and concern about the types of people the development would attract. *"Everything [is negative]. It is pure ugly."*

**Exhibit IV-3.
Housing Prototype No. 3**



Source: BBC Research & Consulting.

Appropriateness. This Housing Prototype was very popular! None of the attendees felt it is inappropriate for Coeur d’Alene. People commented that they like the architecture, that the density is appropriate and that it would fit in well in Coeur d’Alene. One respondent said that this type of development is “needed.”

Who would find this appealing? Attendees felt a diversity of household types would find this type of development appealing, from families (33 percent of attendees’ responses), to singles (23 percent), retirees (15 percent), couples (10 percent) and “everyone” (8 percent). In the written responses about who would find the development attractive, most included families and some mentioned first time homebuyers.

Desired price for sale. \$80,000 to \$150,000.

Desired price for rent. \$600 to \$800 per month.

Location of housing. Eighty-three percent of attendees said they would prefer to buy this type of housing in the River or Lake Districts rather than buy outside of the City and commute in. Some said they would be willing to live in this type of development outside of the City, as long as they still had a reasonable commute.

“This could be built in urban or suburban developments.”

“Location [could be anywhere] within a 20-minute commute.”

Positives of housing. The overwhelming positive to Housing Prototype No. 3 according to the attendees is the perceived “affordability.” Secondary positives included good use of land and appearance.

Negatives of housing. Respondents identified very few negatives of this type of housing other than a handful noting that it is too dense.

**Exhibit IV-4.
Housing Prototype No. 4**



Source: BBC Research & Consulting and the City of Boulder, Colorado.

Appropriateness. Attendees felt that this type of housing is the least appropriate for Coeur d’Alene, with just 54 percent of attendees saying that this housing type is appropriate. This compares with more than 80 percent for the other prototypes.

The reasons attendees did not feel the development is appropriate included perceived lack of affordability, too much land used and that the City has too much of this type of development now.

“Whoa! No! Too much land.”

“We already have surplus of this type.”

“We probably don’t have enough room for these to make a dent in the need.”

Who would find this appealing? Families, mostly (54 percent of attendees’ responses).

Desired price for sale. \$250,000 to \$500,000.

Desired price for rent. \$1,000 to 2,000 per month.

Location of housing. Unlike any of the other prototypes, attendees were equally split on if they would prefer to buy this housing type in the River or Lake Districts, or buy outside the City and commute in. The answers to this question for all prototypes suggest that the public—at least as represented by the forum attendees—has realistic expectations of the types of housing that is available in urban settings. Fear of density does not appear to be a significant issue in Coeur d’Alene, which is very positive news for developing affordable housing.

Benefits of housing. Privacy, nice setting, larger lot.

Negatives of housing. Uses too much land and does not appear affordable.

“A lot of land for one family.”

“We have too much already.”

Summary of Forums

The primary messages of attendees of the forums can be summarized as:

- Density is okay in Coeur d'Alene—to a point. Dense developments need the right design and have small private yards to be appealing to the community.
- Reducing a commute and/or not have a commute is very desirable for residents. They are willing to make a trade-off on density and perhaps price appreciation on a deed-restricted home in Coeur d'Alene to avoid having a long commute. (Anything over 20 minutes is long).
- Affordable housing developments must fit in with the other elements of the community, not be too modern, and have a small town look.

Stakeholder Interviews

Throughout the course of the study, we interviewed stakeholders in the community who are involved in real estate and housing in the Coeur d'Alene area, provide affordable housing developments and/or programs, and administer social services to special needs populations.

The top findings from our discussions with these stakeholders are summarized below.

- **Rental units targeted to extremely low- and very low-income residents.** Families and persons who are transitioning out of homelessness cannot find permanent housing after completing the two-year transitional housing program, because the units affordable to them are in very limited supply and have long waiting lists.
- **Housing with supportive services for special needs populations.** Service and housing providers described many special needs populations for whom housing is difficult to find: persons with mental illness who need supportive services, single mothers, persons with disabilities and persons who are discharged from the criminal justice system.
- **Not-in-my-backyard syndrome (NIMBYism).** Some stakeholders noted that as the community has developed and changed, resistance to the development of lower-priced housing has occurred.
- **Difficulty finding workforce.** Some employers—particularly those in the light manufacturing and food service industries—have a difficult time finding workers and frequently have positions that are unfilled.

SECTION V.
Findings and Strategies

SECTION V.

Findings and Strategies

This section of the report presents the primary findings and recommendations of the housing needs assessment of Coeur d'Alene.

Top Needs

Based on the analysis completed of the demographics, employment, housing market and special needs housing in Coeur d'Alene, and the contribution of perceived needs from stakeholders and the public, we have identified the following top housing needs in Coeur d'Alene:

Renters

- Renters earning less than \$15,000 per year are underserved by the rental market. There are 2,065 renters in this income range and 1,204 units to serve them, leaving a gap of about 861 units. Deeply subsidized rental units in the City that serve renters in this income range have long waiting lists.
- Renters earning between \$30,000 and \$40,000 would need to find housing to buy between \$100,000 to \$140,000 to afford it. Approximately 6 percent of the units for sale in the County during 2006 were priced in this affordability range. Until renters are earning \$50,000 per year and more, their ability to become homeowners in the County is extremely limited.
- Renters earnings less than \$15,000 and who have special needs—including families and persons who are homeless—have limited options for the housing they need in the County. Many low-income households with special needs require supportive services in addition to housing, and this paired arrangement is rare in Coeur d'Alene.

Owners

- The City's owners earning under \$15,000 are fortunate to be homeowners—however, they are unlikely to be able to maintain their homes or addresses emergency improvement needs given their low incomes. Seniors in this situation are unlikely to be able to afford to make the accessibility improvements they might need as they age, which would enable them to stay in their homes (the preference of most seniors).
- Unless they have substantial equity in their current homes, owners earning between \$15,000 and \$25,000 per year would have a difficult time finding another home in the City if they needed to sell their home (because of a separation, medical needs for one-level home, need to downsize, etc).

Exhibit V-1 summarizes the top needs identified in this study.

**Exhibit V-1.
Top Needs Summary**

Population Group	Housing Gap/Problem	
Renters earning < \$15,000	1. 2,065 Renters 1,204 Affordable Units (861) Shortage	2. Renters with special needs have limited options for housing with needed services
Renters earning \$30,000 to \$40,000	1. To buy, need homes priced between \$100,000 and \$140,000	2. 6 percent of units for sale in 2006 were affordable
Owners earning < \$15,000	1. Unlikely to afford to continue to maintain their homes or address emergency needs on low incomes	2. Would have difficulty finding replacement housing or affordable rental units
Owners earning \$15,000 to \$25,000	1. Would have difficulty finding another home if needed (e.g. downsizing, need handicap modifications)	

Source: BBC Research and Consulting.

Strategic Blueprint

This section contains our recommendations for how the City should address its top housing needs. It begins with a discussion of why it is important to address workforce housing needs in Coeur d’Alene.

Why workforce housing needs should be addressed. Downtown Coeur d’Alene, the surrounding residential and business districts, and the greater Spokane Valley should care about the availability of workforce housing in Coeur d’Alene. The strong economic prosperity of Coeur d’Alene is essential to the health of Kootenai County. A balanced housing stock accommodates a diverse resident population which in turn supports retail and lucrative recreation and conference businesses and services.

Providing workforce housing contributes to sustained economic health by enabling employees to live close to employment and entertainment, supporting the local economy and preserving the quality of life. Employees living close to their jobs ultimately reduces absenteeism, stress-related illnesses and eventual turnover, reducing long-term operating expenses. Downtown workforce living creates a demand for extended-evening retail hours and in-turn increases profits of local businesses. Workforce housing in the city reduces commute time and air pollution, while providing employers a competitive advantage in attracting, hiring and retaining qualified employees.

Providing affordably priced workforce housing presents unique challenges. The very premise behind this goal is that housing costs have exceeded the capacity of an important segment of the community’s workforce to purchase reasonable housing within or near the community. In essence, there exists a financial or funding gap that must be reconciled in order to provide workforce housing in high-cost communities. For example, a worker earning \$35,000 per year may be able to afford a home priced at less than \$125,000, but if the market cost for an adequate home within the community is \$200,000, there exists an obvious funding shortfall of \$75,000.

Unfortunately, most federal housing programs are limited to population groups earning less than 80 percent of median income. If workforce housing is to succeed, then, homebuyers, developers, employers, mortgage finance companies, local and state government agencies, and/or the local community must address this funding shortfall. Ironically, a high-cost community that avoids a growing workforce housing shortage will likely experience higher costs in transportation and infrastructure expansion, and other factors of declining community well being.

The recommendations presented in this Strategic Blueprint are intended to offer a balanced approach for promoting workforce housing within Coeur d'Alene. A collaborative engagement, which spreads the cost, impact, and rewards among all interested parties, will have the greatest chance for success.

Goal No. 1. Create affordable homeownership opportunities for Coeur d'Alene's workforce.

The City of Coeur d'Alene needs programs to create and maintain the affordability of homeownership units for its workforce earning between \$25,000 and \$50,000 per year. Affordable housing for these residents should be available to buy for between \$83,000 and \$167,000. Currently, residents in this income range have extremely limited opportunities to purchase housing (just 6 percent of units in the County were affordable in 2006).

Action item A: Provide incentives for housing production. Private sector developers can address the homeownership needs for the City's workforce if they are given the proper incentives to do so. Many developers in the Coeur d'Alene area have expressed an interest in creating more homeownership affordable and mixed income housing.

There are numerous incentives the City can use to produce affordable housing by the private sector. The following list includes some initiatives already explored by the City, and others worth of initial investigation. We recommend the following incentives to facilitate affordable homeownership development by the private sector. These incentives should be made available for developments that incorporate affordable for sale housing priced less than \$167,000, with larger incentives for more affordable units (priced at \$100,000 and less).

- **LCDC Funding/Preferential Funding.** The Lake City Development Corporation (LCDC) should offer an "enhanced package" to induce affordable housing. Currently, LCDC offers funds to install site infrastructure on all types of development projects, including market rate developments, that occur within LCDC's redevelopment districts. An enhanced package would provide additional incentives for developments that have an affordable component, such as below-market interest rate construction financing, land donation/discounted sales prices, and/or repurchase guarantees (e.g., LCDC would buy the affordable units created by the private sector developer if they do not sell within a given time frame).

The initial affordable developments should be created in infill lots in central Coeur d'Alene, in and around the Midtown neighborhood¹. There are a number of underutilized and potential infill redevelopment sites in this area, and opportunities to combine lots to create mid-size developments. The current nature of the neighborhood as a mixed-income community would support affordable homeownership/workforce housing opportunities. In addition, there is existing retail and services in the area, less expensive land than in other areas, and easy access to main arteries in the City.

- **Density bonuses and building variances.** Many cities give developers the right to increase densities in their developments or grant variances from building codes in exchange for incorporating affordable/workforce housing. If a developer can add units or reduce costs of a development through height variances, reduced parking requirements, reduced setbacks and landscaping or design requirements, they can better afford to add workforce housing to the overall development plan.
- **Impact fee waivers.** The City should consider granting impact fee waivers on all affordable units. Waivers could be graduated with more affordable units receiving a deeper discount.
- **Expedited review process.** The City should offer an expedited review process for development applications with affordable housing. Developments with an affordable component would go to the top of the review pile, and the review process should occur within a guaranteed number of days and transparent as possible.
- **Infrastructure investment by local government.** Local governments can offset development costs in exchange for private sector development of workforce housing by funding infrastructure improvements for the developments. A common tool for infrastructure investment in support of affordable housing is the Community Development Block Grant (CDBG), which is discussed later in this section.

Action Item B: Inventory and donate publicly owned land and buildings and private land for workforce housing development. In high costs areas, donation of land or sales at a greatly reduced price are key to making workforce and affordable housing developments pencil out, especially deeply subsidized housing developments (e.g., serving less than 40 percent of AMI).

The City should take the lead on assembling a list of available publicly owned parcels of real estate, inclusive of those owned by LCDC, the City of Coeur d'Alene, Kootenai County and the associated school districts, along with their current use status. The City, along with LCDC, the County and the school districts should conduct a joint evaluation of the potential of these parcels for workforce housing locations. These evaluations should consider proximity to transit, commercial services, supportive services and other land uses, to ensure that the sites would be appropriate for workforce housing.

¹ Midtown is generally defined by Interstate I-90 on the north and downtown on the south. 3rd and 4th streets are major arteries running through Midtown.

If these parcels are dedicated to the development of workforce housing, the City and/or School District would be entitled to dedicate the housing that is development for its workforce. Similarly, private landowners who donate land would be entitled to use the housing developed for their workforce.

Private land owners and developers may be motivated to donate some or all of the market value of property that is suitable for workforce housing development. This motivation may be charitable in nature, or it may be part of a developer/owner's efforts to meet requirements and gain governmental approvals for new development. Land donation can also be linked to other developer incentives (e.g., providing fee waivers, density bonuses).

Action Item C: Promote existing buyer resources. Renters in Coeur d'Alene should be encouraged to explore existing programs for downpayment assistance, low-interest mortgage loans and reverse mortgages. These programs are offered by the Idaho Housing and Finance Association (IHFA) to all Idaho residents. Pairing these programs with the affordable units created by the action items listed in this section can increase the subsidy—and purchasing power—of first time homebuyers and lower-income populations. Reverse mortgages can allow seniors to stay in their homes without being cost burdened and have additional dollars for home maintenance and repair.

Action Item D: Voluntarily encourage inclusionary housing. To facilitate more mixed-income housing, the City should explore creation of a mandatory inclusionary zoning ordinance in specific parts of the City. We recommend that the City begin by evaluating the positive and negative outcomes of inclusionary zoning used in other communities. Initially, the City should hold discussions with impacted stakeholders regarding the legal, financial and political ramifications of mandatory inclusionary zoning compared to encouraging voluntary inclusionary developments.

If the City decides a mandatory ordinance is appropriate for the City overall or in certain parts of the City, the ordinance could be structured to require that residential developments over a certain size (30 units is commonly used) offer 10 percent of the units at affordable prices. Targeted areas for mandatory inclusionary zoning include the southern portion of the City where new, very high-end development is occurring within close proximity to Lake Coeur d'Alene. It is unlikely that affordable housing will be produced in these developments without some level of requirement. We would not recommend that the City offer developers a "cash-in-lieu" option to develop the required units, since the purpose of this strategy would be to create more balanced housing and opportunities for workforce housing in the downtown area. We also recommend that the affordable units could be either homeownership or rental units—however, homeownership units are likely to be produced initially because of market demand

We also recommend that the City work with developers as it is crafting these ordinances to understand how the various policies might affect development, which incentives are most important to facilitate affordable housing and, ultimately, create "buy-in" for the concepts from the development community.

The City should also offer incentives or assistance for certain developments created through inclusionary zoning. For example, IHFA's competitive application process for allocating Low Income Housing Tax Credits and HOME gap financing provides incentive points to developments that include 30 to 40 percent AMI rental units in addition to 50 to 80 percent and market rate units. For

developments being approved on LCDC or City-owned land, a required component of workforce housing might be an appropriate trade-off for pricing, donation, or deed-restriction approaches.

Finally, it is important that the City continually monitor market demand for the affordable units to ensure that the developments produced through these policies are consistent with market need. In some markets, as home prices have softened, affordable/deed-restricted products have been priced very closely to market rate products, which significantly lessens the market demand for the affordable products and makes them difficult to sell.

Action Item E: Explore employer-assisted housing options. Employers can play an important role in the development of workforce housing. To the extent that they contribute to the development of the housing, they should be entitled to have a portion of the housing available for their workforce.

Because they are not constrained by federal funding requirements, employer donations can be an important contribution to creative housing solutions. Some common tools for employer-assisted housing include:

- Donation of land for affordable housing development.
- Direct contributions toward development costs.
- Contributions to a housing trust fund that can be used to subsidize both affordable ownership housing and rental housing.

In addition, employers can make their employees aware of the various housing programs, including downpayment assistance and low-interest loan programs, offered in their communities.

Goal No. 2. Develop more deeply subsidized rental units, including affordable senior rentals and housing with supportive services.

Action Item A: Develop deeply subsidized rentals. We recommend that the City facilitate the development of 200 units of deeply subsidized rental units for the City's very lowest income households, including those who are transitioning out of homelessness. Although this number of units will not fully address the level of need (861 units), it would make significant progress in reducing the need.

Target rents in these units should range from \$250 to \$400 per month. The 200 units would ideally be part of a larger development with some market rate units. The location of this development should be in close proximity to government and social services—or, if possible, incorporate a supportive service component such as onsite child care, job training/education courses, and community activities. The most challenging part of developing this housing is to acquire land or a building at very low or no cost. To ensure that this development has a positive cash flow, the land, financing and/or development must be heavily discounted.

The City should engage private sector affordable rental developers in discussions about developing such a property, the subsidies needed to make such a project cash flow and how the City might

facilitate its development. Layered subsidies will be needed, including local, state and federal sources. The developer selected to create the property should submit a plan for property management and building reserves for property maintenance.

Developer incentives and land investment strategies can be included in the City's strategy for production of lower targeted rental units. Deeply subsidized units will require the utilization of LIHTC and HOME funds, as well as land donation or price concessions.

Action Item B: Develop affordable senior housing. In all of the study area communities except for Rathdrum, cost burden was very high for seniors who rent. In Coeur d'Alene, 539 seniors who rent, 75 percent of the population, pay more than 30 percent of their incomes towards housing costs. Developers interviewed for the study felt that the market would support a new affordable rental housing development serving seniors. Although the need for senior housing was not frequently mentioned by the public or stakeholders, the high proportion of cost-burdened seniors and growing retiree population in the City should create increasing demand for affordable senior housing.

We recommend a secondary goal of creating 100 units of additional affordable housing for seniors, which include some supportive services, within 5 years. The units in the development should have accessibility modifications, and the development should be located near public transportation and have easy access to health care facilities. The development should have some limited supportive services such as a part-time onsite nurse, a partnership with a Meals on Wheels program, a transit shuttle, and a community hall with coordinated activities.

Goal No. 3. Create a housing rehabilitation program (to preserve existing affordable housing). It is important that, in addition to creating more housing opportunities for households in need, the City work to preserve its existing affordable housing. The neighborhoods around the Highway 95 and I-90 corridors in central Coeur d'Alene have some of the highest proportions of extremely low- and very low-income households in the City. They also have the most affordable housing in the City, based on Census data on median housing values (see Exhibit III-29 in Section III).

The City needs to ensure that households in these neighborhoods are able to stay in their affordable homes by assisting them with making the improvements they need. To this end, we recommend that the City create a housing rehabilitation program to assist low-income households with emergency and non-emergency repairs, with preferences for assisting persons with disabilities and very low-income seniors.

The program would have three components:

- Emergency assistance for immediately needed repairs (e.g., furnaces, plumbing),
- Non-emergency home improvements (e.g., wiring brought up to code), and
- Accessibility modifications (e.g, grab bars and wheelchair ramps).

We recommend that the program be structured as a forgivable loan for the targeted populations, and a low-interest loan program for non-targeted, low income households. The Community Development Block Grant (CDBG, discussed in Goal 4) is used in many communities to effectively

fund and administer home rehabilitation and emergency assistance programs. The City could also apply for HOME dollars to fund rehabilitation loans.

Finally, the Idaho Housing and Finance Association offer the AIP Program to address rehabilitation needs. IHFA administers a statewide fund that reviews individual applications for low-income households needing accessibility modifications to homes they currently rent or own. The fund consists of money deposited by multifamily property developers or owners who have entered into conciliation agreements with HUD subsequent to accessibility violations. IHFA administers application criteria and approves eligible property modifications.

Goal No. 4. Receive a direct allocation of the Community Development Block Grant.

According to the U.S. Department of Housing & Urban Development (HUD), the City of Coeur d’Alene is eligible to obtain a direct allocation of the Community Development Block Grant or CDBG, making it an “entitlement community.” When cities reach a certain size, they are eligible to receive federal CDBG funds directly from HUD, and can use these funds to supplement existing resources available for housing and community development needs.

If the City of Coeur d’Alene receives a direct allocation of CDBG, it would have more of a guarantee of an annual allocation of CDBG funds, since the funds would not be allocated via a competitive process (on the State level). Receiving a direct allocation would not prevent the City from applying for other federal funds the City has received in the past from the State—particularly the affordable housing program HOME—which could also be used to address housing needs.

We contacted HUD as part of this study to inquire about Coeur d’Alene’s eligibility to receive a direct CDBG allocation. The City is reportedly eligible to receive such funds from HUD now. We recommend that the City contact the Boise office of HUD to begin the process for receiving HUD funds. HUD will establish the program year for the CDBG funding cycle, estimate the amount of funds the City would be entitled to receive, and develop a timeframe for submission of a report called the Consolidated Plan, which is required to receive CDBG funds. The Consolidated Plan establishes a City’s top housing and community development need and specifies how a City will spend CDBG funds to address these needs over a three- to five-year period. This study would fulfill many of the requirements of the Consolidated Plan. The City will also need to complete two reports annually that tell HUD 1) Who will receive the CDBG funds and what activities they will be used for; and 2) How the funds were spent each year and the type of households who benefited from the funds. Some cities use consultants to complete these reports, and CDBG funds can be used to offset these costs.

Many cities have full- or part-time staff dedicated to the administration of the CDBG program. The CDBG program allows cities to use up to 20 percent of the annual funding allocation for administration of the program, which can be used for staff salaries and benefits (as well as consultant costs).

CDBG funds can be used to address workforce housing needs by:

- Funding infrastructure in support of affordable housing development;
- Funding the construction of facilities to serve special needs populations (e.g., homeless shelters, community centers);

- Provide funds for a housing rehabilitation program that benefits low- and moderate-income homeowners and renters by funding repairs and improvements to their homes;
- Demolition of property to prepare land for affordable housing;
- Downpayment assistance for first time homebuyers; and
- Residential code enforcement in low- and moderate-income areas.

Goal No. 5. Educate residents, mitigate resistance to affordable housing (NIMBYism) and keep affordable properties in sound condition. As Coeur d’Alene and the County continue to grow and diversify, it is likely that tension might develop between new residents and long-time community members, as well as between higher- and lower-income populations. It will be important for the City to monitor any growing tension, and work to mitigate conflict through community education and outreach efforts.

A very important part of reducing the stigma around the development of affordable housing is to ensure that affordable properties blend in with market rate housing, and that they are kept in top condition. Providing mixed-income housing in a variety of settings is one of the best ways to reduce NIMBYism. It is also important to ensure that the housing providers who maintain affordable housing have the funding they need to address maintenance needs and build property reserves. To the extent that the development and financing costs can be reduced on the front end, housing providers will have more funds for property maintenance.

Goal No. 6. Maintain quality schools within the City. Although this study did not examine school quality within Coeur d’Alene or the relationship between school quality and housing cost, several interviewees noted that there is concern about future declining enrollment in the City’s schools. Declining enrollment occurs because of demographic changes that lower the number and proportion of children in a community, and/or because families make a choice to leave a school district (which is usually associated with school quality and satisfaction).

A review of the Idaho Standards Achievement Test results from Spring 2006 shows that schools within the Coeur d’Alene school district compare very well with schools in Post Falls and Rathdrum. Although some families may be moving from Coeur d’Alene to seek better or different school opportunities for their children, the test scores do not suggest that this would be a major factor (like in many urban settings). Instead, any future declining enrollment in the Coeur d’Alene school district would likely be related to demographic shifts, as the City grows into more of a new home for recent retirees and a destination for second homeowners.

Nonetheless, the school district will want to maintain or improve its enrollment over time. We recommend that the City consider the idea of working with private businesses and the school district to create an innovative/unique school within the City limits. The mission of the school should be twofold 1) Provide a unique and unduplicated learning environment for children in the Coeur d’Alene metro area and 2) Incentivize families with young children to stay in the City or choose to live in the City.

Keys to Successful Workforce Housing Development and Preservation

Good design and marketing of housing. It is critical that the first few affordable/workforce developments meet with success in the market, and good design is key to marketability and strong sales. Section IV of this report contains an analysis of the housing prototypes that were presented at the public forums held for this study. Residents in the forums emphasized that affordable housing developments must fit in with the other elements of the community, not be too modern and have a small town look. Prototype No. 3—a fairly conservative design—was the favorite of forum attendees. In addition, residents expressed reasonable acceptance of density in developments, but noted that it is important for attached housing to have private yards/areas for residents.

In addition, as the developments progress, the units should be marketed through websites, brochures and informational sessions to the City’s key workforce centers, including health care facilities, schools, public safety offices and other cities.

Keeping the units affordable. When affordable workforce housing units are created through special governmental concessions or contributions of community property and resources, there is a need to maintain the affordability of these units over time. The community’s objective is not to enrich a single homeowner, but rather to facilitate the community’s long-term affordable housing opportunities. There are few basic approaches for maintaining affordability:

- A property’s future sales price is limited through deed-restriction. In other words, when an existing homeowner decides to sell his/her “workforce housing” property, the sales price is limited to some specified amount based on a pre-determined deed-recorded provision or formula. Only qualified buyers may purchase this property. Allowable appreciation for the homeowner is usually tied to the Consumer Price Index, but any marketable variation can be used. This approach usually involves some on-going administrative activity to facilitate property transfer, such as maintaining lists of qualified buyers. In some cases, this approach involves property ownership by a land trust or nonprofit entity that then leases ground to homeowners.
- Through deed-restriction and/or a subordinated property loan, market appreciation is shared with the homeowner. This can be accomplished through a simple sharing formula deed-recorded against the property, and/or it can include a subordinated due-on-sale loan, reflecting the community’s financial subsidy in a workforce-housing unit. These approaches don’t attempt to restrict the sales price or future purchasers of a given property; but rather, expect the initial community investment to be returned so another qualified buyer can benefit. Some administrative activity is required when the property is sold, as well as to qualify a new buyer.

In alternative (1), the focus is on preserving affordability for a specific housing unit over time. In alternative (2), the focus is on maintaining financial assistance for targeted qualified homebuyers. Depending on the housing project and the financial assistance being invested, a community may find both approaches helpful.

- Develop the units using a land trust model, where the land is leased by the owner and the improvements are owned. The land is owned by the developer, nonprofit or

City/County. Owners are allowed to recapture the appreciation on the structure and any improvements they have made to the home at the time of sale. By controlling the appreciation on the land, the units stay more affordable than they would be if they were not in a land trust (and did not have other affordability restrictions).

Implementation, Administration and Impact

The recommendations and tools listed above vary in how easy they are to implement and administer, and the impact they have on meeting the housing needs in Coeur d'Alene.

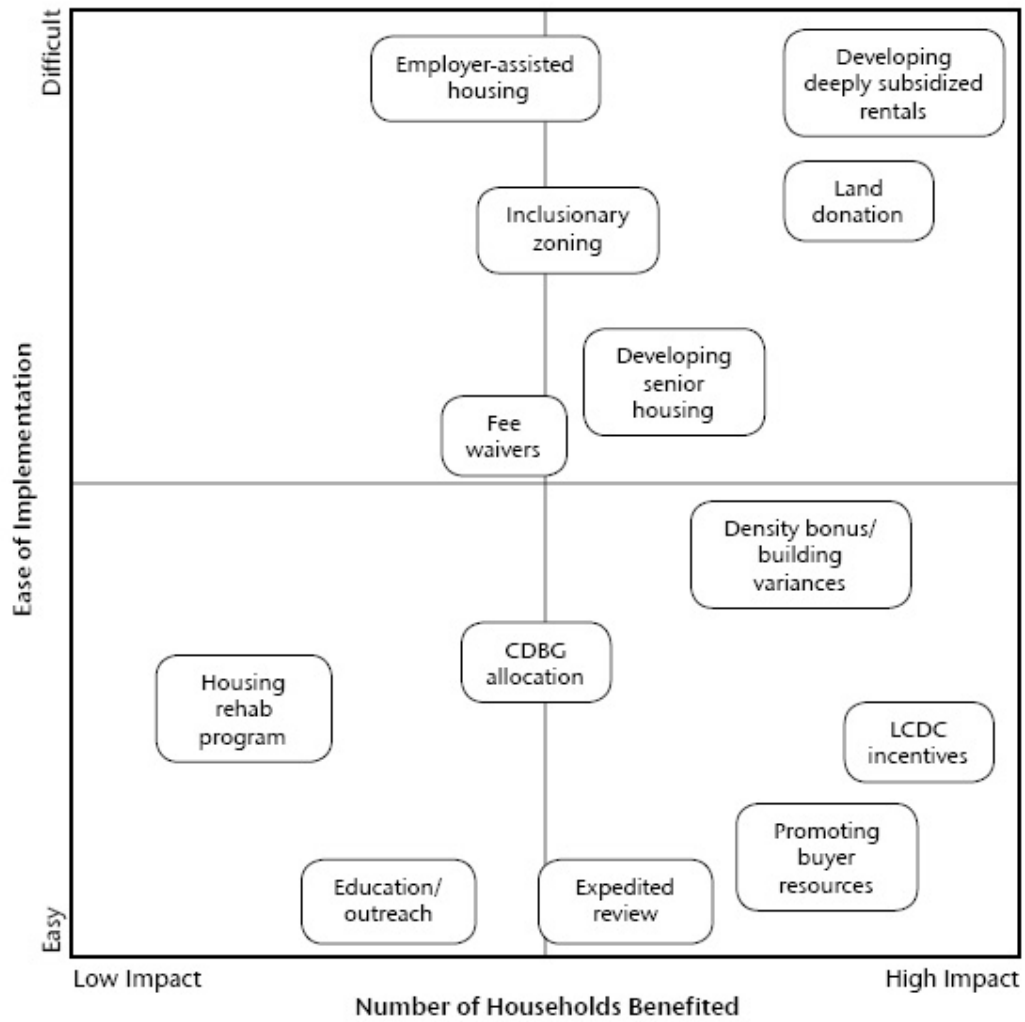
Administration. We recommend that the City fund a staff position dedicated to implementing the above strategic blueprint. This person should also be in charge of administering the City's Community Development Block Grant (CDBG) program, if the City were to pursue a direct allocation. Part of the CDBG allocation can be used for the administrative costs of the CDBG program, which could pay for some of the salary of this position.

The Strategic Blueprint outlined above cannot be completed by the City alone. It will require a joint effort between the City, Lake City Development Corporation, resources available through the Idaho Housing and Finance Association and for-profit and nonprofit housing and social service organizations in the community.

Implementation and impact of recommendations. Exhibit V-2 below visually demonstrates the ease with which the recommendations contained in this section could be implemented, along with their estimated impact on meeting the housing needs of Coeur d'Alene residents. This matrix should be used by the City to prioritize which recommendations should be tackled first and the amount of effort the recommendations are expected to take to implement.

Exhibit V-3 concludes this section by summarizing the top housing needs in Coeur d'Alene and aligning common tools used in other communities to address the needs.

**Exhibit V-2.
Recommendations Impact Matrix**



Source: BBC Research and Consulting.

**Exhibit V-3.
Housing Needs and Solutions**

Household Type	Income Limit	Primary Housing Need	Secondary Housing Need	Tools to Address
Renters				
Extremely low-income	\$15,045	Units with rents < \$376/month	Housing with Supportive Services	Deeply subsidize rentals Develop housing with on-site services
Very low-income	\$25,075	None. Adequate rental stock	Homes to buy < \$83,000	Deed-restricted housing Land trust Downpayment assistance
Low-income	\$40,120	Homes to buy < \$133,000		Inclusionary zoning Downpayment assistance
Moderate-income	\$50,150	Homes to buy < \$167,000		Inclusionary zoning Downpayment assistance
Owners				
Extremely low-income	\$15,045	Funds for emergency repairs, home maintenance	Accessibility modifications	Home rehab/emergency repair program Reverse mortgage program
Very low-income	\$25,075	Funds for home maintenance/modifications	Homes to buy < \$83,000 if want to move	Home rehab/emergency repair program Downpayment assistance
Low-income	\$40,120		Homes to buy < \$133,000 if want to move	Downpayment assistance

Source: BBC Research and Consulting.

APPENDIX A.
Public Forum Materials and Transcripts

Coeur d'Alene Housing Needs Assessment, Public Forums

Presented to:

August 25 and 26, 2006

**Residents of Coeur d'Alene
and Surrounding Communities**

Presented by:

Heidi Aggeler, Director

BBC Research & Consulting
3773 Cherry Creek North Dr.,
Suite 850

Denver, Colorado 80209

1-800-748-3222, x256

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www.bbcresearch.com



Purpose of Study

- Examine demographics of Coeur d'Alene and surrounding areas.
- Examine housing supply and demand in Coeur d'Alene.
- Identify housing needs.
- Develop a strategic plan and action items to address needs.

Work Scope

- Demographic Analysis
- Housing Market Analysis
- Housing Supply and Demand Comparison
- Stakeholder Interviews
- Public Forums
- Identification of Needs
- Recommendations and Implementation

Population Trends

	1990 Census	1996	1998	2000 Census	2004	2006
Coeur d'Alene	27,065	30,568	32,171	34,514	38,250	42,613
Kootenai County	81,059	95,667	105,026	108,685	121,071	138,093
Hayden	3,897	6,514	7,942	9,159	9,392	12,255
Post Falls	8,015	12,595	15,332	17,247	19,012	22,926
Rathdrum	2,148	2,819	4,009	4,816	5,132	6,047

Source: Inland Northwest Demographics, Population & Dwelling Unit Estimates and Projections, 2006, J.P. Stravens/Planning Associates, Inc.

Median Household and Family Income, 2000 and 2005

	Median Household Income			Median Family Income		
	2000	2005	% Change	2000	2005	% Change
Coeur d'Alene	\$33,001	\$36,811	12%	\$39,491	\$45,360	15%
Kootenai County	\$37,754	\$43,004	14%	\$42,905	\$49,303	15%
Hayden	\$37,097	\$43,255	17%	\$40,875	\$48,490	19%
Post Falls	\$39,061	\$45,012	15%	\$42,758	\$48,561	14%
Rathdrum	\$41,167	\$43,992	7%	\$42,652	\$47,022	10%

Source: U.S. Census Bureau, 2000 Census and PCensus, 2005 Claritas database.

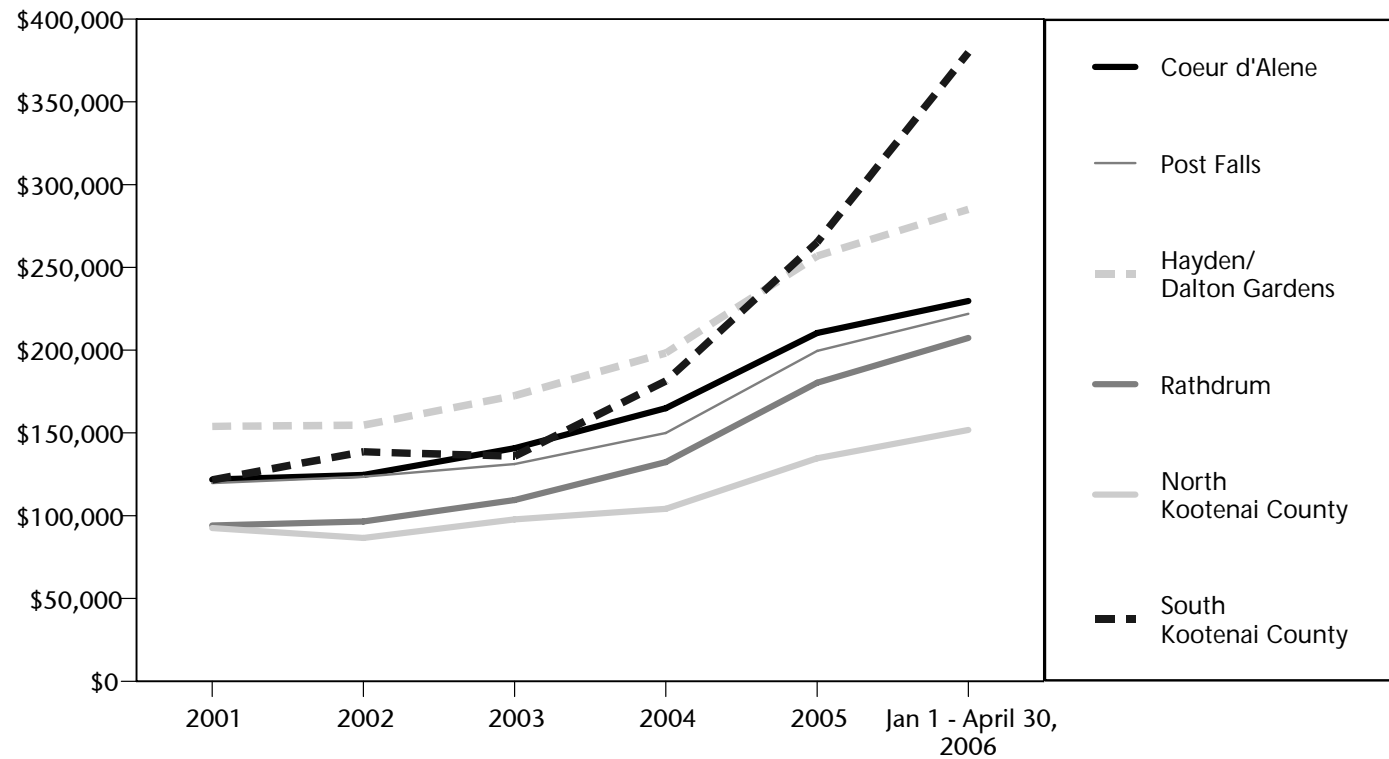
Likelihood of Being in Poverty by Age, 2000

Age	Coeur d'Alene		Kootenai County	Hayden	Post Falls	Rathdrum
Under 5 years	434	18%	15%	20%	16%	2%
5 to 17 years	751	13%	13%	13%	12%	11%
18 to 64 years	2,745	13%	10%	8%	8%	8%
65 to 74 years	122	6%	6%	4%	6%	0%
75 and over	261	10%	9%	6%	9%	34%
Overall Poverty Rate		13%	10%	9%	9%	8%

Source: U.S. Census Bureau, 2000 Census and BBC Research & Consulting.

Average Price of Sold Single-Family Units by Area

2001 to April 2006



Source: Coeur d'Alene Multiple Listing Service 2002–2006, Coeur d'Alene Association of Realtors.

Percent Change in Average Sold Price of Single-Family Homes

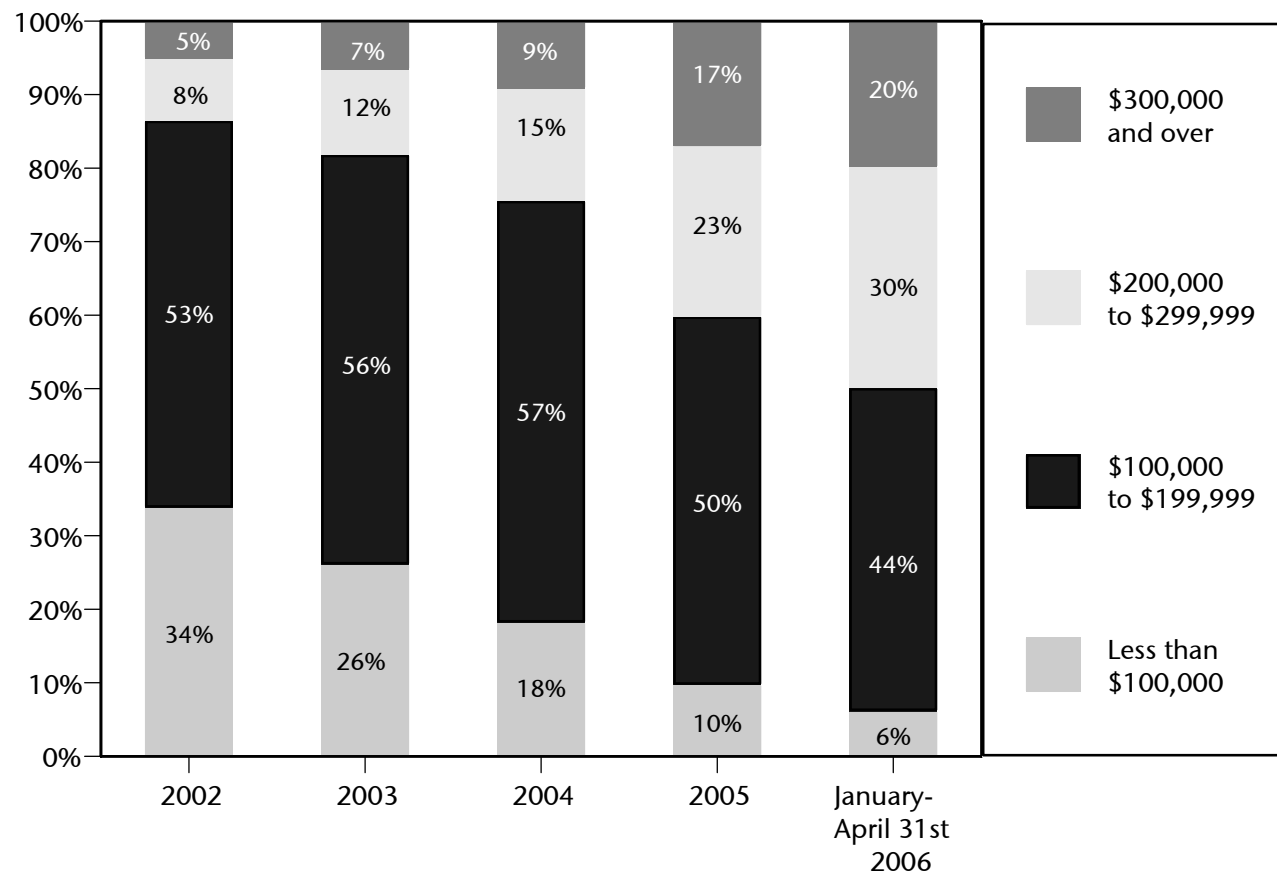
2001 to April 30, 2006

	% Change 2001-2002	% Change 2002-2003	% Change 2003-2004	% Change 2004-2005	% Change 2005-2006	Overall % Change 2001-2006
Coeur d'Alene	2%	13%	17%	28%	9%	88%
Hayden/Dalton Gardens	0%	14%	15%	29%	11%	85%
Post Falls	3%	6%	14%	33%	11%	85%
Rathdrum	3%	10%	21%	36%	15%	120%
North Kootenai County	-7%	9%	7%	29%	13%	64%
South Kootenai County	14%	-2%	33%	46%	43%	212%

Source: Coeur d'Alene Multiple Listing Service 2002–2006, Coeur d'Alene Association of Realtors and BBC Research & Consulting.

Changes in Price of Sold Single-Family Homes

Kootenai County, 2002 to April 30, 2006



Source: Coeur d'Alene Multiple Listing Service 2002–2006, Coeur d'Alene Association of Realtors.

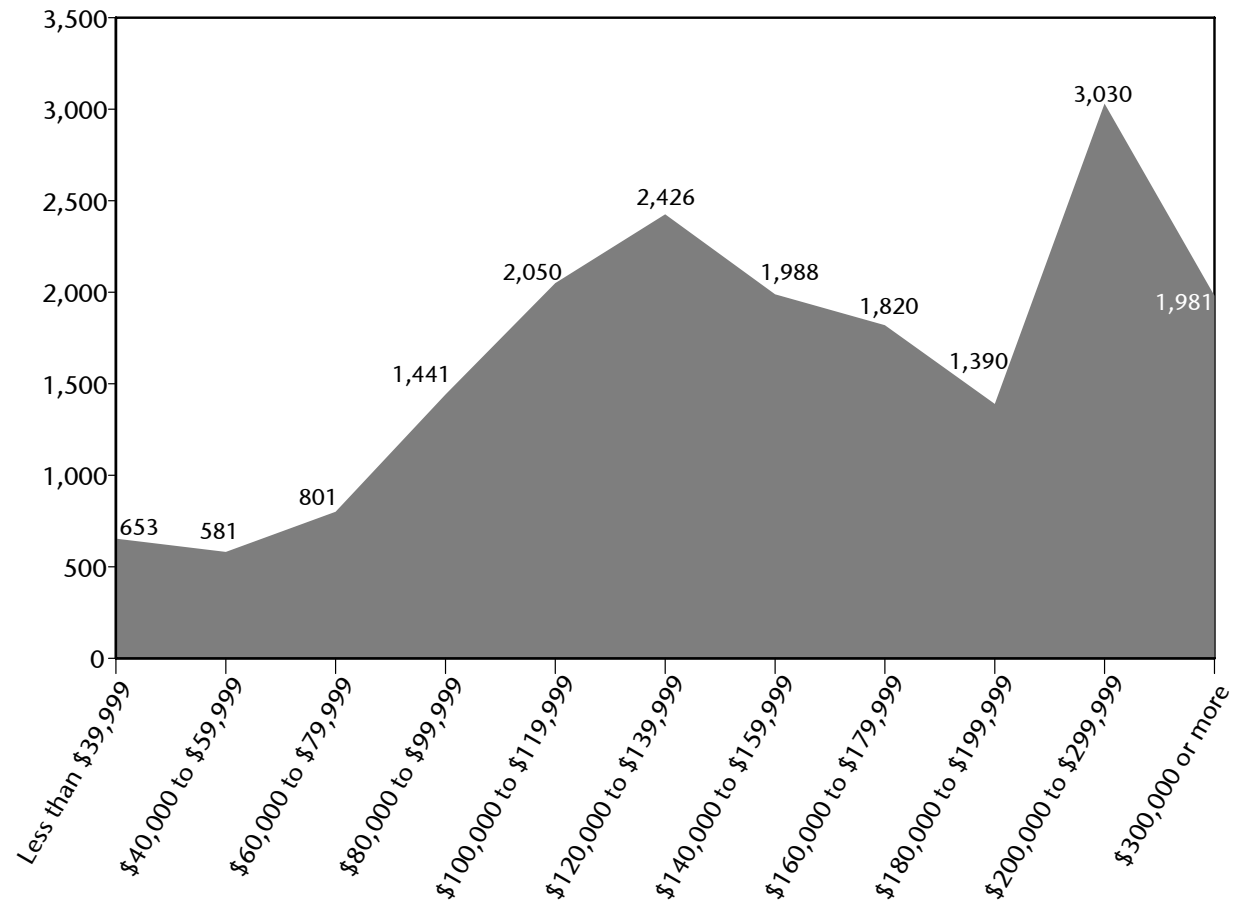
Median Value and Average Price of For-Sale Housing

	2000 Median Value	2005 Average Value	2006 Average Value
Coeur d'Alene	\$105,300	\$210,407	\$229,687
Post Falls	\$107,900	\$199,505	\$221,965
Hayden/Dalton Gardens	\$112,300	\$256,987	\$285,113
Rathdrum	\$102,400	\$180,340	\$207,368
North Kootenai County	N/A	\$134,777	\$151,750
South Kootenai County	N/A	\$265,234	\$379,874

Source: Coeur d'Alene Multiple Listing Service 2002–2006, Coeur d'Alene Association of Realtors and U.S. Census.

Price Distribution of Sold Single-Family Homes

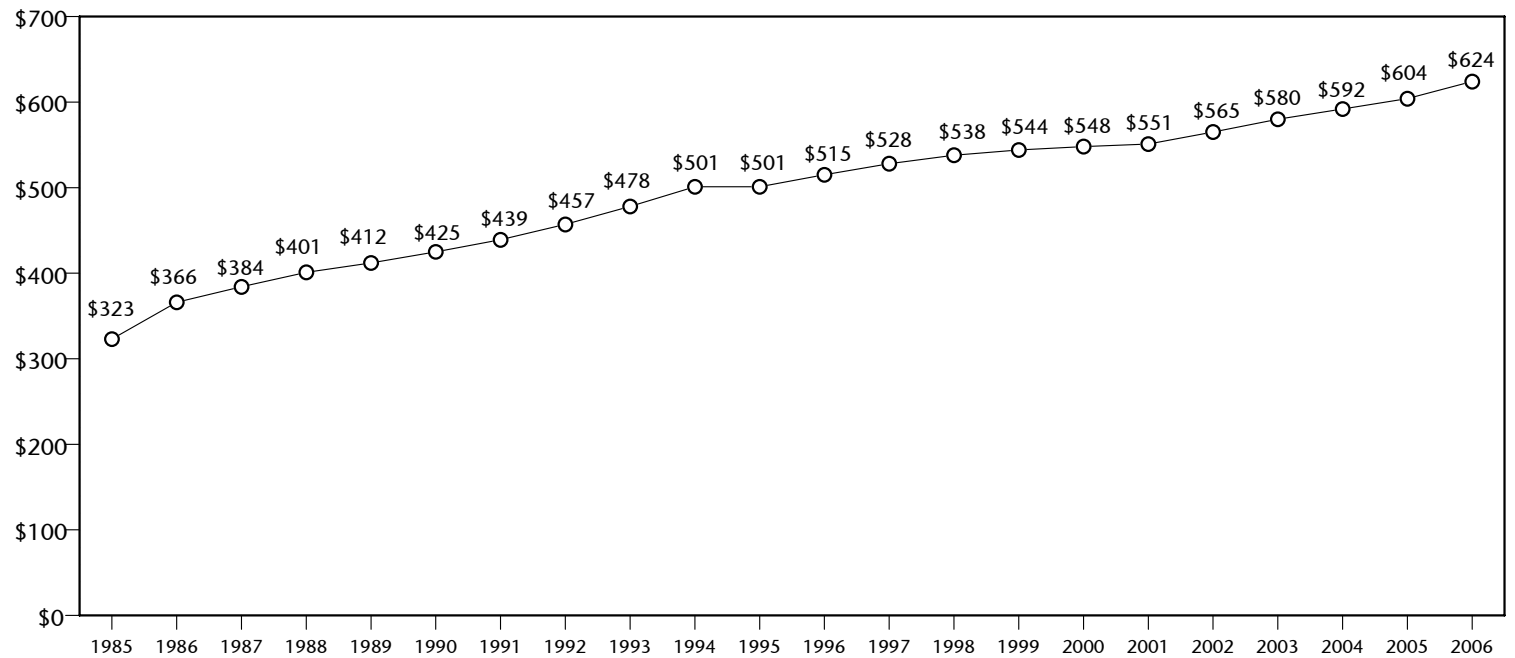
2002 to April 30, 2006



Source: Coeur d'Alene Multiple Listing Service 2002–2006, Coeur d'Alene Association of Realtors.

Trends in Fair Market Rents for Two-Bedroom Units

1985 to 2006



Cost Burdened Renter and Owner Households, 2000

	Coeur d'Alene	State of Idaho	Kootenai County	Blaine County	Hayden	Post Falls	Rathdrum
Renter Households	4,946	113,877	9,591	2,065	650	1,705	292
Percent not cost burdened	52%	61%	55%	61%	50%	52%	59%
Percent cost burdened	48%	39%	45%	39%	50%	48%	41%
Percent severely cost burdened	23%	18%	21%	18%	18%	22%	10%
Owner Households	7,021	253,487	22,052	4,041	2,140	3,825	1,000
Percent not cost burdened	74%	79%	72%	68%	71%	73%	68%
Percent cost burdened	26%	21%	28%	32%	29%	27%	32%
Percent severely cost burdened	9%	7%	10%	12%	9%	9%	7%

Source: U.S. Census Bureau, 2000 Census.

Cost Burdened Renters and Owners by Age, 2000

	Coeur d'Alene	State of Idaho	Kootenai County	Blaine County	Hayden	Post Falls	Rathdrum	
Renter Households	2,378	48%	39%	45%	39%	50%	48%	41%
15-24 years	568	58%	46%	56%	46%	56%	63%	32%
25-34 years	476	41%	36%	39%	33%	41%	44%	42%
35-44 years	336	37%	34%	37%	41%	41%	34%	38%
45-54 years	306	39%	34%	40%	34%	47%	51%	53%
55-64 years	153	39%	39%	39%	37%	86%	40%	47%
65 years and over	539	75%	52%	68%	62%	65%	59%	0%
Owner Households	1,801	26%	21%	28%	32%	29%	27%	32%
15-24 years	85	53%	35%	43%	60%	17%	39%	42%
25-34 years	329	31%	25%	33%	29%	28%	36%	33%
35-44 years	381	25%	22%	30%	33%	38%	24%	25%
45-54 years	375	23%	19%	26%	31%	34%	28%	25%
55-64 years	216	27%	19%	28%	35%	18%	16%	48%
65 years and over	415	23%	18%	21%	27%	20%	23%	54%

Tell us what you think!

- Who has the greatest housing needs in Coeur d'Alene?
In surrounding areas?
- What types of housing would best meet their needs?
 - Rental
 - Ownership
 - Special-needs housing
- If you could wave a magic wand, what would you do to address housing needs?
- What other needs exist in Coeur d'Alene?

Potential Solutions

■ Deed-Restricted Housing

- Would you purchase it? Why/why not?
- What is a reasonable purchase price?
- What are reasonable terms?
 - Appreciation cap
 - Occupancy terms

Potential Solutions

■ Infill Housing

- Where should it go?
- What should it look like?
- Rental, ownership or both?
- Whom would it serve?

■ Rental Housing

- Where should it go?
- Rental Price?
- Special features?

Housing Prototypes

1. Is this an appropriate type of housing for Coeur d'Alene?
 - Why? Why Not?
2. What kind of person or household would find this type of housing appealing? (age, family composition, etc.)
3. If this housing were for sale or rent, what price would you be willing to pay?
\$ _____ Sales Price \$ _____ Rent/mo.
4. If you had to make a choice, would you rather:
 - Buy/Rent this housing in River or Lake Districts
 - Buy a different home outside CDA and drive into CDA
5. Why did you make that choice?
6. What are the positives of this type of housing?
7. What are the negatives of this type of housing?

Housing Prototypes



Housing Prototypes



Housing Prototypes



Housing Prototypes



Thank you!

If you would like to give us additional input on the study, contact Heidi Aggeler, 303-321-2547 or aggeler@bbcresearch.com.



1. Is this an appropriate type of housing for Coeur d'Alene? Why? Why Not?

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6. What are the negatives of this type of housing?

Take a look at the examples of housing types we've put together on these sheets. Review each image and briefly respond to the questions we've listed on the page. Take five minutes to respond.

Coeur d'Alene Housing Needs Assessment Public Meeting, August 26, 2006

Julie Williams: Thank you all for coming out this morning. I'm Julie Williams with Idaho Housing and Finance Association, and we are very happy to be working with BBC Research & Consulting on the subject of the Housing Needs Assessment for your area. Lake City Development Corporation and the City of Coeur d'Alene have come together, and I think you'll be fascinated with the information that BBC will present to kind of get the dialogue going this morning, statistics about what's going on in your area, and then some discussions about the nature of workforce housing, your feedback and contributions, concerns, thoughts and ideas about what the Strategic Plan for increasing workforce housing might involve for your area. So I'm very glad that you've decided to spend the middle of the day with us and participate in this, and I'd like to introduce to you Heidi Aggeler, Director of BBC Research, and Heidi will give you her presentation.

Heidi Aggeler: If you'll bear with us for just a moment while the computer warms up—I want to make sure, first of all, that everyone has the materials for the forum today. You should have three things. One looks like this—it's a black and white copy of the slides that we're going to be showing in just a moment, and if you don't have one there are plenty of copies, and you're welcome to take two if you have a friend you'd like to share this with, on the table in the back. You also have what's a little more attractive, something that we're calling housing prototypes, four pages of pictures of housing with some questions attached. And then finally you should have some red dots. And we're going to be doing some exercises with the red dots as well as with the housing prototypes. So if you don't have those, please take a moment to go up and grab them. Raise your hand if you need red dots. I'll make my way around while the computer warms up. It's good to have a pen too; you're going to need a pen. If you don't have one, grab one—we have them on the table.

Thanks for your patience, everyone. I'll try to talk into the microphone as best I can so you can hear me, but I'm at a little bit of an awkward angle. As Julie mentioned, my name is Heidi Aggeler, and I'm from BBC Research and Consulting. We're a consulting firm based—our only office is in Denver, Colorado. My job is to conduct housing needs assessments for cities and states; I do that across the country, but I really specialize in the western part of the United States. I'm going to share a lot of data with you today which will be a very, hopefully, interesting part of the presentation, but the main purpose that we're here today is going to be to hear from you. And we're going to be doing a couple exercises; we'll be having a group discussion. There's a big crowd here today, and we're so happy to see you all here, but I want to make sure everyone has an opportunity to voice their opinion and to talk about housing needs, so I will ask you to limit your comments to two or three minutes if you can. You're certainly welcome to talk more than once, and I'll prompt you to talk more than once—I want a lot of input, but I want to make sure that everybody gets heard. So thank you for respecting everyone else's time.

Slides 1 and 2

Let's talk first about the purpose of the study and give you some background information about what we've been doing over the last couple of months. Our task was to really figure out where Coeur d'Alene and partially surrounding communities have the greatest housing needs, and to achieve that we looked at the demographics of Coeur d'Alene and surrounding areas. It's important for us to know who lives here, how old they are, what their household characteristics are, how much they can afford to pay for housing, and how different the market is outside of Coeur d'Alene before we understand housing needs. We looked at housing supply and demand—how many units exist and where the need is, where people can and cannot afford housing in Coeur d'Alene. We're in the process of identifying housing needs, and this forum is helping us do that. And then ultimately we'll develop a Strategic Plan and action items to address the needs. We will recommend to the city of Coeur d'Alene and Lake City Development Corporation what we think the city should do to help better meet housing needs now and in the future. Our work scope is basically the set of tasks that we did to achieve the purposes that I just mentioned. We did a demographic analysis and a housing market analysis. I'm going to share just a little bit of the results of that with you today. We have a very long draft report right now that we're still working on completing; we want to make sure that we get all the information from you all in there so we can round it out. It has a lot of data; I'm going to share what I think are the most important parts, the most interesting parts of our report today.

We do a housing supply-and-demand comparison; sometimes you hear that called a gaps analysis. Basically what we do is we look at the number of units, single-family and rental, we separate those two out, or homeownership and rental, and different price points. And we compare that with renter and owner incomes. After we calculate how much they can afford, to understand where the market's out of balance.

We've been talking to a lot of people in the community about housing needs, about community development needs. We've conducted two public forums—this is the second of two public forums. The first one was last night; we had a lot of great community input. We will be identifying the greatest needs in Coeur d'Alene and then making recommendations, as I mentioned.

Slide 3

So I'm going to start with population trends. We have data for Coeur d'Alene, for the county, for Hayden, Post Falls and Rathdrum. In some cases we'll bring in data from other counties and from the state of Idaho for comparison. But the 1990 census estimated your population at about 27,000, and that's probably a pretty good estimate. You've grown pretty steadily over the last decade, and by 2000 your population was about 35,000. I'm just speaking of Coeur d'Alene right now. In 2004, a planning firm has estimated your population to be about 38,000 and for 2006, 42 or 43,000.

Slide 4

This slide shows median household and family income in 2000 and 2005, and I first want to draw a distinction between household income and family income. In this sort of segment of our data collection, we respect what the census classifies as a household and a family. And these are two very important and very different definitions because "household" includes students, includes people who are single, who are living alone, and people who are not married or unrelated and who are living together; whereas "families" only include related parties. We typically look at household income and

family income when we do our analyses. Family income is almost always higher than household income, because you're generally capturing more two-earner families than you are when you're just looking at household income. If we just isolate family income, it gives us a better sense of what the non-student population might have as housing needs. But we always really focus on household income, because we want to make sure we include everybody in the community.

In 2000 your median household income—and that's sort of the middle; if we were to line up everyone's income, median is the middle number. A median's more important than an average, because it's not as subject to very high highs and very low lows. So when I talk about housing and I talk about incomes, I like to talk about medians. It's a better picture of reality than an average is. In 2000 your median income was \$33,000. It grew 12% between 2000 and 2005—you were about \$37,000 in 2005. Median family income was slightly higher in 2000 at \$39,000 per year, and in 2005 it had increased 15% to \$45,000. So, slightly higher growth in the family segment of the market than in households. If you compare this to surrounding areas, Coeur d'Alene's growth is about average; you're not as high as Hayden, and you're not as low as Rathdrum, as far as growth.

Slide 5

This slide shows the likelihood of being in poverty by age. The census bureau produces an amazing amount of poverty statistics, but unfortunately we can only get those in 2000. Now, the good news is that poverty doesn't change a lot. That's sort of unfortunate if we want to alleviate poverty, but in general poverty doesn't change very dramatically over time. Because your community's grown more wealthy, these statistics may be a little higher than what we might see in 2005 if we're looking at the proportion of your population that's in poverty. But I'll bet if we look at children under 5 in 2005, if we actually could get the date, we'd probably see that close to 18% of your children are still in poverty. In general, the highest poverty cohort, when we examine poverty by age in most communities, is for very young children. I've seen poverty as high as 30 to 40% for children under 5 years old. So 18% is not too bad; it's probably higher than what we'd like it to be, but it's certainly sort of middle-ground compared to the other communities except for Rathdrum.

Interesting comparison—when you look at Rathdrum, their highest proportion of poverty is in the age cohort of 75 and older. So Rathdrum has a lot of older folks who are living in poverty relative to your other areas. Coeur d'Alene's overall poverty rate of 13% is higher than any of the surrounding areas including the county.

Audience Member: Heidi?

Heidi: Yeah.

Audience Member: I just had a question about the poverty level.

Heidi: How do you define poverty level? Poverty level is based on household size, so the level changes depending on how big your household size is. This is also the federal poverty standard, so when we talk about poverty, we talk about the same level for New York City as we do for Coeur d'Alene. Right now the poverty level for a family of four is about \$20,000 and less. So when I talk about people living under poverty, in your mind think "family of four under \$20,000." For just one person, it's about \$10,000 or less.

Slide 6

I'm going to switch and start talking about some housing data. I'm going to start with sales, so homeownership data. This seems to be the biggest concern in the community. This shows the average price of sold single-family units by area, including Coeur d'Alene, Post Falls, Hayden and Dalton Gardens, Rathdrum, the northern part of the county and the southern part of the county. This shows average price that was sold in 2001 up through April 30, 2006. Remember I just gave you a lecture about how I like median better than average, and I still do—but the data that I have on home prices is an average. So one thing to keep in mind is that, again, averages can be more skewed by high highs and low lows. In your case, you're probably skewed on the high-high end. So if I were to have the same data which showed a median home price—I'm going to show you that in just a moment; I'm going to compare the 2000 census median to current prices—the median price would be lower than what you're seeing up here.

But this does give you a sense of how rapidly prices have increased since 2005. You were on a pretty steady uptick, but in 2005 things changed fairly dramatically, particularly for the southern part of the county.

Slide 7

This actually shows the percent change from 2001 to 2006. Start with the first column, 2001 to 2002: really not a lot going on. Your market was pretty flat there, with the exception of the southern part of the county. You start to see the percent changes, percentage change increase over time, and you notice a real dramatic increase between 2005 and 2006—that's the second-to-last column. And then what we've seen sort of overall, 2001 to 2006. Your prices went up pretty rapidly between 2003 and 2005. You've softened a little bit between 2005 and 2006, but overall between 2001 and 2006, the average-priced home in Coeur d'Alene has increased by 88%.

The next highest you'll see there is Rathdrum, which has had its average price grow by 120%. And at the top there is the southern part of the county, whose prices have grown by 212% over the last five and a half years. So, very dramatic increases.

Audience Member: Where are you drawing your line? Where are you defining south Kootenai County?

Heidi: You know, it's the—we're using the Coeur d'Alene Association of Realtors. So I can't remember the exact boundaries on the maps; they're hard to describe, but we are in line with the way that—their market areas, if you will. The data's coming from them.

Slide 8

This is another graphic, and this is for the County overall, but it's demonstrating the change in price by price segment over time. So if we start with 2002—that's the bar on the left-hand side—you'll see that 34% of the housing stock in the county was priced at less than \$100,000. Now, that's pretty good. That means that a third of your units were pretty affordable, all things considered. 53% of the units were priced between \$100,000 and \$200,000. So altogether, 87% of your units were priced at less than \$200,000. Now, if we move over to the far right bars, in 2005 and 2006, what you'll notice is you've gone from 34% of your units priced at less than \$100,000 down to six percent. Very, very dramatic decline. And for units priced between \$100,000 and \$200,000, you've gone from 53% down to 44%. So there has been a very dramatic shift away from homes priced up to \$200,000,

toward homes priced at more than \$200,000. Right now a fifth of your housing stock in the county is priced at more than \$300,000.

Audience Member: Isn't there a big factor in the cost of construction? We can't afford to build them like we used to, even if we wanted to?

Heidi: That's probably a factor, the cost of construction. Land is also a factor in the price increases. This is just simply demonstrating how things have changed.

Slide 9

This actually shows you the data that we used to produce those graphs. Again, I'm going to talk about median versus average for one last time. In 2000, the median value in Coeur d'Alene was \$105,300. This is the median value of all housing units in Coeur d'Alene. This is based on the comprehensive survey that the US Census Bureau does. So this isn't just units on the market. If we were to take every single housing unit in existence in Coeur d'Alene that was for sale or was owner-occupied, and attached a value to it, the median value would be \$105,000, which is pretty good.

I've got data on average values for 2005 and 2006, because again I don't have a median for 2005 and 2006. So it's inappropriate to compare the median in 2000 to the average in 2005 and 2006. But the averages in those two years give you a sense of how much prices have increased, particularly in the southern part of the county. If we look at the 2005 average value of \$265,000, compare that with the 2006 average value of almost \$380,000—it really demonstrates how rapidly prices have increased in a very short period of time. And they're increasing in all areas.

Slide 10

This graphic takes all the units that were on the market between 2002 and 2006 and puts them in price categories. And what you want to focus on in this is where the peaks are and where the valleys are. So, if we look at where the peak is, the very top peak there which is to the far right, this tells us if you were to go out on the market and look at the inventory of homes, what would be the best price range for you to find a house at—and that would be between \$200,000 and \$300,000. There were 3,000 units on the market over that time period priced in that range. The second most common price range was \$120,000 to \$140,000. If you take a look to the left you'll see that's where our valley occurs, and that shows you that there are very few units—and certainly there are almost no units priced under \$100,000 on the market right now—but over the last five years, it's pretty hard to find a unit priced under \$100,000, particularly under \$80,000.

Remember that you're talking about your median household income and median family income; that's an important standard for us in looking at affordability. If—let's combine the two—if we say the median household and family in Coeur d'Alene earns \$40,000, and we use an industry standard to figure out affordability: we multiply that by three times and add a little bit to figure out how much they could afford, we'd be at about \$130,000–\$140,000 for a home purchase. And you can see there just aren't a lot of units to choose from, relative to high-end units, in that price range. So the median-income household has had a tough time finding a home in the market over the last five years. We've pulled some recent data—we can get point-in-time data of what's on the market—and it is very easy for me to say it's impossible for someone who's making less than probably about \$60,000 or \$70,000

a year to find anything to buy in your current market. There are no homes under \$100,000 for sale, at least the last time I looked, which was early August.

Slide 11

We're going to shift a little bit and talk about rents for just a quick moment, and then we're going to do some public input. The U.S. Department of Housing & Urban Development (HUD) calculates what they call "fair market rent" for every county in the United States. And this is a measure that they use to understand affordability and that they link to programs that they provide to help lower-income renters. Their standard is pretty good; it's a pretty reliable number over time, and this shows their calculations for what a two-bedroom unit rented for, fair market, sort of average market price, over the last 25 years or so. And if you look at the increase, it's fairly steady—there's a little bit of an upward increase toward the end of the graph there in recent years. One thing that's remarkable to me when I look at this is I do a lot of work in communities like yours, and in almost every other community where I've worked, and nationwide, there's been a rental slump. We've had a lot of decline in rental prices. I have not worked in a community lately where I have seen a continued increase. Your increases aren't giant; they're \$15–20 per year, but my point is that you're on an upward trend, and not very many other communities have been over the last couple of years. Usually I see it increase and then a little bit of a hump there. We've seen a lot of rental markets stabilized recently.

Slide 12

Let me show you just a couple more technical slides, and then we'll take a break from all this sort of data mining and discussion of data. Cost burden is a definition that, in the housing industry, is used a lot to understand if people are having trouble making their mortgage or their rent payment. Cost burden is defined as a household who pays more than 30% of their gross income toward housing costs. When we talk about housing costs for this definition, we talk about utilities and also all the other stuff that goes along with paying your mortgage—so, hazard insurance, property taxes. What we don't like to see is too many people who are paying more than 30% of their income toward their housing cost, toward their rent or toward their mortgage. We don't like to see at all a lot of people paying more than 50 or 75% of their income toward their housing costs, because that means they don't have a lot of money left over to do much else. So when you think about the math associated with this, if a household made \$2,000 per month and we use the cost burden standard, 30% of their income toward rent or toward their mortgage, they could pay \$600 a month toward rent or \$600 a month toward mortgage. If we see them paying \$1,000 a month toward their rent or toward their mortgage, we call them "severely cost burdened", and that's something that makes us a little nervous. Higher than that makes us real nervous, because we know they're having significant trouble making their rent payment or keeping their mortgage payment.

So this shows you the percent of renters and owners in your community who are cost burdened, and this is as of 2000. Again, the best data that we can get on cost burden are as of 2000; it's kind of a complicated data point to get. In 2000, in Coeur d'Alene, 48% of your renters were cost burdened. That's high, relative to other communities. I'd like to see renter cost burden at 40% or less. 48% is relatively high. The percent that is severely cost burdened is 23%. So almost a fourth of your renters are paying more than 50% of their incomes in housing costs, toward their rent. Your owner cost burden in 2000—26% of your owners were cost burdened. They were paying more than 30% of their income toward their mortgage payment. Again, that's a little bit high. I usually see that around

20%. And 9% of your owners were severely cost burdened, meaning they were paying more than 50% of their household income toward housing costs. That's not so bad. We certainly don't like to see anybody in that category, but usually there are folks who end up paying a lot of money out of their income toward their mortgage.

Now if you compare your cost burden to the State, which is the second column there, you'll see for renters your cost burden, again, is relatively high. If you compare your cost burden to surrounding communities except for Hayden, you are sort of in the middle, a little on the high end. If we compare owner cost burden to the State of Idaho and to surrounding communities, Coeur d'Alene is about average, even sort of a bit low compared to some other areas.

Slide 13

This continues the cost burden data by showing not only by renters and owners but also by age. And the reason I like to look at cost burden by age is because people go through life cycles and go through income cycles, and sometimes it's easier for them to afford housing at a certain age, and sometimes it's harder. Let's start with owner households there. Your highest level of cost burden is for households between the ages of 15 and 24 years old. 53% of owners in your community in that age bracket are cost burdened. I almost always see the highest level of cost burden in that age bracket, in any community in which I've worked. And this tells me that people stretch a little to buy their first home. I worry about that a little bit, but I don't worry about that as much as I do when I see it in other age brackets, because I can assume that people in that age cohort will have higher earnings in the future and will probably be able to manage a mortgage payment a little better than what they can when they're 15 to 24 years old.

When I look at renter cost burden, the point that really strikes me is the high proportion, very high proportion, of your elderly who are renters and who are cost burdened. 75% of your renters who are over the age of 65 are cost burdened, and that's a very high proportion. And you can see how high it is as you go to the right and compare that proportion with other communities. Another interesting piece when you're looking at the senior cost burden there is you'll see, except for Post Falls and Rathdrum, that senior cost burden—the shaded area—shows the highest proportion there. The seniors have a higher level of cost burden than any other age cohort, again, except in Post Falls and Rathdrum. That's true for the younger age cohort in owners, except for in Hayden and Post Falls, and again in Rathdrum. In Rathdrum we have an interesting situation, where the highest proportion experiencing cost burden tend to be seniors who own their own homes, not seniors who rent.

Slide 14

So I'm going to stop talking about some of the data that we've put to this study and shift to hearing from you. If we could turn on the lights real quickly...thank you—so we can see folks a little better. We're going to do a couple of things. We're going to talk about housing needs in Coeur d'Alene and the surrounding areas, take a few minutes to discuss housing needs, and then we're going to do a couple of exercises. I'm going to present some solutions for you that other communities have used in trying to fulfill their housing needs and get your reaction to those, whether or not you think those would work in Coeur d'Alene. I'm also going to ask you to use your red dots to help me understand—if you were to put infill housing where it was affordable, or where it was workforce housing in the community, where would you put it, and also for affordable or workforce-targeted

rental housing. And then we're going to do something with the pretty pictures on the handout that I've distributed, toward the end of our discussion, where you give me some feedback on some housing prototypes that could be workforce housing and could be affordable housing—whether or not those are appropriate in the community, and who those might target in Coeur d'Alene.

So I'd like to start with the first question, which is a very general question about who has the greatest housing needs in Coeur d'Alene, in your opinion. And you can just raise your hand and talk from your seat if you'd like, or if you'd like to come up to the microphone you certainly can, if you have a very soft voice, but I'm sure I can repeat the question or your statement if you'd like, and I'm sure we'll be able to hear you. So, people's opinions, first, of who has the greatest housing needs based on your experience, friends', families'. ... Yes, sir.

Audience Member: I'd say the basic employed worker here in Coeur d'Alene is overburdened by not making enough money to, obviously, support what they're trying to do. Or the elderly, people that are on a fixed income or working off a pension that was established 10 years ago or more.

Heidi: So when you're thinking about the basic workforce, do you mean they can't afford to buy a home, or they can't afford to rent at these prices that continue to increase?

Audience Member: Well, both.

Heidi: Both, okay.

Audience Member: You're showing a 50% burden, at some point, on renters. So that kind of gives an indication in both cases.

Heidi: And that's changed?

Audience Member: Yep—over the last five or six years, significantly.

Heidi: Five or six years, okay. ... Do you disagree with that?

Audience Member: Yes. I think the younger generation are having trouble. The 20-, 30-year-olds are having trouble getting into their first house.

Heidi: Okay—having a lot of trouble buying a house because it's so expensive and their incomes aren't where they need to be.

Audience Member: Yes. Well, they can pay \$600 a month for rent, but they don't know how or are unable to get into a first house to buy. But if they had the money to get into a first house, they could pay the \$600 or \$900, whatever, for a house—but they don't have the funds to get into a first house.

Heidi: A down-payment assistance sort of program is what you're talking about?

Audience Member: Yeah.

Heidi: Yes, ma'am.

Audience Member: I have a friend who works with people with severe mental disabilities, and she says it's impossible to find supportive housing.

Heidi: Okay, for those of you who couldn't hear the woman in the front—she has a friend who works with people who have severe mental illnesses and disabilities, and it's impossible to find housing for them in the community because it doesn't exist and is probably not affordable as well.

Audience Member: And the supportive services.

Heidi: And the supportive services. So, for those of you who don't know a lot about housing and supportive services—I'm going to talk a little bit; I'll do it right now. We have a category there called Special-Needs Housing. That's a HUD term, a federal government term to talk about the needs of people who have mental illness, who may have disabilities, who have some perhaps physical limitation, who may be homeless, who have other challenges in accessing housing above and beyond affordability. The model that we like to see for many people in that category is something called "housing plus supportive services." So people with severe mental illness, for example, need counselors; they need people to make sure that they're taking their medication; they need a lot of support. And in the best-case scenario, we like that attached to housing. We like to have, maybe, a mental-health worker on site. We like to have all those services there—it could be a child care center; it could be tutoring and education. But that's sort of the best scenario and the most perfect model for housing plus supportive services. It's a model you don't see in a lot of places, actually, but we're starting to. ...Other comments on housing needs—yes, ma'am.

Audience Member: I have two of them. One of them is single mothers have a hard time paying \$500 a month rent in Coeur d'Alene, and the other one is transitional housing. A lot of the population always comes up with "not in my back yard," but the reality is when somebody's paroled, they're paroled back to the communities they came from. And we have no supervised housing for those individuals, or housing that falls under the category that you talked about, special-needs housing.

Heidi: Transitional housing, just for audience members who are unfamiliar with that term, not only serves parolees, which is a special population that the woman in the back is referring to. Transitional housing can be used for a lot of different populations. Most commonly you'll hear it in terms of transitioning people from homeless shelters into some kind of permanent housing. We also see transitional housing used a lot for people with mental illness and developmental disabilities, who need to stabilize in some form. In the perfect world, we have transitional housing with supportive services, so people are kind of getting helped as they move along that housing continuum and they're building independence. How about other needs? Yes, sir.

Audience Member: Have you looked at what these people spend their money on, other than housing? What about their money management skills that have them in poverty in the first place?

Heidi: You know, that's not part of our study; we're not looking at, sort of, consumer expenditures. The way that we look at that primarily is through cost burden, so we want to make sure that people have enough left over to buy the things they need to get along in life.

Audience Member: Yeah, I see plenty of these people at gas stations, filling up on gasoline, beer, cigarettes and junk food. And then they come to my apartment house and complain about paying

their rent. And they just have their arms full of junk food, beer and cigarettes, and they tell me they can't pay their rent.

Heidi: There's something we talked about last night, actually, called financial literacy. And financial literacy is sort of what you're talking about. We were talking about it more in the context of homeownership and helping people manage once they get into a home, if they experience a job loss or if they experience something that prevents them from paying their mortgage—and also helping people understand why you pay your rent, how you pay your rent, and prioritization of their rental payment over other things. We talked about the need for financial literacy in the high schools, and maybe in the first year of college, to help young people understand, and it may be appropriate for other age categories, too—that paying your housing costs is important, and also giving them strategies for being able to maintain their homes when they do encounter difficulties. ...What others? Yes, sir.

Audience Member: I made 24 phone calls yesterday to apartment complexes that are involved in subsidized housing, Section 8 housing and HUD housing. Every single one of them said they had a six-month to two-year waiting list for those apartments. All of them said that the one apartment that we lack the most of are one-bedroom, subsidized apartments, for single people on Social Security or disability or whatever.

Heidi: I think that you see that definitely reflected in my cost burden data that showed 75% of your elderly renters are cost burdened. And the reason they're cost burdened is because they're on a waiting list, and they probably cannot afford the rent that they're paying. If we actually look at your rental prices—and this slide's pretty complicated, so I didn't use it as part of my presentation, but it will show up in the final report; it requires a lot of explanation—it's the piece that's called the gaps analysis. So if I look at renters' incomes and compare it to existing supply, what I find is for the population segment that you referred to, there aren't a lot of units out there. And that's why we see waiting lists as long as they are. But there are units in the next income range, the next affordability range. So in this kind of a market, what we see is that people are cost burdened because they're having to live in units that are a bit more expensive than what they can afford. And if we compare those two affordability categories, they match up pretty well, so I know that people are living in units that are more expensive than they can afford, because the units they can afford don't exist. ...Someone else; just a moment. Yes, ma'am.

Audience Member: Do you see this in other areas? Is this a—we have the assisted housing; I can't remember the HUD term for it.

Heidi: Assisted living, or subsidized housing?

Audience Member: Subsidized housing. So you build an apartment complex, and a portion of it is subsidized housing so you get a tax credit, and then you have the other units that you also rent—and so some of these units are vacant because there's too much rental housing and subsidized housing is full, so that the income doesn't come out the way it's supposed to, based on that. Is that happening elsewhere, too?

Heidi: It's happening a lot in markets that are really soft. And I'll give you—the best example I actually have is from my home town, from Denver. Denver's rental market has softened so much that our units that were subsidized, and that were affordable, started to compete with units that were

market rate. So if I were a low-income renter in a subsidized unit, I was probably three years ago in a unit downtown, and it was an older unit and maybe a studio, and it didn't have a boiler room, it had a radiator, it didn't have up-to-date stuff, and it certainly didn't have amenities. All of a sudden, as our rental market tanked, there are some units in a big development called The Breakers. And they're not downtown, but they're not far from downtown. And in The Breakers—you will laugh if you know Denver and how dry Denver is; this will be amusing to you—The Breakers have a lake. It's a windsurfing community. So it has nice amenities; it has a workout room. And all of a sudden, their one-bedroom units were priced the same as the affordable unit that I just described. So if I'm living in an affordable unit, I'd really like the windsurfing pond a lot better than I'd like, you know, being on a one-way street where there's a lot of traffic, and so I move. So we certainly did see that—it's a little bit of a different version. We actually saw more of a conversion from more competition in our affordable market than just in our market-rate segment.

What you're describing is where the market-rate units are in a mixed-income development that rent as well and have higher vacancies than you'd like to see in other segments of the market. If you have market units—and this would happen with any type, even your homeownership units—if you have rental units that are too compressed in any one category, so a lot of your rents are between \$500 and \$750 a month. As you bring in affordable developments that have mixed-income units, if there's any type of a glut and if units are very compressed, bringing those units into the market, even though they're attached to an affordable development, will keep vacancies up because you're just adding a portion of market-rate units to market-rate units that already exist. You're solving part of the affordable problem, but you may be softening the market-rate units a little bit. So you just have to be careful about how you target: make sure you monitor prices and target appropriately—which we didn't do so well in Denver. ...Yes, sir.

Audience Member: I see a lot of folks that are schoolteachers, policemen, firemen, people that work at call centers—that segment are really struggling based on their income to be able to qualify for a home in the greater Coeur d'Alene area.

Heidi: So not only Coeur d'Alene but in areas outside of Coeur d'Alene, it's real hard to buy a house.

Audience Member: Certainly. Most of Kootenai County, yes.

Heidi: Most of the county, okay. So what do people do?

Audience Member: Well, I'm in a unique situation because I work with those low-income people, and I offer subsidized mortgage programs to help them get into those homes. But even at that, even with the subsidy that we can offer them, they're still struggling to find a house that they can afford, and so most of them are staying where they are, in a rental situation.

Heidi: Is there any way they can continue to buy further out? Does housing get less expensive as you go further and further out, or as you go to the Spokane Valley?

Audience Member: Spokane Valley, I'm not as up on the data over there. Spokane Valley tends to be a little bit cheaper than the greater Coeur d'Alene area, but even if you stretch out in Idaho, if you stretch to Sandpoint—Sandpoint's prices have gone through the roof. If you stretch further than that, all of a sudden you're looking at \$3-a-gallon gas, and then that doesn't work in the budget.

Heidi: And commute time, also.

Audience Member: They're looking to stay, you know, within a reasonable distance, and housing within that reasonable distance has gone beyond their reach.

Heidi: Do others agree with that?

Group: Absolutely. Yes.

Heidi: What about renters? If they stay as renters, and they can't buy the home that they want, is the rent affordable, and they're just in an undesirable situation?

Audience Member: The rents that I'm seeing, they're telling me that they're somewhere in the neighborhood of \$750 to \$800 for a typical 3-bedroom, 2-bath house. And people may disagree or not, but that's what I'm seeing. When people come in to talk to me, that's what they're telling me they're paying for rent, \$750 to \$800, eight and a quarter, for a 1200-square-foot, three-bedroom, two-bath house on a lot.

Heidi: Then the challenges that you all have—and I don't have a slide that shows this, but I probably should have—most of your rental stock is single-family homes. And part of our problem in Denver is we build a lot of multifamily housing, and that's cheaper rent than if you build detached housing. And so we have a lot of inexpensive rentals because we have a lot of condominiumization—not only a lot of condos, but also just building huge multifamily complexes that lease and may convert to condos in the future. Most of your—the vast majority of your rental units, not only in Coeur d'Alene but outside Coeur d'Alene, are single-family homes, and in general they're more expensive than multifamily units.

Audience Member: The whole problem with the area locally is single-family has been preferred as far as getting approved, rather than multi-unit or condominium ownership or things like that. For years, this area has perceived that as a real negative. Which unfortunately with the cost of building, the cost of infrastructure, city fees, that's definitely going to have to be the direction that we start going, is a little more shared expense on the property as far as dividing hookups between maybe four units instead of one.

Heidi: One of the things that we did was looked at your building permits over time. And in some communities, I see that in the last couple of years since our housing market has gotten so hot, that communities have just stopped building multifamily housing. That hasn't occurred in Coeur d'Alene, and I was happy to see that. I have seen it where the multifamily market just stops. Now in Denver that was appropriate, because the multifamily market was flat. We shouldn't have build anything more. It didn't necessarily stop but it slowed down; that was an appropriate adjustment to the market. In Coeur d'Alene, though—I know the people are telling me that rents are high, and I know that homeownership prices are increasing dramatically. I certainly want to continue to see a mix over time. I don't want to see the city—or, really, any other city unless it's appropriate—abandon multifamily. I haven't seen that in Coeur d'Alene, so I feel pretty good about where building permits are, and you'll see that data in our report. But I do certainly want to make sure that I note your comments about in addition to multifamily, you're saying density is very important in making sure that you're sharing space, that your land costs are going up, and that's the way you achieve affordability a little more over time. Someone else had a question...yes, ma'am.

Audience Member: I just wanted to say that I think we need to get more ownership than renters.

Audience Member: I agree.

Audience Member: We need to get more ownership because the way we're going to get people to stay here, the teachers and the whatever workers here, is to get them to be able to afford a house here. If we don't get them to be able to own, they're not going to stay with us.

Heidi: Okay. Sir?

Audience Member: Just a question. In your analysis, have you done any kind of study about what's desired, you know, in terms of market? Because the comment being that single-family, attached—this is throughout Idaho. Idahoans are known for wanting our homes, our lot—big lot, you know. And when you talk about density, that's kind of a challenge. Have you done any analysis on that?

Heidi: That's part of why we're here, and I'm going to do that exercise with you all in just a couple minutes. So I'm going to ask you what you think of density. I've been talking to a lot of people, and I haven't heard as much resistance around density as I usually hear. And I'll give you a good example. I was doing some focus groups in Boulder, Colorado, which is not far from Denver. You could not build a condominium unit like you have out here in Boulder. Their height limit is five floors. They have immense, huge affordable-housing problems. When you talk to residents about density in Boulder, they're resistant to density. I don't feel yet that you have as much fear and concern about density as I see in areas that are in my back yard and in many communities in which I work. You've got a lot of density already, so I think people sort of see it, and they see it can be attractive, that it can work, that it does fit a need. I guess what I'm saying is I'm less concerned about the density issue here, because I haven't encountered a lot of strong reactions to it yet, but I'll hear that from you all in a couple of minutes. You can educate me about that. Yes, sir.

Audience Member: I want to show you on the board here—talking about the density thing.

Heidi: If you can do it in two minutes. I think you can erase; that's not mine.

Audience Member: All right—There's a typical small cul-de-sac here, and you have houses on quarter-acre lots that look like this. And we all like this because they're single-family houses with two-car garages like this, and the SUVs parked here like that, and all these houses sit here like this. That's a low-density neighborhood; that's the American dream, the apple pie and the whole bit. Okay, when you stand here looking at this, you don't have any view corridors, and you don't have any public space, any parks. And the gas station's right here and the Wal-Mart is right there, and the traffic jam is right here. That's a low-density neighborhood, right? It's also very expensive to spread all your utilities to that.

Now, with some architectural magic, we could put a four-plex here and a four-plex here. The view corridor's out this way, a park back here and a bus stop here. Now the traffic jam goes away, to a point. And this becomes a school, this becomes a church, and now we have high-density neighborhoods. And there are livable spaces where you can watch your kids play. They don't have to hang around eating junk food and buying beer and cigarettes.

Heidi: I appreciate that; I do appreciate that.

Audience Member: It's not density that's the big problem. It's the appearance of the architectural solutions and all the zones that we build into these high-density neighborhoods that still make them look like low-density neighborhoods, because they don't have to have a big skyscraper here, you know.

Heidi: Thank you. You've supported my point that you're all not afraid of density. So I appreciate that. We're going to talk a lot more about density with pictures, with some architectural pictures in just a moment. One other quick question here at the end—well, I have two, and we're going to combine these together in the interest of time, because we've got a lot more to discuss. If you could wave a magic wand, what would you do to address housing needs? And sir, your answer to that—maybe you would sort of retrofit or get rid of the old suburban model and put in the model that you've just described. How about others? Yes, ma'am.

Audience Member: I just have a quick touch on that. Even with the high-density housing that has been going in, their condo units are still selling for like \$150,000 as the average price.

Heidi: So, too expensive.

Audience Member: With your median Coeur d'Alene resident earning \$36,000, they're obviously spending more than 30% of their income just to get into a \$150,000 house.

Heidi: I certainly can appreciate that. My point about density is that your community feels a little more educated about density than what I've seen in other areas, and that's a first step to being able to talk about workforce housing and affordable housing. We need density to achieve those types of units in high-cost areas. In some communities density is not discussed; you can't get past that barrier. And I'll tell you one of my favorite examples of education around density.

In an inner-ring suburb that's an aging suburb—it's probably one of our most affordable areas in Denver—there was a huge redevelopment project of a mall that was in pretty bad shape. It was around a very low-income neighborhood and had commercial that had been under-invested in for a long time. So they did a community process—the planners who worked on this development did a community process. They brought people together and said, "What would you like to have here?" And you know what they drew? That first model that you drew. They drew the big suburban thing they wanted. This was a community that doesn't have a lot of high-end housing, and so their perceived need was "We want high-end housing. We want really fancy commercial." And so the planners sent them out and said, "I want you to go out in the community and spend two weeks taking pictures with disposable cameras of developments that you really like." And guess what they came back with—your model. They didn't come back with the big single-family home; they came back with density. But density to them—the word "density" gave them a very negative reaction, and they didn't understand what density could be. They didn't understand the architecture that's needed to facilitate density, the open space. So that's something that lets a city development corporation move forward; your recommendations will be an important component.

Back to the magic wand question now, and what other needs exist in Coeur d'Alene—I want to make sure that if anyone else has anything they want to say around this slide, that we make sure we include it. Anything else? Yes, sir.

Audience Member: What about the—maybe you can talk about the government agencies. Because supply and demand sort of gets flipped on its head with affordable housing. Because even though there's a large demand out there, you'd think that you could just go out and supply it. The problem is that there are other people that are going to buy higher housing; they're willing to pay higher rents. So you can either raise the income of the renter or the homeowner—which is possible, but we don't have a lot of control over that—or you work at the other side and somehow either try to control the expenses or try to subsidize the project, either multifamily or single-family homeownership. And with the government agencies it's really your federal subsidies and maybe some local subsidies. I was in Seattle for 20 years in affordable housing, and over there they're much more sophisticated because they've been dealing with it for a longer time. And so they've got city money, and they've got county money, and they've got state money. When you look at Idaho, it just doesn't happen. I worked in the tax credit area, and there's not a lot of tax credits in Idaho compared to Washington.

Heidi: That's because the tax credit allocation is—

Audience Member: —is based on your current population count.

Heidi: Right, it's population-based. So you're never going to have the same amount unless you guys grow—like you have, but you probably won't surpass Washington for a while.

Audience Member: Also you've got local jurisdictions, the county or the state, that have HOME money or CDBG money. Seattle's got a levy system, a city levy that's based off sales tax, and some of that goes into the city housing fund. You don't have any of that here, and so it's kind of the next—for people in Idaho who don't care about, don't like government services and government agencies, you're going to have to—if you want affordable housing—and your study will of course probably mention some of this, but you're going to have to move in that direction. Because you cannot build affordable housing without some sort of subsidy, because that's what makes it affordable.

Heidi: Right.

Audience Member: Okay, and so that's a big deal. And just across the border in Spokane, you've got a county you can see that has HOME money, you have federal subsidy money; that is, you're able to tap into that source of financing to help reduce your building costs, in the sense that it's either grants or it's loans or interest-free money. And that all makes it more affordable. And so locally here, since I've moved up here, I've found that it's real barren and dry in that area, and people are going to have to start addressing that.

Heidi: Let me comment on one thing, and then I'll get your comment. The federal subsidies the gentleman's referring to, HOME and CDBG, are federal block grant programs, and they're distributed by the U.S. Department of Housing & Urban Development. There are other programs that you can talk about also, but I'm going to focus on those two big ones, because that's what you've brought up. Some cities, cities of a certain size, cities that have a certain portion of their population that's in poverty and housing stock of a certain age, get those block grants directly. They're called entitlement communities. Coeur d'Alene's not big enough yet to get direct CDBG and HOME funds. It's really nice if you get it directly, because then you don't apply to the state, you don't have a competitive grant process, don't apply to a state agency to get the money. You've got it; you can target it toward your community. The Office of Management & Budget determines when a community becomes a

metropolitan statistical area and then can get HOME and CDBG funds. It's an interesting calculation; it's based on density in some respects. Lewiston, Idaho is an entitlement community. They get CDBG directly. It's based not on how big Lewiston is, but on how dense Lewiston is. Lewiston is its own metropolitan statistical area. I understand you guys are close to getting that designation, so at some point you will be getting at least CDBG, but not HOME for a while directly. CDBG and HOME are based on two separate formulas, completely different programs for the most part. So it's confusing; it is bureaucratic, but it's a wonderful source of funds to be able to layer financing and layer subsidies and make affordable housing. ...Ma'am, your comment.

Audience Member: Well, it's my observation, not just in Coeur d'Alene but everywhere, is the stigma attached to affordable housing units—the “not in my back yard” issue. If you want to do that, and I know that things have changed and sites have improved, but I think people are concerned about the oversight and the quality of these buildings—not even so much the people that are going to live there, but just the way it's all architecturally built and oversight. And I think that if you meet resistance, it's that stigma. Especially in Idaho, where they don't have a lot of oversight on that kind of governmental level, to be sure that if you give contractors money, they're going to use it—you know.

Heidi: And I appreciate that. The federal government didn't do a very good job of building affordable housing in the past; that's sort of an understatement. We're still—I think communities are still suffering from that. Even in Coeur d'Alene, people's impression of what affordable housing or workforce housing looks like is “the projects in Chicago”—which don't happen any more, anywhere in our communities. There was a big lawsuit that prevented the federal government from ever subsidizing units like that again, so that's so far in the past. But I can definitely appreciate—I think design and architecture are very valuable, as well as property management and making sure that units stay nice over time. ...Yes, sir.

Audience Member: In conjunction with that—have you found that successful affordable housing is when you mix price points in any one community and not put all your affordable here, all your mid-market here, all your luxury here, but mixing? Have you seen that demonstrated to show that creates sustainable community?

Heidi: Absolutely. And that's what the tax credit program that this gentleman referred to attempts to do. In the ideal world that's what you'd like to happen, are mixed-income developments. And if you look at a place like Coeur d'Alene right now, where there's been a lot of redevelopment but there's still a lot of older housing stock, you have mixed-income housing right now. We were walking neighborhoods this morning, looking at some of the homes, and there are very nice homes next to very modest homes—you know, just sort of block to block. That is mixed-income housing that you're talking about.

What you want to achieve, particularly with lower-income renters, is that you don't want them congregated in certain developments. And a lot of times, people do that through something called scattered-site housing. That works pretty well in a community like yours where a lot of your rental units are [detached] homes. So people live, lower-income renters who are getting Section 8 vouchers, live throughout your community. It's a nightmare from a property management standpoint. And this is a big struggle for many nonprofits. There's a lot of pressure to build scattered-site housing, because we don't want to concentrate people. And there are federal laws now that say you can't concentrate people in housing units. However, if you have your units—if you have 50 units distributed

throughout an area, it's a heck of a lot harder to manage those units, and your per-unit management cost is much, much, much higher than if you had everyone together in a complex. So I think you have to look at both sides of the equation. Mixed-income units are fabulous; they're wonderful. At some point economic pressures will concentrate affordable housing in certain areas just because of land costs. That's okay as long as they're not overly concentrated, as long as we're not pushing people into certain segments of a community. But there are a lot of tools, and I'm going to talk about one in just a moment, to help achieve more mixed-income housing.

So let me move to that; I want to respect people's time here—I know you're doing this over your lunch hour. I'm going to talk about three potential solutions, and then I'm going to actually ask you to go over to the maps and use your red dots to show me where you think some of the solutions that we'll agree on should be located.

Slide 15

There's something called deed-restricted housing. And it's largely associated with a program called inclusionary zoning. Inclusionary zoning you may have read about; it's been in the Idaho newspapers quite a bit lately. It's a tool that's been used a long, long time on the East Coast, and it's starting to be used a lot throughout the West. Inclusionary zoning requires that new developments set aside a certain proportion of their units to be affordable. In some communities like Colorado, they can't be affordable rental units, because we have a state law that says inclusionary zoning that produces rental units is rent control. So we only do this for homeownership units, which doesn't address the problem entirely. In many communities where I work, I see inclusionary zoning used to build—to mandate rental units, but not necessarily for-sale units. So it can take a lot of forms; there's no one-size-fits-all.

But let's talk about—if the city of Coeur d'Alene were to have an inclusionary zoning ordinance, so developers would have to build a certain proportion of their units to reach a market segment. And those units were for-sale units; let's talk about for-sale also. We have sort of a problem, because we need to make sure that those for-sale units are affordable over time. And the way most communities achieve that is by something called a deed restriction. So the unit that you buy—say you're workforce, someone who's a participant in the workforce. Housing costs are just way too high, and you learn of this development that's a mixed-income development; it has set aside for some affordable units. You're very excited about this. These units are maybe \$100,000, and they're nice, and they blend in well with the surrounding development. So you go to inquire about the unit, and you find that you qualify, that you can purchase it; the terms meet your needs. But your equity can only appreciate at 3% per year, because when you sell that unit, the community wants to make sure that you don't just—that it's not a cash cow for you, because that would be unfair, but primarily they want to make sure that it's affordable over time. So it's sort of a way to sort of respect the subsidy over time. Does this sound like a solution that would work in Coeur d'Alene? ...Yes, sir.

Audience Member: I have a question. What is the definition of affordable housing?

Heidi: You know, there are a lot of definitions of affordable, and I'm sorry; I've sort of been talking about that very loosely. In general, the definition of affordable is based on your area median income. So what we do is we look at how much money folks make in a community. We take the middle guy, what he or she earns, and then we say, well, what's 50% of that, and what's 30% of that, and what's 80% of that, and sometimes, what's 120% of that? And those are generally affordability segments. So

I don't have one definition for affordable. My definition of affordable will come from where I see need in the community. But in general, what we're talking about is an affordability standard based on those income levels. So your household income, median household-family income, if we blend those, is \$40,000. Affordable—we're talking about the most affordable segment of the market—will be targeted to people who are making less than \$20,000 a year. ...Yes?

Audience Member: Another definition that's fairly simple is just 30% of household income toward housing costs.

Heidi: 30% of household income toward housing costs is making sure that people aren't cost burdened. But we're not going to apply that to high-income people. So we're only talking about that segment of median income and less. Does that help?

Audience Member: Yes, and you're seeing a couple of different buckets. One is that \$20,000 and under, and maybe \$40,000.

Heidi: Maybe we do 20 to 40, and maybe we'll go from 40 to 50. So we do have a couple of different buckets, and we have different products that address the needs of those levels. With deed-restricted housing that I'm talking about, we're probably talking about, in Coeur d'Alene, people who are making between \$30,000 and \$50,000. That's where I generally see deed-restricted products targeted. ...Yes, sir.

Audience Member: Has your study—maybe not this particular study, but does your firm study transit-oriented development and the financial benefits of saving \$10,000, \$15,000 a year per household by riding the train or bus service?

Heidi: We do some of that, but I'm not going to talk about that today. I can talk about that with you afterwards, but this isn't a transit-oriented study. We're just looking at housing needs the first cut.

Audience Member: I'm just curious.

Heidi: Yes, we do some of that. ...Yes, ma'am.

Audience Member: At first blush, it seems like it makes sense, because you're talking about the teachers and the firemen.

Heidi: Someone said that people in Idaho like their own home, like to own their own home, and if they had their preference, they would own a detached home. What if I told them you could own a detached home, but you know what? If your neighbor has a market-rate unit, and his unit can appreciate along with the market and yours can't—is that a problem?

Man12: I figure if people have a choice of renting or not, and could buy, I think they'd take the choice of buying.

Heidi: So if that's the only choice you have, that would work for folks? Okay.

Audience Member: I'd see that as a motivation, then, for the person in that restricted housing to want to do better, to sell it and move on.

Heidi: But sometimes, in a low-wage environment, you can only do so much. So in most cases, you're in the unit for a long time.

Audience Member: Yes, but you still get the pride of ownership, which is huge.

Heidi: Pride of ownership, absolutely. You're not—your rent's going, and you have the tax write-off and other benefits. ...Yes, sir.

Audience Member: You have the pride of ownership, and you also are gaining some equity, even if it's a minimal amount. Whereas with rental, you're not getting anything.

Heidi: The model that I described to you is the most extreme model, with the 3% cap, but there are other models where there's an equity share. So you do take advantage of some of that equity appreciation, and then the administering agency—the city, the county, the nonprofit—actually gets some of that back when you sell it. Now, the problem with that is that the house price goes up a little more than it would if we had a standard cap. But most people see that as a little more of a fair product. ...Yes, sir.

Audience Member: How do you handle, in that situation, if you have structural additions to it? So that you build an extra room onto the house or something of that sort, that would up the value, but your cost is in there?

Heidi: That's a really good question. I don't know how other communities have dealt with that. Most of the inclusionary-zoning products that I'm most familiar with, because I've worked primarily in the West, are new enough products that they haven't encountered that barrier. But we can certainly look in the regulations, the ordinances that we see, and look at that.

Audience Member: There are some communities that, if it's part of a deed-restricted—the nonprofit housing authority, the administrative agency, can, does and will control what you add to a house. They will allow you to recapture that to a degree, but they don't want you to add enough additions to the house to make it unaffordable to the next home buyer. So there are restrictions to that as well.

Slide 16

Heidi: Right. That makes sense. I'm going to talk about two other solutions here really quickly, one called infill housing and the other called rental housing. In Coeur d'Alene, you guys don't have a lot of land that you can continue to develop. So you're a little bit different from some communities that have a lot of land and the question is "What do we put on this land?". You guys are constrained. You don't have a lot to go. So your development in the future, after you reach something called build-out, will take the form of infill housing. And that means using vacant lots or under-performing commercial or residential that's vacant, that's in bad shape, to eliminate that or build upon it and do something called infill housing. And infill housing can take a lot of forms. It can be high-cost; it can be affordable; it can be workforce housing; it can be townhomes. It's very site-specific. And what you want to do is make sure infill housing works and that it improves upon the way that you've designed things in the past. So a lot of times we are seeing infill in terms of transit-oriented developments. We're seeing a lot of that going on in Denver right now. We just passed a major transit bill, so transit-oriented development's all over the place in Denver, and it's happening in infill lots, lots that are by

freeways, lots that are car dealerships. It's just going on all over the place. So the infill can be very creative. What I'd like to know from you—and this is where the red dots come in—is if you were to do infill housing in Coeur d'Alene, where would you put it? Where would be sort of logical places?

Audience Member: Can I make a comment on that? We're a little different, a little bit more—like Missoula, for example, has infill housing they've been doing for a number of years, because they don't have anywhere to go. But Coeur d'Alene isn't just Coeur d'Alene. Coeur d'Alene, Post Falls, Hayden, Rathdrum—we're all within 10 minutes of each other, and we have a tremendous amount of property out there on the prairie that cities can continue to grow into. So the infill housing isn't quite like you just said it was. We don't have the restriction. We have a lot of room.

Heidi: If we're just talking about Coeur d'Alene in particular, though, and Coeur d'Alene's growth, then we're sort of looking for opportunities for infill. And we're also looking at—infill's just smart to do, even if you have the ability to grow forever, because you're lowering transportation costs, you're lowering commute times, but you're also taking advantage of under-utilized properties and vacant lots and doing something good with them. So I can certainly appreciate your comment, but I would like people to think about—you will have infill in Coeur d'Alene. It's already going on; it's going to happen in the future, and I'd like to know where you'd put it if you could control that. ... Yes, ma'am.

Audience Member: My husband and I have been talking about this a lot. Where the car dealerships used to be on Fourth Street, that would be perfect, because they're all moving out—and have people move into that area. There's a lot of open lots there.

Heidi: So if—let me tell you what I'd like you to do, and we're going to take about five minutes to do this. I'd like people to take their red dots, and write an "I" on it if it's infill housing, and an "R" on it if it's rental housing. And I'd like to know if you were to do infill or to do rental in Coeur d'Alene—and your infill can be rental or it can be homeownership—I'd like you to go up to the map here, and there are four quadrants: northwest, northeast, southeast and southwest. If you can find the car dealership or the approximate place for the car dealership you talked about, put your infill dots there. If you need more dots, there are some more at the table.

(indistinct group conversation as people do the exercise)

Slides 17–21

Heidi: If I could have people take their seats, please—we're going to do one last exercise. It's the most fun, and we want to make sure you get to do it. It involves pretty pictures.

Okay, we're just going to do one last thing. Thank you so much for staying with us through this long process. But I want to make sure that we get this exercise captured as well, because it's a very important one. What we've done is we've actually put together some housing prototypes—so, some workforce housing, affordable housing; some of it's market-rate—that I know of in other communities that's been developed primarily around infill housing. And some of it actually is new construction that occurred on an area that was vacant. And I'd like you—you all have worksheets; I don't have an example with me, because we were running out—some of them are black and white; I apologize because I ran out. They look like this, and they have a number of questions they administer at the right. And what I'd like you to do is think about Coeur d'Alene. Think about yourself, think about people you know in Coeur

d'Alene. Whenever we recommend—and we're not going to recommend design, but we will recommend a product, so a price point: rental, owner, where we think things should go. We'll recommend something that addresses the need in Coeur d'Alene. And I want to make sure that what I recommend is actually consistent with how people in Coeur d'Alene, how the market will react to it.

So I've brought a couple of pictures for you all to tell me if you like them or you don't like them—and, most importantly, what kind of people you think would occupy the housing units, what they should rent for or sell for, if you thought they were big enough, outrageously priced like some homes you may think are on the market, but actually they're realistically priced for the folks in Coeur d'Alene, the workforce in Coeur d'Alene. The other question, #4, is “If you had to make a choice, would you rather buy or rent this housing in the River or Lake Districts or buy it outside of Coeur d'Alene and drive in?” And what I'm trying to get at there is some of your greatest opportunities for redevelopment are in a couple of districts, River and Lake Districts, which are kind of close to downtown here, right along the lake and the river. And those are districts that—Tony is distributing a map of those along with some information from Lake City Development Corporation, the organization that he manages. Those areas are kind of slated for redevelopment, so they would be good candidates, good areas in the city where redevelopment could occur. I'd like to know if people would like to live there if they had the choice, or if they would choose to buy a bigger, perhaps detached single-family home outside of Coeur d'Alene and drive in.

These are the four housing choices that I'm asking you to comment on. I apologize; my screen's a little dark—hopefully it will look better on your handout. This home—these are attached homes. It's an infill development in a relatively low-income neighborhood; it's surrounded by lower-income, multifamily complexes. It has a garage, two-car garage that's attached there in the back. The only green space is on the front there.

Audience Member: Multifamily?

Heidi: Multifamily. It's attached housing. It's actually—it's not for rent, though; this is for sale.

Audience Member: It's condominiums?

Heidi: It's more of a townhome, a typical townhome. It's got a little more bells and whistles because of the two-car garage kind of around the back; it's got an alley. And these are two homes attached. They're part of about a 10-unit development.

The second one I'm asking you to comment on is what we call mixed-use development. Now we've talked about mixed-income development today, but not mixed-use development. And where mixed-income refers to people of different incomes living together, mixed-use actually, in general, means you have retail or some kind of commercial on the first floor and then residential above. So this is an example of a development that's actually in a pretty similar rural area but very funky and has mixed use. And you'll see a few—the first slide here, the large picture, shows there's a sandwich shop on the first floor. The one to the right shows you what the units look like, condominiums look like. We call these stacked flats. And then the one on the far right shows you where the parking is, underneath.

The third prototype I have here is a traditional attached townhome unit. It's about an 8-unit complex. It was infill housing in a very low-income neighborhood. It's a modular-built product, so

it's not built on the site; it was actually built and brought in, which helps reduce costs. So it's a little bit of a progressive technique that's starting to be used a lot in certain areas. There's not—they do not have separate yards. The back is an alley where the parking is located. But you do have a little front porch. And in this context it's affordable housing, but I'd like you to tell me if you think that's appropriate or workforce housing.

And then finally this is our example of single-family detached. It's a new-urbanist development; you can tell by the mailboxes that are out front there, so that the neighbors have to talk to each other when they go to pick up their mail. And they're different colors, which adds a new-urbanist element as well. But this would be a more—a less affordable product because it is detached; it is a larger lot. But this is something we call cottage homes sometimes. ... Yes, ma'am.

Audience Member: What was the yard situation on the first house?

Heidi: The yard? In this case, the only yard you have is what you see in the front there. And so if you don't like—if you like everything but the fact that you have no yard, write that down in your answer to the questions.

So if people could take just a couple of minutes and answer the questions there on the right-hand side, I'm going to pause for a few minutes and let you do that, and then we'll have a little bit of a discussion about what you thought and conclude this session today. If you have questions feel free to raise your hand, too, and I'll come and answer them.

We have a short time left before we close, so I want to make sure that we talk about some of these pictures in the group, and please remember to hand your worksheets to me before you leave, so I get everyone's input. But I'd like to know in general what people thought of this first development, first picture that we've got here. ... You like it? Okay. Does anyone not like it? ... You don't like it? Why not?

Audience Member: Well, I'm an avid gardener, and I don't see any place to garden. I also save a lot of money by having a vegetable garden, and I don't see any place where you could do that. And then who's going to take care of the lawn?

Heidi: I see; that's a concern. Yes, Eric.

Audience Member: I just have to put in a plug. I used to run a community garden down in Salt Lake, and you can always combine something like this—have higher density, and it's perfect to locate a community garden. You've got enough land to try and make—to integrate that in your design. And that way you've got some shared space, shared maintenance, that kind of thing. There's a lot grown in those gardens. They produce a lot of stuff, a lot of food.

Heidi: And there also is a model where you do have a little space in the back, too. So you can design something like this that also has some private space.

Audience Member: And the majority of projects like this have some sort of a homeowners' association or maintenance association that comes back and takes care of it for you, so that it isn't a burden on the homeowners themselves or, worse yet, a burden on one homeowner because the other guy isn't taking care of his yard. So you have a little more uniformity in how the streets seen from the property look.

Heidi: One thing to keep in mind too, that we haven't really talked about very much, is that homeowners' association fees do raise the cost of housing. And so you want to make sure when you design something that—you really see that when you have pools or workout facilities in sort of the more amenity-oriented developments—you want to make sure that the homeowner fees don't become cost-prohibitive.

How about this mixed-use—example of our mixed-use development? Do people like that, not like that? ...No? Okay, why do you not like it?

Audience Member: I just don't think it belongs in Coeur d'Alene.

Heidi: Okay. Anyone else not like it? Yes, ma'am.

Audience Member: No, I liked it. I wouldn't want, you know, miles of it—but if you want to live in your downtown area, where you can just go down and have a cup of coffee, see a movie, it's right there. You don't have to always be in your car to go get something done.

Heidi: You think it's kind of cool? Okay. ...Yes, sir.

Audience Member: I know—maybe you talked about this earlier, but maybe it's important to stress that the design might be separate from the concept.

Heidi: Yes, that's a very good point, Eric. There are lots of different versions of mixed-use development.

Audience Member: Again, it's a fantastic use of property; it's a fantastic use of infrastructure; it's going to keep your ability to get a reasonable retail business running on the ground floor, offsetting your cost of the building by adding ownership of the building above it, which will bring a better quality of renter in there—maybe able to keep his rent down so he can have a better quality of shop there. I think there—I think Coeur d'Alene has the need for something like that.

Audience Member: It reduces traffic.

Heidi: It reduces traffic, yes. ...Yes, ma'am.

Audience Member: I would only have lived in something like this as a college student or as a widow. There's no place in the middle part of my life where I would live in something like this; I wouldn't raise my kids in it.

Audience Member: No, but that's not who it's built for.

Heidi: So, not kid-friendly.

Audience Member: It's also great for small-business owners, especially in the context of the way our economy is going. It's great because the small-business owner can just go upstairs, go to bed, and do whatever they need to do.

Audience Member: It's good for career-oriented people. They don't have a yard to take care of.

Heidi Young single professionals.

Audience Member: And I think you have a better sense of community downtown.

Heidi: You get more people on the street downtown, but actually people who are living downtown and working downtown, not necessarily second-home owners. ...Yes, ma'am.

Audience Member: I was going to say I think it might be good for elderly folks as well. I think one thing that's missing downtown today for folks who live in the towers down there now—they still have to drive to go to Safeway or, you know, Albertson's.

Heidi: So you'd want some kind of little market.

Audience Member: That way if they don't like to drive, or if they can't drive any more, it's easy for them to go get their groceries and all the things they need, and it's still within walking distance.

Heidi: We did some work around, actually, transit-oriented development in a community in Colorado. And one of the things that they told us—we were trying to look at workforce housing associated with transit-oriented development—we were talking about mixed-use. Not necessarily like this, stacked mixed-use, but mixed-use overall in a development plan. And one thing that was really interesting that someone said—as part of this process we did focus groups with residents, kind of like we're doing here—somebody said, "Don't put a high-end grocery store there." Because—that's sort of the first reaction, right? To put in a high-end market. But what that part of town actually needs is a grocery store for everybody, not a high-end grocery store. So I think that's something that's really important to keep in mind. The other thing I like to see with developments like this is you do want the services on the first floor to serve residents who are living above, to some extent. So that you are lowering transportation costs, and just because they live in this unit doesn't mean they have to drive across town to get the services that they need.

Another thing that's kind of interesting about developments like this, what you can do with mixed-use, is sometimes your most affordable product is the one that's right above the retail. And then as you go up—of course when you're on the top floor, the penthouse level, that's the most expensive unit. But this is an easy way to actually build affordability and market-rate units into the same complex.

How about this one here? Our plain vanilla development. What would be unique about it is it's a modular-built home—series of homes. ...Yes, ma'am.

Audience Member: The thing actually, too, on these first three is that if you have young children, they're really not made for children. And they're the ones who, a lot of times, need the affordability. But where would your—if you have grade-school children—where are they playing? Out in front, which makes all the other neighbors a little upset.

Heidi: So you may need some kind of a shared space to play in, or a pocket park or something close by. ...Yes, sir.

Audience Member: That's what I was getting at with that sketch on the board. Making these four-plex, five-plex units surrounding these pocket parks, so you can see your kids play, and you know if

some guy is going to run off with one—that's the theory, even though it never happens—because it looks like it's protected. It's like the guy that takes his car beeper—has his car alarm on. You know that car's worth stealing, whereas the old junker you usually drive, nobody's going to touch it even though the window's rolled down and the keys are in it.

Heidi: True. Yes, sir.

Audience Member: Again, I sell real estate, so I get a little more of a taste of who's buying what and who likes what. The majority of the people that are going to buy the previous slide are generally dual-income, no kids.

Heidi: These people up here?

Audience Member: Uh-huh. That's—I mean, we shouldn't get too involved in “Hey, I can't raise my kids there,” because the majority of the people that are going to buy those are either a single parent with one child, or no children at all, or the kids are grown and gone so they're trying to simplify their lifestyle. Whereas the slide coming off the next—where it is a modular program where you have—more than likely a project like this is going to have a community park; it's going to have a community area; you're going to have view corridors; it's going to be a lot more affordable. You're going to have the young-family orientation buying something like this because they can afford it. A project like this undoubtedly would have—in fact, you can almost see it, just off to the right of the slide—there's a park there; there's a greenbelt area there; there are some walking trails and things like that.

Heidi: So that's what makes it work for families.

Audience Member: Exactly. Absolutely. You have to have a view corridor; you have to have some common area; you have to have a greenbelt. In fact, most of the CC&Rs and building codes around here require that—if you have multifamily, you have to have common areas, greenbelt areas and so on.

Heidi: So getting back to our cost burden slide, we know that young families—well, young people—tend to have high levels of cost burden, and people who are owners. It certainly tells us that a product should be tailored partially to accommodate that market.

Audience Member: Exactly.

Heidi: Those are people who do tend to have children sooner rather than later, and so that's something to keep in mind, absolutely. When you have products—when you're targeting affordable products, especially if they're deed-restricted, you want to make sure that you have a unit, a type of unit that can survive some lifestyle changes so that people can have children and it can work for them, because their opportunities for moving may be limited in a high-cost market. So it needs to have some flexible features to it. And a park or playground or something, open space nearby, adds to that.

Let's talk about the last one here, which is the detached single-family unit. People like that?

Audience Member: Yeah, I think it's a nice-looking unit.

Heidi: It's not what you drew up here the first time.

Audience Member: I believe in diversity, and that is a nice-looking unit, and for somebody that likes gardening—hey, fine. Buy some. They should be able to get that, too. So even though I spend most of my time beating my chest about transit developments—which is because Coeur d’Alene doesn’t have any, so I make up for anybody that doesn’t—but hey, that looks like a nice unit. Fortunately it’s not as stale as Celebration in south Florida, the Disney bit, you know, where everybody has to have polo shirts on.

Heidi: We won’t recommend that. It’s not like that would go in Coeur d’Alene. ...Yes, sir.

Audience Member: Again, your other aspect to that is you’re going to have a higher-end buyer buying something like that. It’s going to be unique to—again, price is going to drive it, for the most part. They have a tendency to stay a little longer. They have a little more—again, the way I’m seeing that is it’s not so much a single-family home sitting on a large lot. It’s a single-family home on a very small lot shared with other single-family homes on small lots; am I correct?

Heidi: Yes, it’s a product that has a mix of uses. It’s probably not the most—I have better examples in Denver that I didn’t bring because it’s a pretty large-scale development, but we redeveloped our old airport, and it’s the largest urban infill project in the entire country. And it’s about—I think it’s about 50% built out. But the one thing that—it’s enormously popular, and the units are on very small lots. So it really is a challenging kind of—the typical market reaction to what people, what families prefer. It’s quite popular with families. But it has—this actually is a larger lot than what you see in Stapleton. But what Stapleton has that’s very unique is it really integrates affordable housing—we have a couple of models of this in Denver—affordable housing within market-rate housing. So you’ll have a townhome, then you’ll have single-family detached, then another townhome, then a four-plex, and it’s just kind of bing-bing-bing-bing along the same street. There are not extreme clusters of detached single-family, then multifamily over here; it’s pretty well integrated into the community there.

Audience Member: One of the things we haven’t talked about is the cultural needs for homes. You’re making the assumption that we’re building homes for white Anglo-Saxon Protestants. ...Different cultures have different ways of living and are comfortable with different kinds of neighborhoods than the ones that we are used to here. Yes, in Coeur d’Alene we don’t have a large Hispanic population, but it is coming. I see that we are becoming more diversified.

Heidi: Three percent of your population is Hispanic in Coeur d’Alene. So you have a very small Hispanic population. This model right here is in a very Hispanic community. I had another comment over here.

Audience Member: On the deed restriction, with the deed-restricted product, do you have lender issues with that, as far as financing with the mortgage?

Heidi: You know, I haven’t heard of any. That’s a really good question. But it’s a product that’s used quite a bit nationwide.

Audience Member: Is it always under a subsidized program?

Heidi: You mean, is deed restriction always associated with workforce housing or affordable housing?

Audience Member: As far as the subsidies toward the mortgage. For the buyer.

Heidi: No, it doesn't have to be, not necessarily. But it's paired a lot. Yes, sir, you can answer that.

Audience Member: When you structure deed restrictions, there's a lot of work that goes into that to make sure that the capital of the loans can come and allow a lender to make the loan and exercise their right should there be a default or foreclosure.

Audience Member: Right; I'm thinking about my underwriters—

Audience Member: And so the answer is they're used around the country, and it's a matter of structure, how they're put together. It happens all the time. But you have to make sure those deed restrictions are structured in a way that you can get access to the broadest capital markets that you can, you know, whether it's FHA, VA, conventional, whatever.

Audience Member: I have a comment. What I've seen here is flat land. And where—I have 10 acres, and we're restricted on dividing it, but we're also on a hill. So there could be more development if we didn't have a lot of hills. And so there is some dilemma with any of these because of—where are you going to build them? You need to find flat land. So there's a lot of 10-acre—I don't know what that's called, when you're not allowed to put another property on 10 acres. So there's a lot of restrictions there. I'm thinking we're missing out on some other areas that could be developed, to help with some of the housing issues.

Heidi: We really focused on what made sense—infill housing for just within city boundaries. I understand there's a restriction on hillside development, so it's not as flexible as you might see in flat lands. The inclusionary zoning product that we talked about earlier—if Coeur d'Alene were to have something like that, when a developer went to develop, regardless of the location, they would be required for the most part to set aside a certain number of units, include a certain number of units, a certain proportion of units in their development. Now, in most communities, there are ways that developers can pay cash in lieu for not including those units or include those units off-site, not necessarily on-site. So there are different flavors of inclusionary zoning, but I'm certainly not suggesting that affordable housing shouldn't be part of the kind of potential developments that you've described. That would be—knowing that probably the greatest opportunity for Coeur d'Alene right now to do workforce and affordable housing is to focus on infill and then also have something that's a pairing with new developments, that you have some kind of requirement.

I didn't really focus on the—there are many models of what you've just described, developments that are affordable but also are sort of built in difficult terrain and have other features. I didn't really focus on that, because I think that's probably—these are more likely the solution around affordable.

Anything that raises costs—and of course when you're building on difficult terrain, your costs are higher, and that lessens the likelihood that you can do an affordable product. So it's harder to do, I believe, in the area that you described than it would be in other areas. Now infill's tough to do too, but it really depends on how cheaply you can get the land, where infrastructure is, how difficult it is to construct the units depending on what's around. I'm certainly not suggesting that none of these have challenges, and I want to communicate that none of these are the perfect solution, but they're part of the bigger solution.

I'm going to go ahead and close; we're running out of time here, and I want to respect everyone's time, but I want to make sure that people didn't have a few last comments to share with the group.

Audience Member: I have one last question. Everything that's built in Coeur d'Alene, is it built in a community where it's gated, or has to go where there's—what was the word?

Heidi: Homeowner association or restrictions?

Audience Member: Yeah, homeowners' association.

Heidi: You're asking me if the new development is gated?

Audience Member: If everything that's built in Coeur d'Alene has to be in a gated community.

Heidi: No, no. I understand you see that a lot in the southern part of the county, and I don't know what their requirements are, but you would actually—a community would have a fairly significant housing lawsuit if they only required gated communities. That's basically illegal under federal law.

Audience Member: It seems like everything that's gone up around Coeur d'Alene has a gated community or a homeowners' association.

Heidi: In some cities—in Denver, gated communities are illegal. We don't have gated communities. So you do have—some cities pass ordinances to prohibit the true gate. You know, we can have monumental entrances, but not necessarily the true gate. Some communities pass laws to discourage or prohibit gated communities; others don't encourage it; others do—it's very different, community to community. What you cannot do, though, is engage in something that's called exclusionary housing, where you're only saying “this economic bracket can live here.” And if there's a correlation between a certain economic bracket and leaving other protected classes out, then you may have a fair-housing issue. Probably a more complicated answer than you needed, but we generally can't do that, so it's probably not going on. ...Yes, ma'am.

Audience Member: I just wanted to say that I don't like all the high-rises downtown. It blocks the view of the lake, and I think it changes the character of the town. And also the gated communities—I feel that it really splits this community up between the summer-home owners and other people. So I'm going to have to wrap my head around something like this in this town.

Heidi: I appreciate that; thank you. Not everyone likes density.

Audience Member: It's high-end, people who live in the towers.

Heidi: We heard earlier that people don't like low-end density either, concentrating people. So it depends on your preferences.

Slide 22

Well, thank you so much for everything. My last slide here has my contact information; feel free to give me a call. There's also a number on the front that you can reach me at; you can certainly use my email, and if you have additional questions or comments, or you feel you didn't have a chance to contribute today, you can give us a call. Thank you so much.