

REPORT TO STAKEHOLDERS

Year-End Report
& Housing Analysis

Fiscal Year 2015

For the Period
October 1, 2014 - September 30, 2015



AFFORDABLE HOUSING • STRONG COMMUNITY • STRONG ECONOMY

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KEY TAKE - AWAYS

- ★ **The United States Department of Housing and Urban Development (HUD) Area Median Income (AMI) decreased for 2015.**
 - From \$80,600 to \$78,700 for a household of four.

- ★ **The American Community Survey (ACS) population estimate for Blaine County shows a third straight year of population increase.**
 - Though less than a 1% increase, this follows a two-year period of declining population.

- ★ **The Blaine County total employment is up 4.4% (+483 jobs) from this time last year.**

- ★ **The Idaho Department of Labor’s wage survey shows a 3.8% increase in 2014 from 2013.**
 - \$40,241 up from \$38,780.

- ★ **BCHA serviced one hundred and ninety-four (194) unique applications in FY 2015.**
 - Up from one hundred and seventeen (117) in FY 2014.

- ★ **BCHA housed one hundred and eight (108) individuals for 3,410 nights in the first nine months operating the Lift Tower Lodge.**

- ★ **Seventeen (17) households were placed in BCHA housing in FY 2015.**

- ★ **BCHA added one ownership home to its stewardship this year through ARCH’s Homes on the Move Program.**

- ★ **The condo/townhome in Hailey/Bellevue is the only market segment affordable to the median household in Blaine County.**

- ★ **There is acute pressure in rental markets throughout the Wood River Valley.**
 - Seventy-three percent (73%) of new applicants are seeking rental options only.
 - The annual income required rent the average 3+ bedroom family home in the north and south valley is \$110,320 and \$58,480 respectively.

- ★ **FY 2015 Notable Trends:**
 - **Income Category Ratios in the BCHA database are trending to lower income households.**

	<u>FY 2015</u>	<u>FY 2014</u>
✓ Below 80% AMI	84%	80%
✓ Below 60% AMI	69%	59%
✓ Below 50% AMI	62%	49%

SECTION I EXECUTIVE SUMMARY

Demographic and Labor Analysis

The United States Department of Housing and Urban Development (HUD) released median income figures for Blaine County in March 2015. The median income for a household of four is \$78,700 compared to \$80,600 in 2014 a decrease of 2.3%.

The American Community Survey (ACS) published population estimates for 2014 indicating slow growth in Blaine County (less than 1%) between 2013 and 2014. The good news is this is the third year of slow growth (1.8% over three years) since a two year decline in population between 2009 and 2011.

The Blaine County labor market data is finally showing broad improvement. For the past several reports we have reported labor data as mixed. While the unemployment rate has been showing continuous improvement over the last two years, total employment and total labor force numbers have been flat or declining over the same period; until this report. The unemployment rate has improved 0.6 points to 3.6% in September 2015 compared to 4.2% in September 2014. At the same time, total employment for Blaine County in September 2015 is 11,412 up 4.4% (+483 jobs) from a year earlier. Blaine County's total labor force in September 2015 is 11,842, up 3.5% (+400 workers) from a year ago. Total workforce and total employment numbers remain well below pre-recession levels.

The improving labor market is adding demand for affordable ownership and rental housing in FY 2015 as demonstrated in detail throughout this report.

Market Trends

The two year trends are mixed depending on the product type and the location. The steep trends of decreasing inventory and increasing median prices we reported in September 2014 have leveled out in most areas.

The two-year trend in the Hailey/Bellevue single-family home market shows an increase in homes sold and an increase of 11% in the median price over the last four quarters when compared to the previous four quarters. The two year trend in the Hailey/Bellevue condo/townhome market shows seasonal fluctuation in the number of units sold and a 6% increase in the median sale price compared to Q3 of 2014.

Single family homes in the resort market show a steady increase in the number of homes sold while maintaining a median sale price above \$1 million. The condo/townhouse market in the resort area is relatively stable in terms of the number of units sold. The median sale price is 18% higher over the most recent four quarters when compared to the previous four quarters.

Affordability Analysis - County-wide

As part of this analysis we note that affordability is generally measured and analyzed based on a county's Area Median Income (AMI). Blaine County's AMI is 27% higher than the State of Idaho's AMI; \$78,700 for a household of four in Blaine County and \$57,300 for a household of four state-wide. This means that the results of any affordability analysis will indicate that Blaine County households can afford housing costs that are 27% higher than what households in the rest of the state can afford. However, data from the the Idaho Department of Labor indicates that the average annual pay in Blaine County is only 6% higher

than the average annual pay state-wide; \$40,241 in Blaine County and \$37,957 state-wide. On a positive note regarding wages, the 2014 wage survey by the Idaho Department of Labor reflects a 3.8% increase over 2013 wages in Blaine County. This increase reverses the trend of flat or falling wages in the recent past.

This distinction between income and wages is important because BCHA's mission is to provide housing for Blaine County's workforce. We conduct our analyses in this report based on AMI to be consistent with industry-accepted standards. However, the overwhelming majority of Blaine County workers in BCHA's applicant database derive their earnings from wages alone. They rarely have other sources of significant income. This means that, for workers in counties with high median income but relatively lower wages, the industry standard affordability analysis will overstate a wage earner's ability to afford a home. This is true for both ownership and rental standards. With this important distinction in mind, this report analyzes affordability using AMI.

County-wide, we look at three approaches to measuring affordability. The first approach looks at the median home price and then derives an annual income required to afford the median home. We then compare the annual income required to purchase the median home to the annual income of common professions in Blaine County. Using this method, we find the average annual income of all ten (10) professions surveyed to be below the income required to afford the median home. Furthermore, the annual incomes for nine of these ten professions are less than 50% of the income required to purchase the median home.

The second approach takes the median household income in the county, establishes a target affordable price for the median income and determines the percentage of homes sold at or below the target price. In the last four quarters, twenty-one percent (21%) of homes sold in Blaine County were at or below the target price. This compares to twenty-three percent (23%) at this time last year.

The third approach simply takes the median home price and subtracts the target affordable price to establish an affordability gap. Over the last four quarters, the gap is \$166,000 compared to \$178,000 at this time last year.

Affordability Analysis - Market Specific

There are significant differences within the Blaine County housing markets based on location and the type of housing. We analyze single family homes and condominiums/townhomes in the Ketchum/Sun Valley and Hailey/Bellevue markets to get a better picture of affordability within these specific areas.

For households earning 80% of the AMI (also referred to as moderate income), none of the ownership market segments are affordable without a subsidy. The inability of this group to purchase housing compels them into the rental market, creating wide-ranging pressure and impacts that are discussed in detail in Section II of this report.

Even for households earning 100% of the AMI (also referred to as the middle class) there is limited affordability. Our analysis indicates that there is only one home type in one market that is affordable for these middle class households. This is the condo/townhouse market in Hailey/Bellevue. This home type went from a \$19,000 affordability cushion in September 2014 to a \$4,300 gap in March 2015 to a \$3,600 cushion in this report. The impact of the affordability in this market is limited as it represents less than 10% of the total Blaine County housing market.

The affordability gap in the Ketchum/Sun Valley single family market continues to be more than \$900,000. The gap in the condo/townhome market is just under \$200,000.

As a percentage of total units sold, the Ketchum/Sun Valley condo/townhouse market is the largest segment at thirty-nine percent (39%), followed closely by the Hailey/Bellevue single home market at thirty-six percent (36%) of the total. The Ketchum/Sun Valley single family market is sixteen percent (16%) of the total and the Hailey/Bellevue condo/townhouse market is nine percent (9%) of the total.

Blaine County Rental Market

The Blaine County rental markets are currently severely constrained. The inventory of rentals is decreasing while rental costs are rising. The Hailey/Bellevue market presents lower cost rental options than the Ketchum/Sun Valley market.

Our analysis shows the average listed rent for one-bedroom units is relatively flat county-wide (from 2014 to 2015) while the number of units available decreased significantly in the north valley and was relatively stable in the south valley compared to 2014. The average price for two-bedroom units is up to \$1,717/mo. (56% increase) in the north valley and \$903/mo. (up 9%) in the south valley. The number of two-bedroom units available is down thirty-three (33%) across both markets.

Family rental housing is becoming increasingly difficult for low, moderate and median income families to afford and to find. The average price of three plus bedroom units in the north valley is \$2,638/mo. and \$1,246/mo. in the south valley. The annual incomes required to afford these average rental rates are \$110,320 and \$58,480 respectively. While the number of family homes available in the south valley decreased by forty-one percent (41%) the number of homes available in the north valley increased by thirty-three percent (33%) compared to 2014, indicating strength in the high-end market.

Blaine County Housing Activities

The robust activity in the Community Housing re-sales that we saw in FY 2013 and FY 2014 cooled off in FY 2015. BCHA added one ownership to its stewardship this year. This is a home donated to the ARCH Community Housing Trust that was moved from Ketchum to Hailey. Two homes are currently available; one in Sun Valley and one mid-valley home. Rental units in BCHA's stewardship are all occupied.

BCHA announced the donation of the Lift Tower Lodge in November 2014. We began operating the property for short-term, seasonal and temporary housing in January 2015. In the first nine months of operation, we provided housing for one hundred and eight (108) individuals for a total of 3,410 nights. In July, we began to pivot to providing short-term housing to a mix of local workers and workers from out of town working on Blaine County projects.

BCHA made a substantial investment in training for Bobi Bellows to become a HUD certified housing counselor this year. Bobi completed the necessary course work and conducted a total of forty-two (42) counseling sessions this year.

BCHA remains active with Blaine County, its municipalities and with other partners in the community. Full details of these interactions as well as professional staff development, board activities, BCHA in the news (35 articles this year!) and our communications with the community are detailed in Section III of this report.

Community Housing Applicant Analysis

There were one hundred and thirty-six (136) household applicants in the BCHA database representing 275 individuals at the end of September 2015. This is up from one hundred twenty-six (126) active applications representing 251 individuals one year ago, an eight percent (8%) and ten percent (10%) increase, respectively.

The percentage (62%) of Income Category 1 applicants (those earning less than 50% of the AMI) continues to increase to historic highs. The percentage of these low-income households has been climbing steadily since December of 2009 when the percentage was about 25%. While the initial increase was set off by the Great Recession, the continuing increase is attributable to the acquisition of the Lift Tower Lodge and our new ability to accommodate this low income demographic.

BCHA interacted with one hundred ninety-four (194) unique households in FY 2015. This is a sixty-six percent (66%) increase compared to FY 2014. Ninety-eight (98) households were new applicants and ninety-six (96) were removed from the database. Of the households removed from the database fourteen (14) were placed in BCHA units or units developed with our development partners.

BCHA Efficiency & Impact

The summary of the data above and the data cited throughout this report clearly demonstrates BCHA's positive impact on behalf of the Blaine County workforce and its employers. Demand for our services is up in every measurable way. The numbers speak for themselves:

- 98 homes in our stewardship
- 136 active applications
- 194 unique households in and out of the database
- 42 housing counseling sessions
- More than 100 individuals housed for thousands of "room nights" at the Lift Tower Lodge.

Our staff of two full time and two part time employees continues to provide the highest level of service despite flat revenues from our contracts for service with the jurisdictions we serve. We achieve a significant impact for the community as a small operation with a small budget and limited resources. We could do more with more resources.

It is hard to quantify the financial and social benefits BCHA provides the community. We know that there are ninety-eight families living in Community Housing that would not exist without BCHA and our partners. We know that the families living in these Community Homes are the backbone of the Blaine County economy. We know that we are proud to have them as citizens, voters, coaches, volunteers and customers!!

***"Great communities are intentional. The future isn't something that happens to you.
The future is something you create. Decide who you want to be, then go get it."***

-Chris Gates-