



WEST CENTRAL MOUNTAINS

ECONOMIC DEVELOPMENT COUNCIL

Valley County · Cascade · Donnelly · McCall · Meadows Valley

UPDATED: 2020 West Central Mountains Housing Affordability Report--August, 2020

INTRODUCTION:

Throughout the summer and early fall of 2019, we conducted a needs assessment for housing across the West Central Mountains region of Idaho, which included the towns of Cascade, Donnelly, McCall, unincorporated Valley County, New Meadows, and unincorporated northern Adams County (Meadows Valley). This assessment was conducted through a survey of employees across the region. We asked them the following 21 questions to learn about employee housing needs and real and perceived sense of housing security now and in the future. The goal for this data is to better understand what housing types should be built, where and at what price point. Additionally, in 2020 we have added some market analysis information to this report that supports price points against absorption rates and some of the recent indicators pertinent to the COVID-19 pandemic. Deal flows across all market products are up, as are building permits and overall interest in virtually all real estate investments across the region (see Appendix A):

SURVEY QUESTIONS (See appendix B for results):

1. Which town would you consider your home base?
2. What industry do you currently earn your primary income from?
3. Are you primarily a seasonal employee or year-round?
4. What is your total annual household income?
5. What type of home do you currently live in?
6. Is your current home your primary residence or a second home?
7. Does your CURRENT living situation meet your CURRENT personal needs?
8. Does your CURRENT living situation meet your FUTURE personal needs for yourself, family, career or other personal considerations?
9. Do you rent or own?

10. How long do you plan to live and work in the West Central Mountains region?
11. Of the following, what is your housing type preference?
12. How much are you able to comfortably pay in rent or a mortgage each month for yourself and any dependent family members, not including utilities?
13. How much do you currently pay in rent/mortgage monthly, NOT including utilities?
14. How many people are you responsible for in your household (dependents, not counting roommates)?
15. How far do you commute to work each workday?
16. On a scale of one (least important) to ten (most important), how important is closeness of your home to your work?
17. In a perfect world, what size of home would serve your needs?
18. What size of home do you currently live in?
19. How many people currently live in your home, including roommates and/or family?
20. Do you feel secure in your housing situation, now and in the future?
21. Please take a moment to share your housing insights with us. Tell us about what you've experienced and what you hope for in the future. Note if your housing situation may be a factor in an upcoming potential relocation or if it has had an impact on your quality of life. Thank you for taking the time to provide us with this information.

SUMMARY:

Market absorption (the speed at which a property listing is purchased--average days on market at varying price points and product types) may be a key indicator of housing stock availability and affordability in Valley County and Adams County. Approximately 75% of Valley County's housing stock (depending on location) are likely second homes, many of which reside within the short term rental pool, which can be highly corrosive to local housing stock. One could reasonably assume that homes hitting the market roughly mirror the percentages of volume for short term purchases versus permanent resident purchases. Wage data paints a bleak affordability picture for many sectors, specifically restaurant/retail and accommodation hospitality. The COVID-19 pandemic has exacerbated challenges as there is a meaningful "land grab" occurring that is driving prices up and limiting housing stock at most price points in 2020 (see appendix A).

AFFORDABILITY ANALYSIS:

Appendix A contains the source data for this analysis. If the majority of WORKING (not counting the higher income retirees who are prolific in the region and tend to skew data) households make \$25k-\$50k per year, the maximum lendable debt to income ratio for most banks is 43% in most conventional lending situations and the majority of homes cost between \$300K and \$400K (for this analysis we'll assume a median price of \$369,281 based on current Zillow data), one can reasonably assume that most local folks cannot afford to buy a home in the current local market. In fact, many sectors don't provide a livable wage for renting in many parts of the region. Concurrently, the market has outpaced affordability even for many higher wage sectors in recent months due to the "COVID-19" land grab of 2020.

In order to convert a meaningful amount of the local housing stock to local owner/occupants instead of second homes, household wages need to rise to at least an average of \$4425/month or house prices need to contract to at most a roughly \$250,00 to \$325,000 average price point, give or take interest rates and downpayment ratios. Higher paying employer's wages would satisfy the prior scenario. We have little to no control over the latter scenario (market driven).

Mortgage analysis: Principle Interest Taxes and Insurance (PITI) is approximately \$1,900 a month for the average home in the current market (Aug. 2020), which would require an annual salary of at least \$53,100 (\$4425/month) with no other debt payments. Add in a car payment, student loans and credit card debt and housing affordability gets quickly out of range for most local people. According to our basic survey analysis (see Appendix B), only about 12.5% of working folks might be able to afford the current median home price (this data is a little loaded, as our survey sample has not been normalized across sectors/locations, but the picture is still clear that there is a major, quantifiable gap in affordability).

APPENDIX A: Supplemental Data

Mountain Central Association of Realtors (MCAR) Market Summary YTD 2020--note that the largest volume of homes cost between \$300,000 - \$499,000.

Market Summary by Sold Price						
Price Range	Count	Sum Price	Average Price	Median Price	Average DOM	
\$0 - \$99,999	21	\$1,382,732	\$65,844	\$71,000	115	
\$100,000 - \$199,999	23	\$3,437,000	\$149,435	\$143,000	145	
\$200,000 - \$299,999	37	\$9,472,201	\$256,005	\$257,000	113	
\$300,000 - \$399,999	55	\$19,139,649	\$347,994	\$345,000	176	
\$400,000 - \$499,999	41	\$18,111,860	\$441,753	\$440,000	102	
\$500,000 - \$599,999	19	\$10,506,650	\$552,982	\$550,000	103	
\$600,000 - \$699,999	13	\$8,536,295	\$656,638	\$665,000	120	
\$700,000 - \$799,999	9	\$6,802,475	\$755,831	\$759,900	111	
\$800,000 - \$899,999	8	\$6,769,800	\$846,225	\$836,250	188	
\$900,000 - \$999,999	3	\$2,914,000	\$971,333	\$990,000	335	
\$1,000,000 - \$1,099,999	2	\$2,100,000	\$1,050,000	\$1,050,000	234	
\$1,100,000 - \$1,199,999	1	\$1,125,000	\$1,125,000	\$1,125,000	337	
\$1,200,000 - \$1,299,999	1	\$1,200,000	\$1,200,000	\$1,200,000	240	
\$1,300,000 - \$1,399,999	1	\$1,375,000	\$1,375,000	\$1,375,000	36	
\$1,400,000 - \$1,499,999	3	\$4,375,000	\$1,458,333	\$1,450,000	82	
\$1,500,000 - \$1,599,999	1	\$1,585,000	\$1,585,000	\$1,585,000	98	
\$1,600,000 - \$1,699,999	1	\$1,605,000	\$1,605,000	\$1,605,000	41	
\$1,900,000 - \$1,999,999	2	\$3,875,000	\$1,937,500	\$1,937,500	807	
\$2,000,000 - \$2,099,999	1	\$2,000,000	\$2,000,000	\$2,000,000	75	
\$2,100,000 - \$2,199,999	2	\$4,200,000	\$2,100,000	\$2,100,000	243	
\$2,600,000 - \$2,699,999	1	\$2,600,000	\$2,600,000	\$2,600,000	60	
\$2,700,000 - \$2,799,999	2	\$5,450,000	\$2,725,000	\$2,725,000	339	
\$3,000,000 - \$3,099,999	1	\$3,000,000	\$3,000,000	\$3,000,000	42	
Totals:	248	\$121,562,662	--	--	--	
Averages:	--	--	\$490,172	\$379,350	142	

MCAR Market Summary Same Time 2019

Market Summary by Sold Price						
Price Range	Count	Sum Price	Average Price	Median Price	Average DOM	
\$0 - \$99,999	15	\$897,000	\$59,800	\$62,000	73	
\$100,000 - \$199,999	31	\$5,080,600	\$163,890	\$169,900	141	
\$200,000 - \$299,999	47	\$11,952,600	\$254,311	\$255,000	157	
\$300,000 - \$399,999	42	\$14,773,257	\$351,744	\$351,800	112	
\$400,000 - \$499,999	49	\$21,709,028	\$443,041	\$436,000	135	
\$500,000 - \$599,999	23	\$12,581,580	\$547,025	\$533,780	135	
\$600,000 - \$699,999	12	\$7,657,500	\$638,125	\$632,500	264	
\$700,000 - \$799,999	5	\$3,667,400	\$733,480	\$749,900	169	
\$800,000 - \$899,999	6	\$5,185,500	\$864,250	\$887,000	764	
\$900,000 - \$999,999	1	\$900,000	\$900,000	\$900,000	138	
\$1,000,000 - \$1,099,999	2	\$2,074,500	\$1,037,250	\$1,037,250	137	
\$1,100,000 - \$1,199,999	2	\$2,200,000	\$1,100,000	\$1,100,000	317	
\$1,300,000 - \$1,399,999	1	\$1,355,000	\$1,355,000	\$1,355,000	412	
\$1,400,000 - \$1,499,999	1	\$1,400,000	\$1,400,000	\$1,400,000	46	
\$1,500,000 - \$1,599,999	1	\$1,550,000	\$1,550,000	\$1,550,000	82	
\$1,800,000 - \$1,899,999	2	\$3,640,000	\$1,820,000	\$1,820,000	48	
\$1,900,000 - \$1,999,999	1	\$1,990,000	\$1,990,000	\$1,990,000	182	
\$2,100,000 - \$2,199,999	1	\$2,100,000	\$2,100,000	\$2,100,000	197	
\$2,600,000 - \$2,699,999	1	\$2,600,000	\$2,600,000	\$2,600,000	31	
\$3,100,000 - \$3,199,999	1	\$3,100,000	\$3,100,000	\$3,100,000	237	
Totals:	244	\$106,413,965	--	--	--	
Averages:	--	--	\$437,918	\$378,577	157	

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Living wage data: <https://livingwage.mit.edu/counties/16085>

Sector/job data aggregate:

http://www.gemstateprospector.com/site-selection.html?zpeDID=COMMUNITIES_16085

Labor Market Data (with sector wages):

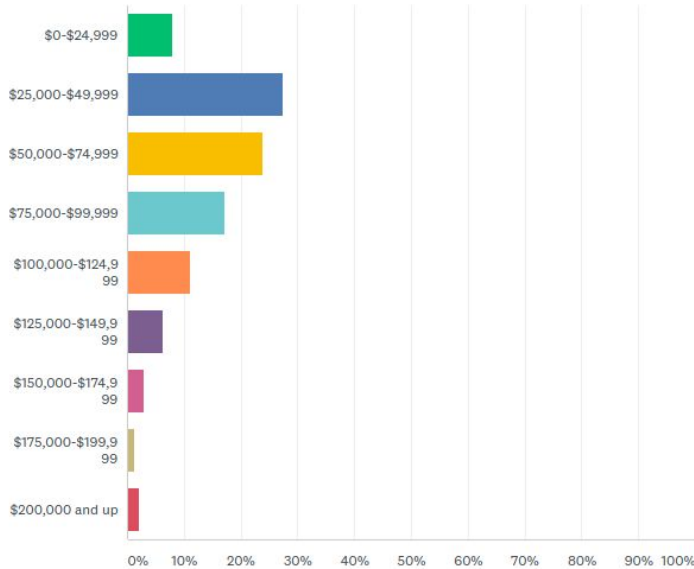
<https://lmi.idaho.gov/Portals/0/2020/WorkforceTrends/ValleyProfile.pdf>

Current average home price data: <https://www.zillow.com/valley-county-id/home-values/>

APPENDIX B--Survey Results 2019

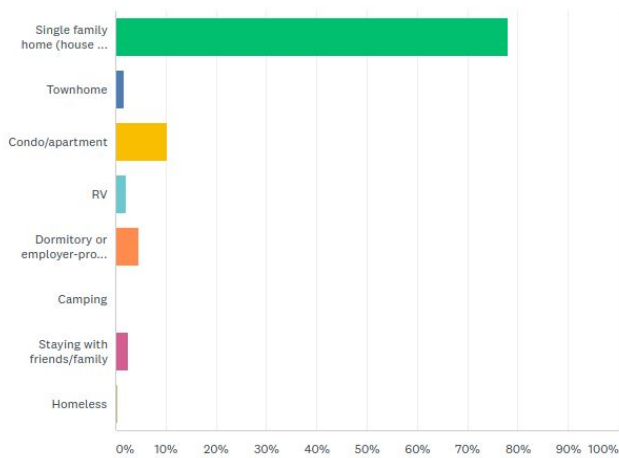
KEY TAKEAWAYS:

- Most households surveyed earn less than \$75,000 per year, with the largest group (27%) earning less than \$50,000 (household) per year:



- The vast majority of respondents (78%) currently live in single family housing:
What type of home do you currently live in?

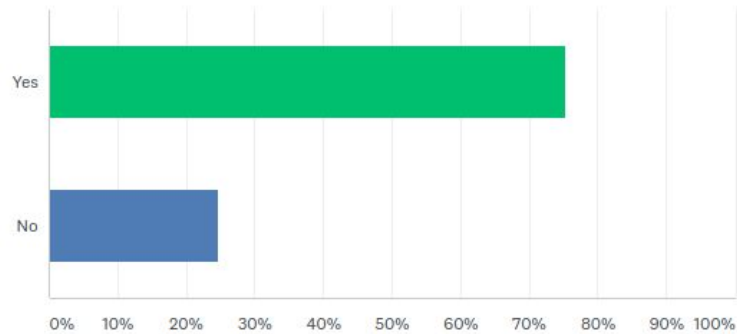
Answered: 599 Skipped: 4



- 25% of respondents feel they have insufficient housing for their current situation

Does your CURRENT living situation meet your CURRENT personal needs?

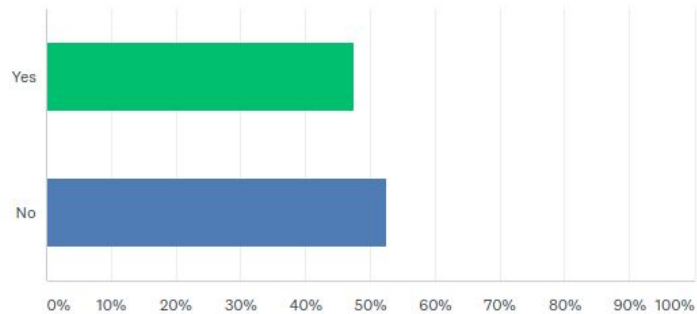
Answered: 600 Skipped: 3



- 53% of respondents' housing will not meet their future needs:

Does your CURRENT living situation meet your FUTURE personal needs for your self, family, career or other personal considerations?

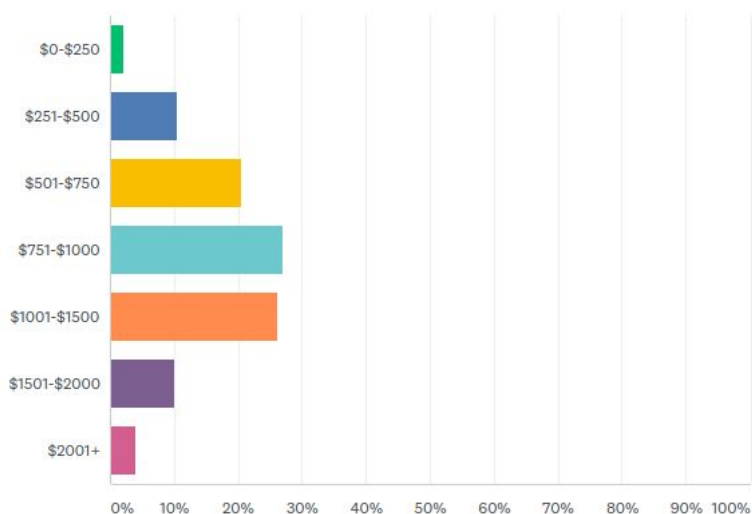
Answered: 597 Skipped: 6



- 63% of respondents own their homes
- 79% of respondents see themselves living and working in the region for 5+ years.
- 91% of respondents aspire to live in single family housing.
- 53% of respondents can afford under \$1,500 a month for rent or a mortgage, with the majority able to afford under \$1,000 a month (27%).

How much are you able to comfortably pay in rent or a mortgage each month for yourself and any dependent family members, not including utilities?

Answered: 598 Skipped: 5



- 84% of respondents currently pay less than \$1,500 a month in rent or mortgage
- 58% of respondents have 2+ dependents
- 60% of respondents commute less than 5 miles for work, and the average rating of importance for how close home is to work was 74 out of 100 (with 0 being not important and 100 being highly important).
- 68% of respondents aspire to a minimum 3 bedroom home in the long term
- 36% of respondents don't feel secure in their housing situation, now and in the future:
 - 45% of retail employees don't feel secure in their housing
 - 44% of accommodation/hospitality employees don't feel secure in their housing
 - 42% of healthcare employees don't feel secure in their housing
 - 32% of education employees don't feel secure in their housing
 - 32% of construction/trades employees don't feel secure in their housing
 - 33% of professional services employees don't feel secure in their housing
 - 37% of government employees don't feel secure in their housing
 - 11% of natural resources/ag employees don't feel secure in their housing
 - 50% of nonprofit employees don't feel secure in their housing
 - 24% of other employees don't feel secure in their housing

WHAT NEXT?: We need to be looking at strategies to either convert existing second home housing stock over to the long term rental market, raise wages across most sectors or be building 3 bedroom single family homes at a sub-\$1,500/month price point within 5 miles of employment centers. Higher density market rate projects are valuable and viable for housing security and short to medium term housing options for many

employment sectors, however, people eventually aspire to single family options; which impacts long term talent retention rates.

The amended data are available here:

<https://www.surveymonkey.com/results/SM-YC5W3NZQ7/>

***While WCMEDC's survey data generally paints a very realistic picture of the housing market demand in the West Central Mountains region of Idaho, it is by no means comprehensive. A reasonable person could assume that there may be survey bias at play, where people who are feeling a more imminent housing pinch would be more inclined to take the survey. Also, some surveys were gathered through online means and some through employers directly, so there may be oversampling or undersampling for certain populations. All analysis is from raw data and no weighting has occurred in this report's analysis. That said, this data is for information purposes only.*