Affordable Workforce Housing Standards (Land Development Regulations, Div. 6.3)

JULY 2023

Results from the Joint Information Meeting (JIM) on July 12th and 13th, 2023

Town and County Housing Mitigation Policy Update

Why is the housing mitigation policy being updated?

The relationship between employee generation from new development and affordable housing is an essential part of the Town of Jackson and Teton County housing programs. As the area evolves over time, these housing programs need to be adjusted based on updated data to stay relevant to the community and economy.

One of the most impactful housing programs in the Town and County are the Land Development Regulations (LDRs), Div. 6.3 Affordable Workforce Housing Standards ("mitigation policy"), which first became effective in 1995. This mitigation policy works to balance the creation of workforce housing with new development by ensuring that the development contributes to the supply of local affordable and workforce housing, proportionate to its use, scale, and impact.

How is it being updated?

The mitigation policy is being updated for 2023 following the presentation of new data from the Affordable Housing Nexus Study ("Nexus Study")[1] and Regional Housing Needs Assessment.[2] The update process started in February 2023 and will go through the end of the year. A more detailed timeline and process are outlined on the following page.

Most recently, a Joint Information Meeting (JIM) with elected officials was conducted to review recommendations for the policy updates made by staff and a group of stakeholders. The stakeholders involved in the process provided valuable feedback from the local business, nonprofit, development and property management communities. The stakeholders provided local expertise to help provide direction and inform policy direction. The recommendations made at the JIM are summarized in this packet, and will be further reviewed through public outreach and future meetings.

NOTE: This summary is a supplement to the larger packet presented at the JIM on July 12 and 13th. Please reference the [larger packet for more details on the information herein.]

1 The Commercial and Residential Employee Generation and Affordable Housing Nexus Study ("Nexus study") was presented in April 2022. The study was updated in 2023 with recent data and is part of the July 2023 JIM staff report and packet found here: https://tetoncountywy.gov/DocumentCenter/View/26262/712and713_Housing-Mitgation-Policy

2 https://www.tetoncountywy.gov/DocumentCenter/View/21458/0307JIMA-Teton-Region-FINAL-staff-report-and-presentation

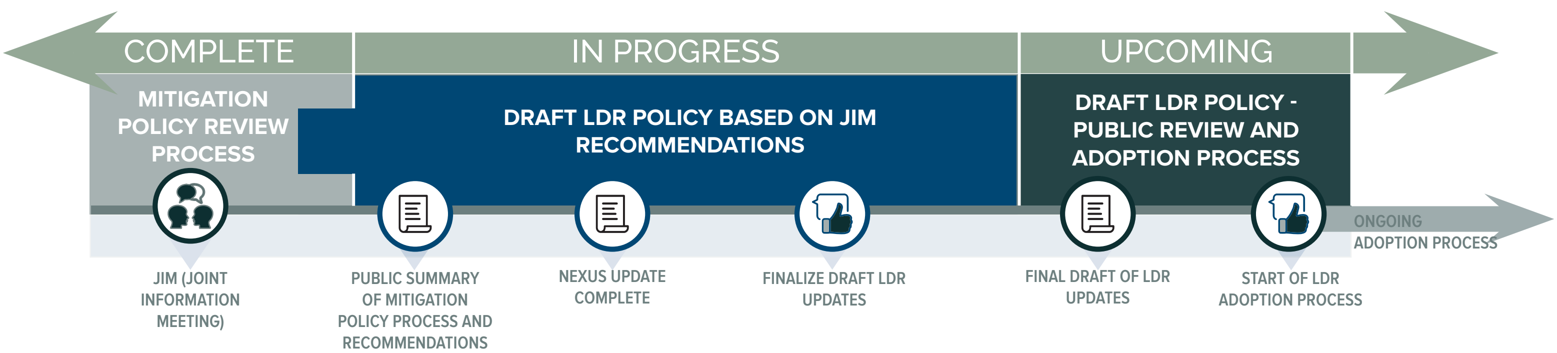
Mitigation Policy Update Process

Beginning in February 2023, the consultants (WSW Consulting, Inc; Economic and Planning Systems (EPS); and Logan Simpson) have:

- Updated the figures in the 2022 Nexus Study with more recent data; a 2023 update.
- Met four times with a group of stakeholders from Jackson and Teton County to discuss the policy implications and key topic areas to consider for updates.
- Drafted recommendations from the stakeholder discussions[3].
- Held a Joint Information Meeting (JIM) work session the Town Council and the Board of County Commissioners on July 12th and 13th 2023 to discuss potential policy updates and receive recommendations for draft LDR updates.
- The consultant team is currently working on drafting LDR updates based on input received at the JIM, which is summarized herein below.

The draft LDR updates will be completed at the end of September and will be further refined through the public outreach and adoption process.

The upcoming process is shown in the process graphic below.



3 Link to stakeholder meeting recordings
Stakeholder Meeting 2 - https://youtu.be/sgXV_E-1Hq4
Stakeholder Meeting 3 - https://youtu.be/cdxTqVVY5XU
Stakeholder Meeting 4 - https://youtu.be/KH1kPSVXJPs

JIM Meeting Summary and Agenda

Stakeholder and staff policy recommendations were reviewed at the JIM on July 12 and 13th, 2023. The materials for the JIM and recording of the session can be found here. Town Council and the Board of County Commissioners reviewed staff and stakeholder input at the JIM to help guide their recommendations, which will be further refined through public outreach and future meetings.

In general, stakeholder and staff recommendations, and recommended updates at the JIM were made in recognition of the following principles:

1. The mitigation policy is beneficial to businesses, employees, residents, visitors, and the community as a whole and should continue to be part of the solution;
2. Updates are needed to reflect current data and information based on the 2023 Nexus;
3. Policy improvements should also be made to reduce impacts on businesses, better target core employee needs and supplement other programs, ensure all job-generating development is mitigating its impact on housing demand, and make sure policy exemptions help employees; and
4. The updated policy should not lose ground – current mitigation rates should be retained at a minimum and fees should be updated to reflect current costs.

The following pages outline the recommendations from the JIM for each policy topic. A more complete summary of the recommendations to date can be found here which provides more detail on each policy topic, staff and stakeholder recommendations, and information on the currrent mitigation program.

CURRENT POLICY	RECOMMENDATION	PURPOSE
Exemptions - De Minimis		
De-minimus exemption exists in the County's LDRs: No mitigation for detached single family home <2,500 sq. ft; If a home expands above 2,500, then the owner must mitigate for the full size of the home (i.e, 2,500 sq. ft. + Addition)	• Remove the current exemption for detached single family homes under 2,500 square feet in the county. • Add an exemption for small residential additions (lesser of 25% of home size or 500 sq ft) in the Town and County.	• The 2,500 square foot exemption is very rarely used; very few residents making their living locally can afford to buy land and build even small homes in the County; homes that are deed restricted (affordable or workforce) are ensured to be occupied by local employees/residents and are exempt. • Home modification requests from local residents have increased in recent years; exempting small additions helps local residents stay in their homes and make needed modifications

CURRENT POLICY	RECOMMENDATION	PURPOSE
Exemptions – Public/Semi-Public Zone		
Town and County: Public/Semi-Public zone development exempt from mitigation requirements	Retain the Public/Semi-Public Zone as fully exempt.	This zone includes land owned by government – state, local, federal. Much public and semi-public land is exempt from town and county codes due to state and federal legislative limits. The Town/County also has a housing department that produces housing for the community.

CURRENT POLICY	RECOMMENDATION	PURPOSE
Change of Use		
If a higher employee-generating use moves into a space built for a lower employee-generating use, the business must fill the gap in mitigation.	• Remove change of use between commercial categories • Retain change of use only when residential uses change to commercial or lodging	Businesses (rather than the developer of the commercial building) pay for change of use mitigation – either directly or through landlord charges. Many businesses cannot afford to move into different commercial spaces as a result. 1. Removing commercial change of use requirements allows businesses to move into different commercial spaces without having to pay potential mitigation fees. This reduces impacts on local businesses and facilitates freedom of movement among commercial spaces. 2. It is rare that residential uses change to commercial use or lodging. Because residential uses have a much lower mitigation requirement than commercial or lodging space of the same size, the change of use requirement should be retained.

CURRENT POLICY	RECOMMENDATION	PURPOSE
Mitigation Categories - Commercial		
There are seven (7) commercial categories defined in the current policy: Commercial – 7 total: 1. Office 2. Industrial 3. Retail/service 4. Restaurant/bar 5. Storage 6. Lodging (incl. STR) 7. Institutional/ recreation (ind calc)	Condense existing commercial categories into five (5) categories, including: 1. **Bar/Restaurant** 2. **Retail/Service/Office** 3. **Industrial** 4. **Recreation/Amusement/ Institutional** 5. **Lodging**	Office and Retail/Service uses have very similar mitigation rates so should be merged together. Condensing categories simplifies policy application and administration and reduces change of use implications.

CURRENT POLICY	RECOMMENDATION	PURPOSE
Mitigation Rates - Commercial		
Varying rates apply based on nexus requirements for specific use categories: Commercial – 7 total: 1. Office (26%) 2. Industrial (27%) 3. Retail/service (30%) 4. Restaurant/bar (30%) 5. Storage 6. Lodging (incl. STR) (38%) 7. Institutional/ recreation (ind calc) NOTE: Current mitigation rates as a percentage of the 2013 nexus maximums are shown in parenthesis after each category (the 2013 study is the basis for the existing code).	Commercial mitigation rates should not fall below current levels and should potentially increase slightly. Rates should fall between 30% and potentially up to 50% of the 2023 Nexus Study maximums.	• Updates are needed to reflect current data and 2023 Nexus Study information. Mitigation rates should not lose ground – current mitigation rates should be retained at a minimum and fees should be updated to reflect current development costs. Because inputs from other programs (public subsidies, public/private/ non-profit development) are increasing, however, it may be appropriate for mitigation rates to also increase slightly. • 2023 Nexus maximums for commercial uses are about the same as in the 2013 Study, meaning that retaining the same percentage mitigation rate will result in little change in the unit requirements. Because construction and land costs have increased, however, the fees will increase.

CURRENT POLICY	RECOMMENDATION	PURPOSE
Mitigation Rates - Residential		
Varying rates apply based on nexus requirements for specific use categories: Residential – 4 total: 1. Attached Single Family (local) 2. Attached Single Family (non-local) (73% est.) 3. Detached Single-family (local) 4. Detached Single-family (non-local) (83% est.) NOTE: estimated mitigation rates as a percentage of the 2013 nexus maximums are shown in parenthesis after each category (the 2013 study is the basis for the existing code).	• Mitigation rates should be set at 70% to 80% of the permitted maximum (similar to current percentage mitigation levels). • Implement a scaled mitigation rate for detached single family units that varies with the size of the residence. This means that mitigation rates will range from a lower mitigation rate for smaller units, up to the 70% to 80% level for larger units. The appropriate scale is yet to be determined.	• Updates are needed to reflect current data and 2023 Nexus Study information. Current mitigation rates should be retained at a minimum and fees should be updated to reflect current development costs. Because 2023 Nexus maximums for residential uses are higher than in the 2013 study, retaining the same percentage mitigation rate as the current code means that per unit and fee requirements for residential uses will increase. • A scaled mitigation rate based on size of home will mean that smaller homes have a lower mitigation requirement on a per square foot basis than larger homes, which is similar to how the current policy works. This reduces the relative mitigation required for smaller homes.

CURRENT POLICY	RECOMMENDATION	PURPOSE
Housing Credits		
Full credit is given for existing commercial space even if the space was not required to mitigate for housing when it was built; new sq. ft. (or rooms) added mitigates under current requirements	Credits for demolished/ replaced buildings should only be given for demolished space that was required to mitigate	To ensure that new development mitigates for its impact when warranted. Under the current policy, a new hotel is required to provide zero mitigation if it tears down/replaces an existing hotel with the same number of rooms, even if the demolished hotel never provided any employee or workforce housing mitigation in the past. Credit should only be given if the demolished structure mitigated for its housing impacts.

CURRENT POLICY	RECOMMENDATION	PURPOSE
Order of Compliance		
Preferred order: 1. Build units 2. Land in lieu 3. Banked units 4. Restrict existing unit 5. In-lieu fee	Retain the current policy, but add an administrative fee if fee in lieu is paid.	To ensure that fees collected from the developer cover the cost to build housing; and to encourage the developer to build the housing instead of paying the fee.

CURRENT POLICY	RECOMMENDATION	PURPOSE
MFI Range		
Units built are required to meet the following income/ affordability levels: <50% MFI 50-80% 80-120% > 120% (This last category is the "Workforce" restriction – local work requirements only; no income or price requirements)	Update MFI categories to the following: • <80% AMI • 80-120% AMI • 120-160% AMI All categories will have local work and income/price requirements.	To ensure that the units built under the mitigation program best meet the affordability needs of employees that will be filling the jobs created by the new development.