



To: Housing Authority Board, Town Council, Board of County Commissioners
From: Stacy Stoker
Date: March 9, 2018
Subject: Housing Rules and Regulations Update

PURPOSE

On November 13, 2017 the Town Council and Board of County Commissioners provided final policy direction on which of the alternatives to implement through updated Housing Rules and Regulations. This memo presents the first draft document for review. The Town Council and Board of County Commissioners will have an opportunity to provide further direction to staff to add any changes or edits to the document during the upcoming March 21 Special JIM.

BACKGROUND

The background for the project was presented in the memo dated September 13, 2017. All materials related to the project can be found at engage2017.jacksontetonplan.com/housingrulesandregulations.

PUBLIC ANALYSIS

The Housing Department and the Town and County Planning Departments held five public engagement events from May of 2017 through October of 2017. These engagement meetings were conducted in both Spanish and English in order to get feedback from the community. Staff also held six sessions of office hours to discuss the Rules and Regulations and answer questions. In total, there were 297 individuals engaged in these meetings and office visits. Staff utilized newspaper advertisements, Facebook campaigns, email campaigns, and educational presentations to various non-profit organizations and advocacy groups to further gain input from the community. Additionally, two surveys addressing the topic of housing rules and regulations were administered to the public. These surveys yielded 325 responses from community members. The public also had the opportunity to provide public comment at six public meetings with the Town Council, County Commissioners, and Housing Authority Board.

Staff listened to the community and made recommendations to the Jackson Town Council and the Teton County Board of County Commissioners using public comment collected during the Engage 2017 public outreach process along with other community feedback that informed the Jackson/Teton County Comprehensive Plan as well as the Workforce Housing Action Plan. Recommendations to the elected officials were also provided by the Jackson/Teton County Housing Authority Board. The elected Officials were given the public comment received throughout the process.

FINAL DIRECTION

Staff received final direction on twelve high level policy questions for the Housing Rules and Regulations from the Town Council and County Commissioners on November 13, 2017. Please see the attached Summary of the final direction to staff. These items are all included in the Housing Rules and Regulations. There were some questions where details were not provided to staff, and staff was tasked with providing those details.

- The direction on **question 4**, what livability standards should apply to restricted units, was for staff to propose livability standards and remove minimum size requirements. Staff assembled a committee consisting of April Norton, Stacy Stoker and four architects, Bruce Hawtin, Arne Jorgensen, Peggy Gilday, and Hans Schuldt. The committee reviewed livability standards from Boulder, Colorado and livability standards were then drafted based on our community's needs and the advice of the four architects on the committee. Maximum size requirements are included. These standards are incorporated in the Housing Rules and Regulations.

- The only question where no consensus was reached was **question 7**, How should the sale/rent price be set?

The **Town Council** voted to allow rentals as long as the owner still occupies the unit, the Housing Department approves the renter, the renter is employed full-time in Teton County, qualifies under the income and asset limits, and a portion of the rent or a fee goes to the Housing Department.

The **County Commissioners** agreed with the Town Council except voted that only Employment-based units should be able to rent using the same criteria as the Town.

If the Town and County fail to come to consensus on this issue, there will be separate rules in existence for units located in the Town and in the County. This complicates compliance processes because it sends a mixed message to owners. Staff strongly recommends that the Town and County have the same policy on rentals.

Staff has evaluated both options. Following are pros and cons of rentals:

Pros	Cons
The spare bedrooms will be filled with local employees providing housing for more of the community's workforce.	Rent will mean more income for Affordable units pushing the owners over the income limit for the unit. Employment-based units have no income limits, however, it could affect the percentage of income coming from a local business (at least 75% of household income must be from a local business).
Affordable and Employment-based owners who wish to rent will be required to record a new standard deed restriction which will allow rental. This will help get all units standardized. New units will get the standard restriction as they come on line.	It will be difficult for staff to ensure compliance and to track who's renting in what is now 396 units and soon to be 28 more. There are currently only 53 Employment-based units so allowing only Employment-based units to rent would be less difficult to process and track.
There will be a fee or a portion of the rent coming to the Housing Department. Staff recommends a portion of the rent.	This policy will increase the workload on staff significantly and may cause the need for another staff person.

Staff Recommendation: Originally, staff recommended against allowing rentals in ownership units. However, the final direction from the Town Council and County Commissioners was to allow rentals. Staff recommends the following process for both Employment-based and/or Affordable units.

1. An owner wishing to rent submits a request to rent to the Housing Department
2. If the owner is in compliance with their restrictions, the Housing Department approves the request with the condition that a new restriction will be recorded on the property (if it was built prior to June, 2018) and that any tenant must qualify and remain compliant with any covenants, conditions, and restrictions on the property. Maximum rent charged will be half of 30% of the low end of the home's income category for a two person household (see chart below). All rents are paid to the housing department. The Housing Department will keep 20% and 80% is passed on to owner.
3. Owner wishing to rent identifies a potential roommate and/or roommates who they believe qualify under the income and assets for the home's category.

4. The potential tenant submits a rental application with supporting documentation.
5. The Housing Department either approves the tenant or denies based on qualification criteria.
6. The Housing Department provides the lease agreement, which is signed by the Housing Department, tenant and owner.
7. The owner will notify the Housing Department if lease is terminated, and will start again with step 3 if they still wish to rent a room.

Income Range	Max Rental Rates	Amt. to Housing Dept.	Amt. to owner
Category 1	\$550 per month	\$110	\$440
Category 2	\$730 per month	\$146	\$584
Category 3	\$915 per month	\$183	\$732
Employment-based (Category 5)	\$1,280 per month	\$256	\$1,024

- The direction on **question 10**, how should the buy/sell process work was an alternative method for a selection process to identify buyers and renters. Staff has taken this direction and supplied some details as to how the selection process will work as follows (Section 4 of Housing Rules and Regulations):

1. Households must meet the minimum occupancy requirements to be eligible to enter the lottery.

Minimum Occupancy Requirements

- Studio or 1-bedroom: One or two adults
- 2-bedroom: One or two adults with at least one dependent
- 3-bedroom: One or two adults with at least two dependents
- 4-bedroom: One or two adults with at least three dependents

2. Each household will be given points that translate to number of entries in the drawing.
 - One point for each full year of full-time employment with a maximum of 10 points.
 - One point for each Critical Services Provider in the household with a maximum of 2 points.
3. All of the households who enter will be in the same group to be drawn. There are no preferences, only number of entries in the drawing.
4. The Housing Department is no longer referring to the selection process as a “lottery”. It is simply a weighted drawing.

- The direction on **question 11**, what types of relief should be allowed from the Rules and Regulations, was to set out standards for making determinations, appeals, and grievances. The process can be found in Section 7 of the Rules and Regulations. Decisions of the JTCHA will not be brought to the elected bodies on appeal.

Standards for Request for Exceptions: The Housing Department will consider requests for exceptions to rules pertaining to qualification and eligibility criteria as well as to rules pertaining to occupancy and use. Granting of exceptions is rare, however it is recognized that certain unique circumstances exist that are not contemplated in these Rules and Regulations. Exceptions will only be granted in unique circumstances that are beyond control of the household, and are not addressed in these Rules and Regulations. Requests for exceptions must be submitted prior to the opening of a lottery for a home. In cases where a lottery is not used for identifying a buyer, the request must be submitted prior to submission of an application.

HOUSING RULES AND REGULATIONS DOCUMENT

The final document was drafted by our consultant, Clarion and Associates. It is in a different format than the current document. It is coded like the Land Development Regulations (LDRs) and references the LDRs where appropriate. The digital document will link to the LDRs for easier use by the public.

Staff has incorporated policies and procedures of the Housing Department that were not previously included in the Housing Rules and Regulations:

1. Capital Improvement Policy – This policy guides how capital improvement credit is calculated when owners make capital improvements to their homes. Capital Improvement credit is not given for maintenance or luxury items. It is only given for items that increase the life component (e.g. replacing carpet with wood instead of new carpet), increase energy efficiency, add square footage or storage space, adding landscaping or decks, and adding bedrooms or bathrooms, etc. (See section 5-1.d Housing Rules and Regulations)

2. Intake Form – The Housing Department requires all those interested in purchasing or renting a restricted unit to complete an online intake form. The form must be updated annually, and any changes to information must be made prior to the opening of the selection process for a home. This intake form will improve our customer service, provide the Housing Department with more accurate information to determine eligibility for a lottery, and will provide us with annual demographic and demand data which will help inform new housing developments and programs moving forward.

4. Fee Schedule – The Housing Department will publish a fee schedule annually that will be approved by the elected officials. It will outline all the fees charged by the Housing Department for Requests to Rent, Requests for Leave, Requests for Exceptions, Requests for Transfer of Title, etc. This schedule will also outline the fee going to the Housing Department for approval to rent a room.

LEGAL REVIEW

The Town Attorney and County Attorney's Office have reviewed the updated Housing Rules and Regulations and will continue to suggest changes as they come up during the process.

MEETING AGENDA

Staff recommends the following agenda for the Joint Information Meeting (JIM) to analyze and make a recommendation on the alternatives. The Special JIM will begin on March 21 at 2:00 pm in the Town Council Chambers.

AGENDA

- A. **Introductory Presentation (Staff)**
Staff will introduce the topic and meeting format then summarize attached public and staff analysis.
- B. **Public Comment**
There will be one opportunity for public comment on all questions. Public comment will only be taken once, even if the meeting is continued to the contingent days.
- C. **Discussion/Brainstorm on potential modifications**
 1. Are there any of the twelve policy questions that someone wants to revisit besides question 7, which is the only one on which there was not consensus.
 2. Does anyone have specific questions, concerns or changes they would like to put up for discussion concerning any other area of the document?
 3. Question 7, Rental of rooms in Affordable and Employment-based units.
 4. Question 11, Standards for Appeals, Exceptions, and Grievances.

The Housing Authority Board's recommendation will be published March 20 attached to a memo similar to this addressed to the Town Council and Board of County Commissioners.

ATTACHMENTS

- Housing Rules and Regulations
- 6 page summary