

Bringing affordable housing to the mountains

How one developer overcame NIMBYism in swank Sun Valley

By Bennett Voyles

The toughest run in Sun Valley isn't Filson's Burn or Fat Chance. It's the path developers must take if they want to create affordable housing within this exclusive winter resort area.

Opposition by Blaine County residents makes the course so tough that almost no affordable housing project is ever approved, according to officials at the Idaho Housing & Finance Association. But last June in nearby Hailey, the county seat, Thomas Development of Boise overcame the odds and opened the first 120 units of what will eventually be a 198-unit rental complex – the county's first affordable housing project in a decade.

For many years, Idaho housing advocates have seen a need for affordable housing in the state's booming resort areas, where rising property values and a growing number of service jobs have created a class of low- and moderate-income long-distance commuters. IHFA officials say some studies have found that two-thirds of the 6,000 workers who keep the ski lifts running and the beds made in Sun Valley and nearby Ketchum commute between 10 and 75 miles every day by car and bus – a not surprising situation in an area where the price of a one-acre lot with utility hookups available can top \$750,000.

Other affordable housing developers tried before Thomas to bring more affordable housing to Blaine County but buckled under strong local opposition. "A lot of people just left in frustration, they kind of wore them down. But in this case, there was a lot of advance work on the design of the project,

on the location of the project, what the impact would be," said John Sager, vice president and treasurer of the IHFA, Idaho's leading affordable housing agency.

Perseverance was a key ingredient in the approach Thomas and the IHFA took to selling the project to the community. Pulling the deal together was a "tedious process and a

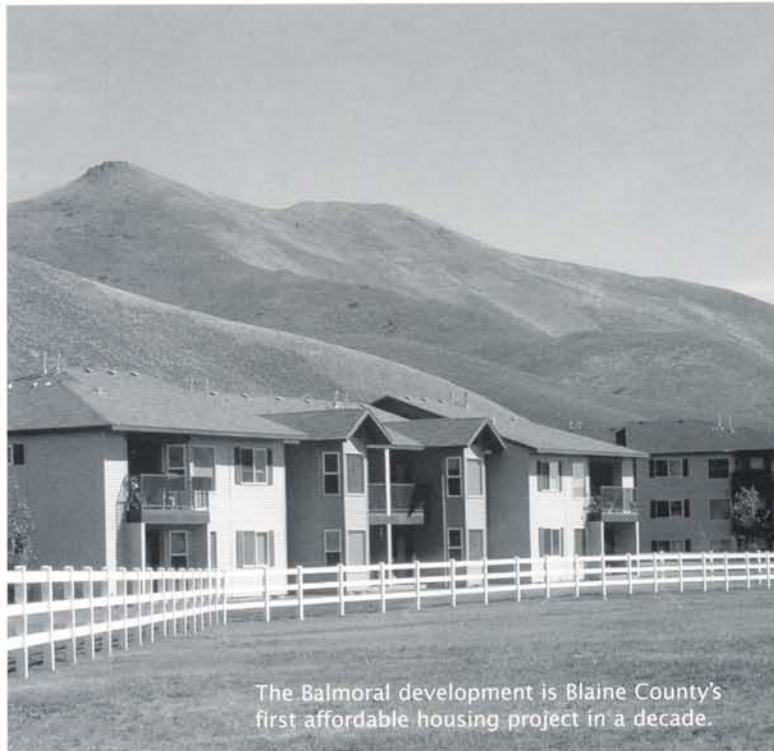
difficult one, to get it done with a budget that would work," said Gerald M. Hunter, president of the IHFA.

A rough-and-tumble silver mining boomtown in the 1880s, Hailey in the 21st century seems to have evolved into a much more civilized place. Local concerns about the Balmoral project ranged from fears about traffic and increased demand on municipal services to concern that the street lamps surrounding the project shine down rather than up so they would not obscure the night sky. "The issue of what this type of development would look like, what its quality would be, was

very important to the folks up there," Hunter recalled.

Most of all, according to one long-time observer of affordable housing development, the main factor that led to the approval of the Balmoral project was simply the time the IHFA and the developer took to educate people about the nature of affordable housing, and dispel stereotypical images of crime-ridden, big-city public housing projects.

In retrospect, IHFA officials say that long period of consultation turned out to be extremely important. "If the developer will take the time to actually go in and market the devel-



The Balmoral development is Blaine County's first affordable housing project in a decade.

opment and promote it before breaking ground, getting the neighbors, the community, the city officials and so forth behind this – as opposed to going in and saying, we’re going to build this, we’re going in this date, and that’s the way it is – it’s a whole different atmosphere as far as how people accept affordable housing,” advised Bob Reed, vice president of IHFA’s real estate lending division.

It helped sweeten the deal that Thomas planned to create a four-acre park and soccer field adjacent to the complex and then give the deed to the city. “The park was a big factor in getting the density variance needed to build the project,” Sager said.

Backing from the IHFA also helped win the trust of the Hailey city officials. “Their concern was long-term maintenance and upkeep of the development,” Reed explained. Ultimately, the IHFA guaranteed that it would monitor upkeep of the pro-

ject – an easy promise to make, according to IHFA officials, since the agency is required to monitor compliance with HUD rules for the projects it funds.

The Balmoral apartments were financed with a mix of affordable housing tax credits and tax-exempt bonds. The first 120 units were funded by the IHFA through a \$6.5 million tax-exempt bond, an affordable housing tax credit that yielded about \$3 million in equity and an \$837,000 gap loan at 3% interest. The IHFA funded the final 72 units with a \$5.5 million tax-exempt bond, a tax credit that yielded \$3 million in equity and a \$575,000 loan at 3% interest.

Income targeting is set at 30%, 40% and 50% of median income, which in Idaho is \$53,000 for a family of four. The first 120 units opened last June at 98% occupancy. Building of the second phase of the project is scheduled for later this year. ■