

**The Home Equity Partnership Program**  
***A Community Investment in Workforce Housing***  
***Green Acres Development***

**Program Description**

The Green Acres subdivision is the first planned-unit residential development in Central Idaho specifically designed for local workforce homebuyers, and is made possible by the Idaho Housing and Finance Association's Home Equity Partnership Program. Located in Moscow, Idaho, home of the University of Idaho, Green Acres is a 43 unit development that employs a host of green building components, neighborhood open spaces, and more particularly, an affordability plan for producing workforce housing.

The project developer wanted to address some pressing homeownership needs within the community, primarily targeting local police officers and school teachers. While these community workers earn sufficient income to preclude participation in federal affordable housing programs, they nevertheless cannot afford homeownership based on entry level home prices within the community. The project sponsor/developer had owned a parcel of ground for some years and desired to use, in part, the inflated value of this property toward serving his community's workforce housing needs, and at the same time, facilitate the development of a "green" subdivision to provide, in part, housing for these same community workers.

The Idaho Housing and Finance Association (IHFA) introduced the developer to the Home Equity Partnership Program (HEP Program). First, the HEP program provided a tax-advantaged vehicle by which the developer could contribute assets to a locally-based community trust, making his contributions eligible for maximum federal and state charitable tax deductions. This vehicle is a qualified Foundation established by IHFA to provide local community trusts under the HEP program. Second, the HEP Program provided a means to invest the local trust donations with qualified homebuyers, ensuring that each buyer 1) meets community workforce housing standards, 2) maximizes their use of traditional home financing resources, 3) receives necessary counseling and homebuyer education, and 4) preserves donations/contributions in perpetuity for the benefit of the local community and its workforce. The HEP program facilitates these objectives working through IHFA's existing homeownership lending and counseling network.

A qualified workforce homebuyer purchases a home in the Green Acres subdivision at what represents a significant discount from the appraised value or market pricing. This discount is effectively achieved through a charitable contribution from primarily the developer, in the case of Green Acres subdivision. The homebuyer's responsibility is to repay the original discount amount when and if the buyer sells his/her home, plus a pro-rata share of any home appreciation. The homeowner is not obligated to repay anything if there are insufficient proceeds available at the time of sale. When a future sale does occur, the original donation is returned to the local community trust for the benefit of future qualified buyers. And, future buyers accessing these funds are not restricted to where or from whom they purchase a home, except that they must meet community workforce housing requirements, including living and working within the community. Essentially, the developer and other participating contributors are first helping qualified buyers purchase newly constructed homes within the Green Acres subdivision, but later their contributions become an ongoing resource pool for the local community at large.

At present, there have been 27 homes either completed or under construction, of which 22 have sold or are pending a closing. Despite the difficult housing market, the project has and continues to move

forward successfully. The developer/sponsor has said, “the home equity partnership program is a win-win for everyone; the borrower receives a lower mortgage payment, the fund gets repaid along with a share of the equity (which grows the fund to assist others in the future) and I receive great pleasure in giving back to the community.” Of the units sold to date, the average market value/sales price has been \$185,000, and the average price discount for qualified workforce housing buyers has been \$25,000. In this process, a total of \$526,900 has been contributed to the local trust, with a complete subdivision build-out donation target of \$1,200,000.

Contributions to the community trust are not limited to just the developer. Other organizations, businesses, local government, and/or individuals can make tax-advantaged contributions for workforce housing. So far, Green Acres has seen total of 7 contributions made, with additional commitments from many of the sub-contractors, Title Company, and other businesses connected with the project.

The Green Acres subdivision includes the following green building components:

- Triple Pane Windows
- R-50 insulation in the ceiling, R-21 for walls
- Hardy plank siding
- Built using sustainable lumber
- Utilized advanced framing technique to conserve lumber
- Green label carpeting
- Low or no VOC paints
- Energy Star Appliances
- Energy Efficiency of a minimum 30% better than code
- Landscaped with moisture sensing low volume smart watering system

Housing unit size and configurations range from 1297 sq. ft. to 1694 sq. ft. including 2, 3 and 4 bedroom options with 1 or 2 car garages.

### **Purpose**

The HEP program addresses mounting concerns in many Idaho communities over the lack of quality, affordable workforce housing. Most notably, this concern has grown among Idaho’s many resort communities, and in some cases, within urban settings. It is primarily an affordable housing issue for homebuyers that earn between 80% and 140% of median income, but still struggle finding acceptable housing options in locations where property values can be extraordinarily high. Community leaders and businesses in these locations are also concerned because of an inability to attract and retain good employees due to the high cost of housing. School teachers, nurses, and police officers are among those most often identified by community leaders. Generally, federal housing resources are unavailable to this population group, and so alternative funding sources needed to be identified and managed long-term for an effective community workforce housing program.

After IHFA facilitated a number of local housing studies in Idaho’s resort communities, it was apparent that donations of public and private property represented one of the most likely sources of funding for workforce housing. Many of Idaho’s governmental jurisdictions held surplus property, businesses were interested in contributing towards workforce housing for their employees, and developers were anxious to use tax-advantaged real estate transactions, if available. It was also apparent that in many of these low population areas, communities would struggle to sustain the technical systems and processes for an effective workforce housing program.

The HEP program provides local communities with the system and processes for developing a long-term workforce housing program. The program provides the vehicle for public and private donations to be made at the local community level, and then it provides a way for those resources to be appropriately invested and ultimately recycled in perpetuity. All of this happens through a relatively inexpensive, statewide program, while allowing a particular community the flexibility to oversee and participate in the program as they desire.

### **Accomplishments and Why Meritorious**

The first HEP program launched in Idaho was for the new Green Acres subdivision, as described above. However, the program was designed to be very replicable from one community to another, and at this date, IHFA has established five such local community programs across the state.

In another case in Coeur d'Alene, Idaho, (Kootenai County Trust) the primary donation has come from the community's urban renewal agency, which donated a series of adjacent lots in the city's mid-town area. As part of a partnership effort, the Agency has created an improvement district, making substantial new street and streetscape improvements along the applicable property, slowing traffic flows, and facilitating the development of a mid-town neighborhood setting. The applicable lots will be used to construct a mixed-use four story building including 32 workforce housing units. The HEP program provided community leaders with the confidence that a long-term system for managing these donated resources was in place and would allow the local community to benefit from affordable workforce housing in perpetuity.

In a southern Idaho resort community, Bear Lake County recently adopted an ordinance providing that housing sponsors of planned unit developments may contribute to the recently established local HEP program trust as a way to earn density bonuses for new development. Given the nature of the county's zoning requirements, this will likely mean that any significant development undertaken in Bear Lake County will generate contributions to the HEP program trust for investment in new workforce housing. A major donation from a resort developer is now pending.

IHFA has also partnered with two-locally based non-profit organizations to assist in local fund-raising, and in the identification of qualified workforce housing buyers. One non-profit has established a unique approach to assisting buyers by establishing a "Deeds of Distinction" program. This companion program involves homebuyers participating in community volunteer activities as a way of thanking the community for a donation made to help them purchase their home.

Other examples of the HEP program exist, but the above situations illustrate the potential for working with local community stakeholders to capture voluntary donations of public and private assets for building and maintaining affordable workforce housing in Idaho. The HEP program provides the technical infrastructure to make it all work.