

## *Resort Workforce Housing Challenges*

*By William Lee, Tekoa Housing Advisors*

The following statistics included in Harvard's Joint Center for Housing Studies *State of the Nation's Housing - 2001*, come as no surprise to resort developers and public officials.

- Housing affordability problems in the U.S. have become increasingly pervasive.
- Over 14 million households spent more than half their incomes on housing in 1999.
- Poor quality housing is particularly widespread in rural areas.
- More than 300,000 units considered affordable to households with low incomes were lost, on net, between 1997 and 1999 alone.
- Restrictions on land development and exclusionary zoning practices are making it difficult for the market to produce housing that low-income people can afford.
- As the supply contracts, production flags, and population growth adds demand, the mismatch between the supply of low-cost rentals and the number of households who need them will grow.

Research by the National Low Income Housing Coalition shows every major resort in the U.S. has housing affordability problems. In most states, 40% - 49% of renter households cannot afford a two-bedroom apartment at fair market rates. Developers from Florida to Colorado to Hawaii will testify that the challenge to providing workforce housing has grown from a detail to a deal killer in some cases. Public officials are demanding that developers have a plan for workforce housing; one that does not require significant subsidy from local taxpayers.

The obstacles to providing quality affordable workforce housing may be more difficult than developing a great resort. These obstacles include exclusionary zoning, an absence of infrastructure, financing of construction that has the same code and cost challenges as market rate housing, and most importantly, the end-users' ability to pay. It is incumbent on developers and local officials to view the provision of quality workforce housing as a two-part challenge. First, it is essential for the community to provide clean, safe affordable housing for both existing and new residents attracted by resort industry employment. If they do not, the result will be a rash of social problems, which have, historically, been tied to deficient housing. Deterioration in the quality of life makes local residents resentful, and the area a less desirable destination.

Second, providing quality workforce housing is an economic development opportunity. Residents who work in the community will support local merchants, enhance the tax base, and diminish the problems related to commuting long distances each day.

These challenges and opportunities require developers and local officials to work in tandem for the betterment of the entire community. Through individual states, the Federal government provides grant and loan funds for the development of infrastructure and housing. Additionally, many states and quasi-governmental agencies can provide funding sources or issue tax-exempt bonds for improvements like drainage and roads. However, there are two real problems related to accessing these funds. First, competition is strong and funding requests must be thoroughly prepared and based on solid research. Second, the regulatory process for accessing these funds is cumbersome and often beyond the capability of small local governments. Developers must make it a priority to establish strong working relationships with their local governments and provide them with the technical assistance necessary to successfully compete for these funds and implement the plans once funding is received.

A second method that can be a productive way to provide workforce housing is working with local non-profit organizations. Each year a growing number of non-profits realize that housing in some form is a crucial part of their mission. A very practical way for them to achieve their goal is to make their targeted housing a portion of a larger mixed-income community. This allows the agency to house their clients and provide them with services while earning income on the balance of the housing. In many states, if properly structured, non-profit organizations can issue tax-exempt bonds for construction of housing, and apply for infrastructure grants and funds to assist low income buyers and renters with their housing costs. The process of planning for and seeking these forms of financing is beyond the skills of most non-profit organizations that are focused on the clients they serve. However, by providing the proper support, this can be a winning strategy for all involved: The non-profit organization, the local community and the resort developer.

**Tekoa Housing Advisors** is an Austin, Texas-based consulting firm that assists both non-profit and for-profit developers and governments with the challenges of planning, financing and implementing affordable housing solutions. For further information, contact Bill Lee at (512) 328-0487.

**Editor's Note:** *Affordable housing is currently one of the hottest topics in the country. From Oakland, California, to Miami, Florida, mainstream news is brimming with reports of governments acknowledging the importance of effecting a change. Richard Rosan, president of the Urban Land Institute (ULI) admonishes: "People want to live and work in places that are safe and vibrant, not just tolerable." ULI advises that much of what is needed from government does not cost anything, but requires new attitudes about zoning and density. Our thanks to Bill Lee for his contribution. < >*