



# Current Answers to Policy Questions

## Housing Rules and Regulations Update

The current Housing Department Rules and Regulations have been in place since 2008. Prior to 2016 they were known as the Housing Authority Guidelines even though they have always been regulations. The first version of the Rules and Regulations was effective from 1995 to 2008.

### 1. What should the employment criteria be to rent or purchase a restricted home?

Current Answer: A member of the household must be locally employed at least 30 hours per week (1560 hr./yr.).

The general requirement includes the following exemptions:

- A retiree, who has reached age 59 ½ and was locally employed for the two years immediately prior to retiring, is considered “locally employed”.
- A caregiver, who lives in Teton County, Wyoming; Teton County, Idaho; or Lincoln County, Wyoming who is unable to gain full-time employment in Teton County because s/he has been volunteering all or a portion of their time caring for their own children or an ailing or disabled immediate family member for a period of time during the last four years and was related to a full time Teton County, Wyoming employee for at least two out of the last four years, is considered “locally employed”.
- An actively deployed U.S. Armed Services member, who was locally employed for at least two years prior to deployment, is considered “locally employed”.
- Primary Education attendance in Teton County, Wyoming immediately prior to either secondary education or full-time local employment, is considered “locally employed”.
- Pursuit of secondary education will be considered “locally employed” if that member of the household met employment criteria in Teton County, Wyoming for a minimum of two years prior to seeking additional education.
- A Qualified Critical Services Provider is exempt from the 30-hours per week employment requirement. The definition of a Qualified Critical Services Provider is *an employee or volunteer on call 24 hrs/day for public safety emergencies of a JTCAH approved community based organization that provides immediate response health and safety services*. Organizations and positions must be approved by the Housing Manager and the Town and County elected officials.

The definition of “locally employed” varies by restriction type.

- Affordable and Attainable units (Attainable units were created before the Housing Standards in the LDRs were adopted. They are no longer being created but still have to be managed): Working in Teton County, WY.
- Employment-based units (ownership or rental): Working for and earning 75% or more of the household income from a local business - “a business located within Teton County, holding a business license with the Town of Jackson, or one that can provide other verification of legal business status in Teton County, WY”.

## 2. What kind of assets should be allowed and/or counted, and how much is the limit?

Current Answer Affordable/Attainable: Assets limits are based on income category and include cash, investments, vested life insurance policies, vehicle equity, and real estate, but do not include qualified retirement accounts.

Ownership of improved residential property within 150 miles of Teton County is prohibited.

For affordable and attainable units:

- Asset limits for Affordable units are calculated annually based on HUD-provided area median income data for a family of four multiplied by two. For example, a family of four earning 100% of area median income has an asset limit of \$91,400 (AMI) x 2 = \$ The most current limits can be found in the “Which Category Are You” chart and are attached to this document. Asset limits for Attainable units are calculated according to their Special Restriction at the time of sale.
- All developed and undeveloped property is valued as an asset using a realtor’s price point obtained by the Housing Department.
  - Improved/developed residential property within 150 miles of Teton County must be listed for sale once an applicant is chosen, and sale must occur within one year.
  - Undeveloped residential property within 150 miles of Teton County, Wyoming may be retained.
  - Any property outside of 150 miles of Teton County, Wyoming may be retained.
  - Retirement accounts are not counted as an asset unless someone makes a withdrawal to use as a down payment.
- Gift money is allowed, but is counted as asset.
- Equity in vehicles, RVs, boats, etc. is valued as an asset.
- Personal items valued at more than \$500 are counted as an asset.
- Bank accounts, investment accounts, trust funds, and vested life insurance are counted as an asset.
- To eliminate hiding of assets, households that dispose of assets within two years of applying for a home, without receiving fair compensation for the asset, will be considered ineligible to apply.

Current Answer Employment-Based: No asset limit, but ownership of real estate within 150 miles of Teton County prohibited.

For employment-based units (rental and ownership) there is no asset limit. Only restriction is that applicants may not ever own residential real estate within 150 miles of Teton County, WY.

3. How many months out of a calendar year should a household be required to occupy a restricted unit?

Current Answer: 10 months for affordable, 9 months for attainable, 10 months for employment-based.

4. What livability standards, if any, should apply to restricted units?

Current Answer: Minimum and maximum livable area, storage requirements, natural light requirements for all unit types. This came into existence with the 2008 update and is a requirement for Affordable, Employment-based and Employee Housing units. Employee housing units are required as mitigation for new commercial development. These are rental units and are not allowed to be owner-occupied.

Minimum and maximum interior living space requirements exist. Please see "Appendix S: Square Footage Requirements", provided as an attachment to this document. Units must have exterior windows in all bedrooms and living spaces or, at a minimum, borrowed natural light in living and sleeping spaces. Windows looking onto parking lots, alleys, mechanical equipment, and window wells must incorporate adequate landscaping. Exterior materials and designs must be compatible with other units in the development. This requirement also exists in the current LDRs. Parking must be similar to other units in the development. Outdoor storage; outdoor deck/patio; or other outdoor living space for each unit must be provided. Units must comply with all applicable minimum standards, building codes, or other development codes of Teton County or the Town of Jackson.

5. What percentage of a household's income should be spent on housing?

Current Answer: Pricing and income limits are set so that 30% of income is spent on housing.

The national standard for affordability is that no more than 30% of a household's income should go toward housing costs. This includes mortgage/rent, basic utilities, HOA dues, taxes and insurance. When qualifying households for restricted homes, the Housing Department does not allow a household to carry more than 45% of total debt to income (including both the mortgage payment and other existing debt). However, there is no minimum debt to income ratio required over time for units that remain in a single ownership or for units that appreciate at a fixed rate that may not match the appreciation of median income.

The exception to this general rule is for rental units where the income limit is 120% of median income, but the rent is set using 70% median income. Households making between 80 and 120% of median income are spending less than 30% of their income on housing. The rental program is in its infancy and policy on these units is still evolving as the Housing Department learns about demand for restricted rentals. The ownership program went through a similar evolution.

6. When should a household have to qualify for a rental or ownership home?

Current Answer:

- Buyers of affordable and attainable units qualify at the purchase of the home and are not required to requalify thereafter.
- Buyers of employment-based units are required to requalify annually. The Housing Department verifies that homeowners are still employed full-time at a local business, the household is collectively earning at least 75% of its income locally, and that the household does not own any property within 150 miles of Teton County, Wyoming.
- For rental units, tenants must re-qualify annually. The income limit is 120% of area median income ("Category 3").

## 7. How should sale/rent price be set?

Current Answer: Sales price is based on a 30-year mortgage at 7.5% with 5% down, rent is based on 70% of median income for JTCHA owned rentals and HUD calculated Fair Market Rents for privately owned Employee Housing Rentals.

The maximum sales prices for newly constructed homes is set using the following assumptions:

- Household size is one person per bedroom.
- The household will put 5% down.
- 30% of the household's income will go towards housing costs, with 25% for the mortgage and 5% for HOA dues, taxes, and insurance.
- The income used is 10% less than the maximum for the Category and household size based on one-person per bedroom.
- The mortgage is assumed to be a 30-year mortgage at an interest rate of 7.5%, which was the 20-year average at the time the policy was adopted.

For JTCHA owned rentals, the maximum rental price is based on a household making 70% of median income spending 30% of its income on rent and includes utilities (electric, water, sewer, trash). Households making 100%-120% of median income pay an extra \$50 per month. Household size is one person per bedroom.

## 8. How should restricted ownership homes be valued at resale?

Current Answer: All new restrictions allow 2.5% appreciation annually.

Currently, all new restrictions allow for a 2.5% appreciation per year, which is based on the rate incomes increased in Teton County over a 20-year period and is intended to keep homes affordable over time. In the past, deed restrictions have allowed homes to appreciate at different rates: CPI capped at 3% compounded annually, CPI capped at 3%, CPI, Northwest CLI, and 2.5% per year.

## 9. How should rental or subletting be handled?

Current Answer: Generally prohibited.

For Affordable units, rental is not allowed except for in exigent circumstances, such as someone needing to leave to take care of a sick family member, leaving to attend school, leave for a job situation etc., and only with Housing Department approval. For existing Attainable units, rental of a room is permitted as long as the owner also occupies the property, or with approval by the Housing Department for exigent circumstances. For rental units, tenants are not allowed to rent/sublease any portion of their unit.

## 10. How should the buy/sell process work?

Current Answer: For Attainable homes, the owner identifies a buyer and the Housing Department qualifies the buyer. For Affordable and Employment-based homes, the Housing Department facilitates the transaction and receives a 2% fee from the seller's proceeds; the buyer is selected through a tiered lottery.

### *Transaction Outline*

The Housing Department facilitates the sales of homes in the following manner:

1. The owner submits a Letter of Intent to Sell.

2. Sales Coordinator reviews the special restriction on the property. If restriction calls for an initial inspection, the inspection is scheduled and completed.
3. Sales Coordinator meets with Owner to review sales process. All documents reviewed at this meeting are emailed to Owner prior to the meeting.
  - Review paperwork, including the facilitation agreement, property disclosure form, draft purchase and sales agreement, and timeline.
  - The owner is provided with a maximum sales value based on the appreciation set forth in their special restriction.
  - Owner completes and signs the property disclosure form.
4. Housing Department orders an inspection of the home, which is not disclosed to the buyers. Items found in the Housing Department inspection are given to the owner to repair/replace. Buyers will have the opportunity to do their own inspection and items found on this inspection are submitted to the Housing Department for review and consideration for seller's completion.
5. The home is advertised for sale and the Housing Department accepts submissions for the lottery for a total of two weeks.
6. At the end of the two week lottery period, the lottery sheet is prepared by Housing Department staff and sent to outside counsel for drawing.
7. Once the drawing is complete, and if the chosen household wishes to purchase the home, they will submit an application, which is verified by Housing Department staff. If they decide against purchasing the home, the next household chosen in the lottery is offered the home.
8. A facilitation agreement is signed by the buyer and a contract between Buyer and Seller is signed.
9. The Housing Department does a final inspection of the home to make sure that the repairs/maintenance items are complete. If they are not, the Housing Department researches and estimates the cost of the repairs. The costs are taken from the proceeds at closing.
10. The closing takes place typically within 50 days of signing the contract. The Housing Department receives 2% of the sales price as a facilitation fee, which covers costs of advertising the lottery, contract documents, and staff time.

### *Lottery*

The Housing Authority has the first right of purchase on all units that are found to be in default, are Ground Lease units, and any units that have sold or been built since 2003 with Affordable and Employment-based special restrictions. In such cases, the Housing Authority Board can direct staff to purchase a home from the seller for the purposes of repricing or re-categorizing the unit prior to selling it to a new buyer. Otherwise, the buyer is selected through a lottery.

For each type of unit, preference groups are established. The households with first preference are drawn from the lottery first. Households with second preference are drawn second, and so on. In other words, a first preference household will never be drawn after a second preference household.

- For the Affordable lottery, there are four preference groups.
  1. First Preference: Households with at least one adult that has been employed full-time in Teton County for at least four years or is currently a qualified critical service provider in Teton County. The household also meets minimum occupancy for the unit type. Minimum occupancy means that a one-person household will receive top preference for a one or two-bedroom unit. A two person household will receive top preference for a one or two bedroom unit. A three or more person household will receive top preference for a one, two or three bedroom unit.

- A household can earn additional lottery entries within the first preference group. To begin earning additional entries, a household must first enter lotteries in the first preference group three times and not be chosen to purchase.
  - A household that has entered three affordable lotteries in which it qualifies for first preference, will receive an additional lottery entry in each subsequent lottery in which they are in the first preference group as long as they continue not to be chosen to purchase the unit. If they are chosen and decide not to purchase, they are set back to zero entries.
  - If the household has at least one qualified critical service provider who has also been employed full-time in Teton County for 4 years, then the household receives an additional entry into the lottery.
  - If the household has at least one qualified critical service provider who has less than four years working in Teton County, the household will be entered in the first preference group as if they had four years of work history.
- 2. Second Preference: No adults in the household have worked full-time in Teton County for four years, nor is any adult in the household a critical service provider. The household meets minimum occupancy as outlined in #1 above.
- 3. Third Preference: Households with at least one adult that has been employed full-time in Teton County for at least four years or is currently a qualified critical service provider in Teton County, but the household does not meet minimum occupancy as outlined in #1 above.
- 4. Fourth Preference: No adults in the household have worked full-time in Teton County for four years, nor is any adult in the household a critical service provider, but at least one adult is currently employed full-time in Teton County. The household does not meet minimum occupancy as outlined in #1 above.
- For the Employment-based lottery, a point system is used to allocate households to different preference groups. To be eligible for the Employment-based lottery, a household must have at least one adult with a two-year history of employment in Teton County immediately prior to entering the lottery. Employment-based lotteries do not give additional lottery entries.
  1. First Preference (7 points): 5 years of employment plus 2 critical service providers. The household meets minimum occupancy as outlined in #1 above.
  2. Second Preference (6 points): Either 5 years of employment plus 1 critical service provider OR 4 years of employment plus 2 critical service providers. Household meets minimum occupancy as outlined in #1 above.
  3. Third Preference (5 points): Either 5 years of employment plus zero critical service providers OR 4 years of employment plus 1 critical service provider OR 3 years of employment plus 2 critical service providers. Household meets minimum occupancy as outlined in #1 above.
  4. 4 points or fewer follows the same formula progression with the last preference group being two points for two years, and the household does not meet minimum occupancy as outlined in #1 above.

## 11. What types of relief should be allowed from the Rules and Regulations?

Current Answer: Exceptions for unique situations, appeals of Housing Manager decisions, and grievances for harm done by the Rules and Regulations.

Applicants, tenants, and homeowners can ask the Housing Department for an exception to the Rules and Regulations if they feel their situation is unique. To apply for an exception, a Request for Exception Form is

completed and submitted to the Housing Department along with a \$25.00 fee. The Housing Manager reviews the request and makes the decision whether or not to grant it. A letter is prepared in response to the request, which includes the Housing Manager's findings and decision. Applicants, tenants, and homeowners can appeal decisions made by the Housing Manager to the Housing Authority Board if they believe the Housing Manager misapplied the Rules and Regulations. Applicants, tenants, and homeowners can file a grievance if they feel that they have been harmed in some way by the Rules and Regulations or decisions made by the Housing Manager.

## 12. How should new Rules and Regulations be applied to existing units?

Current Answer: New Rules and Regulations are only applied to existing units if existing restrictions defer to the Rules and Regulations.

The Rules and Regulations can be updated from time to time through the public process and were last updated in 2008. Special Restrictions trump the Rules and Regulations. If something is not included in the Special Restriction, or the Restrictions point to the Rules and Regulations, the current Rules and Regulations are utilized.