Moscow City Council

Regular Meeting
~Minutes~

Laurie M. Hopkins
City Clerk

www.ci.moscow.id.us

208.883.7015

Monday, September 16, 2019	**7:00 PM**	**Council Chambers 206 E. Third St.**

The meeting was called to order at 7:00 p.m.

PRESENT: Art Bettge, Jim Boland, Kathryn Bonzo, Brandy Sullivan, Anne Zabala
ABSENT: Mayor Lambert, Gina Taruscio
STAFF: Gary J. Riedner, Bill Belknap, Tyler Palmer, Laurie M. Hopkins

PLEDGE OF ALLEGIANCE
Council Member Bonzo led the Pledge of Allegiance.

REGULAR AGENDA

1. **Approval of Moscow City Council September 3, 2019 Minutes (ACTION ITEM) - Laurie M. Hopkins**

   Minutes presented for approval.

   PROPOSED ACTIONS: Approve minutes, amend minutes, or take other such action deemed appropriate.

Bettge moved and Sullivan seconded approval of the minutes. Roll Call Vote: Ayes: Unanimous. Nays: None. Abstentions: None. Motion carried.

2. **Staff Recognition Report - Gary J. Riedner**

None offered.

3. **Mayors Appointments (ACTION ITEM)**

None offered.

4. **Public Comment and Mayor's Response Period (limit 15 minutes)**

None offered.

5. **Disbursement Report August 2019 (ACTION ITEM) - Sarah Banks**

   Staff will present the Accounts Payable Report for the month ending August 2019.

   PROPOSED ACTIONS: Sign the Disbursements Report for the month of August, 2019 or take such other action deemed appropriate.

Riedner introduced the item by going over the major expenditures. Bonzo moved and Bettge seconded approval of the disbursement report. Roll Call Vote: Ayes: Unanimous. Nays: None. Abstentions: None. Motion carried.

6. Palouse Regional Housing Study Report – Gina Taruscio, Executive Director, Partnership for Economic Prosperity/Brian Pointes, Thomas P. Miller & Associates

Riedner introduced Brian Pointes and gave a brief history of the study. Pointes said this report is about housing that is affordable, or attainable. Understanding what type of housing the area has and what shortages will provide guidance and activating an interest in partnership. Four focus groups were held in the area to invite input. Households who use 30% of their income for housing is a cost burden. Multifamily development has had a major effect on the community. The study found building costs are high and a need for more cost-diversity in housing including blending of student housing. Key recommendations are: develop a Palouse Housing Leadership Team; rural housing transition zones; clarity in development standards; development of skilled labor. Pointes provided numbers over the next ten years to close the housing gap and the recommended housing types. He suggests continuing research related to the report recommendations and meet with groups to work through the ideas and discuss impediments, and include collaboration with the Planning and Zoning Commission.

The focus groups had about 40-50 total participants with Colfax having the most attendance. Stakeholders would consist of real estate agents and construction companies or the entire community. Household family composition has changed which is why there is a need to change housing, with multifamily currently being more popular. There seems to be a knowledge of options but education is always a good option. The report will be distributed once each funder has had it presented. The report appendix has more detail for incentive recommendations, with one being increasing density in every zoning district. By improving housing unit production in urban areas, it would address some of the transportation issues. The Planning and Zoning Commission is already working on three of the items recommended. The City Council can review the report as a group once it is released.

7. A Street Phase II Project Approval and Funding Alternatives (ACTION ITEM) – Gary J. Riedner

On August 20, 2019, the Idaho Transportation Department (ITD) through the Local Highway Technical Assistance Council (LHTAC) opened bids for the A Street Phase 2 project. The A Street project includes $3,351,000 in grant funding. The apparent low bid was $875,850.18 more than the engineer's estimate and the project budget for grant eligible (street-related) construction, and $95,908.05 more than the engineer's estimate and project budget for non-grant eligible (water and sewer) construction. LHTAC has stated that grant funding has been exhausted and the increased construction cost is the responsibility of the local jurisdiction. LHTAC requires a decision of the City by Monday, September 16, 2019 in order to either accept or reject bids. Staff has attached a memo from the City Supervisor which includes an explanation of the project, proposed funding alternatives and recommendation.

PROPOSED ACTIONS: Approve the funding program recommended by Staff as proposed in the attached memorandum from the City Supervisor and advise the Local Highway Technical Advisory Council that the City agrees to fund the $875,850 grant-eligible increased project construction cost and $95,908.05 non-grant eligible increased construction costs of the A Street Phase 2 project, or take such other action deemed appropriate.

Riedner introduced the item as written above and described the project, including the funding timeline. Utility work would be taken from the utility funds. One million dollars was allocated in sewer funding to A Street but need to pay it back plus interest. As stated above, LHTAC is looking for direction. Council option one is to tell LHTAC Moscow is not interested in continuing the project. It has been engineered and right-of-way has been purchased. LHTAC would need to be reimbursed for the

engineering, approximately $500,000. Council option two is to ask LHTAC to rebid the project. there are some inconsistences in the bid but doesn't appear anything other than increasing construction costs. Council option three is to move forward with acceptance of the bid and find funding. Staff has identified funding and recommend moving forward with award of the contract with 2020 construction of A Street. Riedner went through the suggested funding options to proceed with the project. The funding options included using the Third Street corridor funding. The Transportation Commission heard the proposal last week and: "The Commission voted unanimously to endorse in principle the proposal for A Street as outlined by staff, with a strong recommendation that the Third Street project be reimbursed and prioritized for appropriation in the FY2021 budget."

Bettge shared his frustration with ITD but is in favor. With the Third Street funding being used, he would like staff to find funding in order to paint a bike lane on Third Street. Boland isn't happy with taking money from the Third Street improvements. As there isn't increased car traffic on Third, and it would enhance pedestrian and bike safety on a higher traffic arterial, he feels A Street needs to be completed in order to not to lose funding. Bonzo conveyed her appreciation to staff on their research and finding the funding to complete the A Street project. Sullivan agreed with Boland but wants to keep the improvements on Third Street as a goal.

Bettge moved to approve the funding program recommended by Staff as proposed in the memorandum from the City Supervisor and advise the Local Highway Technical Advisory Council that the City agrees to fund the $875,850 grant-eligible increased project construction cost and $95,908.05 non-grant eligible increased construction costs of the A Street Phase 2 project. Zabala seconded. Roll Call Vote: Ayes: Unanimous. Nays: None. Abstentions: None. Motion carried.

REPORTS

City Council

Transportation Commission – Zabala reported the Commission discussed A Street for most of the meeting.

Moscow Pathways Commission – Zabala said the Commission discussed commission survey questions; the bike and pedestrian underpass on Highway 95; and e-bikes and scooters.

Moscow Arts Commission – Bettge reported the majority of the discussion was regarding Artwalk.

Planning & Zoning Commission – Sullivan said discussions included the sign code supreme court ruling; eliminating same electrical service prohibition on ADU's; R-1 zoning and the covered off street parking requirement.

Fair and Affordable Housing Commission – Bonzo reported commission survey questions were discussed and there is fair housing training at 1912 Center this week.

1912 Facilities Committee – Boland said the Committee received a presentation from Design West Architects regarding second floor heat pump system and lighting options; incorporating utilities from the second floor into third floor; using the existing elevator for the stage in the auditorium rather than a separate lift.

Staff

Riedner reminded the Council members the quarterly regional breakfast meeting is Wednesday.

ADJOURN

The meeting adjourned at 8:41 p.m.

Bill Lambert, Mayor

ATTEST:

CITY OF MOSCOW INCORPORATED JULY 12 1887 STATE OF IDAHO

Laurie M. Hopkins, City Clerk

EXECUTIVE SUMMARY

Thomas P. Miller & Associates (TPMA) contracted with the Partnership for Economic Prosperity (PEP) to perform the following Housing Needs Assessment for the Palouse Region (Whitman County, Washington and Latah County, Idaho). This analysis stems from ongoing conversations among regional leaders about housing affordability, in particular, how it limits the opportunities for many residents and dampens the region's potential economic growth. Based on conversations with project stakeholders, TPMA was provided several directives. Firstly, it is important to investigate all forms of housing in the region, rather than focusing on just one segment, such as affordable housing. Secondly, the assessment must be regionally focused, rather than giving preference to either of the primary cities, or urban areas in general.

Over the past nine months, TPMA has sought to identify unfilled gaps in the current housing market, provide recommendations supported by best practices, and outline an early road map for implementation. It has been TPMA's intent from the outset of this project, **not just to investigate the what and why of housing in the Palouse Region, but to leave leaders with answers on how to improve current circumstances.** Our desire is that this analysis provides clarity, guidance, and inspiration to the citizens of the Palouse Region to take on that challenge.

The housing affordability issue in the Palouse Region is clear to any resident but can be further crystalized with a small handful of national and regional data points:

- **Recent survey research** indicates that over half of the region's residents agree that "affordable, decent housing" is an aspect of the community that needs improvement, ranking among the top three issues in both counties.[1]
- According to the United Way, more than half of all households in Whitman and Latah counties are either in poverty or Asset Limited, Income Constrained Employed (ALICE).[2]
- A large portion of residents' expenses are due to housing, which are higher than the national average in Pullman and Moscow (by 44% and 34%, respectively).[3]
- Housing is rapidly becoming less affordable. Nationally, construction cost per square foot for single-family homes has increased 32% since the end of the last recession.[4]
- Values are escalating even more rapidly in the Palouse Region. In 2018 Whitman County was among the nation's top 20% in increased cost of single-family homes, and Latah County in the top 40%.[5]
- As noted by numerous realtors and employers, housing quality and costs are noted as regular deterrents for high-talent individuals entertaining job offers in the region.

Based on thorough analysis of regional data, TPMA concludes that there is currently a gap in supply for single-family housing but not for multifamily housing. Forecasting demand is difficult because of the substitutability of use between housing types, especially in regions where housing affordability is a challenge. Despite this challenge, TPMA wishes to provide an outline of current and future demand. TPMA estimates that the region is currently short of the needed number of single-family homes by roughly 340 units; and over the ten-year period from 2017 to 2027, **the region will need over 2,600 additional single-family units (or roughly 270 per year). If accomplished, this change would result in a nearly two-fold increase in single-family housing production over the prior ten-year period of time.**

Accomplishing a greater level of housing development while still maintaining a high quality of place will require deliberate planning and coordinated action. TPMA proposes the following strategies for improving and expanding housing options in the Palouse Region, which are explained in more detail in the body of the Regional Housing Assessment.

- Identifying & Deputizing a Palouse Housing Leadership Team
- Development of Priority Land Set-Asides
- Development of an Attainable Housing Program
- Assignment of Student Housing Districts
- Establishing Rural Housing Transition Zones
- Use of Grants, Sponsorship & Incentive Programs
- Improved Clarity in Development Standards
- Increased Use of the Land Trust Model
- Development of Skilled Labor

In addition, TPMA proposes that regional leaders consider enabling and facilitating increased access to each of the following housing types. The body of the Regional Housing Assessment explains benefits of each housing type, strategies for mitigating community risks, ideal locations, successful best practices, recommended changes to zoning codes, and recommended first steps.

- Small Single-Family Homes—Also called pocket neighborhoods, micro homes, high-density detached, and cluster housing. These homes are smaller in size than conventional single-family homes and often exist in neighborhoods with shared spaces.
- Agrihoods—Neighborhoods which mix agriculture and residential land uses by surrounding a farm, garden, or orchard with residences.
- Tiny Home Neighborhoods—Tiny homes are generally 500 square feet or smaller, lower cost and frequently more environmentally friendly than traditional single-family homes. Tiny homes can be either on-wheels or installed on a foundation. But, those on foundations are generally easier for communities to permit and manage.

- Accessory Dwelling Units—Accessory Dwelling Units (ADUs) share a parcel with an existing housing unit and possess the necessary features of a legal residence, such as independent plumbing, parking, etc.
- Modular Built Homes—Modular Built Homes can be developed faster, and often cheaper, than traditional stick-built homes, and allow labor-constrained regions to add housing supply.
- Large-Scale Single-Family Housing Developments—Traditional large single-family homes are on standard large residential lots, with independent parking and yards for each unit. Continued development of large-scale single-family housing is necessary to support the growing professional, middle- to high-income workforce of the region.
- Senior Housing—Senior Housing includes an array of housing options that are more suitable for those over the age of 55 such as fully independent, assisted living, and nursing homes.

The Palouse Regional Housing Assessment provides an abundance of data points and research to support the above listed strategies. A few of these key data points are listed below:

- **Households that are cost-burdened by housing are common in the region.**[6] TPMA estimates that as of 2017, over 11,900 households were cost-burdened, equivalent to 37% of the region's population. This issue is not just isolated to college students, evidenced by the fact that 16% of homeowners earning between $50,000 and $74,999 are cost burdened.
- **Construction of multi-family units has dominated over the past several years while single-family development hit an all-time low in 2018.** Multi-family building has occasional years of punctuated growth on both sides of the border. Overall, however, fully 44% of all new residential development in the region since 2012 has been multi-family housing in Whitman County.
- **The region has seen dramatic increases in renter-occupied housing, which is only partially attributable to student populations.** Renter-occupied dwellings surpassed owner-occupied dwellings as the norm in the region in 2011. Over the past ten years, among households headed by people 25-years and older, owner-occupied housing units have grown only slightly (7%), while renter-occupied housing units have increased by 46%. In other words, the number of adults renting housing has increased six-fold more than the number of adults who own homes.
- **Pullman is leading the region in terms of population growth and employment growth, but Moscow is also holding its own.** In addition, the daily exchange of residents across the state border reveals that residents commonly choose to live in Latah County and work in Whitman County. In fact, 13% of Pullman's workforce resides in Moscow; whereas 5% of Moscow's workforce resides in Pullman.
- **The region's economy generally weathers recessions well.** During the Great Recession employment in the Palouse Region expanded and home values remained stable, although both decreased slightly for two years following the recession. Therefore, a national recession could have the counter-intuitive result of making the Palouse Region more attractive to real estate developers who are currently pre-occupied with higher-growth real estate markets.

LEGAL FEASIBILITY APPENDIX

TPMA's Palouse Regional Housing Assessment contains a host of potential strategies and recommendations for the consideration of regional municipal governing agencies, as well as non-profit, and for-profit partners. The identified strategies and best practices are solutions that have abetted the creation of housing units in other places in the United States with similar context to the Palouse Region. That said, as with any strategic recommendations, solutions must be fine-tuned to fit the local context of each community and regulatory environment. TPMA is aware that each state, county and city operate under different constitutional, statutory, and practical constraints such that not all recommendations may be feasible or legally permissible in every place in the region.

To provide further context and aid in the implementation process, the following table provides commentary on each of TPMA's core recommendations, specifically noting geographic areas where a particular recommendation is either not permitted by existing state or local laws, or it may not be permissible.[1] Recommendations that are understood to be legally impermissible are marked with an "X"; those that have some limitations are marked with "~".[2] In many cases, circumstances making the action achievable may require intermediary or partner organizations (typically non-profits) who can legally execute recommended actions where city and local government cannot.

Lastly, it is important to note that TPMA's objective with this table is to outline geographic locations with legal constraints to feasibility. Unmarked boxes are those understood to be legal, but their practicality and feasibility would still need to be determined through further research.

[1] Thomas P. Miller & Associates (TPMA) is not a law firm. In no way should these insights be construed as legal advice. To determine legal constraints in each region, community leaders should contact their own legal counsel for final determination.

[2] Research related to this appendix is based on TPMAs review of the following documents: Idaho State Constitution, 2013 Edition; Constitution of the State of Washington, Revised 01-12-11 and, to a lesser extent the Zoning and Comprehensive Plan documents for Whitman County and Latah County, respectively.

Recommended Action	City of Pullman	City of Moscow	Whitman County	Latah County
Priority Land Set Asides[3]	~	~	~	~
Cost Reduction Program[4]	~	~	~	~
Construction Loan Guarantee Program[5]	~	~	~	~
Land Cost Reduction[6]	~	~	~	~
Priority Incentives[7]				
Attainable Housing Builders' Toolkit				
Student Housing Districting[8]				
Rural Housing Transition Zones				
Grants, Sponsorships & Incentive Programs				
Clarity in Development Standards				
Increased Use of the Land Trust Model				
Development of Skilled Labor				

[3] Technically possible for each multiplicity but requires ability to purchase land at market value or acquire through the property auction process.
[4] In both Washington and Idaho, fee reduction is legal but reduction of tax burden is less clear.
[5] In both Washington and Idaho, state entities cannot take on debt from private parties, however, this program could be achieved through partnership with an intermediary, such as a credit union, foundation or other such entity.
[6] In both Washington and Idaho, city and local government has limited ability to provided preferred cost sales to private sellers; however, they are permitted to provide a decrease in cost via a tax credit if land is purchased for the purpose of housing.
[7] There are many forms of incentives that are at the discretion of the Departments of Commerce, and local County Commissioners.
[8] Local government cannot and should not discriminate against renters or homeowners based on status as college students. This recommendation can be achieved through overlay zoning that incentivizes college students to live in a given area.