

## **FY24 HUD PRO Housing NOFO Application**

### **EXHIBIT A: EXECUTIVE SUMMARY**

For years, Boise has consistently topped national lists that name the City as one of the most livable in the country. Among these livability characteristics, housing affordability has long been included as one of the City's greatest assets for current and new residents alike. However, in a trend that became broadly visible just before the COVID-19 pandemic but was already being acutely experienced by our lowest-income residents, including those experiencing homelessness, the City has become increasingly costly to afford to live in, largely because of skyrocketing housing prices that have far outpaced what has amounted to comparatively marginal wage growth. This unprecedented change in our housing market has deeply impacted residents of low and moderate incomes and has laid bare the barriers faced in Idaho to adequately respond to and create a policy environment that enables Idaho residents to affordably and stably stay housed.

Because of the housing crisis facing Boise, since 2020, the City has sought to use all the policy levers available to it to address the spiking housing prices that accompanied significant immigration to the area. To respond quickly and effectively, in the last four years, the City has implemented a comprehensive strategy aimed at creating and preserving affordable housing:

- Leasing City-owned land for development of multi-family housing
- Investing over \$50 million in local and federal funds to make affordable housing projects financially feasible
- Seeding a flexible funding investment pool for supportive housing
- Working with the local housing authority to project-base Housing Choice Vouchers in order to enable a pipeline of permanent supportive housing developments
- Modernizing the zoning code to reduce barriers to housing development
- Codifying new zoning incentives for income-restricted housing
- Creating fee exemptions and deferrals for affordable housing development
- Partnering with local nonprofits to provide financial assistance through its Homeownership Opportunity Program
- Working with a local nonprofit to pilot programs to incentivize ADUs and permit moveable tiny homes on wheels, and
- Creating a new staff position solely focused on streamlining and expediting the entitlement and permitting processes for affordable housing.

The City is continuing to work to identify both funding and creative approaches to addressing housing affordability. To address the significant limitations and barriers in terms of policy and funding options available in the state of Idaho, our proposal for funding from Pathways to Removing Obstacles to Housing (PRO Housing) centers on the City of Boise's goal to directly address two remaining barriers:

- Identify and implement a sustainable source of funding (i.e., gap financing) to support development and/or preservation of affordable housing across the City.
- Identify and implement a sustainable source of funding to pay for required impact and sewer connection fees, which cannot be waived, per state statute. Note: the City has already found the short-term deferral of these fees to be a desired benefit for affordable housing

projects. A recent financial analysis indicated that exempting them entirely, combined with the other incentives provided in the zoning code, would further incentivize affordable housing development and create an overall more powerful incentive package.

By addressing each of these barriers using PRO Housing funds, this application is a concerted effort to creatively and effectively pursue a sustainable way to remove identified barriers. Therefore, our proposal seeks to establish a revolving loan fund using PRO Housing funds and, further, seeks to leverage local funds by establishing a new program that would pay for impact and sewer connection fees for affordable housing projects that meet the City's housing goals.

## **EXHIBIT B: THRESHOLD REQUIREMENTS**

III. A. Applicant type: 02 (City of township government) – City of Boise City, Idaho

III. D. 1. Civil Rights Matters: The City of Boise does not have any outstanding civil rights matters at the time of application.

III. E. Eligibility Requirements

- UEI and SAM.gov: The City of Boise has maintained an active registration on Sam.gov since April 27, 2001. The City's UEI is HHBYKBT1RJQ5
- Outstanding Delinquent Federal Debts: N/A. The City of Boise does not have any outstanding delinquent federal debt as of October 15, 2024.
- Debarments or Suspensions: N/A. The City of Boise does not have any debarments or suspensions as of October 15, 2024.
- Mandatory Disclosure Requirement: completed with application submission
- Pre-selection Review of Performance: The City of Boise does not have delinquent federal debt of the type described in 31 U.S.C. 3720.
- Sufficiency of Financial Management System: As of HUD's most recent monitoring of the City of Boise's CDBG program (2019), HOME program (2024), and internal audit (2023), there were no findings related to the City of Boise's financial management system.
- False Statements: completed with application submission
- Prohibition Against Lobbying Activities: completed with application submission

IV. B. 1. Content: All Forms, Assurances, and Certifications will be uploaded in Grants.gov.

IV. B. 2. (4). Code of Conduct: The City of Boise's Code of Conduct and Procurement Policies will be uploaded with the application in Grants.gov.

## EXHIBIT C: NEED

### **Demonstrated Progress and Commitment to Overcoming Local Barriers**

The City of Boise (the City) has identified and is addressing, mitigating, and removing barriers to affordable housing production and preservation through a set of comprehensive macro and micro strategies. After a multi-year effort that included significant community engagement, the City adopted a new, modern zoning code in June 2023 that entirely replaced the former, 60+ year old code that nearly exclusively catered to single-family homes in residential zones. In addition, a 2022 Technical Assistance Panel from the Urban Land Institute, funded through contributions from the City and the Terwilliger Center for Housing, identified the fees associated with development as a barrier to housing affordability that other cities had addressed through policy change. As a result of this recommendation and the input of our local affordable housing developers, the City has recently created (Summer 2023) several fee deferrals and exemptions for building permit and development fees, sewer connection fees, and impact fees when affordability criteria are met.

**Land Use Policies:** In June 2023, the City adopted a new zoning code (effective December 1, 2023) that seeks to optimize the City's land use by encouraging a variety of housing types and increasing residential density across the City. The previous code had numerous regulatory barriers that limited or encumbered the ability of developers to respond to the City's increased housing demand on limited available land. These limitations included large minimum lot sizes, height limits and arbitrary density limits. The updated zoning code allows developers to produce lower-cost housing types, such as accessory dwelling units, missing middle housing (duplexes to fourplexes), and multifamily housing by increasing permitted density, removing or reducing parking requirements, permitting by-right housing types in all residential zones, and streamlining the review and public process for specific housing developments. Further, the new zoning code mapped and rezoned high-opportunity areas to increase development capacity and neighborhood livability.

One of the main objectives of the new code is to support and increase the supply of diverse, affordable, and sustainable/resilient housing. Therefore, by implementing specific incentives that align with our housing needs (demonstrated via our 2021 and 2024 Housing Needs Analyses<sup>1</sup>), the new code promotes the development of affordable housing targeted at serving renters earning no more than 60% of the area median income (AMI) in certain, medium- to high-density and mixed-use zones, no more than 80% AMI for renters in large lot or suburban residential zones, and no more than 100% AMI for homeowners. The incentives include allowing higher density housing types (including reduced lot sizes) in large lot and suburban residential zones when affordability targets are met and reducing or waiving parking and height requirements in medium and high-density zones. Further, the new code incentivizes adaptive reuse and the efficient use of existing infrastructure for affordable housing in all residential zones by exempting setback requirements and reducing parking requirements.

The City is also currently working with a consultant team to evaluate the effectiveness of the affordability incentives, with the goal of ensuring that the incentives offered are scaled

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<sup>1</sup> City of Boise. (2021). Housing Needs Analysis. <https://www.cityofboise.org/media/14362/boisehousinganalysis-2021-report.pdf>

appropriately for developers to bring affordable units into what would typically be a market rate project.

### **Fee Waivers and Deferrals:**

- **Permit Fees:** The City introduced a new building permit fee schedule and policy starting October 1, 2023, to exempt permit fees for affordable housing developments that include a minimum of 50% of the rental units available to households at 60% AMI or 100% AMI for home ownership. In addition, affordable housing projects can qualify to defer the building permit fees up to the issuance of the certificate of occupancy for developments that include a minimum of 25% of the rental units available to households at 80% AMI or 120% AMI for home ownership. This tiered approach encourages housing production for low- and moderate-income populations.
- **Impact Fees:** The City now offers impact fee deferrals up to the issuance of the certificate of occupancy for affordable housing developments that include a minimum of 25% of the rental units available to households at 80% AMI or 120% AMI for home ownership.
- **Sewer Connection Fees:** The City now offers a 17-year sewer connection fee deferral for multifamily affordable housing developments that include a minimum of 50% of the rental units available to households at 60% AMI or 100% AMI for home ownership. The affordable housing units that meet these criteria would be eligible to defer the sewer connection fees for those units. Repayment of the sewer connection fee would begin once the project is cash flow positive, for a maximum term of 17 years.

### **Other Recent Actions Taken to Overcome Barriers**

**City Projects and Programs:** In addition to the aforementioned efforts, the City is also working to preserve affordability, increase access to affordable, accessible housing in high opportunity areas, and invest in underserved communities. These efforts are most readily apparent via the following initiatives:

- **Housing Investment Program:** The goals of this program were set in direct response to the needs identified in the City's 2021 Housing Needs Analysis and, therefore, focus primarily on producing 250 units of permanent supportive housing that serves households exiting homelessness, producing 1,250 units of affordable housing that serves households earning 60% AMI or less, and preserving 1,000 units of housing that serves households earning 80% AMI or less. The City has contributed more than \$60M to this program so far since 2021: \$43M in local funds (i.e., the City's general funds), \$12M in SLFRF, and \$6.7M in ERA-2 funds. Additionally, the City has contributed five parcels of City-owned land for affordable housing projects, which will result in approximately 926 units (134 already occupied, 184 currently leasing up, and another 608 coming online in the next two to four years). Given these efforts, the City is on track to meet 78% of its affordable housing production goal and 77% of its permanent supportive housing goal (see next bullet).
- **Permanent Supportive Housing (PSH) Pipeline:** In 2023, the City acquired a 48-unit apartment complex to serve households exiting homelessness, the City has committed gap financing to a second project to expand a site-based PSH project (this project has also been awarded Section 8 project-based vouchers and is under construction), and the City is ground leasing a site in a high opportunity area to build another site-based PSH project for our most medically fragile individuals experiencing homelessness. These efforts will

produce another 193 units of site-based PSH, in addition to the 67 units the City has already invested in the City’s first two site-based PSH projects. This effort includes the City, in partnership with our local Continuum of Care, contributing \$7.5M to establish a first-of-its-kind in Idaho a Supportive Housing Investment Fund to provide supportive services at site-based PSH projects. This fund – designed as a flexible funding investment pool – is the first of its kind for this purpose in Boise to leverage philanthropic, health systems and government resources to ensure residents exiting homelessness to PSH can successfully maintain their housing.

- **Manufactured Home Community Preservation:** Establishing a partnership with our local housing authority and seeding a program to preserve manufactured home communities. Our first effort in this vein involved the City acquiring a 26-lot community that is now managed by our local housing authority as a pilot project to ascertain whether we can replicate this model going forward to preserve naturally occurring affordable housing within the City. The City has now owned the community for 2 years and we are currently evaluating the outcomes of this partnership/program.
- **City-Owned Rental Property Policy:** Restructuring our rent policy to ensure that no household who lives in City-owned rental housing pays more than 30% of their income to rent. The City owns and operates nearly 200 units of affordable housing and is subsidizing the operations and maintenance of that portfolio to preserve housing, especially in high opportunity areas and also for underserved communities. All of our tenants have significant barriers to housing and many of our tenants live in City-owned rental housing because no other landlord in our community will house them. The City’s occupancy criteria prioritizes housing people exiting homelessness.
- **Preserving Affordability:** Investing in home improvement, particularly for households on fixed incomes. Through the City’s Home Improvement Program, residents below 80% AMI can apply for a loan or grant and have home repairs addressed to ensure their housing remains safe, decent, and affordable. Over the past three years, this program has almost exclusively served elderly residents under 50% AMI via grants for home repairs.
- **Affordable Housing Project Manager:** The City now has a project manager assigned specifically to affordable housing projects to expedite the entitlement and permitting processes, while offering a single point of contact for all City-related questions. Feedback from affordable housing developers is unanimous in their enthusiastic support for this position and its positive impact on accelerating timelines.

### **Acute Need for Affordable Housing**

The City has an acute demand for affordable housing that has made national news numerous times in the last handful of years, including at one point being named the least affordable housing market in the U.S. following an Oxford Economics study<sup>2</sup> (only Vancouver, Canada was found to be less affordable in North America). The study concluded that Boise’s home prices were 72% above what a median-income household could afford and called Boise “the most rapidly increasing [Housing Affordability Indices] of any metro in our U.S. projections.”

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2 Krutzig, S. (2021, November 13). Boise is now the least affordable housing market in U.S., study says. *The Seattle Times* [online], <https://www.seattletimes.com/business/real-estate/boise-is-now-the-least-affordable-housing-market-in-u-s-study-says/>

Boiseans are still grappling with the downstream effects of underproduction throughout the Recession, alongside the impacts of the “Zoom-boom” and significant growth over the last five years (Boise was rated as the sixth-fastest growing city in the U.S. in 2023-24 by U.S. News & World Report<sup>3</sup>). An analysis of April 2024 market data by the National Association of REALTORS found that, since the pandemic, Idaho was one of two states that surpassed California as the most unaffordable states for homebuyers<sup>4</sup>. Similarly, a Boise State Public Radio article published in September 2024 ranked Idaho as the second-least affordable housing market in the country. The article goes on to state: “Households earning \$100,000 each year, which is far above Idaho’s median of \$74,000, can only afford to buy about 17% of all homes listed for sale. In Boise, just 10% of all properties are considered to be affordable for households with a \$100,000 annual income.”<sup>5</sup>

Therefore, beyond the national headlines, to educate our City elected officials and to understand exactly where to invest limited resources, we quantified the City’s affordable housing needs via a Housing Needs Analysis originally completed in 2021, and recently updated and refined in July 2024.

The analyses evaluate housing demand, supply, vacant and underutilized land, special needs populations (e.g., people experiencing homelessness, students, and resettled refugees), and the cost of development. Previous local studies focused nearly exclusively on population growth but did not include other factors that influence our local demand. Therefore, to quantify the demand for housing in the City, these two most recent analyses included population growth, vacancy rate, housing condition, severe overcrowding, homelessness, cost-burdened households, and construction trends in the methodology.

### **2024 Analysis Key Findings:**

- Housing demand continues to remain high – the City will require 2,019 new or significantly renovated units each year over the next 10 years to meet demand.
- Construction within the City has fallen short of the units needed by 300-800 units annually over the last three years.
- The cost of construction continues to be a significant barrier. According to the Mortenson Construction Cost Index, the overall cost of construction has increased 40% nationally since 2018.
- The greatest need for housing development and support is for households earning less than 80% AMI.
- Six of every ten households earning less than 80% AMI are cost burdened – spending more than 30% of their income on housing costs.

Perhaps most notably, the analysis identified that housing demand is not allocated evenly across household income brackets. Households with incomes lower than the area median income are more

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3 U.S. News and World Report. Fastest-Growing Places in the U.S. in 2024-2025.

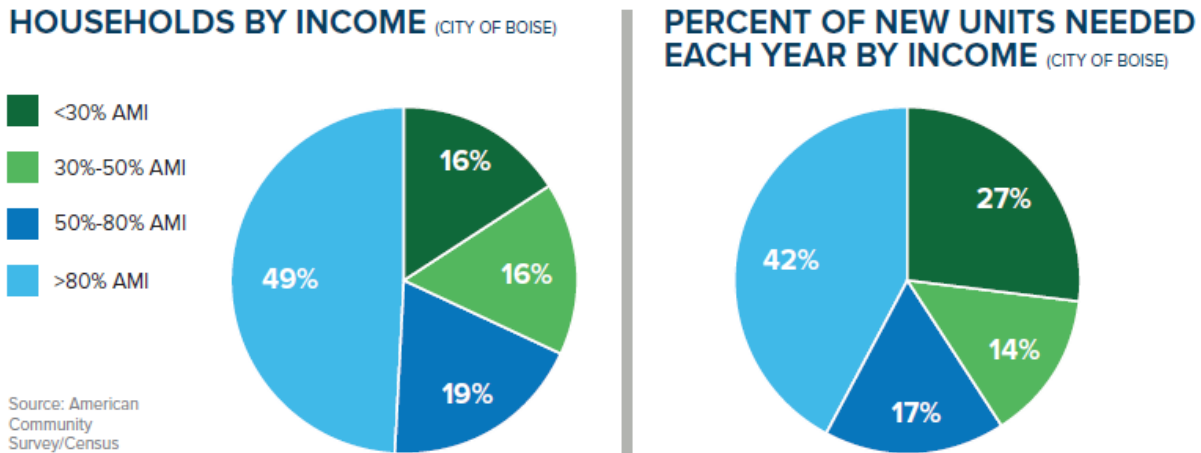
<https://realestate.usnews.com/places/rankings/fastest-growing-places>

4 National Association of Realtors. ©2018. Realtors Affordability Distribution Score. All rights reserved. September 25, 2024. <https://www.nar.realtor/research-and-statistics/housing-statistics/realtors-affordability-distribution-curve-and-score>

5 Dawson, J. (2024, September 17). Can’t afford a home in Idaho? You’re not alone. Boise State Public Radio News [online], <https://www.boisestatepublicradio.org/news/2024-09-17/idaho-not-affordable-housing-market>

likely to need housing interventions, and units affordable to those households are less likely to be developed by the housing market at large.

In Boise, 51% of all households earn less than 80% of the area’s median income, and only 36% earn more than 100% of the area median income.



Of the new units needed each year, 58% (892 units) need to serve households earning at or below 80% AMI. Unfortunately, the analysis also found that the cost to develop one unit increased by approximately \$95,000 since 2021, to a current total of \$325,000. This sharp increase results in an annual development cost of \$290 million, just to meet the affordable housing need.

### Local Rental Market

In addition to the conclusions of our Housing Needs Analyses, we also know that between 2017 and 2020, the average rents in Boise increased by 19% and from 2020 to 2021, the average rents increased by nearly 26%<sup>6</sup>. In fact, in 2020, Boise saw the highest rent increase in the nation<sup>7</sup>. Although rents have seen a slight (3.9%) decrease in 2024, the vacancy rate has also decreased, to 2.73%<sup>8</sup>, indicating significant demand for rental housing. The average rent across all property types in mid-2024 is \$1,900 in Boise. This sets the city just behind the average monthly price renters pay in Hawaii (\$2,399) and on pace with California (\$1,844) or the District of Columbia (\$1,785)<sup>9</sup>. Further exacerbating the crisis, Boise incomes have not kept pace with the significant increases to the cost of housing.

An Idaho Statesman article published October 2022<sup>10</sup> analyzed data from the U.S. Census Bureau, the Bureau of Labor Statistics, and Intermountain Multiple Listing Service (MLS) and found, “In

6 Day, D. (2022 August 23). Apartment rents zoomed in 2021. So far in 2022, the increases aren’t as sharp. *Boise Dev* [online] <https://boisedev.com/news/2022/08/23/boise-apartment-rents/>.

7 Suppe, R. (2021 February 8). Study: Boise saw highest rent increases in US during pandemic. *Idaho Press* [online] [https://www.idahopress.com/news/local/study-boise-saw-highest-rent-increases-in-us-during-pandemic/article\\_3f5ebec1-920a-5053-90b5-ffd8af1659f.html](https://www.idahopress.com/news/local/study-boise-saw-highest-rent-increases-in-us-during-pandemic/article_3f5ebec1-920a-5053-90b5-ffd8af1659f.html)

8 We Know Boise.com Boise Rental Market & Vacancy Rates. <https://www.weknowboise.com/rental-market-vacancy-rates.php>

9 World Population Review. ©2024. Average Rent by State. <https://worldpopulationreview.com/state-rankings/average-rent-by-state>

10 Schwedelson, P. (2022, October 24). ‘The data makes it pretty clear’: Boise-area home prices rise 4 times as fast as income. *Idaho Statesman* [online] <https://www.idahostatesman.com/news/business/article259538904.html>.



February 2012, the median price of an Ada County home was \$158,000. By February 2017, it was \$256,600, up 62.4%. Five years later, in February 2022, it was \$549,900. That's a 114.3% increase from 2017 and a 248% increase from 2012. Meanwhile, the median household income in Ada County was \$53,909 in 2012. By 2017, it was 12.9% higher — \$60,858. Now, Roeser [an Idaho Department of Labor economist] estimates the median household income at \$77,272 (a 27% increase from 2017), based on 2019 data adjusted using the Employment Cost Index, a federal survey of employer payrolls to monitor changes in employee compensation. So in the past five years in Ada County, home prices have increased 4.2 times faster than incomes. In the past 10, they increased 5.7 times faster. The median house now costs seven times as much as the median income, compared with 2.9 times in 2012 and 4.2 times in 2017.”

The Boise Regional Realtors Association tracks market trends and statistics for Ada County and despite the market reaching a high in April of 2022 (median home sales price of \$602,250) and a brief cooling at the end of 2023, the current median sales price has remained consistent around \$545,000 for the majority of 2024, a 0.5% increase from August 2023. Despite lower median sales prices (compared to the height of the pandemic in 2022), mortgage rates continue to prevent most low-to-moderate income households from accessing the single-family home market.

Further exacerbating the housing shortage, a significant number of LIHTC projects are reaching the end of their compliance period and it is anticipated that conversions to market rate will have a significant impact on the already small portfolio of affordable units in the community. In 2023, 257 units reached the end of the compliance period, an additional 274 units will expire in 2024, and in 2026 200 more units will reach the end of the compliance period. Those units represent approximately 38% of the LIHTC units in Boise.

### **Remaining Key Barriers to be Addressed**

Funding sources for affordable housing development in Idaho are extremely limited, consisting almost solely of federal funds such as LIHTC, HTF, and HOME funds made available statewide. Despite its limited revenue options to fund affordable housing, the City has, since 2021, invested more than \$50 million in affordable housing production and preservation targeted at households earning 60% AMI and below and households exiting homelessness. As a result and, as mentioned previously, the City is currently 78% of the way to its goal to create 1,250 new units of affordable housing and 77% of the way to its goal of creating 250 units of Permanent Supportive Housing by 2027. However, the ongoing need for affordable homes (estimated at 892 units affordable to households at 80% AMI annually until 2034) far eclipses the projected supply. Since January 2020, 6,504 new homes have been permitted in Boise; however, only 13% of those units are affordable to households earning 80% AMI or less and nearly 100% of the affordable units include direct investment from the City.

The key barrier that still exists for the City that needs to be addressed to produce and preserve more affordable housing is the availability of financing and subsidies for affordable housing, specifically sustainable strategies that do not rely on inconsistent and unpredictable one-time funds. The state of Idaho severely hinders the City's ability to invest in the production or preservation of affordable housing:

- A 2019 National League of Cities report<sup>11</sup> found that Idaho is the only state in the country that does not have any of the housing affordability tools available, at least to some degree, in every other state in the country. The state restricts the City’s ability to require inclusionary zoning or set rent control, as examples.
- Idaho provides no state funding for housing. The state has no funded housing trust funds or state tax incentives. An attempt to provide a property tax exemption for affordable housing projects at the legislature in the 2023 session did not gain traction.
- The City cannot implement an anti-displacement program or require replacement of naturally occurring affordable housing impacted by privately financed development.
- Local governments in Idaho do not have the authority to levy the taxes and fees that are often used to fund affordable housing in other states, such as local option taxes, fees on new construction and demolition, real estate transfer taxes, and document recording fees.
- Inclusionary zoning has been ruled unconstitutional by two courts in Idaho.
- Jurisdictions may not loan general funds and, to contribute general funds in any way to projects, local jurisdictions must have a real interest in the project (e.g., land ownership). Developers have shared with us that low interest and slow pay back periods are preferred over grant contributions.
- Under state code, cities may exempt impact fees for affordable developments, but only if the exempt development’s proportionate share of system improvements is funded through a revenue source other than development impact fees. Given Idaho cities’ limited ability to create additional revenue sources, general funds are in most cases the only viable source to pay for the exempted impact fees.

Given the current market, gap financing is required to bring affordable units online and no predictable, consistent, and sufficient financing source exists to fill this purpose and all projects developed rely on LIHTC as a component of their project funding stack.

Despite the deep reliance on LIHTC, the Idaho Housing and Finance Association (IHFA), responsible for the administration of the LIHTC program, had a total, statewide tax credit availability of \$6,721,543 for the 9% competitive round in 2024 and, given the current Qualified Allocation Plan and the demand for 9% tax credits, the City of Boise cannot rely on this source for projects in its pipeline. Therefore, the City has to turn to the 4% tax credits which require gap financing – and, as delineated above, a sustainable gap financing source that would meet the needs of these projects does not currently exist.

Further exacerbating the funding landscape, unusually high usage of the state’s Private Activity Bonds (PABs) has resulted in Idaho reaching its federally imposed Volume Cap for the first time ever in 2024. This is primarily due to awards of PABs by Idaho’s Governor for exempt facilities totaling \$91,000,000 – far outweighing the \$24,000,000 allocated to multifamily affordable housing projects. Four projects within Boise are now pending, entirely dependent on the 2025 Volume Cap availability to pair with 4% tax credits and will be forced to compete against projects throughout the state for this vital resource.

Lastly, as it relates to the availability of other federal fund sources for use in City of Boise projects, IHFA also receives the HTF allocation for the state and is the only entity besides the City that

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11 National League of Cities “Local Tools to Address Housing Affordability: A State-by-State Analysis”.  
<https://www.nlc.org/wp-content/uploads/2020/10/local-tools-to-address-housing-affordability-a-state-by-state-analysis.pdf>

receives HOME funds in Idaho; notably, IHFA has a policy that they do not spend HOME funds in Boise since Boise receives its own allocation. Respectively, IHFA's allocations for those programs in 2024 are \$3,144,833 and \$4,987,264. The City will receive \$677,559 in HOME in 2024. Not including any potential carry over from previous years' unallocated funds, the total allocation of federal funds available for housing development across the entire state of Idaho in 2024 is \$15,531,199. As noted in the 2024 Housing Needs Analysis, Boise alone needs \$290,000,000 in total development costs annually to meet the demand for affordable housing. Available federal funds represent 5.3% of the total funding need and yet, on average, the City's recent affordable projects have needed public funds to support 10-12% of each project's development cost.

The lack of available subsidies, coupled with rising construction costs, has discouraged many developers from producing affordable housing in Boise. In an Idaho Statesman article<sup>12</sup> interview, local developer Clay Carley "analyzed the cost and return and found that for developers to provide housing for someone who makes 80% of the area median income in Boise, the subsidy needed is 40% of an apartment building's cost. For a \$350,000 one-bedroom apartment downtown, a developer would need \$140,000 for each unit to come from a source willing to give the money for free, he said."

Although the City has partnered with experienced and mission-oriented affordable housing developers, additional affordable developers who want to move into the Boise market have not done so because of the lack of financing sources available or other statewide policy tools that would enable their ability to develop here.

As previously outlined, the City has worked diligently to remove other types of barriers such as zoning and land use reform and has also started implementing an action plan to improve its permitting procedures (including timing and predictability) based on a set of recommendations made by a consulting firm the City hired for this purpose. With the new zoning allowances for by-right and diverse housing throughout Boise, the City is implementing enhancements to the building permit processes. While Boise permitting and inspections services are efficient by mid-size city standards, creating the most streamlined service for housing construction is our goal. However, the most efficient and streamlined government planning and permitting processes and incentives cannot overcome the lack of a sustainable, consistent, and predictable funding source for affordable housing development.

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12 Spacek, R. (2023 January 20). Developers say they can't build affordable apartments the Boise area needs. This is why. *Idaho Statesman* [online] <https://www.idahostatesman.com/article260345745.html>

## EXHIBIT D: SOUNDNESS OF APPROACH

### Vision

Our proposal seeks to increase the production and preservation of affordable housing across a broad geographic area over a sustained timeframe by implementing strategies that will seek to overcome remaining/ongoing barriers and develop a sustainable source of gap financing.

### **Proposed Activity**

The City intends to use PRO Housing funds to establish a revolving loan fund, which would provide gap financing to developers seeking to build or preserve affordable housing in Boise. The PRO Housing Loan Fund would be available to developers for construction of new affordable housing, acquisition of existing housing that is either naturally occurring affordable housing (NOAH) or housing that may be at the end of its LIHTC (or other federally required) compliance period, or acquisition of vacant housing or commercial property that may be suitable for conversion to residential. This activity would facilitate affordable housing production and preservation, benefitting low and moderate income households, and is an eligible activity per the NOFO Sections III.F.2.c.ii.A.&C. and III.F.2.c.iv.A.,G.,&H.

All housing financed with a loan of PRO Housing funds would be required to provide at least 80% of the project's total housing units to households at or below 60% AMI for new construction or at or below 80% AMI for acquisition/preservation projects. Along with loan documents, the City would execute a deed restriction (Memorandum of Restrictive Covenants) tied to the property records requiring the units to remain affordable for a minimum period of 30 years. Projects on City-owned property would also be subject to the terms of the City's land lease, which requires a minimum of 75 years of affordability. Loans made from PRO Housing funds would have a five-year deferral period, in order for the project to fully stabilize, after which amortized payments of principal and interest would be due annually over a 30-year term.

Alongside the PRO Housing funds, the City would leverage \$2,050,000 from its General Fund to establish a new program to remove the barrier that paying impact and sewer connection fees creates for affordable housing development. The City would use the committed funds to pay these fees on behalf of new affordable rental projects that meet the City's existing thresholds to have building permit fees waived: providing a minimum of 50% of the units for households at 60% AMI or below. Per state statute, the City legally cannot waive the payment of these fees. In a 2024 analysis of the City's incentives for its voluntary inclusionary housing program, consultants from Street Level Advisors and BAE conducted financial modeling related to those incentives. As a result of this modeling, they recommended exempting impact fees for projects that meet affordability criteria to further incentivize affordable housing development.

The General Funds committed to this effort would be kept in a separate, interest-bearing account and, in order to ensure that this resource is able to address the barrier sustainably, the interest accrued on PRO Housing loans during the five-year deferral period would be paid into the account to fund future payments of impact fees.

Alongside the PRO Housing loan and payment of fees, the City would also support these projects holistically through the following complementary programs/initiatives:

- Assignment of a project manager specifically to coordinate interactions between the developer and City planners throughout the entitlement process, then continuing to serve as the single point of contact for the developer throughout the building permitting, construction, and inspection phases of the project.
- Expedited building plan review and waiving of building permit and plan review fees.
- Deferral of sewer connection fees until Certificate of Occupancy.
- Completion of the Environmental Review at the City's expense.

Within the City's new modern zoning code, projects developing affordable housing at the levels that would be required for a project to receive a PRO Housing loan are also provided the following incentives (depending on the project's zoning):

- 50% parking reduction in R-1B, R-1C, R-2, R-3, or MX-3 zones.
- Removal of all off-street parking requirements in MX-4 and MX-5 zones.
- Height limits may be exceeded in the MX-4 zone (MX-5 zones have no height limit).

Projects receiving PRO Housing loan funds will be required to ensure that any existing low-income tenants are not permanently displaced as a result of acquisition or rehabilitation. The City's PRO Housing loan program anticipates opportunities to preserve existing affordable housing and developers using funds for a preservation project will be required to follow the City's recently updated Residential Anti-Displacement and Relocation Assistance Plan (RARAP). The development of revolving loan funds for both gap financing and paying impact fees dovetails into the existing programs that the City has already developed to incentivize affordable housing. Together, with the modern zoning code, these programs encompass a full range of support for development: allowed density, project management, expedited processing, fee waivers, and gap financing.

### **Timeframe**

The City would develop an application for funds within the first three months following the execution of grant agreements. Proposals would be accepted on a rolling basis as long as funds remain available, and the City anticipates being able to provide a letter of commitment for successful applications within four weeks of receiving a proposal. Given past experience funding affordable housing development, the City would expect the project to reach financial closing anywhere from six to twelve months following the initial commitment, during which time the City's compliance team completes the Environmental Review and other due diligence. Typically, leasing of a newly constructed project can begin 24-36 months from the start of construction, so the City would anticipate the initial PRO Housing-funded units being occupied approximately three years from the execution of grant agreements. Projects preserving existing affordable housing would have a much shorter timeframe from submittal of the developer's application to the PRO Housing funds being used for acquisition, primarily dependent on the completion of the Environmental Review and other due diligence requirements before the purchase can be authorized.

Generally, as the PRO Housing funds are planned to be used to establish a revolving loan fund, there is no specified end date, and it is intended that the funds would continue to be available for decades to come. Given the high need for housing in Boise and the known projects in the City's long-term development pipeline, the City anticipates being able to loan all the requested PRO Housing funds within four years of the execution of the grant agreement. The City will establish loan terms that require payments of principal and interest over a specific term, which will be returned to an interest-bearing account, to ensure availability of funds over time. As an example, the City created, and continues to rely on, a revolving loan fund – seeded with CDBG funds and operated in a substantially similar way – that has allowed our Home Improvement Program to operate self-sufficiently for decades.

### **Addressing Key Barriers**

As identified in the Need section of this application, the City has done extensive work to identify and remove regulatory and procedural barriers to developing affordable housing that are within the City's purview; however, affordable housing projects still face significant challenges due to the lack of a sustainable gap financing program that can invest in projects in the most beneficial way (i.e., a loan) beyond the City's limited existing federal resources. Establishing a loan fund that would revolve, ensuring continued availability of funds, would allow the City to administer a sustainable and reliable resource that directly addresses Boise's greatest need: gap financing for affordable housing projects. Addressing this need would facilitate the development of more affordable housing units, allowing the City to move closer to achieving the benchmarks identified in the Housing Needs Analysis.

As indicated via ongoing discussion and engagement with developers of affordable housing working in Boise, the updated zoning code does enable more dense projects and eases the entitlement process but, overall, there is still a need for additional financing to balance the sources and uses of the project's budget. Developers who work in surrounding states have referenced programs that are able to offer tax abatement, or local funds available to support affordable development, yet Boise is forced to rely solely on its federal entitlement funds.

### **Similar Efforts**

Pandemic-relief funding that the City received from the U.S. Treasury Department demonstrated the impact that increased financing for affordable housing can have in the community. Working in partnership with affordable housing developers, to date, the City has deployed \$12,200,000 in gap financing, resulting in 191 units of new rental housing for households at or below 80% AMI and 95 new units of permanent supportive housing for households exiting homelessness, referred from the Continuum of Care's Coordinated Entry system.

Developing the internal systems and processes to accept project applications, determine regulatory compliance, and maximize the available resources to achieve the highest number of units with these various fund sources enabled the City to identify opportunities for increased flexibility and further deepened the team's knowledge and understanding of challenges affordable housing developers face locally. These projects were also some of the first to use the City's new incentives and fee waiver programs, which led to the development of agreement templates, increased

coordination between the Housing, Planning, and Building teams, and better internal processes for tracking and managing projects.

The City is now well positioned to support affordable housing projects holistically, having the systems and processes in place to efficiently move projects through to fruition.

### **Environmental Risk**

Boise has a longstanding history of environmental stewardship and is leading the way to address the complex challenges that climate change presents to our community. To prepare for future changes and enhance resilience, the City initiated the Boise Climate Adaptation Assessment.<sup>13</sup> The study identified the most significant climate change related impacts that Boiseans will experience over the next 60 years. Based on scientific climate models, the following impacts were detailed: heat stress (increased frequency of High-Risk days, when the heat index exceeds 103 degrees), increased occurrence of heavy precipitation days, increased flooding danger, increased irrigation demands, increased drought frequency, increased potential for chronic air quality problems due to wildfires, and decreased water quality due to declines in flows in the Boise River.

Boise has a goal of enhancing community resilience and our local ability to adapt to climate change impacts, including achieving community-wide carbon neutrality by 2050. The City has created a Climate Action Roadmap to identify the steps to achieving that goal, which is guided by three main principles: improving health and wellness, advancing equity, and growing a climate economy. One of the key climate priorities is focused on reducing energy use in buildings by improving energy efficiency in both existing buildings and new construction. The city has been working on this topic for many years, developing the Green Building Code, which provides a roadmap for builders and developers to incorporate energy efficiency into new construction and goes beyond the minimum requirements of code, and adopting the International Green Construction Code (IGCC) for projects that want to be verified as green buildings.

All PRO Housing funded projects will be required to incorporate efficient systems and opportunities to reduce emissions. The new modern zoning code also requires all landscaping to utilize the best water-conserving methods for Boise's semi-arid continental climate, including a prohibition on lawns that do not provide recreational value, utilization of native and low-water plants to the maximum extent possible, and incorporation of stormwater filtration swales to improve water quality and provide flood and water pollution control. Further, the zoning code requires any project greater than one acre in size to comply with at least two of the following: using electricity or geothermal energy to meet heating, hot water, and appliance energy needs, energy conservation measures demonstrating the building will consume at least 15% less electrical energy than what it would consume if it met the adopted energy code, meeting the Boise Green Building Code standards, demonstrating that the building will consume 15% less water than would be consumed if the it met all applicable water conservation standards, dedicating on site space for

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13 City of Boise. (2016). Boise Climate Adaptation Assessment <https://www.cityofboise.org/departments/public-works/boises-energy-future/boise-climate-adaptation-assessment/>



waste diversion techniques equal or greater than the space for solid waste, or providing a private recreational facility (playground, community garden, picnic area, etc.).

### **Potential Obstacles**

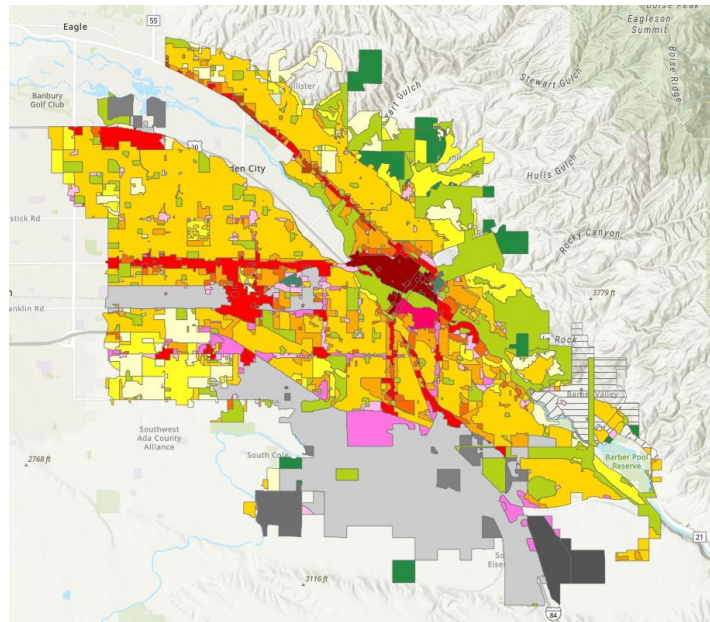
Experience over the past several years in partnering with affordable housing developers to bring more units to Boise’s market has identified several obstacles, which may also affect projects using PRO Housing loan funds. Most significantly, construction happening throughout the City and in adjacent municipalities (including multiple luxury housing projects in Boise’s downtown, an \$800-million data center for Meta Platforms, Inc., and a \$15 billion project to expand the Micron campus) has significantly impacted the availability of Boise’s local workforce – many of the trades are short handed and have jobs lined up for months to come. Further, the triggering of Davis Bacon prevailing wage requirements will present additional challenges, as many general contractors increase their bids by 10-12% to accommodate the paperwork and compliance aspects of DBRA requirements. Finally, the availability of Private Activity Bonds to pair with 4% LIHTC continues to be in flux, with a competitive application likely being the new standard moving forward.

While not to underestimate these challenges, the City benefits from close collaboration with affordable housing developers working in the Boise market, many of whom are very experienced with creative options to overcome the barriers that any project would inevitably face. Additionally, the City has a Compliance Specialist who is well-versed in Davis Bacon compliance, and who is available to assist developers and their contractors with completing the required paperwork as needed.

### **Geographic Scope**

PRO Housing funds would be available for development located anywhere within Boise City limits. However, under the new modern zoning code, the City specifically encourages dense development to occur along transit routes and in close proximity to activity centers, where residents can easily access services, amenities and resources and the City anticipates that new developments would primarily occur in these high opportunity areas.

The map shows Active Use (MX-3), Transit Oriented Development (MX-4) and Downtown (MX-5) zones in red, brown, and maroon, respectively.





A key component to building more housing along transit routes and close to activity centers is to ensure that the city grows in ways that ensure equitable access while protecting the open spaces and preventing sprawl. The city has set a goal that all residents have access to an open space or park within a 10-minute walk from their home, and as of now, 70% of Boiseans live within that radius and new parks are under development to increase that percentage. In addition to focusing development along Best-in-Class transit routes (offering 15-minute headways), the City has also completed and begun implementing projects from a Boise Pathways Master Plan. The plan identifies safe, reliable, off-street walking and biking pathways to increase connectivity and allow people to reduce vehicle dependence. The fully built out network will add 110 miles of new pathways, in addition to the 50 miles of currently existing pathways, which will put the majority of Boise's residents within a half-mile of a pathway connection.

Boise's leadership has worked to ensure that all parts of the city offer opportunities for residents. Additionally, the City continues to work to identify properties to add to its land trust, which are then made available for developers to land lease in exchange for creation of affordable housing. When considering a property purchase, the City reviews proximity to services, employment centers, access to transit and open spaces, along with geographic diversity to ensure residents in all parts of the city have access to affordable housing.

The City anticipates that developers applying for PRO Housing loan funds would either be building on a site the City already owns or purchasing an available site. If the developers are considering purchasing a site, the City's existing HOME program Site and Neighborhood Standards requirements would be used in the application process, these standards review whether the location is suitable for new multifamily development, the demographics of the surrounding area, availability of utilities, proximity to resources, the site's walk score, and any concerns that may affect the Environmental Review.

### **Key Stakeholders**

Key stakeholders for the activities considered for PRO Housing funds include developers of affordable housing, alongside lower income households currently living in affordable housing that may be preserved with PRO Housing funds, or who would qualify to live in the new units developed with the funds.

The City solicited feedback on the proposed activities in this application from developers of affordable housing who have recently been involved in bringing new housing online in Boise. A set of questions was shared out, asking for feedback regarding the most significant barriers encountered when developing affordable housing in Boise, the amount of gap financing recent projects have needed, whether they would apply for funds from the City if they were available, and recommendations regarding loan terms and other actions the City could take to address barriers to developing affordable housing. Responses indicated that gap financing was the most significant challenge and on average, project were needing \$1,500,000 - \$2,000,000, depending on the size of the project. Recommendations for either a deferral period or interest only payments to allow the project to stabilize would help ensure the project's long-term sustainability. All developers shared that they would apply for funds from a revolving loan fund, if it were available. Other barriers that were identified were related to property tax and it was recommended that the City continue

conversations with the State regarding how impactful an abatement program would be for affordable housing developments. The City intends to continue facilitating these conversations and working to develop resources to support developers who may be interested in building affordable housing.

Boise community members were asked about most urgent community needs as part of the City's Annual Action Plan development process in 2024 and affordable housing ranked as the top priority. Respondents were almost evenly split between renters and homeowners, and more than 30% indicated that affording their monthly mortgage or rent and utilities was a challenge in maintaining stable housing for their household. More than 56% of respondents said that they were currently paying more than 30% of their income for housing costs and 67% said that the cost housing places a financial strain on their household. A little over 63% of respondents said that they had wanted to move in the last 12 months and over half indicated they had not been able to find housing that was affordable for their household. Community partners serving low to moderate income Boise residents were also surveyed, and 93% reported that housing affordability is the most pressing concern for our community.

The City continues to engage with its residents across numerous platforms and opportunities, including the development of a new Analysis of Impediments to Fair Housing Choice, which is currently underway and includes an additional survey and community meetings. Boise's Mayor hosts frequent "Meet Up with the Mayor" events to hear from residents and has made affordable housing one of her highest priority initiatives, in large part as a result of the feedback from the community about the importance of housing affordability to Boise's residents, employers, health care systems, and schools.

The engagement and feedback from residents, employers, community partners, and those working in affordable housing development have all been considered in developing this application. The City recognizes that there is a tremendous need to bring more units of affordable housing online in the shortest timeframe possible, and therefore continues to work to address all aspects of development, from city processes to financing. The funding requested through this application would directly lead to additional affordable housing units added to Boise's inventory.

### **Affirmatively Furthering Fair Housing**

The City is addressing barriers to developing affordable housing in several ways, one of which is the new Modern Zoning Code. With the new zoning code, mixed-use zoning districts will increase housing near best-in-class transit corridors, activity centers, and pathways, and seven incentives available citywide offer flexibility in additional housing units in exchange for setting aside deed restricted affordable units. Ensuring that housing is built near transportation linkages, services, and amenities in activity centers means that lower-income households are not further burdened by high transportation costs and have access to needed resources. In Boise's most recent (2021) Analysis of Impediments to Fair Housing Choice, lack of transportation options (including public transit, job linkages, and reliance on long-distance commutes – all hampered by State policies) was identified as a barrier for lower income households searching for affordable housing.

The Modern Zoning Code allows new housing options, such as co-housing, cottage villages, and live/work units, as well as supporting more compact neighborhoods with increased height and density allowances. By allowing more diverse housing types in more areas, the City is also seeking to address another barrier identified in the Analysis of Impediments: neighborhood resistance to new affordable housing development. The new zoning code introduced new levels of review for projects, which previously almost always required a public hearing in front of the Planning and Zoning Commission, or Boise City Council (for appeals or deferred decisions). With the new process identified in the Modern Zoning Code, projects that are an allowed use with allowed form can be approved by the Planning and Development Services Director, following an Interdepartmental Review. These changes are bringing housing that is more affordable into neighborhoods across the city, especially high opportunity areas close to downtown and along transit routes, near activity centers, with reduced administrative burden for planning approval. The new zoning code also seeks to protect vulnerable populations by requiring a public hearing and Conditional Use Permit for any mixed-use multiple-family project that would displace vulnerable populations.

Projects funded with PRO Housing loan funds would be required to provide a variety of unit sizes, offering options for households with children, or multi-generational households, along with providing accessible units in accordance with International Building Code standards, Americans with Disabilities Act, and Fair Housing Act. The City will expect its development partners to proactively engage surrounding community members during the entitlement process and develop robust affirmative marketing plans to ensure populations most in need of housing are aware of opportunities to lease newly created units.

The City intends to ensure no residents are displaced as a result of any PRO Housing-funded activities. If a developer intends to purchase an occupied property, they must ensure that the existing tenants are not permanently displaced, and that the current tenants' incomes meet the affordability thresholds required to receive funds at the time of acquisition. All other activities funded with PRO Housing funds would add new rental units or convert non-residential properties to residential uses.

Throughout the construction process, the City will expect its development partner to ensure that the bidding and procurement process offers preferences for women and minority-owned business enterprises, as well as firms that are owned by or employ low-income workers in compliance with Section 3 of the HUD Action of 1968 (24 CFR Part 75). The City's procurement and bid preference requirements are outlined in its Procurement and Labor Standards Policies and Procedures.

The City will require that the majority households served through housing units developed with PRO Housing loan funds will be at or below 60% AMI. An analysis of household incomes finds that non-white households generally have lower median incomes<sup>14</sup>. While ACS data found that white households had a median income of \$82,577, Black or African American household's median income was \$56,277, and American Indian or Alaska Native households had a median

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14 Neilsberg. 2024, January 4. Boise City, ID Median Household Income by Race.  
<https://www.neilsberg.com/insights/boise-city-id-median-household-income-by-race/>

income of \$26,745. Demographic analysis conducted by the Continuum of Care for persons experiencing homelessness in Boise, as reported in the Homeless Management Information System (HMIS), shows that BIPOC populations are overrepresented in the population experiencing homelessness. Clients' self-reported racial information shows that 5.9% identify as American Indian, Alaska Native, or Indigenous, 7.9% as Black or African American, 1.5% as Native Hawaiian or Pacific Islander, and 15.5% as Hispanic/Latinx.

Based on the data, the City anticipates that households qualifying to live in housing developed with PRO Housing funds are more likely to be non-white or identify as Hispanic/Latinx. Because of this, the City recognizes the importance of having information about available units and application processes in languages other than English. The City will require all developers receiving PRO Housing loan funds to have materials translated into Spanish at a minimum, while making other languages available upon request. Additionally, the City will require developers to create and follow robust affirmative marketing plans, identifying community groups, cultural organizations, non-profit organizations, service providers, and community leaders who are most likely to be able to share information with community members who would be least likely to know about or access services otherwise.

In addition to the protections offered by the Fair Housing Act, the City adopted a Non-Discrimination Ordinance in 2012 that supplements state and federal civil rights laws by prohibiting housing discrimination on the basis of sexual orientation, gender identity, and gender expression.

**Budget and Timeline**

The City is requesting \$6,500,000 in PRO Housing funds in this application. Those funds would be used, in their entirety, to support the development of affordable housing via gap financing loans to developers. The request of PRO Housing funds will further be leveraged by a commitment from the City of \$2,050,000 in General Funds to pay for programmatic administrative costs (\$3,000) as well as impact and sewer connection fees on behalf of affordable housing developments (\$2,050,000) and an additional \$552,607 in City staff time (paid from non-HUD resources) that will be committed to supporting PRO Housing funded activities.

The City resources leveraged in support of these activities represent 40% of the total PRO-Housing request. All budget items are representative of the costs for the program throughout the grant period of performance.

<b>Activity</b>	<b>Description</b>	<b>PRO-Housing Funds</b>	<b>City General Funds</b>
Development RLF	Gap financing for affordable housing development or preservation	\$6,500,000	
Impact & Sewer Connection Fee Fund	Payment of fees on behalf of projects meeting affordability thresholds		\$2,050,000
Administrative Costs	Software for Application Management		\$3,000

Staff Costs	Time spent by City staff to administer programs		\$552,607
		<b>Total</b>	<b>\$6,500,000</b>
			<b>\$2,605,607</b>

All developments requesting PRO Housing gap financing funds would be subject to thorough underwriting requirements (in line with the City’s HOME program underwriting process) to ensure that projects are not being over subsidized and that each project will have long term financial viability. Developers will be required to provide proof of cost reasonableness, as demonstrated through a third-party cost analysis. If applying for funds to assist with an acquisition, any costs exceeding the appraised value will be ineligible for reimbursement.

Recent affordable housing developments have needed gap financing to cover 9 – 11% of the total development cost and the City has a general target of investing approximately \$35,000 per affordable unit. By pairing PRO Housing funds (as a local project commitment) with LIHTC, the number of affordable units that can be developed is maximized. Further, as loan payments (which will include both principal and interest) are made back into the revolving loan fund, and funds awaiting deployment accrue interest, the City intends to continue loaning that program income to new projects over time.

With a full award of PRO-Housing funds, the City anticipates being able to support the production or preservation of approximately 185 new affordable rental units which would not only position the City to be 93% of the way to meeting its affordable housing production goal of 1,250 units by 2027 but also overcome the barrier of having no predictable and on-going gap financing source. If only 50% of the PRO Housing request were to be awarded, the City anticipates being able to support gap financing for approximately 93 affordable units. The minimum award that would allow the City to still assist one new project is \$1,500,000, which would result in approximately 43 affordable units.

As outlined previously in this application, the City intends to develop an application for PRO Housing funds once the grant agreement is executed and would begin accepting applications within three months. On average, once a funding commitment is made, financial closing typically takes place within 12 months, at which point construction can begin. Recent projects have typically been completed within 24-36 months from the start of construction. Given the number of projects in the City’s current pipeline, it is anticipated that all PRO Housing funds could be committed to projects within the first three years following the execution of the grant agreement, and all funds would be fully drawn down for eligible development costs within five years following the execution of the grant agreement. The City anticipates that PRO Housing funds will primarily be used to cover pre-development costs, including site acquisition, due diligence, engineering, architecture, and design fees, which will allow the funds (except for the percentage held as retainage) to be drawn down at the beginning of the project, shortly after financial closing.

## EXHIBIT E: CAPACITY

The City of Boise has been an entitlement community receiving, and successfully administering, Community Development Block Grant funds since the program's development under the Housing and Community Development Act of 1974. Similarly, the City has been administering the HOME Investment Partnerships Program funding it receives as a participating jurisdiction since 1992, when the first appropriations were received under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. In the time since these first entitlement grants were received, the City has also been awarded funding under several other HUD programs, including the Rental Rehabilitation Grant Program, CDBG Recovery Funds from the American Recovery and Reinvestment Act and the Housing and Economic Recovery Act of 2008, HOME's American Dream Downpayment Initiative, the Homeless Prevention and Rapid Re-Housing Program and, most recently, CDBG-CV funds allocated under the CARES Act and SLFRF, ERA, and HOME-ARP funds allocated from the American Rescue Plan Act.

Federal funds received from HUD are administered by the City's Housing and Community Development (HCD) Division. This team has significant experience in deploying federal resources in a timely manner to meet community need. When the CARES Act was passed in March 2020, the HCD team amended its Annual Action Plan, opened a grant application, made award determinations, and began actively funding projects and drawing from its CDBG-CV allocation in July 2020. Boise received additional re-allocated funds and as of September 30, 2023, the entirety of the CDBG-CV funds received (\$1,792,938.00) were invested to support community need. Likewise, the City of Boise was among the first communities to have its HOME-ARP Allocation Plan approved and began spending down those funds in October 2023, with the expectation they will be fully expended by the end of Fiscal Year 2027. Working in partnership with the local Public Housing Authority, \$43M in rental assistance was provided from the Treasury's ERA funds between February 2021-July 2023. An additional \$6.7M in ERA-2 funds have been invested to support the development of 191 affordable units. Finally, the City has conditionally awarded \$10.5M in SLFRF (to date) towards the construction of 95 units of Permanent Supportive Housing and 211 units of housing affordable to households at or below 80% AMI. We expect these funds to be officially obligated and expended well before the obligation deadline of December 2024 and the expenditure deadline of December 2026.

The HCD team has significant experience in leveraging various fund sources as gap financing for affordable housing development and, in so doing, coordinating partners of various kinds and capacities from funders (including lenders and investors), contractors and subcontractors, subrecipients, other governmental and quasi-governmental agencies, and community stakeholders, including the partner agencies that make up our local Continuum of Care. In the last two years:

- The City has worked with partners to coordinate closing on three major multi-family projects for a total of 472 affordable units totaling over \$163M, including City investments from various fund sources totaling \$15M. Two of these projects are mixed use and are being constructed on City-owned land, and one of these projects required a complicated condominium financing structure.
- The City is in either the due diligence or pre-construction phases on four other projects for a total of 200 affordable units and 192 PSH units. This set of projects in the City's pipeline – to which the City has already expended funds (nearly \$11M) or committed funds (\$10.5M) or land (valued at \$4M) – include three site-based PSH projects. These projects

in particular require heavy and careful coordination with not only the partners required for the capital side of the project but also with our Continuum of Care, the supportive services provider(s) and our local housing authority. Additionally, one of these projects, the City is serving as the sub-grantee to administer federal funds on behalf of the county.

Given the scale of the financial or land contributions to these projects, the City has been a critical coordinating partner in negotiating and closing these deals, complying with complex sets of regulations from various regulatory bodies, and in pursuing new projects in partnership with others that are both feasible and serve those residents who need affordable places to live in our community.

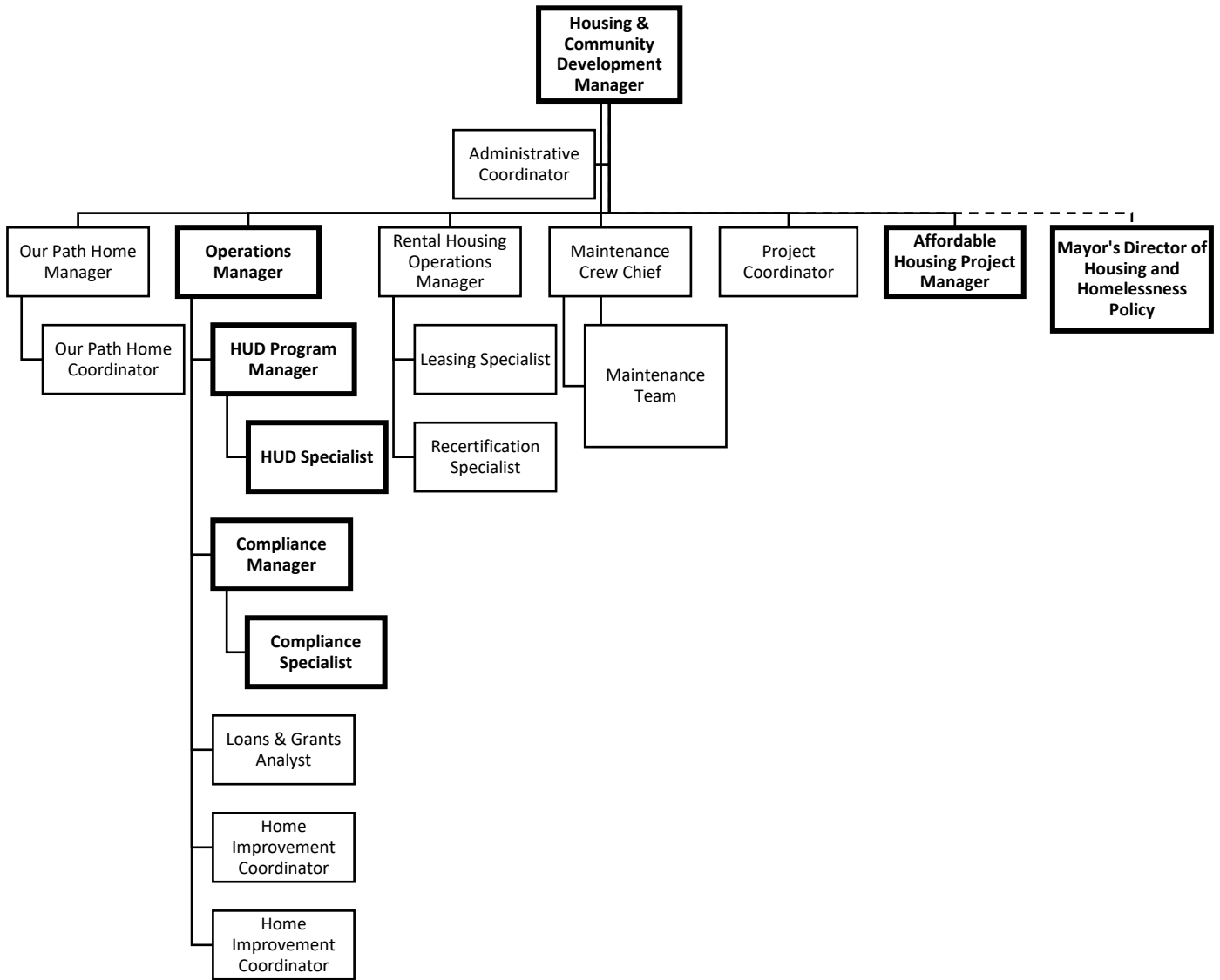
The HCD team also has significant experience in engaging community members and coordinating with local non-profit and advocacy organizations throughout the community. The team, in partnership with the Mayor's Director of Housing and Homelessness Policy and others, has hosted round-table events to engage organizations and solicit feedback on various programmatic design and funding opportunities, collaborated with partners to inform and engage residents and clients of local agencies of opportunities for investment of CDBG and HOME funds in the community, and developed a strong network of relationships with organizations working in the housing, community development, service provision, and education arenas throughout the Boise area.

The City of Boise's HCD Operations Manager and other staff are active participants in the Idaho Fair Housing Forum. The Idaho Fair Housing Forum has been active since 2003 and provides information and resources for residents, property managers, and housing practitioners of all types by hosting a quarterly state-wide meeting that offers training, speakers, and opportunities for participants to collaborate and learn from each other. The City, for the past three years, has taken a leadership role in the Forum -- developing agendas, recruiting speakers, and hosting collaborative community discussions on Fair Housing topics on a regular basis. Through the Forum, the City of Boise frequently collaborates with HUD's Boise Field Office on Fair Housing and Equity-related topics and resources. Further, the Mayor's Director of Housing and Homelessness Policy has subject matter expertise related to fair housing and equal opportunity initiatives as a former Senior Civil Rights Investigator with the Seattle Office for Civil Rights from past roles leading fair housing and equal opportunity initiatives and can support data and research needs in collaboration with the City's Director of Innovation and Performance.

Over the past four years, the HCD team has refined roles, added three new full-time staff, and streamlined its processes for administering, implementing, and monitoring the federal grants and programs funded with federal resources to ensure the City is able to maximize the impact federal funds can have in addressing the housing crisis and community need. This existing team would be responsible for administering the PRO Housing funds, including compliance with cross-cutting federal regulations and long-term monitoring. The HCD team is supported by a City Attorney as well as members of the City's Finance team, including a Grants Accountant and Senior Staff Accountant, who ensure appropriate fiscal control and accounting policies are maintained. The team is led by the Housing and Community Development Division's Senior Manager, Maureen Brewer, the Operations Manager, Melinda McGoldrick, HUD Program Manager, Nikki Drake, and Compliance Manager, Danny Bell. Additional capacity and support are provided by the Mayor's Director of Housing and Homelessness Policy, Nicki Hellenkamp, Affordable Housing Project Manager, Joe Bruce, Compliance Specialist, Michael Johnson, Project Coordinator, Sandi Rutland, Attorney IV, Mary Grant, Senior Staff Accountant, Stephanie Jensen, and Grants Accountant, Deanne Alexander. In total, seven full time staff members will manage these funds

and implementation activities, supported by Department leadership, and staff from the Finance, Legal, and other internal teams as necessary.

This application for HUD’s PRO Housing funds was written collaboratively by City staff, including the HCD Senior Manager, Maureen Brewer, Mayor’s Director of Housing and Homelessness Policy, Nicki Hellenkamp, and HCD Operations Manager, Melinda McGoldrick.



The City intends to manage all activities supported with PRO Housing funds using its existing, fully staffed, team.



## EXHIBIT F: LEVERAGE

The City of Boise is committing \$2,050,000 from its General Fund towards activities described in this application, as well as staff time to support the administration and implementation of the activities. The general funds from the City will be used to remove the barrier that impact fees create for affordable housing development.

Alongside the firm monetary commitment of \$2,050,000, the City also supports fee waivers for affordable housing projects, through a program newly implemented that further removes barriers for affordable housing development. Through this program, the City can waive both plan check and building permit fees for projects that provide at least 50% of the project’s total units to households at or below 60% AMI.

While this cost cannot be firmly monetized, as it depends on the location and size of each specific project that may be eligible, for a recent affordable housing project that will produce 97 new affordable rental units, the waived fees resulted in a savings of \$193,800 for the developer. The sewer connection and impact fees for the project (which were deferred, as they cannot not be waived) totaled \$505,975. Under the new program supported with the City’s general funds leveraged through this application, those sewer connection and impact fee costs can be paid using City general funds.

Fee	Cost	Incentive
Plancheck Fee	\$76,300	Exempted
Building Permit Fee	\$117,500	Exempted
Other Fees (Fire, Streetlights, PW)	\$28,200	Deferred
Impact Fees (Park, Police, Fire)	\$274,200	Deferred
Sewer Connection Fee	\$203,575	Deferred
Total Fees (exempt + deferred)	\$699,775	
<b>Total Fees Exempted</b>	<b>\$193,800</b>	
<b>Total Fees Deferred to Occupancy</b>	<b>\$505,975</b>	

The City anticipates that significant staff time will be spent, over the period of performance, to administer and manage the projects receiving PRO Housing gap financing. The total contribution of City general-funded staff time, as determined by each staff person’s hourly wage and percentage of time that will be spent on PRO Housing activities, is \$552,607.

## **EXHIBIT G: LONG-TERM EFFECT**

We expect the permanent, long-term effects of our proposal to overcome the two primary barriers identified in this application and, therefore, the two barriers currently hamstringing affordable housing production in the City of Boise: a sustainable gap financing source to pair with tax credits and the inability to waive certain fees – made even more acutely felt because of the multiple prohibitions that exist in state statute to otherwise effectively self-solve. The removal of these barriers will result in sustained production because, by using PRO Housing funds to create a revolving loan fund, the City will be positioned to spin off new loans and invest in new housing projects that meet its housing goals as payments, including principal and interest payments, are paid back into the fund and, in turn, to an additional fund to pay for impact and sewer connection fees. We anticipate these efforts to not only alleviate the immediate need, but also improve the City's ability to respond to this need over the long-term. By virtue of the depth of the housing affordability need described in Exhibit C, we anticipate investments will be necessary for the foreseeable future (decades to come) and establishing a permanent fund source by way of a revolving loan fund establishes a permanent response to a permanent need.

Upon implementation of the grant-funded activities, the City will not only have established a revolving loan fund that can conceivably last in perpetuity but will have also made its first loans from that fund which will make marked progress toward the City's goal to create new affordable housing. We anticipate making between one to three initial awards that will, as informed by the City's investment per unit in our current portfolio, result in the creation of at least 185 new units serving primarily households that earn 60% of the area median income or less for a period of at least 30 years – and much longer (75 years) if the project is built on City-owned land. Further, the City will have also established a new, local program that will remove the barrier we face in waiving impact and sewer connection fees, by committing leveraged funds to pay for these fees on behalf of affordable housing projects that meet our goals. We intend to sustainably operate this program by using the interest paid during the loan deferral period (via the revolving loan fund) to pay into a separate account designated to pay these fees.

Neither revolving loan funds nor waiving/paying fees are new or novel; however, given the unique circumstances in which the City finds itself – trying to respond to a deep and unrelenting housing need while being actively constrained by the state – our proposal represents a model for other communities operating in an environment in which revenue sources are extremely limited in that it demonstrates a path forward to maximize the tools available to a municipality and leverage those tools to create a deeper, long-lasting impact. The City has successfully moved on updating its zoning code, (and, in turn, on generating public support for City investment in affordable housing), on fee waivers and deferrals, and other levers described in Exhibit C of this application that, taken on the whole, can be scaled or replicated in other communities to successfully invest in housing even in the face of significant barriers. Additionally, by adding a revolving loan fund and a local fund that can pay certain fees to the tools in the City's toolbox, we are better positioned for these efforts to continue regardless of shifts in priorities at the political level.

We believe our proposal will remove barriers to affordable housing production that have perpetuated segregation and enable access to well-resourced neighborhoods of opportunity for protected class groups and vulnerable populations and expand access to housing opportunities for these populations for the following reasons:

- Our proposal enables active use of the City’s new modern zoning code – a code that incentivizes affordable housing and which sought to take a step toward rectifying segregation, including in previously redlined areas.
- Our housing goals focus on populations that are largely ignored by the private market. A housing data portal maintained by the City shows that without City investment or City intervention, income-restricted affordable housing is not being entitled, much less built. We know that members of protected classes and vulnerable populations are more often than not also the households that cannot as easily access housing affordable to them, including in well-resourced neighborhoods.
- Especially for projects that are built on City-owned land, the City upholds a high standard, via certain key performance indicators, regarding the location of those projects. In order for the City to invest, the project must be located near a transit corridor or an activity center, near services (e.g., grocery, medical) and near public open space, thereby ensuring the City invests in resource rich neighborhoods.
- That said, the City also prioritizes making investments across various neighborhoods to ensure that affordable housing is available in every part of the city, including in areas that are experiencing rapid gentrification where naturally occurring affordable housing is being replaced with high-cost housing that is displacing residents.
- The City requires a minimum of 10% of units to be dedicated to households exiting homelessness in every project in which the City invests, thereby ensuring access to housing opportunities for our homeless population.

Our number one metric for success and the number one area in which we have struggled to make lasting change is in the creation of a permanent, sustainable, predictable gap financing source that is designed to and has the express purpose of producing and preserving affordable housing. By creating such a source, the City will be better positioned to build upon the efforts it’s taken to date to, for example, facilitate active use of the modern zoning code. And, by further leveraging PRO Housing funds to pay for local fees, as required by state law, the City is expanding its ability to create long-term success. Such a use of PRO Housing funds maximizes these efforts in such a way that the City cannot do alone given the political and policy landscape in Idaho. For PRO Housing Funds to be the vehicle by which we can overcome these two barriers would be a massive and long-lasting success in and of itself. Then, moving forward, the City will continue to use its Housing Needs Analyses to inform its affordable housing goals and, the revolving loan fund, seeded by PRO Housing funds, will be the source we draw upon to continue to build and preserve affordable housing that meets our goals.

**ATTACHMENT A: SUMMARY OF COMMENTS RECEIVED**

To be completed after public comment period.

**ATTACHMENT B: CERTIFICATION OF COMPLIANCE WITH NOFO PUBLIC PARTICIPATION**

To be completed after public participation – comment period and public hearing.

## ATTACHMENT C: ADVANCING RACIAL EQUITY

The City of Boise is proud to be a welcoming community striving to ensure a safe, equitable, and inclusive city that celebrates the diversity of the people who live, work, and play in our community and recognizes the fundamental human dignity of all. Further, the City believes that everyone deserves access to safe, affordable housing and equitable opportunities for community development, regardless of race, ethnicity, gender, sexual orientation, age, ability, or socio-economic status.

The Housing and Community Development (HCD) team who will be responsible for administering the PRO Housing funds recognizes that historical and systemic injustices have disproportionately affected marginalized communities, and we are dedicated to actively dismantling these barriers. We strive to create a welcoming and inclusive environment where all individuals feel valued, respected, and empowered to contribute their unique perspectives and talents. Through our programs, policies, and partnerships, we are committed to advancing diversity, equity, inclusion, and belonging (DEIB) principles in all aspects of our work. We will continually assess and improve our practices to ensure that they are equitable and inclusive.

An inequitable housing market has a disproportionate impact on lower-income households and households experiencing homelessness. An equitable distribution of resources means that our strategies are weighted to correct for inequities and center the most marginalized.

Healthy, sustainable neighborhoods include housing at all price points, and people need and deserve safe and stable housing in neighborhoods of their choice. Across the housing spectrum, the level of affordability within neighborhoods should align with the income distribution of Boise households.

According to Census data<sup>15</sup>, of Boise's total population (235,684), 81.2% identify as white, 3.6% as Asian, 2.3% as Black or African American, 0.6% as American Indian or Alaska Native, 0.2% as Native Hawaiian or Other Pacific Islander, and 3.5% as some other race. Just over 9% of the population identifies as Hispanic or Latino and 11.1% of the population speaks a language other than English at home, with Spanish being the most common at 5.2%. The City maintains data regarding language translation services utilized and the most common languages requested after Spanish are Swahili, Kinyarwanda, Burmese, Arabic, Russian, Somali, Karen, Korean, and Farsi. Knowing that the City has a large population of new American residents, translation and interpretation resources have been developed and systems implemented to ensure residents have access to information and services.

An analysis of household incomes finds that non-white households generally have lower median incomes<sup>16</sup>. While ACS data found that white households had a median income of \$82,577, Black or African American household's median income was \$56,277, and American Indian or Alaska Native households had a median income of \$26,745. Further analysis of income trends found that while White household income had increased 39.14% from 2012 to 2022, Black or African

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<sup>15</sup> [https://data.census.gov/profile/Boise\\_City\\_city\\_Idaho?g=160XX00US1608830#populations-and-people](https://data.census.gov/profile/Boise_City_city_Idaho?g=160XX00US1608830#populations-and-people)

<sup>16</sup> <https://www.neilsberg.com/insights/boise-city-id-median-household-income-by-race/>

American household income over the same time period had decreased by 15.89%. Similarly, incomes for American Indian and Alaska Native households decreased by 28.79% and households identifying as ‘some other race’ decreased by 22.61% in the same time frame. Other than White households, only Asian households saw an increase in median income (up 51.21% from 2012-2022).

Demographic analysis conducted by the Continuum of Care for persons experiencing homelessness in Boise, as reported in the Homeless Management Information System (HMIS), shows that BIPOC populations are overrepresented in the population experiencing homelessness. Clients’ self-reported racial information shows that 5.9% identify as American Indian, Alaska Native, or Indigenous, 7.9% as Black or African American, 1.5% as Native Hawaiian or Pacific Islander, and 15.5% as Hispanic/Latinx.

Based on the data and trends, the City anticipates that households qualifying to live in housing developed with PRO Housing funds are more likely to be non-white or identify as Hispanic/Latinx. Because of this, the City recognizes the importance of having information about available units and application process in languages other than English. The City will require all developers receiving PRO Housing loan funds to have materials translated into Spanish at a minimum, while making other languages available upon request. Additionally, the City will require developers to create and follow robust affirmative marketing plans, identifying community groups, cultural organizations, non-profit organizations, service providers, and community leaders who are most likely to be able to share information with community members who would be least likely to know about or access services otherwise.

The City will make its contacts and resources available to help developers connect with new American community and faith leaders to share information about units that are available. The City utilizes Language Line Solutions, along with Pocketalk voice translators, to offer interpretation services. Additionally, a team of local interpreters has been identified to assist in providing interpretation services at events, as well as translation of documents. The HCD Operations team has three members who are fluent in Spanish and able to assist residents with providing information and completing applications whenever needed.

The HCD team will track demographic information regarding applications for housing developed or preserved with PRO Housing loan funds. This information will be compared to demographic information available for the City as a whole to identify disparities. If disparities are found, the City will increase efforts to better understand why services are not being utilized and what barriers are preventing residents from accessing them.

## **ATTACHMENT D: AFFIRMATIVE MARKETING & OUTREACH**

The City of Boise has adopted Affirmative Marketing Policies and Procedures, which guide the implementation of affirmative marketing efforts for HUD funded programs and projects for both the City and its subrecipients.

The City intends to require developers receiving PRO Housing loan funds for development or preservation to lead broad, community-wide advertising of the opportunities to lease PRO Housing funded units. All housing leasing information will be translated into Spanish (and any additional languages upon request), and the City will utilize its Language Access Program Manager and Community Engagement team to share information with hard-to-reach community members via Spanish language radio, at community events, in branch libraries, through its network of partner agencies serving limited English proficient, households with disabilities, and other low to moderate income community members.

Developers will be expected to share information about available units via websites, social media, and with organizations assisting lower income households identify housing resources, including Boise's Continuum of Care partners, organizations operating programs receiving CDBG funding for public services, VA caseworkers, Department of Health and Welfare representatives, and other local housing advocacy organizations.

The City fosters relationships with local faith-based leaders, community leaders representing a wide array of new American communities, representatives from the Hispanic/Latinx community and others, and actively engages these groups of stakeholders on an ongoing basis. Alongside community service providers, these key stakeholders assist in information dissemination throughout the community on behalf of many City initiatives and projects. Similarly, the City facilitates the Cross Disability Taskforce, and information about leasing opportunities will be shared with this task force, with a request for members to share through their networks and channels to reach the broadest audience possible.



## **ATTACHMENT E: EXPERIENCE PROMOTING RACIAL EQUITY**

The City of Boise is committed to creating a community where all our residents feel welcomed, safe and given the opportunity flourish. In 2021, Mayor McLean and Boise City Council passed a resolution affirming the City of Boise's commitment to fostering and valuing diversity, equity and inclusion. Additionally, in 2019, the City of Boise became a certified welcoming city by Welcoming America, reflecting the city's long-standing work to help immigrants and refugees become members of our community.

Recognizing the diversity of residents in Boise, the City has undertaken numerous efforts to remove barriers to participation in City initiatives, programs, and decisions. The City identified that improving language access was an opportunity, and completed a Language Access Needs Assessment, followed by a Language Access Plan and hiring a Language Access Program Manager who continues to move the City's efforts forward. The City utilizes Language Line Solutions, along with Pocketalk voice translators, to offer interpretation services. Additionally, a team of local interpreters has been identified to assist in providing interpretation services at events, as well as translation of documents. The Housing and Community Development Operations team has three members who are fluent in Spanish and able to assist residents with providing information and completing applications whenever needed.

The City's Community Engagement team leads additional efforts to foster broad and inclusive opportunities for residents to be involved. This work has included a specific focus on engaging more representative community members, especially through the process of developing and adopting the City's new Modern Zoning Code. Efforts were specifically focused on engaging young renters, Spanish speakers, lifelong renters, people who are unhoused, and those living in non-traditional housing arrangements. In order to engage with these community members, outreach was done using a translator at laundromats, locally owned Mexican markets, and other locations community members were likely to already be visiting.

Additionally, the City led an in-depth community outreach process to identify the needs of communities most impacted by the COVID-19 pandemic as the strategy for investing American Rescue Plan Act (ARPA) funds was developed. City of Boise staff met with various nonprofits, organizations, and community partners, including United Way of the Treasure Valley, Idaho Community Foundation, Idaho Nonprofit Center, Idaho Foodbank, Boise Schools Foundation, Surel's Place, Boise Contemporary Theatre, Idaho Association for the Education of Young Children, Jannus, PODER of Idaho, the African American Chamber of Commerce, the Hispanic Chamber of Commerce, the Foster Youth Advisory Board, and Boise School District. Conversations centered around what the communities they serve need most during the pandemic, recent successes and pain points, possible solutions or strategies, and any potential capacity they have for increasing their impact and services.

It was through those conversations that City staff developed five key areas of need for our community. These key areas of need were used as the foundation for the following listening sessions and online idea generation portal. City of Boise staff worked with community partners, including non-profits, resettlement agencies, housing providers, as well as their own established

networks to invite community members to attend a listening session. Each session included a diverse group of community members – renters, immigrants, refugees, members of the BIPOC communities, seniors and others. Each group was candid in sharing their own experiences, as well as those of their friends and families, around the five priority areas, which provided the opportunity for collaborating on how funds could be distributed within each of the five key areas of need to facilitate recovery. The discussion also touched on everything from accessibility to reliable and affordable broadband internet.

Several groups had discussions around accessibility; attendees identified barriers that prevent Boise residents from finding and accessing existing resources. It was recommended that programs and funding provided via ARPA should be low barrier, translated into the languages spoken by residents (other than English), distributed in an accessible format, and not require the use of technology/internet. There were also many discussions around ensuring initiatives funded by ARPA remain accessible and relevant for our refugee and immigrant communities. For instance, community housing, food banks, and mental health resources should be appropriate across diverse cultures.

The City continues to work to broaden its engagement efforts, making them more inclusive and striving to ensure that feedback from the community is representative of Boise – in race, ethnicity, income, housing tenure, physical ability, preferred methods of transportation, and more. The city has taken actionable steps to continue to not only engage our residents at large but also meet our community where they are, with how they need and want to be engaged.