How many multifamily housing units should a city have?

By: Sharon Fisher  February 20, 2020

The market has created demand for apartments all over Idaho, such as the Lake Apartments in downtown Coeur d'Alene. Photo courtesy of Jim Schueler.

How many multifamily housing units should a region have? A number of Idaho cities are wrestling with that question.

“There aren’t really data on how many multifamily units a city ‘should’ have,” said Amy Luft, communication coordinator for the Meridian-based Community Planning Association of Southwest Idaho (COMPASS), the metropolitan planning organization for the Treasure Valley, in an email message. “It depends on the size of the community, real estate market, financial and banking conditions, community values, location and geographic characteristics, economic conditions and more.”

**Treasure Valley**

Needless to say, as the largest city in Idaho, Boise has been working on increasing its number of multifamily units. With the election of Lauren McLean as mayor in November, the city is now re-establishing what its annual multifamily housing unit goals should be, particularly in affordable housing, said Adam Park, community engagement director.

As of 2017, according to the American Census Community Survey, Boise had 23,305 multifamily units, which comprised about a quarter of the city’s total housing units, Park said.

“Additionally there have been 3,317 multifamily units constructed in Boise in the last five years,” he said. In 2018, Boise set a goal of about 1,000 new multifamily housing units per year, of which about 350 would be considered affordable, Park said.

“That’s out of date now,” he said.
Similarly, Meridian — now Idaho’s second-biggest city and one of the fastest growing in the country — has a strong market for multifamily units, said Caleb Hood, planning division manager, in an email message.

“There is no magic or right answer about how many multifamily units Meridian should have,” he said. “That answer is largely market-driven.”

Currently, Meridian has 6,811 multifamily dwelling units, Hood said.

“Historically, Meridian has hovered around 11% or 12% of our housing stock being multifamily,” he said. “That number is now around 15% or 16% of our housing stock.”

The city’s land use plan includes centers, nodes and corridors where it plans for multifamily development, many of them at or near employment areas, he said.

In Garden City, a growing bedroom community, about 21% of the housing stock is multifamily, said Jenah Thornborrow, director of the development services department. However, the city has a particularly large amount of affordable housing for its size, she said, noting that it has 3% of the county’s population yet 9% of its Section 8 low-income housing vouchers.

The City of Kuna currently has 138 multifamily housing units, made up of 30 fourplexes and six triplexes, said Wendy Howell, planning & zoning director, in an email message.

“Additionally, Kuna has 22 duplexes (44 units) which is considered attached housing, but excluded from the overall multifamily total,” she said.

The city included affordable housing expansion in its 2019 comprehensive plan, she added.
While the number of multifamily dwelling units that are needed has not been determined at this time, Caldwell — Idaho’s fifth-biggest city — believes it should have a diverse housing stock, said M. Jerome Mapp, planning & zoning director, in an email message. The city had a total of 2,793 multifamily dwelling units in 2019.

**Medium-sized cities**

A number of Idaho’s larger cities — including its fourth-biggest, Idaho Falls — are starting to look at zoning as a means of guiding development.

“Our past model has been to essentially just accept development applications, see if they fit the zone, and if they do then approve them,” said Brad Cramer, director of community development services. “What we’re realizing is that one of the barriers to having ‘enough’ multifamily or affordable units is regulatory. Zoning has not done a good job of making multifamily as easy to get approval for as single-family. Citizen views of multifamily are also traditionally unfavorable, making it difficult to get approvals. Design, placement, etc. of higher density housing is important too. The model of squeezing as many units as possible onto a lot with little or no thought about design feeds into the frustration.”

Consequently, the city is taking steps to look at these issues, including sending a committee of public and private citizens to training.

“We are paying less attention to the number of units and starting with regulatory questions,” Cramer said. “How are our codes, ordinances and policies making it more difficult to build multifamily? How is our zoning unintentionally creating segregation of wealth classes? What are some simple, unobtrusive ways the city can promote alternative housing options such as accessory dwelling units, house sharing, etc. in a way that still fits within the existing neighborhood context?”
On the other hand, Twin Falls has little multifamily housing, said Nathan Murray, economic development director, in an email message. “For a long time, there was none being built because single-family dwellings are still relatively affordable in Twin Falls, and rents are reasonable, so there was no incentive to build new multifamily,” he said, though the city has had some construction of duplex, fourplex and townhome units in the past few years. But that could change soon, Murray said.

“The zoning in and around downtown, near the CSI Campus, and along major arterials all allow for multifamily, and there are very few restrictions,” he said. “We’ve even eliminated or reduced required parking for it in the Downtown zones. Right now we have 243 units in the planning and review stages, but none have been permitted yet. When these come on the market in 2020-21, I think we’ll have a better idea of where we stand and the impact of this type of unit on the overall housing environment in the city. Until then, it’s tough to say.”

North Idaho

Coeur d’Alene, Idaho’s seventh-biggest city, is currently updating its comprehensive plan, and a new balance between single family and multifamily housing may be part of it, said Hilary Anderson, community planning director, in an email message. As of October 2019, the city had approximately 6,347 housing units of triplexes or greater, plus a number of projects under construction.

“Since the 2010 Census, 1,560 multifamily units have been constructed in the City of Coeur d’Alene,” she said.

In comparison, 2,278 single-family homes have been constructed and 172 duplexes for a population of 53,259. In addition, there are several approved apartment projects not yet under construction that would result in 460 more units, she said.

“The Planning Department strongly believes the housing choices in Coeur d’Alene should not be limited primarily to detached single-family, duplexes and apartments,” Anderson said. “We are actively working to encourage and allow more of a variety of housing choices, such a triplexes, multiplexes, manor homes, twin homes, cottage cluster, townhouses, bungalow courts, courtyard apartments, stacked flats that could either be apartments or condos, mixed use and other creative solutions such as common wall construction with housing trusts/land trusts.”

For example, in 2019 the city updated its zoning to allow for accessory dwelling units and is looking to update its zoning further to support infill and “missing middle” housing, Anderson said. Missing middle housing consists of multifamily housing integrated through walkable neighborhoods with single-family housing, much like pre-war neighborhoods used to be. The advantage, aside from providing housing diversity, is that such neighborhoods are dense enough to support transit and commercial amenities.
The city is working with the Coeur d’Alene Association of REALTORS and CDA 2030, a nonprofit community visioning organization, to address the issue of housing attainability and affordability, Anderson said.

“The current multifamily housing market vacancy rate is approximately 2%,” she said. “According to the real estate community, a healthy vacancy rate for multifamily is between 4-7%. So there is still a demand for additional multifamily housing in our community.”

Idaho’s ninth-biggest city, Post Falls, is beginning to look at having a housing needs assessment done to determine the best mix and number of single family and multi-family units, said Bob Seale, community development director, in an email message. The city has gone from permitting 150 multifamily units and 270 single family units in 2015 (as well as 14 duplexes) to 552 multifamily units and 587 single family units in 2019, as well as 44 duplexes, Seale said. Altogether, the city has more than 4,100 multifamily housing units, compared with more than 10,700 single family units, for a total of 15,461 units, he said.

“Based on our population projections, we will very likely be at 18,892 units in 2025,” he said.

Moscow is a special case because it includes the University of Idaho, with its students who need housing. “Our most recent inventory as of the end of 2018 indicated that we currently have approximately 4,574 multi-family units,” said Bill Belknap, community development director. “We do not target a specific number of multifamily units that we believe the community should have, but instead we monitor vacancy rates as well as University of Idaho enrollment to gauge demand within the market. In 2018, vacancies have recently been tracking between 1.5% for single bedroom units to 3% for three-bedroom units and up to 5% for four-bedroom units. That is a touch low on the lower bedroom count units, but that tends to fluctuate with University of Idaho enrollment.”

Smaller cities

Even Idaho’s smallest cities are tracking multifamily housing, especially if they are considered to be resort areas.
Aaron Qualls

Sandpoint, which ranks just No. 26 in size of Idaho cities, is developing a housing assessment as part of its comprehensive update, said Aaron Qualls, director of planning & community development, in an email message. One survey found “condominiums, apartments or other attached housing options to rent” to be considered the third-highest priority in housing needs in the city, at 45.7%, after single family homes to purchase and single family homes to rent.

Sandpoint modified its zoning from 2012 to 2014 to allow for more density, smaller lot sizes and accessory dwelling units, which Qualls said many landowners have since leveraged.

“Land costs have continued to rise, however, outpacing wages, and the city and region has seen significant growth the last two years according to census as well as local data,” he said. “Affordably of housing remains a significant challenge and a priority by the City Council.”

Much of the multifamily housing that Sandpoint does have is subsidized, low-income or senior housing, with 48 more senior units and 91 more family units underway, Qualls said. “Additionally, over the last couple of years, we have seen one 7-plex, and there is a pending application for an approximately 20-unit multifamily development,” he said. “Sandpoint also has several waterfront condos, and there are an additional 28 that are in development. The vast majority of waterfront condos are primarily seasonal in nature, however.”

The Sun Valley area — essentially, Blaine County — has a similar issue, said David Patrie, outreach director for Sun Valley Economic Development (SVED).

“There is a lot of multifamily in the Sun Valley area, but a lot of it is only occupied seasonally,” he said. “If I told you there were 8,000 multifamily units in a town with 20,000 residents, that could skew the numbers. But they’re only occupied when the people owning them are using them,” which could be from two to eight weeks a year, he said. “Depending on where you are in the county, we can have more than 50% seasonally occupied units, and sometimes pushing as high as 70%.”

How much multifamily housing does the Sun Valley area need? Patrie has a figure.

“If we assumed a 1% rental vacancy rate across Blaine County, with its 2,745 currently occupied rental units, that means we would need approximately 140 additional rental units to equate to a 5% vacancy rate,” which is the commonly accepted target vacancy rate, he said. “Relying solely on multifamily units to bridge this gap, we could say we need 140 more multifamily units.”

SVED has proposed a small unit residential zoning district to Blaine County, but it has failed to gain traction on a county basis, Patrie said.

“It faces the typical NIMBYism and an uphill path with the Blaine County ethos that density belongs in the cities and not the unincorporated county,” he said.

The organization is having more luck with cities.

“The city of Ketchum recently allowed for more housing in its Light Industrial zones,” Patrie said. “The city of Hailey adopted a Downtown Residential Overlay District that eliminated maximum units per acre in the downtown and instead relies on parking and bulk requirements to control density. The city of Bellevue is considering changes to its zoning code as well.”

While surveys have indicated that potential Sun Valley residents still prefer single family housing, that’s not always easy, Patrie said.
“It’s hard to provide that when dirt is expensive, and we’re a resort market with expensive dirt.”
But how many multifamily units should a city have?

“I have no clue, nor do I think anybody truly knows how many multifamily units any community ‘should’ have or ‘can’ support,” said Danny Davis, an associate broker with Coldwell Banker, in an email message.

“Developers, investors and lenders all function off the same basic metrics. So long as things are good, they build. There is a general sense right now that we must be dangerously close to hitting our oversupply, but as one of my developer clients told me, ‘so long as the music’s goin’, you gotta dance.’ We won’t know that we’ve oversupplied until it’s too late, but that’s just how our industry works. Development is a massive ship with intense momentum, and it doesn’t slow down or turn very quickly.”