

Valley Advocates for Responsible Development

TETON COUNTY SUBDIVISION TRENDS: 40 Years of Boom Bust



This graph shows the number of acres subdivided and lots recorded each year for the past 40 years in Teton County, ID. The community has always experienced boom-bust cycles in real estate, but since 2001, the scale of development pressure has increased dramatically. If no action is taken, the expected length of the recovery will be extended on a similar scale as the increase in supply.

in this issue

- Facing the Facts 1
- The Challenges 2
- The Solutions 3
- Creative Mad Hatters 4

Facing Facts Head On

Facts! Facts! Facts! Facts are everywhere. And like them or not, the facts point to clear realities that are hard to ignore.

- ➡ **Fact:** *I would like to spend two weeks in Hawaii this winter.*
- 💡 **REALITY:** *It ain't gonna happen.*
- ➡ **Fact:** *I would like to be 30 years younger*
- 💡 **REALITY:** *You can only have so many 29th birthday parties before your friends get suspicious.*
- ➡ **Fact:** *There is a severe economic downturn throughout the country that includes Teton Valley.*
- ➡ **Fact:** *The rural county has at least 6,946 vacant lots.*
- ➡ **Fact:** *There are at least 3,583 more lots still pending approval.*
- ➡ **Fact:** *At our current rate of new home construction, we have a 302-year supply of lots in the county.*
- 💡 **REALITY:** *These numbers are unsustainable.*

We are not alone in wrestling with the facts. Communities throughout the West also wonder what the future holds. How do we break the traditional boom-bust cycle? How do we cushion the landing this time around?

As we face the facts, more dilemmas emerge. What can be done with half-built subdivisions? What economically viable alternatives are there to subdividing farms and ranches? How can the county afford to provide services to far-flung development? Will taxpayers be left holding the bag?

VARD is excited to announce our partnership with the Sonoran Institute and the Lincoln Institute of Land Policy to grapple with these issues. We have embarked on a project called **"Reshaping Development Patterns"** to identify ideas and tools that will give communities options for changing the default shotgun develop-

What economically viable alternatives are there to subdividing farms & ranches?

ment pattern that has sprung up throughout the West. The goal of this partnership project is to help real people and real communities find win-win solutions to the economic and ecological challenges of our development patterns.

We kicked off the project with a workshop in Salt Lake City at the beginning of November. Planners, economists, developers, attorneys and bankers from around the country came together to discuss the challenges and opportunities faced by rural Western communities like ours. Teton Valley was identified as a case study for this pilot project, and a host of exciting ideas and opportunities emerged from the workshop – ideas that have real potential to work right here in Teton Valley.

The second phase of the project will take place this spring when VARD hosts a community-wide charrette to discuss the ideas raised in Salt Lake City. Many of the participants from the November workshop will be present, and we hope you will be there too. Our community has a lot of knowledge and experience to contribute to this project, but we have a lot to learn as well. By putting our heads together in the spring, I am confident that we can come up with real solutions.

It's time to start the discussion: identifying the challenges that we face and brainstorming all possible solutions. In this newsletter, we highlight what VARD sees as the key challenges and a few promising tools to implement change. However, in order to move any solution from theory to reality, we need your support and the support of the entire community. Stay tuned for information on the spring event, and plan on getting involved.

—Sandy Mason, Executive Director



Valley Advocates for Responsible Development

MISSION: To advocate for the private, public and civic actions that will result in the responsible development and sustainable use of natural resources (water, land, wildlife and air) in Teton Valley.

OFFICE HOURS—
M-TR 9:00am-4:00pm
Friday by appointment

OFFICE ADDRESS—
355 North Main, Driggs, ID 83422

MAILING ADDRESS—
PO Box 1164, Driggs, ID 83422
208.354.1707 ph / 208.354.1709 fx
www.tetonvalleyadvocates.org

STAFF—
Sandy Mason, Executive Director
Anna Trentadue, Program Associate
Chris Lundberg, Communications & Education Associate

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The Challenge

Teton Valley has an extraordinary oversupply of building lots. The graph on the previous page provides a striking representation of the scale of premature subdivision that has taken place over the past decade. As we continue to struggle with the impacts of the Great Recession, Teton Valley is facing both ecological and economic threats as a result of that excessive subdivision of land.

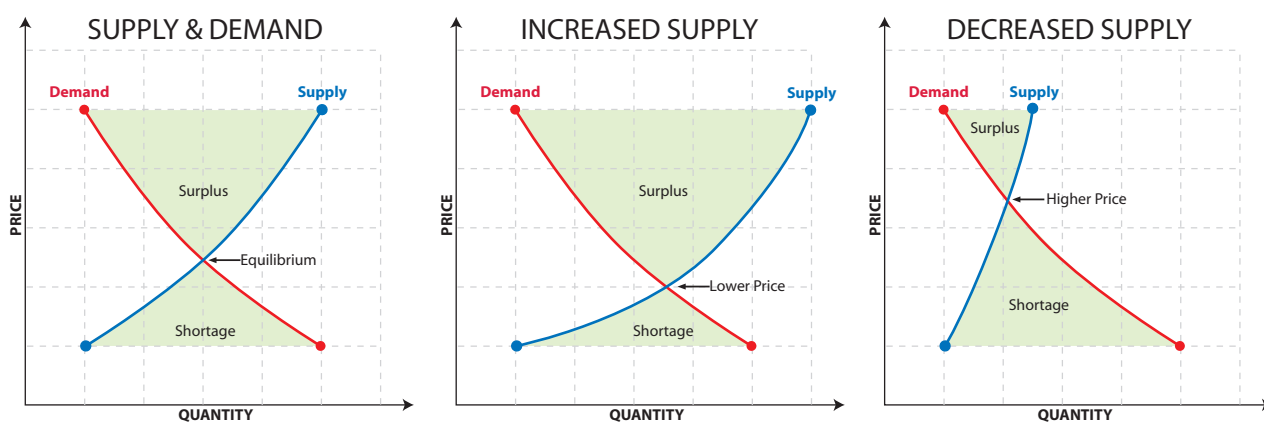
Ecological Snapshot of Teton Valley

- The **number one conservation priority** in the Greater Yellowstone Ecosystem.
- One of the **top three** sandhill crane staging areas in the country.



- National conservation priorities including **moose, grizzly bear**, long-billed curlew, sharp-tailed grouse and bald eagle populations live here.
- The Teton River system provides vital **Yellowstone cutthroat trout** spawning grounds and critical winter habitat for trumpeter swans, mule deer and many other species.

- The current supply of building lots throughout Teton County, ID were all approved under a set of rules that failed to take into account the ecological impacts of fragmenting habitat and migration corridors. Water quality, meaningful open space and wildlife populations in the valley are **all at risk** if homes are eventually built on the lots that have already been approved.



These charts illustrate the basic principles of supply and demand. The point where the supply and demand curves intersect represents the prevailing price for a given product. When supply increases (*center*), the price for a product tends to decrease to a point where sales quantity increases. In a market where supply is increasing faster than sales can reduce inventory, prices can only continue to fall. When supply is decreased (*right*), the price of a product tends to increase. Reducing the inventory of lots either through sales or redesigns is the key to getting the valley back on its feet. Voluntary redesign is one way to stabilize prices faster and at a higher level than waiting for the market to reduce inventory.

Supply and Demand Snapshot

- **6,946 empty building lots** platted in the rural county. 3,583 more lots trying for approval. Estimates range from 70-300+ years of lot supply.
- Supply of lots in the county is higher than ever. In any market, prices tend to decrease when supply is increased. Here, a decrease in land prices **depresses economic growth** across the community.
- Demand for **conventional suburban-style subdivisions** is falling. Housing preference surveys show that nation-wide there is currently 25 million more homes in conventional subdivisions than will be needed by 2030. Demographic trends show future growth concentrating in towns and small clusters of homes.
- Demand for second homes is falling. **Seniors will make up 67%** of the housing market by 2025. Today, only 4% of seniors own second homes. Emerging trends show more seniors choosing to downsize and simplify with preferences for attached housing, small clusters and rental units.
- Teton Valley developments are designed for second homeowners, retirees and the conventional subdivision markets. **Demand for those products has evaporated** while supply has skyrocketed.
- Increased supply with decreased demand tends to decrease both price and quantity. Without a change, the **long-term outlook** for land values is distressing.

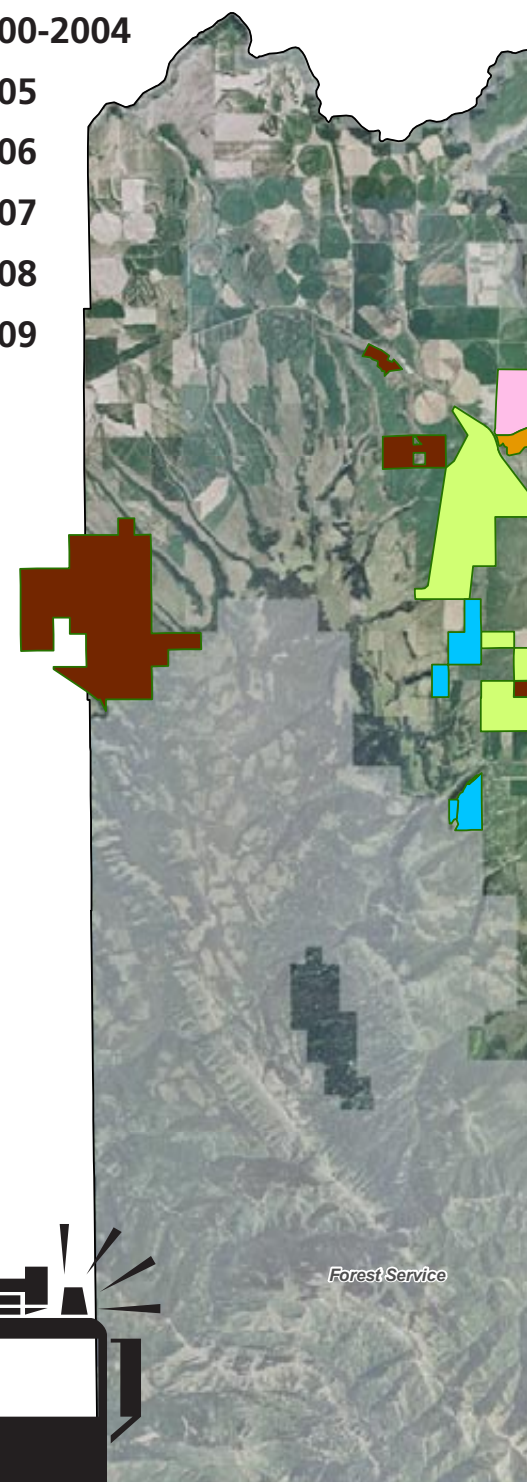
Fiscal Impacts on Local Government

- A significant portion of the **county budget is tied to driving patterns** through road construction, maintenance, traffic enforcement and accident response.
- The further homes are located out on county roads, the more disproportionate the impact on the county. Homes built five or more miles down county roads make up **only 6%** of the houses in the county, yet they generate **20% of the wear and tear** on the roads.
- If the current supply of lots is built-out, the county can expect a **\$1.9 million annual shortfall** for county operations and a **\$16.6 million shortfall** for county infrastructure and capital investments.

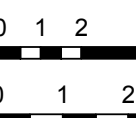


TETON COUNTY SUBDIVISION

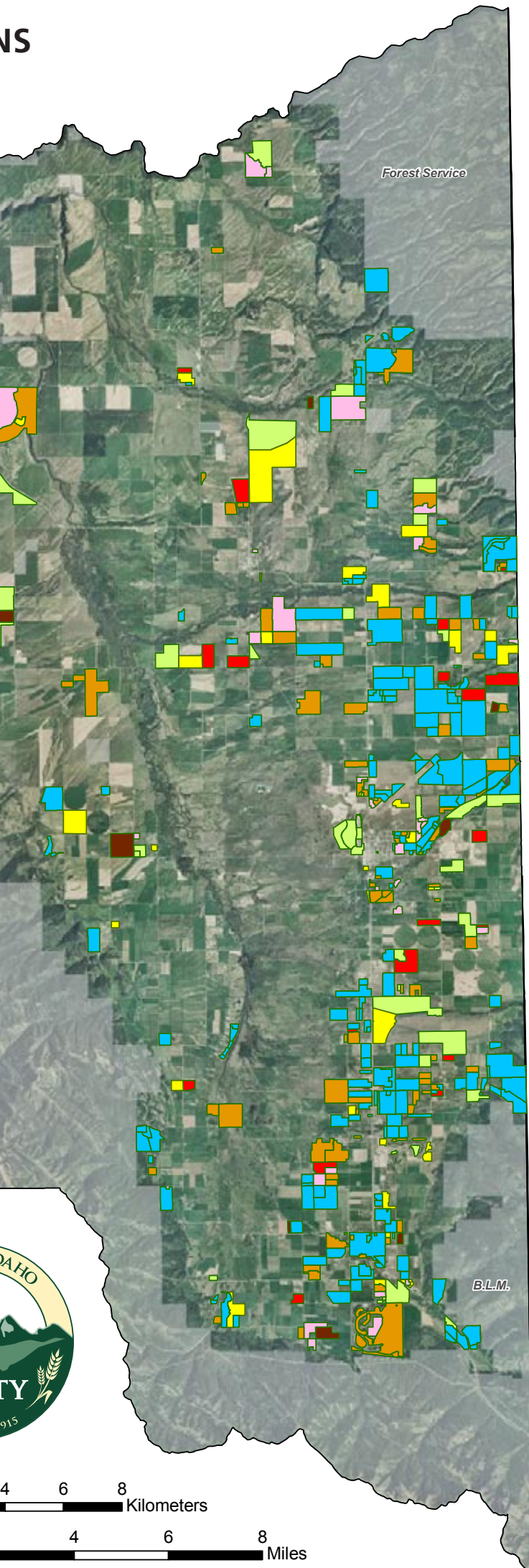
- 1970-1999
- 2000-2004
- 2005
- 2006
- 2007
- 2008
- 2009



The further out in the county that homes are built, the faster the costs to service those developments rise. Without some way to account for the disproportionate costs of providing services to far-flung developments, the county will fall further into financial difficulty.



So What Can We Do Now?



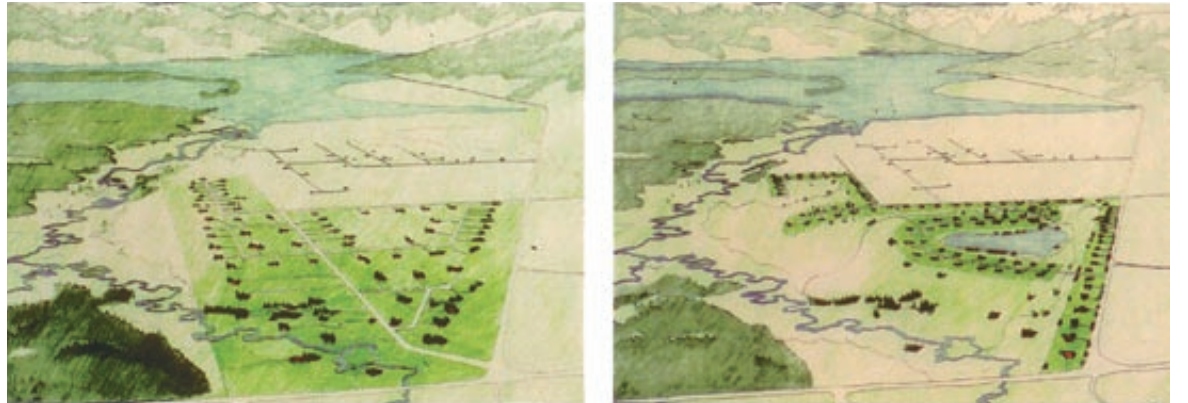
Potential Solutions

Finding Ways to Reduce Supply

Cutting back the inventory of building lots is a win-win solution for the pocketbook and the wildlife. Participants in a recent workshop held in Salt Lake City by the VARD/Sonoran/Lincoln partnership identified a series of tools that could help developers and landowners reduce potential building lots while enhancing their land values.

The lots in question are already approved, which means that nobody can force a developer or landowner to take advantage of these tools. The goal of identifying potential tools and strategies for reducing lots is to provide viable alternatives for projects that no longer make economic sense. The benefits of using these tools will also include a more sustainable local economy and ecosystem.

A few potential tools include:



The purpose of facilitating the redesign of developments reaches beyond the simple need to reduce lots. By changing the layout of a project, a developer can significantly reduce infrastructure costs while better protecting critical habitat and migration corridors. In most situations, reducing lots will serve to improve the quality of the design and add value to the project.
Plat renderings courtesy Sonoran Institute

Facilitating Plat Redesign

Local government can smooth the path for developers to redesign obsolete subdivisions where the new design is a benefit to the community. Performance standards for redesigned projects including lot reduction and increased open space could play a role in that process.

Along with a streamlined re-approval process, access to site-specific design assistance may provide the necessary incentive to encourage landowners to look at their projects in a new way.

Minimizing the barriers to redesigning projects is an important strategy for encouraging participation from banks or other parties holding large foreclosure portfolios. Why not make it easy for institutional investors like banks to help our valley while they help their own bottom line?

Transfer of Development Rights

Purchase of Development Rights

Local government can develop a market to encourage dense, walkable neighborhoods in town while preserving meaningful open space and migration corridors in the rural county.

Successful transfer of development rights programs throughout the West provide benefits to communities by encouraging local reinvestment. More often than not, farmers and ranchers who choose to participate in the programs use the cash generated to modernize their operations or make other local investments.

Conservation Easements

Tax Incentives

Carbon Credits

The desire to preserve the rural character of Teton Valley is a nearly universal value in the community. But, landowners need realistic economic alternatives to development.

Identifying combinations of easement donations, tax incentives, carbon credits and other financial tools can provide lasting value for landowners while avoiding the need to subdivide. With information about the right mix of incentives and credits available, some developers may see an economic advantage to vacating their plat rather than paying to install infrastructure.

Tiered Impact Fees

The further from town a home is built, the greater the cost to the county to provide services.

Impact fees that increase or decrease based on the real cost to the taxpayers of servicing new homes create incentives to build closer to town and are more fair to the community.

Do Nothing

One option available to the community is to sit back and let the market sort things out. Over time the small but steady influx of new residents that the valley has always seen will continue to eat into the oversupply of lots. It will likely be a long and difficult period, but that is a possibility.

The most significant drawback to the “do nothing” approach is that it fails to address the ecological consequences of building out our current lot supply. By doing nothing, we would fail to encourage the protection of meaningful open space, critical wildlife habitat and vital migration corridors. Furthermore, if we sacrifice our wildlife and our scenery, we may do even more lasting damage to the local economy.

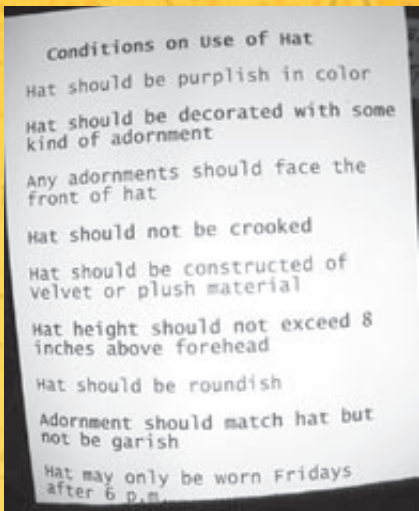




A scary bear is lurking in the kitchen!



In this real estate market, a dream home is a sold home...



Conditional Use Hat

Friday the Thirteenth MAD HATTER PARTY

was a Scary Good Time!

This year's Mad Hatter, held this November on Friday the Thirteenth, was a rousing success thanks to everyone who attended, volunteered, and donated to make the event happen. The hat contest was fantastic, the food was excellent and the live auction and raffle were tremendously popular. We hope you all saw our thank you ads in the local papers highlighting everyone who contributed, and thanks also to anyone we may have missed. **VARD**



The House on the Hill strikes terror in party guests.



Three neighbors with three great hats!



Joann Nicola – "The Wonder Volunteer"



Kim and Gemma Billimoria dreaming of the first day of school.



A big thanks to outgoing board members Kris Ciesinski and Dan Powers for their service.

VARD Board Gets a Fresh Look

Kris Ciesinski and Dan Powers are stepping down from VARD's board. Kris is teaching voice at BYU and just does not have the time to work on the Board. Dan is the next mayor of Driggs so he will have his hands full as well. We would like to thank them both for all their hard work and support over the years that have meant so much to VARD. We would also like to welcome Rich Berg and Kat Smithhammer onto the VARD Board. We are lucky and excited to have their energy and ideas working for VARD. **VARD**



Thank you to everyone who supported VARD at the Tin Cup Challenge this July. We have pared back during these challenging economic times, reducing the number of newsletters that we print and mail to the entire community, so this is our first opportunity to thank those of you not yet on our email list. Through your generosity we were able to raise \$59,000 to help continue our work on behalf of the community. THANK YOU!!! **VARD**

End-Of-Year Giving

The end of the year is swiftly approaching, which means there's no time like the present to donate to your favorite local nonprofits. VARD relies almost entirely on individual donations from people like you to pursue projects like our partnership with the Sonoran Institute and Lincoln Institute of Land Policy.

For those of you who are at least 70-and-a-half years old and are interested in making an end-of-the-year donation through your IRA, a charitable gift to VARD made directly from an IRA before the end of 2009 might not be taxed as income. For all of you interested in giving to VARD before the end of 2009, be sure to check with your tax adviser or attorney about the IRA Charitable Rollover or other end-of-year giving opportunities that make sense for you. **VARD**

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- Supporter.....\$50-\$99/year
- Friend.....\$100-\$249/year
- Patron.....\$250-\$499/year
- Sponsor.....\$500-\$999/year
- Benefactor.....\$1000+/year

Members will receive meeting invitations, regular newsletters and e-mail updates.

PLEASE RETURN THIS FORM AND YOUR CHECK TO: **VARD** P.O. Box 1164, Driggs, ID 83422

VARD IS A NONPROFIT 501 c3 ORGANIZATION. DONATIONS ARE TAX-DEDUCTIBLE.