



DOWNTOWN HOUSING MARKET ANALYSIS

PREPARED FOR

Idaho Falls Redevelopment Agency

PREPARED BY



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General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report reflects the most accurate information possible, and it is believed to be reliable. This report is based upon estimates, assumptions and information developed by Leland Consulting Group from independent research, general knowledge of the industry and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, client's agent, and representatives of any other data source used.

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This report is qualified in its entirety by, and should be considered in light of these limitations, conditions and considerations.

Introduction

Leland Consulting Group, Real Estate Strategists and Development Advisors, was engaged by the Idaho Falls Redevelopment Agency (IFRA) in April 2015 to conduct a market analysis to assess the potential for increasing the City's inventory of downtown housing. This report summarizes Leland Consulting Group's findings and recommendations, including an analysis of the market opportunity for development of rental apartments and owner occupied condominiums in the historic downtown district of Idaho Falls. The goal and intent of this engagement is to prepare an analysis that provides a thorough understanding of the market together with pragmatic business strategies that address how to successfully realize a vision of a livable, walkable downtown with housing.

IFRA and Urban Renewal District

The IFRA was originally created in 1966, but was reestablished in 1988. The urban renewal district consists of four districts in central Idaho Falls, an area equal to approximately seven percent of the total land area of the City. The Snake River Urban Renewal District was expanded into the downtown core in 2006. The current boundaries of this urban renewal district are shown below.

Figure 1. Idaho Falls Urban Renewal District



The mission statement of the IFRA is as follows:

“To strengthen the tax base and promote the successful growth and development of the City of Idaho Falls by using, when necessary, tax increment financing to facilitate the construction of publicly owned infrastructure giving due consideration to that which promotes and enhances the Snake River greenbelt and encourages desirable land uses near that Greenbelt.” (Source: 2014 Annual Report; Downtown Idaho Falls Redevelopment Agency; Page 2).

Historically over \$13 million in tax increment funds have been expended for various projects within the urban renewal district. More recently the most significant investment by the IFRA in the downtown has been the addition of public parking on D Street and the reconstruction of Memorial Drive, totaling \$3.9 million. (Source: *Ibid*).

There is currently approximately \$3.6 million in tax increment funds that could be allocated to other downtown projects, including assistance for downtown housing or other public investments that could enhance the downtown as a desirable housing location. The urban renewal district terminates on December 31, 2018, so it is important to quickly and efficiently invest future tax increment dollars into public projects or housing subsidies that reflect the vision of the IFRA.

Study Area

The study area for the downtown district is show in Figure 2 below. For purposes of this analysis, the historic downtown core, highlighted in orange, is considered to be the study area and lies within the Snake River Urban Renewal District.

The areas highlighted in yellow represent the periphery of the downtown. The area highlighted in yellow is predominantly single-family housing with some industrial and commercial uses. A portion of this area has redeveloped into multifamily housing and commercial office space.

The boundaries of the study area are as follows:

Downtown (orange)

- G Street to the northeast
- Memorial Drive to the west
- South Yellowstone Avenue to the east
- West Broadway to the south

Study Objectives

Idaho Falls is typical of many smaller cities in the Pacific Northwest and across the country, where a post World War II flight to the suburbs devastated the historic downtowns established in the 1800s and the early 1900s. Downtown revitalization began occurring in large cities like Seattle and Portland in the 1970s and 1980s and has progressed rapidly in the last fifteen years. This same vitality has also begun to arrive in some of the mid sized cities in the Pacific Northwest like Eugene, Bellingham, Spokane, Billings, and Boise.

However, downtown revitalization is not an accident. While some downtown redevelopment is likely to occur simply as a result of national trends, the timeframe for redevelopment can be advanced and stimulated through proactive intervention by government, private industry, and public-private partnerships.

The objective of this study is to document the market, economic, and demographic information that will provide the necessary background for formulating a detailed “downtown housing revitalization plan” and suggest possible strategies and tools that can be utilized to stimulate housing development in the downtown.

Premises

To set the stage, a series of premises that describe existing and future conditions and trends, and provide direction for the analysis, are shown below.

- Increases in downtown employment will drive the CBD housing market. There is a high correlation between a desire to live downtown and persons who work downtown.
- Housing and office will drive the downtown retail market.
- Floor area ratio (FAR – a measure of site density) will increase as land prices rise.
- Over time, low-rise buildings will be demolished and replaced with mid-rise buildings. Surface parking lots will be converted to mid-rise buildings and multilevel parking structures.
- Think holistically and build neighborhoods, not projects.
- Downtown housing will be the catalyst that transitions the CBD into an attractive urban lifestyle community with pedestrian traffic, evening activity, and a stronger retail core.
 - The relatively small inventory of housing in downtown Idaho Falls is a supply problem, not a demand problem.
 - The rehab of upper story loft space in old buildings is the fastest and most economical way to add downtown housing units.
 - Mid-rise apartments will be the predominant type of new housing on greenfield sites in the foreseeable future. Generation Y (Millennials) will drive this market.
 - Owner occupied condominiums will make a comeback sometime within the next five years.
 - Affordable and low-income housing, most often financed with State of Idaho low income housing tax credits, will broaden the market and create demographic and housing diversity. Low-income housing is particularly popular with income qualified seniors.

Methodology/Approach

Economic and market trends and data were gathered through a combination of online research of published sources, field research, and interviews with local leaders and businesses.

Our specific methodology for completing this assignment is as follows:

1. **Kickoff:** A site visit, field research, and meetings with various local citizens was completed on April 22nd and 23rd, 2015. Meetings included:
 - Meeting with the IFRA Board

- Renee Magee – Executive Director IFRA - tour of the Bonneville Hotel and other buildings and areas of the downtown
- Krisi Staten - Idaho Falls Downtown Development Corporation
- Douglas Powell and Kevin Cutler - Sperry Van Ness (commercial realtors)
- Gary Patrick - Voight Davis Realtors
- Jenna Schweinsberg - Ball Ventures, LLC
- Graham Whipple – Architect housing in the second story of the Montgomery Ward Building
- Megan Jardine - Manager Parkwood Pointe and the Meadows at Parkwood Apartments
- Manager – Eagles Landing Apartments

In addition, telephone interviews were conducted with:

- Amy Lientz – Idaho National Laboratory
 - Thomas Mannschreck – Thomas Development Co.
 - Doug Oppenheimer – Oppenheimer Companies, Inc.
2. Understanding the context of the Idaho Falls downtown environment and the opportunities and challenges this environment presents.
 3. The market, economic, and demographic trends and dynamics that will influence the delivery of housing in downtown Idaho Falls.
 4. The short and longer-term strategies that can be implemented to establish downtown Idaho Falls as a desirable urban environment and residential location.

Executive Summary

The objective of this study is to document the market, economic, and demographic information that will provide the necessary background for formulating a detailed “downtown housing revitalization plan” and suggest possible strategies and tools that can be utilized to stimulate housing development in the downtown.

Opportunities and Challenges

- Opportunities for downtown housing in Idaho Falls include:
 - National trends and demographic changes in the market.
 - The ratio of downtown housing units to downtown jobs is very low in Idaho Falls compared to other comparable cities.
 - There are many historic and other attractive old buildings in the downtown with potential for rehab of underutilized upper stories into housing.
 - Apartment occupancy in Idaho Falls is high indicating the market may be undersupplied.
 - The Idaho National Laboratory is Idaho Falls’ largest private employer with many younger employees who demographically may prefer an urban lifestyle.
 - There is no competition for new housing in the downtown and the market is undersupplied.
 - There are no apparent zoning issues or regulations that would create a deterrent for downtown housing.
- There are several challenges that will inhibit housing development in the downtown.
 - There are no traffic issues in Idaho Falls that can act as a catalyst for people to live downtown when they work downtown.
 - Office vacancy in the downtown is high. Snake River Landing is capturing a disproportionate share of the office market.
 - There has been a limited amount of marketing and promotion in the downtown and the budget for this task is minimal.
 - The downtown is challenged by a lack of improved landscaped or hardscape plazas and parks.
 - The economics of downtown housing often lag the suburbs where land is more available, less expensive, and onsite surface parking is the norm.
 - Conservative underwriting and low appraisals are a hangover from the recession. In Idaho Falls there are no downtown residential comparables that bankers can use to underwrite financing.
 - There is a shortage of vacant land in downtown Idaho Falls for new housing construction. The majority of vacant land is being utilized for parking.
 - Land and building owners often have unrealistic expectations about what their property is worth in the current market.
 - Condominiums are currently difficult to finance. Many financial institutions are requiring 50 percent presales before releasing any funding.

Primary Market Area

- At least 80 percent of the downtown housing market will be households currently residing in Idaho Falls and possibly people moving to Idaho Falls from larger, more urban cities.
- Secondary markets to the north and south in Rigby, Rexburg, Shelley, and Blackfoot are not likely to move to downtown Idaho Falls unless they work downtown or their circumstances change.

Target Markets

- Demographically the downtown housing market could be quite diverse and include one and two-person households of all ages from approximately 18 to 80.
- It is expected that at least one third of prospective downtown residents will be singles between the ages of 20 and 35. The balance will be couples of all ages and single seniors.
- Younger dual income professional couples (late 20s to mid-40s).
- Single women of all ages. Older widows and divorcees are included in this group.
- Younger couples with a new baby or one small child. Willing to rent until they can afford to purchase a home.
- Divorced dads with children who visit on weekends.
- Mature empty nesters or soon-to-be empty nesters. Adults 50 years of age and older.
- Transitional households in the process of moving to the area may choose to rent before they buy or build and the downtown will be high on their list of location options.

Housing Market Trends

- Nationally, apartment demand and occupancy remains strong and demographics clearly favor the apartment sector over ownership housing.
- Declining home ownership is increasing the demand for apartments.
- Financing for home ownership has become much more difficult, which is exacerbating the shift to apartments, particularly among newly formed Generation Y households.
- Weak employment growth has resulted in more part-time jobs and weakening income growth, which has created more renters.
- The best locations for new apartments are locations near city centers, neighborhood centers, and public transportation.
- In 52 percent of the 50 largest metropolitan areas of the U.S., the share of residential construction in central cities has more than doubled since 2000.
- Historically the condominium market in Idaho Falls has been dominated by attached duplex and triplex townhomes, which is more akin to single-family housing than what is typically thought of as condominium.
 - There are no urban condominiums in downtown Idaho Falls except a few isolated units in second story loft space.
 - In 2008, the onset of the great recession significantly reduced job growth and household wealth nationwide, making households even more reluctant to buy both condominiums and single-family homes.
 - By 2009 condominium sales had plummeted and slow absorption was exacerbated by the inability of buyers to obtain mortgages.
 - After 2009 many condominiums that were under construction or scheduled to come on line were converted to rental apartments.
 - Although condominiums are beginning to stage a comeback in some cities in the Pacific Northwest, the recession condominium ownership has generally been unattractive to many households.
 - It is expected that buyer demand for urban condominiums will remain below historical trends in the next few years.

- On a positive note condominium values are beginning to appreciate again and, in some markets, are near their historical highs.
- Until there is a demonstrated trend towards sustained long-term price appreciation, demand in the condominium market will remain tepid.

Housing Supply

- Idaho Falls is a suburban housing market consisting of mostly single-family homes, two and three-story garden apartments with surface parking, and attached townhouses.
- The majority of the suburban garden apartment inventory in Idaho Falls is old, having been constructed in the early 2000s or before.
 - Although occupancy dipped to as low as 82 percent in 2010 and 2011, the market has recovered and occupancies are back up to 95 to 100 percent. However, rents have remained static in the last 10 years.
 - The highest quality apartments in Idaho Falls, with the highest rents, are The Meadows at Parkwood and Eagles Landing.
 - Rents at the top of the market are low in Idaho Falls, ranging from \$0.58 to \$0.78 per square foot per month at Eagles Landing and \$0.77 to \$0.97 at The Meadows, the two highest quality apartments in the region.
 - The current rents for existing suburban garden apartments in Idaho Falls will not support new construction without financial assistance.
- Snake River Landing is an attractive 450-acre mixed-use master planned community located on the west side of the Snake River about 1.5 miles southwest of the downtown.
 - Snake River Landing, now and in the future, will be the primary competition for both commercial and residential land uses in downtown Idaho Falls.
 - Phase Three residential is a 240-unit market rate garden apartment with one, two, and three-bedroom units. Rents will be the highest in the market ranging from approximately \$900 to \$1,200 per month (about \$1.00 to \$1.20 per square foot per month).
- In Idaho Falls, the townhouse is the suburban equivalent of a condominium. They are an owner occupied product and are popular among the older empty nester Baby Boomer market. Average selling prices are approximately \$122 per square foot.

Market Demand

- Nearly all affordable housing (90 percent) being developed across the nation today is financed with Low Income Housing Tax Credits, established in the tax reform act of 1986.
 - While this program has helped meet a critical affordable housing shortage, there are never enough tax credits to meet the demand. LIHTC apartments are almost always 100 percent occupied and often have long waiting lists.
 - Affordable housing subsidized with LIHTCs is a viable option for downtown Idaho Falls and any new housing of this type is liable to absorb rapidly.
- Idaho Falls has a supply problem, up to a point, rather than a demand problem.
- One and two-person households represent at least 90 percent of the potential downtown housing market.
- The propensity for renter occupied households to move downtown is nearly double the propensity of households residing in owner occupied housing.
- However, the income-qualified owner occupied housing market in Idaho Falls is 1.7 times the size of the renter occupied market.

- The estimated short term market demand for downtown housing in Idaho Falls is 217 owner occupied housing units (condominiums) and 238 apartments, a total of 455 housing units.
 - This is a conservative estimate of a “potential market” based on current households and does not take into consideration future population growth, including in-migration and households with more than two persons.
- A second methodology for estimating potential downtown housing demand is based on the ratio of downtown residents to downtown employment. Idaho Falls has an unusually low ratio of only one downtown resident for every 14.4 downtown jobs, compared to an average of one resident for every 3.2 jobs in the other eight downtowns shown in Table 1.
 - Assuming Idaho Falls is able to achieve a more normal ratio of approximately one downtown resident for every four jobs, an estimated 500 more housing units would be needed to support this additional downtown population.

Downtown Housing Strategies

- Revitalizing downtowns is an evolutionary process that takes time. The time period for revitalization can be accelerated by public involvement and the implementation of proactive strategies designed to bring residents and businesses back to the downtown.
- As a downtown evolves, growth in downtown population and employment can become exponential and the downtown can reach a “critical mass” that then builds on itself.
- A downtown without housing, like Idaho Falls, is missing a core ingredient in the creation of a synergistic urban environment. The challenge facing Idaho Falls is “priming the pump” to create a public/private partnership that develops a residential demonstration project in the downtown.
- A housing project is needed that “tests” the market, establishes a price floor, and proves to private sector developers and financial institutions that there is a viable market in Idaho Falls with premium rents that are significantly higher than the suburbs.
- A strategic business plan and vision that sets goals and guides the allocation of scarce capital and human resources is a critical first step.
 - In order to launch a downtown housing initiative, public and private civic leaders need to come together to create a unified vision for what they want the form and function of downtown Idaho Falls to be in the future, not only for housing, but for other land uses as well.
- A greater diversity of housing types and the subsequent broadening of the market can be accomplished if the boundaries of the study area are expanded to include the single-family zones on the periphery of the downtown.
- There is a financial gap in the economics of three-story suburban apartments with surface parking and downtown housing.
- A new mid-rise apartment in downtown Idaho Falls will probably require rent in a range of \$1.50 to \$1.75 per square foot. Public assistance may be needed to close this gap.
 - In addition to public assistance, the simplest way to close the rent gap between the downtown and the suburbs is to reduce the unit sizes.
 - The same amount of rent can be charged for a smaller apartment in the downtown as a larger apartment in the suburbs because of the walkable urban environment.
 - New one-bedroom apartments renting for \$900 per month in the suburban market are seldom more than 750 square feet.
 - A 600 square foot one-bedroom apartment in downtown Idaho Falls renting for \$900 would equate to \$1.50 per square foot.
- The same economics that affect new downtown apartment construction is present, to even a greater degree, for downtown condominiums. Currently, this economic gap is even more difficult to overcome.

- The economic price gap between suburban condominiums and any potential downtown condominiums is over 200 percent.
- The quickest and possibly the most economical route to new downtown housing in Idaho Falls is the renovation of upper story space in existing buildings into loft apartments.
 - The buildings or upper story space could be prioritized based on the potential opportunity.
 - The utilities need to be separately metered.
 - Many of these older buildings have adjacent surface parking. However, if there is no adjacent parking, the apartments could be difficult to rent.
 - There may be fire code issues. A stairway or fire escape is needed in case of a fire.
 - If a developer is not purchasing the whole building the space that is going to be developed as apartments needs to be purchased separately from the rest of the building under condominium ownership.
 - Every building is different. Renovation costs are unique to each building and sometimes difficult to estimate without extensive studies.
 - Sometimes renovation costs per square foot can be higher than new construction.
- Selected examples of possible downtown apartment conversions include:
 - Bonneville Hotel
 - Montgomery Ward building
 - Idaho Mountain Trading Building
 - Rogers Building
- While upper story building rehabs may be the fastest and most economical route to downtown housing in Idaho Falls, new mid-rise housing development on vacant downtown land is needed to provide the market with significant quantities of housing.
 - There is clearly a shortage of vacant developable land downtown. IFRA should inventory the surface parking lots and marginal low-density buildings that could eventually be potential teardowns.
 - The only clearly identifiable vacant site in the downtown is a 0.96-acre property located between Broadway and A Streets on Memorial Drive. However, brokers report that the asking price for the property is significantly over market.
- Parking is a critical component to downtown housing that directly impacts rent and absorption. The City's current minimum parking ratio of two spaces per unit for new downtown residential buildings has to be changed. There will be no new residential construction at normal downtown densities as long as this ratio remains in effect.
 - Parking for upper story loft apartments in existing buildings must also be convenient. Ideally the parking would be adjacent to the building.
- To promote downtown housing and turn downtown Idaho Falls into a vibrant mixed use urban neighborhood, the public agencies responsible for promoting downtown housing need to focus on "place making."
 - Attractive public spaces are needed to supplement building development to provide the urban fabric that motivates people to live and work downtown.
 - The concept of livability and lifestyle is much more than the physical environment. The opportunity for social interaction, recreation, security, and the general quality of life, in a walkable environment, is of much greater importance.
- Other important urban amenities that will expedite the evolution of downtown Idaho Falls into a vital urban neighborhood include:

- A grocery store, although a grocery store will follow housing because it needs the support of downtown residents to be economically viable.
- A central gathering place; a plaza or a park, large enough to support events.
- Street trees, landscaping, and additional street art.
- Sidewalk cafes.
- While it would not be prudent to make large capital expenditures on promoting and marketing the downtown before there is any housing to promote, eventually downtown marketing and promotion will be an important component to the solution of the downtown housing problem. A marketing plan and budget needs to be formulated to guide this effort.
- There are a number of development tools that can help clear the way for downtown housing. These tools should be utilized wherever and whenever possible.
 - Property tax abatement is a common way to help subsidize downtown housing in many cities.
 - Public/private partnerships need to be encouraged to help finance downtown housing.
 - Public regulations and policies need to be supportive of downtown housing, not a deterrent.
 - Impact fees and permit fees can also negatively impact the feasibility of downtown housing. Sometimes these fees are higher in downtown than the suburbs.
 - Because there are no comparable downtown urban apartments buildings low appraisals can be a problem. The only way to solve this issue is for the appraiser to obtain pricing from other comparable markets and make location adjustments.
 - Train whistles at crossings are loud and can be an irritant to residents. In cooperation with the railroads it is often relatively easy and inexpensive to get “quiet zones” at these crossing.

Conclusion

- Historic downtown Idaho Falls has the necessary character and infrastructure that provides an unusual opportunity to create an urban downtown environment with a balance of housing, employment, retail goods and services, public spaces, social interaction, cultural activities, and other events that bring people together and creates a lifestyle that encourages people to live downtown.
- Initially, the downtown leaders responsible for seeding the downtown with housing should focus on place making, marketing, and promotion to begin to form the image in people’s minds of downtown as an attractive alternative to the suburbs.
- Downtown Idaho Falls market is severely under supplied with essentially no housing of any consequence and no competition from suburban residential real estate products.
- Pent up demand is no doubt present and there are no projects in the pipeline that are potentially competitive and can duplicate the walkable urban environment of downtown Idaho Falls.
- In the short term, to win market acceptance, achieve healthy absorption, obtain the necessary price premiums over the suburbs, and create economic feasibility, downtown housing in Idaho Falls will strongly favor rental apartments over condominiums.

Opportunities and Challenges

Every market presents certain opportunities and challenges. Before proceeding with a downtown housing plan it is important to understand these opportunities and challenges. Downtown housing strategies are, in part, designed to mitigate or correct constraints and challenges and capitalize on opportunities.

Opportunities

Demographic Changes in the Market

The housing market across the United States is changing and evolving due to several factors:

- Demographic shifts and the influence and housing preferences of the two most viable target markets; Baby Boomers and Generation Y Millennials.
- The dramatic and painful post recession correction in home values as a result of an overheated prerecession housing market.
- Declining household income and the post recession reduction in net worth, largely as a result of the reduction in home values.

Home ownership in a suburban single-family neighborhood is no longer the American dream for the majority of the population, particularly Generation Y households. Traditional housing preferences and values are being replaced by:

- A willingness to make tradeoffs between size and location. Surveys show the majority of U.S. households now prefer a smaller home with a shorter commute.
- A desire for walkable, mixed-use neighborhoods with a “sense of place.”
- Consumers are searching for and place a high value on convenience and connectivity.
- Among Millennials, in particular, lifestyle preferences dictate their tenure, location, and housing type choices. Urban environments are sought that facilitate social interaction, provide a sense of security, and eliminate home maintenance.
- Urban neighborhoods and downtowns with these characteristics are achieving 15 to 20 percent price premiums per square foot and much higher market capture rates (15 to 25 percent of the total market). *(Source: Sonoran Institute; Reset – Assessing Future Housing Markets in the Rocky Mountain West; 2013).*

Downtown Employment

As previously mentioned one of the primary drivers for downtown housing is downtown employment. Younger singles and couples and working professionals without children prefer the convenience of living close to their place of employment, with the added benefit of being able to walk to work. The ratio between the downtown resident population and downtown employment is a gauge of the maturity of a downtown housing market and an indication of whether a market is under or over supplied.

Table 1. Ratio of Downtown Resident Population to Downtown Employment

City	Downtown Residents	Downtown Employment	Ratio
Portland, OR	19,900	83,400	1:4.2
Salt Lake City, UT	20,174	64,848	1:3.2
Denver, Co	12,500	110,000	1:8.8
Albuquerque,, NM	25,533	41,474	1:1.6
Fremont, CA	19,624	33,982	1:1.7
San Mateo, CA	11,198	33,484	1:2.9
Ricmond, CA	8,940	31,618	1:3.5
Boise, ID	6,629	44,000	1:6.6
Idaho Falls, ID	231	3,334	1:14.4
Weighted Average			1:3.2

Source: ULI; Trends in Housing; Boise, Idaho; March 2013 and Bonneville Metropolitan Planning Organization

The downtowns with the highest ratios of employment to population are Denver, Boise, and Idaho Falls. Idaho Falls has the highest ratio with only one downtown resident for every 14.4 downtown jobs. Furthermore, many of the downtown residents in Idaho Falls are retired seniors. So the ratio between downtown employees and working downtown residents and employees is actually even higher.

The ratio in Idaho Falls shows the downtown housing market is significantly underserved. Therefore, the opportunity is much greater and the competition is less for downtown housing in Idaho Falls. Pent up demand is likely present. Markets cannot be penetrated and demand cannot be captured without the supply.

Historic Buildings

There are a number of attractive turn of the century buildings in the downtown with vacant or underutilized upper story space and high ceilings that could potentially be converted to rental loft apartments. In the short term, these buildings represent the best opportunity for new downtown housing. A 20 percent federal tax credit for a historic rehab could be available for buildings on the historic register. The rehab cost could be relatively affordable and subsidies may not be needed.

Downtown buildings on the historic register include:

- Bell Building (1910)
- Shane Building (1915)
- Montgomery Ward Building (1928)
- Idaho Falls City Building (1930)
- Bonneville Hotel (1926)
- Hotel Idaho (1917)
- Bonneville County Courthouse (after World War I)
- Idaho Falls Federal Building (1914)
- Kress Building (Between 1930 and 1932)
- Farmers and Merchants Bank Building
- Hasbrouck Building (1895)

Not all of these buildings are available or suitable for housing. They are, however, examples of the historic character of the downtown.

Apartment Occupancy

A third strong indicator of pent up demand in downtown Idaho Falls, and therefore an opportunity, is the recovery of the rental apartment market since the recession. In 2010 and 2011, right after the recession, the occupancy rate in suburban apartments dipped down to 82 percent. This market has fully recovered and occupancy rates are now above 95 percent. Vacancies are only present briefly as a result of turnover.

Idaho National Laboratory

The Idaho National Laboratory (INL), with 7,000 employees, including on-site independent contractors, is also an important potential source of demand. Many of their employees are young and single (Generation Y cohorts), they have scientific backgrounds, and they are dedicated to their jobs.

The convenience of urban housing with higher security, no maintenance, and an urban lifestyle is highly appealing to this group. INL is also directly connected to the downtown by Memorial Drive and the greenway/pedestrian/bike path on the east side of the Snake River that runs north and south adjacent to the downtown.

Competition

The downtown is the only walkable urban environment in Idaho Falls. All of the rental and ownership housing is lower-density housing in suburban subdivisions. These suburban neighborhoods are auto-oriented, they are not pedestrian friendly, and they do not convey a sense of place. Suburban housing in Idaho Falls is commodity housing mostly without neighborhood amenities. The products are the housing units themselves, not the environment and the lifestyle that an urban environment creates. Thus, a housing project in the underserved downtown area will not have any competition for the market segment attracted to an urban lifestyle.

Zoning

There are no apparent zoning issues that would be a deterrent to developing downtown housing. The downtown is zoned for mixed use and residential is allowed above the ground floor. Only commercial uses and structured parking are allowed on the ground floor of downtown structures, although up to 20 percent of the ground floor area can be a residential lobby.

Challenges

Like many smaller cities, Idaho Falls is facing multiple challenges if it is to become a viable downtown housing location with significant quantities of new housing. Some of these challenges are outside the control of the City's leaders and only time can affect change. Others challenges can be mitigated proactively.

The following is a partial list of these challenges, or potential challenges, that need to be considered as part of a plan to facilitate downtown housing. Possible solutions to some of these challenges will be discussed in a later section of this report.

- The City's leaders in Idaho Falls are faced with the challenge of reversing 30 to 40 years of migration out of the downtown.
- Traffic congestion can influence a household's decision of where to live. However, Idaho Fall residents have a relatively short manageable commute to their place of employment. Short travel times lessen the importance of living in close proximity to employment centers, such as a downtown.
- Snake River Landing, Taylors Crossing, and some contraction at INL have had a negative effect on office occupancy in the downtown, which is currently estimated at 75 to 80 percent. Office occupancy citywide is between 82 and 85 percent. (Source: Doug Powell; Sperry Van Ness).
 - Much of the office space downtown is too large to accommodate smaller tenants. Large tenant space is difficult to lease and there are examples of larger tenant office spaces throughout the City that have been on the market and vacant for several years.
- The downtown is in direct competition with Snake River Landing for office and potentially housing. The 450-acre master planned community is a short distance across the Snake River southwest of the downtown. Most of the land is yet to be developed.

- Ground will be broken on a new 240-unit garden apartment this summer. This apartment will set new rent levels for the upper end of the market.
- Snake River Landing has a large promotion and marketing budget, which far exceeds any marketing dollars available for the downtown.
- The Idaho Falls Downtown Development Corporation has been the agency primarily responsible for marketing and promoting the downtown. However, their budget is limited. To date they have spent \$15,000 and there are no additional funds. However, while marketing is important, with a highly restricted budget, marketing dollars may be more effective if these expenditures are made simultaneous with the launching of new housing supply.
- The primary downtown amenities are the ground floor retail and food service in various locations throughout the downtown, the Colonial Theatre for the performing arts, and the Willard Art Center. However, the downtown is challenged by a lack of improved landscaped or hardscape plazas and parks. There is a small pocket park at Park and B Street, but streets have to be closed off to hold larger events.
- Memorial Drive acts as a physical barrier between the downtown and the greenway. Stronger pedestrian connections are needed.
- The economics of downtown housing often lag the suburbs where land is more available, less expensive, and onsite surface parking is the norm.
 - Higher rents are needed to offset higher land and construction costs. Can achievable rents support these costs?
 - Structured parking is five to seven times more expensive than surface parking.
 - Urban apartments require elevators.
 - The cost of building rehabs is highly variable and more difficult to estimate. Rehab can be more expensive than new construction.
 - Jurisdictions may require that a building be brought up to current earthquake standards if the land use is changed, which can be cost prohibitive.
 - Impact fees and other soft costs are sometime higher in the downtown than in the suburbs.
 - Construction staging is more difficult and expensive because it usually has to take place on sidewalks and in the street.
 - Because downtown housing may require higher rents to be feasible, financing can be more difficult and expensive. More equity may be required and equity is generally more expensive than debt.
 - Market rate downtown housing is often jumpstarted with public subsidy, often utilizing urban renewal tax increment financing. However, the State of Idaho has limited the ways urban renewal dollars can be spent. Specific projects cannot be financed directly.
 - Public infrastructure, landscaping, and other improvements in public right of ways are allowed uses of tax increment funds.
 - IFRA can purchase a property and go through a disposition process with a private developer at a price less than the purchase price or value of the property. This is the most direct way of incentivizing a downtown housing project, but it can be costly.
 - IFRA sunsets in 2018 and there is only \$3.6 million in tax increment funds to invest in downtown housing. The challenge IFRA faces is determining how to optimize this investment to receive the highest value per dollar with respect to bringing new housing to the downtown.
- Conservative underwriting and low appraisals are a hangover from the recession. In Idaho Falls there are no downtown residential comparables that bankers can use to underwrite financing.
 - The last new apartment that was constructed anywhere in Idaho Falls was the second phase of Eagles Landing, which was built in 2009. Eagles Landing is a three-story garden apartment with

- surface parking, which is less expensive to build than downtown mid-rise housing with structured parking.
- Rent increases in the local apartment inventory have not kept pace with the cost of new construction and currently top out at \$.95 per square foot. Depending on land cost, a developer will most likely need to achieve at least \$1.50 per square foot rent for a mid-rise downtown apartment to be feasible without subsidies, assuming a reasonable land cost. A test case is needed to establish higher market rents and to demonstrate a reasonable level of absorption is achievable.
 - While upper story loft space and building rehabs may be the fastest and most economical way to deliver housing in the downtown, a new four or five-story mid-rise apartment, above ground floor retail and parking, is also needed to provide housing diversity and larger quantities of housing in a single location.
 - There is a shortage of vacant land in downtown Idaho Falls. The majority of vacant land is being utilized for parking.
 - The 0.96-acre site between Broadway and A Avenue to the south and north, and Memorial Drive to the west is an excellent high profile residential property in a superior location with potential views, close proximity to the river, and great exposure. However, the asking price may be above fair market value.
 - Land and building owners often have unrealistic expectations about what their property is worth in the current market. These expectations often do not correlate with housing economics and can exceed appraised value, further complicating financing.
 - Generally all public parking in downtown Idaho Falls is on the street or in surface parking lots.
 - “Off-street parking lots create gaps in the street wall, eliminating the sense of enclosure on the commercial street and interrupting activities that make the street an interesting place for people. Expanses of pavement and parked cars create a visually harsh environment that adversely affects a downtown’s image. Additional parking should be done via city owned parking structures.” (*Source: Idaho Falls Downtown Design Guidelines; City of Idaho Falls, Planning Department; Page 19*).
 - “The abundance of surface parking lots is starting to tip the balance of downtown from being a pedestrian-oriented space to a more suburban-style development.” (*Ibid; Page 27*).
 - A *Downtown Idaho Falls Parking Analysis (Brent McLane; University of Utah; 2012 Update)* concludes: “There is parking sufficient for the current needs of downtown.” However, there are recommendations for better utilization of the available parking and public parking may be inconveniently located for some businesses.
 - Currently the minimum parking ratio for a new residential building in downtown Idaho Falls is 2:1 (two spaces per unit). This ratio is too high and downtown housing is not economically feasible with 2:1 structured parking under a residential building.
 - Noise from the whistles at railroad crossings on the Union Pacific line on the eastern fringe of the downtown study area can be a disruptive and a deterrent to housing. This problem is easily solved with quiet zones, which have become popular throughout the country.
 - Condominiums are currently difficult to finance. Many financial institutions are requiring 50 percent presales before releasing any funding.

Market Trends and Dynamics

In the post World War II era, traditional downtowns across America emptied out as the parents of the baby boom generation moved their families into single-family homes in the suburbs. Initially white-collar workers often commuted back to downtown to work. As commute times increased, suburban office began competing with downtown office and many downtowns began to lose their daytime population as well.

Evidence of a reversal of this movement began materializing in the mid 70s and early 80s in larger cities and, more recently, has begun emerging in many smaller cities throughout the United States. However, the traditional downtowns in smaller cities, in more rural areas of the western United States, have been slower to revitalize. Idaho Falls is an example of this phenomenon.

In a study prepared by the Sonoran Institute “*Restore – Commercial and Mixed Use Development Trends in The Rocky Mountain West (June, 2014)*”, a cluster analysis was prepared that sorted Rocky Mountain communities into three groups based on demographic attributes. These groups were referred to as Tier A, B, and C communities with Tier A cities like Boise, Meridian, Fort Collins, Grand Junction, Billings, Bozeman, Casper, and Cheyenne demonstrating the best opportunity for mixed-use urban development.

The commonalities among these communities are:

Tier A Communities

- A sizable population
- Significant growth over the past several years
- Relatively high median and per capita incomes
- A youthful population base
- A well-educated population

Tier B Communities

- A smaller population than Tier A communities
- Slower growing or slightly shrinking populations
- Mid-range median and per capita incomes
- Youthful residents, although they can have a growing aging population
- A strong base of residents that have post-secondary educations

Tier C Communities

- The smallest population base
- Low growth rates or shrinking populations
- Relatively low median and per-capita incomes
- Aging populations
- A lower number of residents with post-secondary education”

Idaho Falls is classified as a Tier B community along with Coeur d’Alene and Nampa in Idaho, Helena, Kalispell, and Missoula in Montana, and Jackson, Laramie, and Sheridan in Wyoming. The Tier A and B cities in Idaho have the following characteristics:

Table 2. Demographic Characteristics of Tier A and B Cities in Idaho

	Tier A - Idaho			Tier B - Idaho	
	Boise	Meridian	Idaho Falls	Coeur d'Alene	Nampa
2012 Population	212,303	80,386	57,899	45,579	83,930
Population Change 2010 - 2012	3.00%	7.00%	1.80%	3.30%	2.70%
Median Household Income	\$49,516	\$63,388	\$45,990	\$40,132	\$42,111
Per Capita Income	\$28,804	\$26,622	\$24,020	\$22,393	\$17,131
Median Age	35.3	32.9	32.4	35.1	29.3
College Graduate or Higher (Age 25+)	36.9%	33.4%	27.5%	23.2%	16.8%

Source: Sonoran Institute; Restore

The market for urban mixed-use development, including downtown housing, is deeper in Tier A cities than in Tier B or C cities. Tier A cities are generally more evolved with more active downtowns and higher populations of downtown employment. Thus, the challenges and barriers to entry are higher for downtown housing in Tier B cities than in Tier A cities. However, in comparison to Coeur d'Alene and Nampa, Idaho Falls has a demographic base that displays a higher propensity for urban mixed-use development than its Tier B neighbors and, except for its lower population base, it has characteristics more similar to Tier A cities like Boise.

Primary Market Area

Geographically, a primary market area is loosely defined as the area from which approximately 70 to 80 percent of tenancy in downtown Idaho Falls will be derived. In the judgment of Leland Consulting Group, at least 80 percent of the downtown housing market will be households currently residing in Idaho Falls and possibly people moving to Idaho Falls from larger, more urban cities.

Secondary markets to the north and south in Rigby, Rexburg, Shelley, and Blackfoot are not likely to move to downtown Idaho Falls unless they work downtown or their circumstances change. The current population of the primary and secondary markets is shown below.

Table 3. Primary and Secondary Markets

	2013 Population	County	Distance from Idaho Falls (miles)	Drive Time from Idaho Falls (min.)
Primary Market				
Idaho Falls	58,292	Bonneville	na	na
Secondary Markets				
Rigby	4,043	Jefferson	14.8	18
Rexburg	26,520	Madison	27.9	30
Shelley	4,396	Bingham	9.1	15
Blackfoot	11,854	Bingham	29.0	32
Subtotal	46,813			
Total	105,105			

Source: Google Maps and Wikipedia

The unincorporated areas of the four counties in which the above cities are located are sparsely populated and are probably not a market for urban housing in Idaho Falls other than perhaps elderly households. However, new jobs, marriages, and divorces can result in relocation. Hence, “secondary markets” can come from nearly anywhere within the region or from outside the region.

Economic Base

Population growth in Idaho Falls and Bonneville County compares favorably to Boise, Pocatello, and the state in total. Twin Falls has demonstrated the highest rate of growth.

Table 4. Population for Selected Cities in Idaho 2000 - 2013

Area	2000 Population	2010 Population	Compound Rate of Growth 2000 - 2010	2013 Estimated Population	Compound Rate of Growth 2010 - 2013
Idaho Falls	51,110	57,054	1.11%	58,218	0.68%
Bonneville County	82,867	104,675	2.36%	107,517	0.90%
Boise	185,787	205,671	1.02%	209,700	0.65%
Pocatello	51,466	54,255	0.53%	54,350	0.06%
Twin Falls	34,949	44,125	2.36%	45,981	1.38%
State of Idaho	1,299,400	1,571,500	1.92%	1,612,136	0.85%

Source: United States Census Bureau,

Employment growth is the primary housing demand driver for population and new housing. New jobs bring new households to the region. Singles and childless couples working in professional white-collar jobs in the downtown is the most fertile market for downtown housing.

Table 5. Historic Employment Growth by Industry – Idaho Falls

	2005	2015	Change	Compound Growth Rate
Total Nonfarm Employment	53,400	59,600	6,200	1.10%
Total Private	46,500	52,000	5,500	1.12%
Natural Resources, Mining, and Construction	3,100	2,500	-600	-2.13%
Manufacturing	3,100	3,800	700	2.06%
Trade, Transportation, and Utilities	12,700	14,300	1,600	1.19%
Information	1,100	900	-200	-1.99%
Financial Activities	2,000	2,300	300	1.41%
Professional and Business Services	11,900	12,100	200	0.17%
Educational and Health Services	6,400	8,800	2,400	3.24%
Leisure and Hospitality	4,200	5,400	1,200	2.54%
Other Services	2,000	1,900	-100	-0.51%
Government	6,900	7,600	700	0.97%
Federal Government	900	800	-100	-1.17%
State Government	800	900	100	1.18%
Local Government	5,200	5,900	700	1.27%

Source: Idaho Department of Labor, Current Employment Statistics (CES) Jan 2005-Jan 2015

Manufacturing, Education and Health Services, and the Leisure and Hospitality industries have been the fastest growing industries in Idaho Falls.

Table 6. Employment Forecast by Industry – Eastern Idaho

	2012	2022	Change	% Change	Compound Growth Rate
Total All Industrial	79,949	96,604	16,655	21%	1.91%
Total Private	73,738	89,866	16,128	22%	2.00%
Agriculture, Forestry, Fishing, and Mining	2,637	3,094	537	20%	1.61%
Construction	3,660	5,849	2,189	60%	4.80%
Manufacturing	4,429	5,407	978	22%	2.02%
Trade, Transportation, and Utilities	18,293	21,781	3,488	19%	1.76%
Information	1,244	1,429	185	15%	1.40%
Financial Activities	1,822	1,977	155	9%	0.82%
Professional and Business Services	15,028	17,468	2,440	16%	1.52%
Educational and Health Services	17,335	21,622	4,287	25%	2.23%
Leisure and Hospitality	7,595	9,209	1,614	21%	1.95%
Other Services	1,695	2,030	335	20%	1.82%
Government	6,211	6,738	527	8%	0.82%

Although employment projections are not available for Idaho Falls, private sector employment in Eastern Idaho is projected to grow at a healthy annual compound rate of two percent. On a percentage basis construction, manufacturing, education and health services, and leisure and hospitality are expected to be the dominant industry sectors. The manufacturing, construction, and health and education industries in particular provide family wage jobs, which have positive multiplier impacts to the Idaho Falls economy.

However, in terms of total jobs, the graph below shows that education and health services, trade transportation and utilities, and professional and business services will continue to employ the greatest number of persons.

Figure 3. Projected Change in Employment by Industry, 2012-2022, for Eastern Idaho

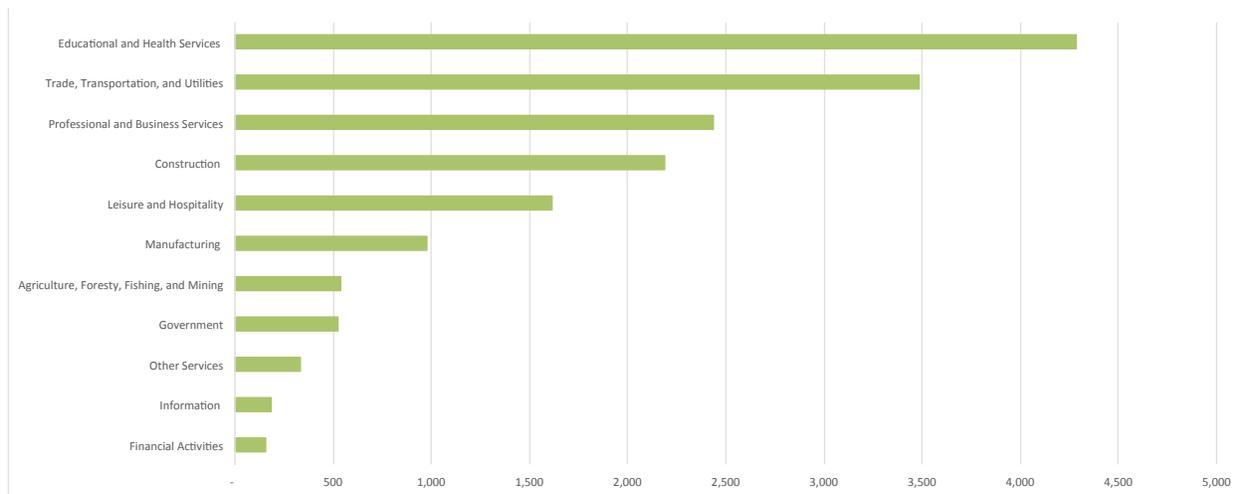


Table 7. Major Employers in the Idaho Falls Region

Employer	Employment Sector	Number of Employees
Idaho National Laboratory	Professional, Scientific & Technical Services	4,000
INL Independent Cleanup Constructors	Professional, Scientific & Technical Services	3,000
Idaho Falls School District #91	Educational Services	1,700
Eastern Idaho Regional Medical Center	Health Care & Social Assistance	1,311
Malaleuca, Inc.	Wholesale Trade	1,300
Bonneville Joint School District	Educational Services	850
City of Idaho Falls	Local Government	750
Bonneville County	Local Government	450
Wal-Mart	Retail Trade	450
Albertson's Inc.	Retail Trade	350
Total		14,161

Source: Idaho Falls Chamber of Commerce

Idaho National Laboratories, whose parent company is Battelle, is by far the largest and most important employer in Idaho Falls. Although INL has 4,000 employees, there are additional independent cleanup contractors with 3,000 employees who occupy the INL campus. Both INL and the cleanup contractors derive their business through federal government contracts.

Many of the INL employees are young and would likely be interested in downtown housing. They have scientific backgrounds and work long hours. A relatively high percentage of the cleanup contract employees come to Idaho Falls for relatively short stays of six to twenty four months and are candidates for furnished executive apartments in the downtown.

Other significant employers in the region are the local school district the regional medical center and Malaleuca, Inc.

Target Markets

Apartment and condominium design and development begin with the identification and understanding of the markets that are being targeted. These markets need to be prioritized based on the location, the competition, optimal competitive positioning and the identification of underserved market niches. A particular location always has competitive advantages and disadvantages and the goal is to capitalize on the advantages and

mitigate the disadvantages. A decision, as to which market or markets to target, should be based on identifying the easiest markets to penetrate based on the location. This should be the most “natural” market or the “low hanging fruit.” The target market drives the design.

Understanding the wants and needs of various generation groups, their demographic characteristics, their wants and needs, and their housing preferences is a good way to describe and differentiate target markets.

Generation Groups

With regard to demographics and psychographics, households can be divided by generation: Generation Y, Generation X, and Baby Boomers. There are important socioeconomic and cultural distinctions between these groups that are reflected in housing needs and wants and are an important consideration in design for downtown housing. While there is no precise consensus on the age range of each of these groups, in a recent report prepared for the Urban Land Institute the approximate ages and characteristics are as follows:

Table 8. Ages and Characteristics of Generational Groups

Group	Approximate Years Born	Approximate Age Range	Characteristics
Generation Y	1980-1995	19-34	<ul style="list-style-type: none"> Also called Millenials and Echo Boomers "Generation Me" sense of entitlement Distinctly different behaviors, values & attitudes Response to technological & economic implications of internet Multi-task with ease Above is more applicable to affluent whites growing up in suburbs Not as applicable to black and hispanic
Generation X	1966-1979	35-48	<ul style="list-style-type: none"> Highest education levels of any generation Family oriented, balanced, active, happy, more heterogenius population MTV generation, idealist generation Embrace social diversity (race, religion, ethnicity, culture, gender, identity) Respect entrepreneurship
Baby Boomers	1946 - 1965	49-68	<ul style="list-style-type: none"> Associated with privilege Rejection or redefinition of traditional values Active, physically fit Received peak levels of income

Source: *Americans Views on their Communities, Housing, and Transportation*; Belden Russonello for Urban Land Institute; March, 2013; and Wikipedia

Generation Y: 30 Percent of U.S. Population

Generation Y households are the most urban, multicultural, and transient generation. They are also the most important group for apartments, particularly downtown urban apartments. Because of cost, Generation Y demonstrates a preference for studio and one-bedroom apartments. In many larger cities across the U.S., much new urban apartment construction has little or no parking in order to reduce the rent and provide housing targeted to the youngest, less affluent generation. There is a trend among this generation to not own cars and rent when a car is needed.

Many Generation Y singles and couples see themselves as lifetime renters. They prefer the mobility that rental apartments offer and do not want to be saddled with the responsibility and cost of home ownership. These households prefer to use their income to support their urban lifestyle that includes recreation, an active social life, and upscale clothes and cars. Preferences may change once Generation Y households choose to start families.

Generation X: 23 Percent of U.S. Population

Generation X households have been raising families for several years. Most are married, they are better educated than other generations, and they have the highest incomes of any generation group. They are culturally and socially liberal and upwardly mobile. They are entrepreneurial, but are not workaholics. Family and quality of life is their first priority. They place a high value on vacations and new experiences. They prefer single-family homes and are often found in the suburbs of American cities.

Exceptions are Generation X professional singles and couples who are dedicated to their work (lawyers, doctors, scientists) and choose a lifestyle without children. These households are prime candidates for urban apartments, but are even more likely to own an urban condominium.

Baby Boomers: 31 Percent of U.S. Population

Older Baby Boomers and empty nester households, who want to downsize from the responsibilities of their single-family homes, are the second most important generational group for apartments and condominiums. Many are retired or approaching retirement. They want to travel and, if retired, they may have a second home in a warmer climate where they live for three to six months out of the year.

Urban housing provides a “lock and leave” product. Prior to 2008, this group tended to be condominium buyers, but have since become disillusioned with condominiums. Publicity surrounding construction litigation, rising homeowners association (HOA) fees with no ceiling, high property taxes, the internal politics of HOAs, and the current absence of appreciation in condominiums combine to create a deterrent to condominium ownership.

However, condominiums are beginning to make a comeback in larger cities across the U.S. and will most certainly once again be an accepted housing product in the future. This group is often moving out of a single-family home, so they have home equity, 401(k)s, or IRAs. They may or may not be retired and, as a group, are comparatively affluent with above average income and net worth.

Generation Group Demographics

The following tables show the demographic characteristics and housing and community preferences for the three-generation groups.

Table 9. Demographic Characteristics of Generation Groups

	Generation Y	Generation X	Baby Boomers
Marital & Family Status			
Single	62%	26%	37%
Married	37%	72%	63%
Child in household	70%	72%	40%
Ethnicity			
White	51%	73%	79%
African American & Latino	40%	17%	18%
Income			
Less than \$24,999	30%	13%	17%
\$25,000 - \$49,999	31%	17%	23%
\$50,000 - \$74,999	12%	15%	16%
\$75,000+	18%	44%	33%
Education			
High School Diploma or less than HS	49%	28%	37%
Some college or Associate's	34%	31%	31%
Undergraduate degree	11%	25%	19%
Post - Graduate degree	5%	14%	12%
Current Tenancy			
Own	40%	78%	80%
Rent	54%	22%	20%
Future Tenancy Expectation			
Own	31%	81%	79%
Rent	69%	16%	20%
Transient Characteristics			
Moved in Last 5 Years	53%	31%	20%
Likely to Move in Next 5 Years	63%	41%	31%
Current Residence Type			
Single Family Home	49%	75%	76%
Apartment	31%	11%	11%
Duplex, Townhouse, or Rowhouse	15%	10%	7%
Expected Future Residence Type			
Single Family Home	60%	87%	65%
Apartment	21%	6%	11%
Duplex, Townhouse, or Rowhouse	17%	4%	16%

Source: *Americans' View on their Communities, Housing, and Transportation; For the Urban Land Institute; Belden Russnello; March 2013*

The most significant differences are in the Generation Y households. Variations between Generation X and Baby Boomer households are less evident.

- There are far more singles in Generation Y households.
- Across the U.S., African American and Latinos comprise 40 percent of the Generation Y households.
- Generation Y has significantly lower incomes.
- Generation Y households are less educated, and there will be fewer college graduates than in the previous generations.

- Most Generation Y households rent and there are even more who expect to be renting in the future.
- Generation Y is far more mobile and move much more frequently.
- Although Generation Y households still express a preference for single-family homes, there are far more households in apartments and other forms of multifamily housing than in the older generation groups.
- Nationally, 77 percent of the Generation Y cohort reports they want to live in an urban core rather than the suburbs where they grew up.
- The aging population of Baby Boomers who are attracted to urban living, but are not inclined to purchase a condominium, is a smaller market than Generation Y, but it is a growing market segment.

Table 10. Generation Group Preferences

	Generation Y	Generation X	Baby Boomers
Location			
Rural or Small Town	39%	54%	59%
Suburbs	17%	21%	15%
Medium Sized City	20%	15%	13%
Big City	20%	8%	9%
Other Location Preferences			
Shorter / commute / smaller home	54%	54%	72%
Close to mix of shops, etc.	62%	50%	49%
Public transportation options	55%	45%	52%
Commute to work by car	77%	92%	90%
Mix of homes	59%	47%	42%
Importance of Community Features			
Neighborhood safety	88%	97%	92%
Quality of public schools	87%	82%	74%
Space between neighbors	69%	79%	70%
Short distance to work	82%	71%	67%
Distance to medical care	73%	63%	72%
Walkability	76%	67%	67%
Distance to shopping/entertainment	71%	58%	67%
Distance to parks/recreational areas	68%	62%	63%
Convenience to public transportation	57%	45%	50%

Source: *Americans' View on their Communities, Housing, and Transportation*; Urban Land Institute; Belden Russello; March 2013

Other observations about generational preferences and differences include:

- Generation Y households show a stronger preference for living in medium and large cities.
- Baby Boomers are much more willing to move into a smaller home than Generation X and Y households. Most likely because there are more empty nester households without children.
- Convenience to public transportation is also more important to Generation Y than the other groups.
- Generation Y households are more inclined to use public transportation and fewer commute to work by car, although all groups show a strong preference for use of their automobiles to get to work.

- Generation Y shows the strongest preference for living in an urban environment near shops and restaurants.
- Generation Y prefer to live in areas where there is a broader mix of housing types and values.
- In all generation groups neighborhood safety was their primary concern.
- Schools are important to all groups as well, but less important to baby boomers, as one would expect.
- Generation Y is less concerned about the density of the neighborhood in which they live.
- Generation Y households want to be closer to work.
- Generation X has the least concern about being close to medical services.
- Walkability in their community is more important to Generation Y households than the other two groups.
- The distance to shopping and entertainment is most important to Generation Y, followed by Baby Boomers.

While the results of the ULI survey are not surprising, they do confirm that Generation Y households are distinctly different than Generation X and Baby Boomer households, and that they are much more inclined to live in an apartment in an urbanized downtown, while Baby Boomers and Generation X households, if they choose an urban lifestyle, are much more likely to purchase a condominium.

A national survey conducted by the Urban Land Institute clearly shows tenure preference for the three generation groups.

Table 11. Homeownership by Generation Group

	Baby		
	Boomers	Generation X	Generation Y
Own Primary Residence	80%	78%	40%
Rent Primary Residence	20%	22%	54%
If Moving in Next 5 Years Expect to Own	79%	81%	31%
If Moving in Next 5 Years Expect to Rent	20%	16%	69%

Source: ULI; America in 2013

Demographics – Idaho Falls

The table below shows the demographic characteristics and depth of the primary target market that is geographically defined as the City of Idaho Falls.

Table 12. Demographic Characteristics of Idaho Falls - 2015

	Percent	2015 Total
Population by Age		
Under 18	28.60%	16,650
18 - 24	9.40%	5,472
25 - 34	14.80%	8,616
35 - 44	11.50%	6,695
45 - 54	11.20%	6,520
55 - 64	11.50%	6,695
65 - 74	7.40%	4,308
75 - 84	3.80%	2,212
85+	1.80%	1,048
Total Population	100.00%	58,218
Median Age	33.2	
Household Income Distribution		
< \$15,000	12.60%	2,748
\$15,000 - \$24,999	12.30%	2,682
\$25,000 - \$34,999	12.00%	2,617
\$35,000 - \$49,999	15.30%	3,336
\$50,000 - \$74,999	18.30%	3,991
\$75,000 - \$99,999	12.50%	2,726
\$100,000 - \$149,999	10.40%	2,268
\$150,000 +	6.60%	1,439
Total Households	100.00%	21,807
Median Household Income		\$47,150
Per Capita Income		\$24,296
Household Characteristics		
One Person Households	26.50%	5,779
Two Person Households	32.70%	7,131
Average Household Size		2.62
Median Home Value		\$167,188
Owner Occupied Housing Units	58.10%	13,819
Renter Occupied Housing Units	33.60%	7,991
Vacant	8.30%	1,974
Total Housing Units	100.00%	23,784
Marital Status (18+)		
Single	58.30%	24,234
Married	41.70%	17,334
Total	100.00%	41,568

Source: ESRI

Demographically the downtown housing market could be quite diverse and include one and two-person households of all ages from approximately 18 to 80. Other characteristics of target demographic groups include:

- It is expected that at least one third of prospective downtown residents will be singles between the ages of 20 and 35. The balance will be couples of all ages and single seniors.
- Younger dual income professional couples (late 20s to mid-40s). These people are devoted to their jobs and work long hours. They include doctors, lawyers, nurses, CPAs, engineers, business managers, college professors, politicians, and other professional avocations.

- May be married or living together.
- Highly educated, career minded, and upwardly mobile.
- Brand name conscious—clothing, furnishings, cars, restaurants, etc.
- Travel and own outdoor gear, primarily water and snow sports related.
- Enjoy entertaining at home and showing off their space to family and friends.
- Single women of all ages. The security offered by downtown housing will be attractive to this market. Older widows and divorcees are included in this group.
- Younger couples with a new baby or one small child. Willing to rent until they can afford to purchase a home. Will not be lifelong renters.
- Divorced dads with children who visit on weekends.
 - Looking for proximity to kids for ease of transition and weeknight adventures.
 - Unwilling to purchase a home (may still be supporting the family home).
 - Desire a location that provides opportunities for quick access to kid entertainment.
- Mature empty nesters or soon-to-be empty nesters. Adults 50 years of age and older. This demographic includes retired households and snowbirds. Recently home ownership has begun to decline among this group.
- Transitional households in the process of moving to the area may choose to rent before they buy or build and the downtown will be high on their list of location options.

Some of the commonalities among all market segments include:

- Taking pride in where they live and will value a downtown address.
- Seeing themselves as progressive in their desire for an urban experience.
- Fashionable and trendy and seeking social interaction among their peers.
- A relatively liberal mind-set politically.
- Women, in particular, will be attracted to the safety and security of a downtown mid-rise apartment or condominium.
- Careers that skew more to professional than creative—financial sector, medical, legal, engineering/tech, education, sales, government.

Housing Market Trends

Building Permits

The following graph shows single-family and multifamily building permit trends for the Idaho Falls metropolitan region.

Figure 4. Building Permits

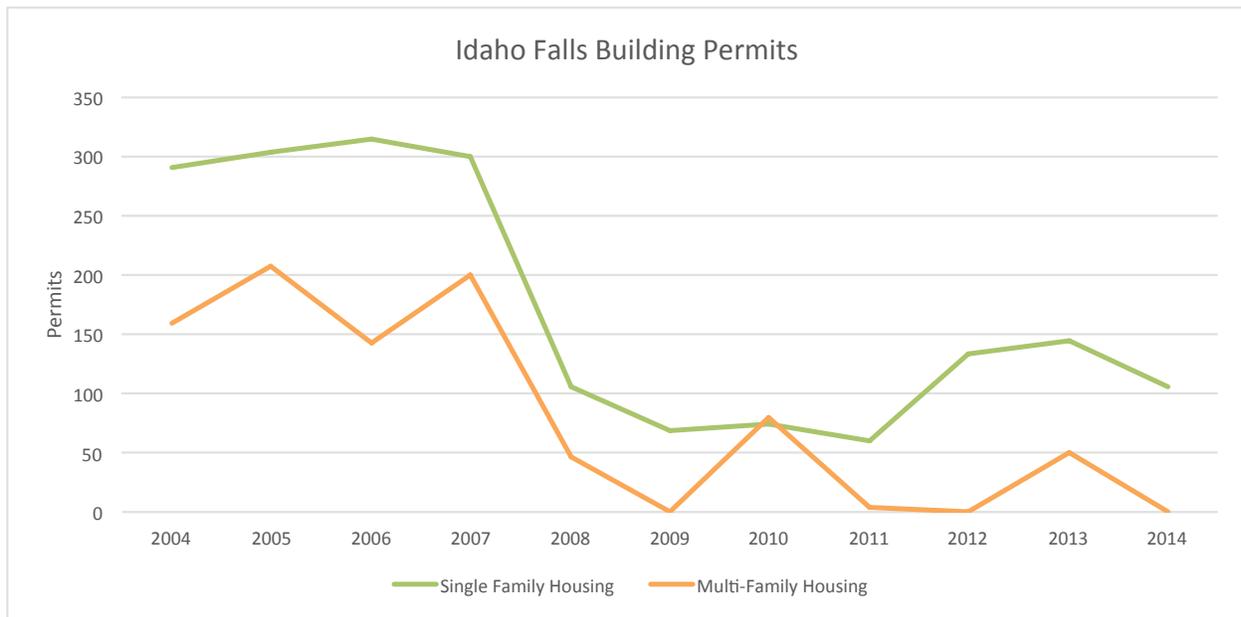


Table 13. Building Permits 2004 - 2014

	Single Family		Multi Family	
	Total	Per Year	Total	Per Year
2004 - 2008	1315	263	755	151
2009 - 2014	588	98	134	22
Decrease	na	-62.7%	na	-85.2%

Source: SOCDS Building Permit Database; U.S. Census Bureau

Multifamily building permits in particular took a sharp drop in 2009 and have only averaged 22 units per year in the last six years, an 85 percent decrease in annual volume.

Apartments

Although there is no apparent published data from secondary sources on housing trends in Idaho Falls, a summary of general national apartment market trends and regional trends documented in studies of other markets is as follows:

- Nationally, apartment demand and occupancy remains strong and demographics clearly favor the apartment sector over ownership housing.
- Investment capital is competing for apartments because lenders are correctly convinced that apartments have consistently higher occupancy and less financial risk than other forms of real estate.
- In the near term, short-term interest rates are expected to remain low. However, apartment investors should be prepared for rising long-term interest rates, which will result in higher cap rates.
- Declining home ownership is increasing the demand for apartments. Nationally, in 2008 the home ownership rate was 69 percent and fell to 68 percent in 2009. However, currently homeownership in the western United States has dropped below 60 percent, and is under 37 percent for those younger than 36 years of age. Almost all newly formed households are moving into apartments.
- Financing for home ownership has become much more difficult, which is exacerbating the shift to apartments, particularly among newly formed Generation Y households.
- Weak employment growth has resulted in more part-time jobs and weakening income growth, which has created more renters.

- The best locations for new apartments are locations near city centers, neighborhood centers, and public transportation.
- In 52 percent of the 50 largest metropolitan areas of the U.S., the share of residential construction in central cities has more than doubled since 2000.

Urban Condominiums

Historically the condominium market in Idaho Falls has been dominated by attached duplex and triplex townhomes, which is more akin to single-family housing than what is typically thought of as condominium, such as a multistory urban or suburban condominium with many more units in the complex. There are no urban condominiums in downtown Idaho Falls except a few isolated units in second story loft space.

Nevertheless, it is important to understand the historical and current trends relating to the urban condominium market in other cities in the Pacific Northwest, because sometime in the future this may be a viable and desirable housing product in downtown Idaho Falls.

- In the early 2000s the condominium market experienced a sharp increase in demand due to:
 - A low-maintenance lifestyle with shorter commutes and the attractiveness of urban living.
 - Inexpensive and readily available financing which, coupled with price appreciation, made condominiums more affordable than apartments.
- However, in an environment of rising prices, speculation fueled more construction with presale contracts locking in buyers two years forward.
 - Prices inflated rapidly which reduced affordability, slowed sales, and weakened demand.
 - As the market retracted, buyers withdrew from their presale contracts dumping more units on the market in the face of slackening demand.
- From 2004 to 2006 developers continued to deliver new units well past the peak in demand. Prices then fell rapidly and new starts were curtailed.
- In 2008, the onset of the great recession significantly reduced job growth and household wealth nationwide, making households even more reluctant to buy both condominiums and single-family homes. Mortgage lenders instituted much more conservative underwriting requirements.
- By 2009 condominium sales had plummeted and slow absorption was exacerbated by the inability of buyers to obtain mortgages. Across the U.S., after falling 50 percent from the 2005 high, sales remained weak through 2011 and 2012 and have posted only a modest improvement since this time.
- After 2009 many condominiums that were under construction or scheduled to come on line were converted to rental apartments.
- Although condominiums are beginning to stage a comeback in some cities in the Pacific Northwest, including Boise, since the beginning of the recession condominium ownership has generally been unattractive to many households because of the dramatic price decline and the uncertainty of future price appreciation.
- Condominiums also continue to suffer from a tarnished reputation because of well-publicized problems throughout the country.
 - Bankruptcies and foreclosures from failed projects.
 - Poor construction quality resulting in class action lawsuits.
 - The increases in monthly HOA dues, assessments for maintenance because of inadequate reserves, politics among the HOA members, and the general mismanagement of HOAs.
- It is expected that buyer demand for urban condominiums will remain below historical trends in the next few years and will continue to be constrained by:
 - A tainted reputation due to a hangover from the recession.
 - Continued limited access to mortgage loans.

- More affordable single-family homes, which have proven to be a more secure investment.
- 2009 to 2015 will be the weakest seven-year period for condominium starts and sales in more than 40 years.
- Many potential condominium sellers have delayed selling their condominiums because of the sharp price reductions after 2009. As prices stabilize, and potentially rise in the future, a shadow resale market will emerge which will increase the available inventory and hold prices down.
- On a positive note condominium values are beginning to appreciate again and, in some markets, are near their historical highs. This resurgence in value of both condominiums and single-family homes has been slower to materialize in the smaller towns of the west than the larger cities.
- However, until there is a demonstrated trend towards sustained long-term price appreciation, demand in the condominium market will remain tepid. Households who potentially have a high propensity for urban living may favor remaining in their single-family homes or renting.

Housing Supply

There are currently an estimated 23,784 housing units in Idaho Falls, 21,810 of which are occupied, a vacancy rate of 8.3 percent.

Table 14. Housing Tenure – Idaho Falls, Boise, and State of Idaho

Tenure	Housing Units	Idaho Falls	Boise	State of Idaho
		Percent	Percent	Percent
Owner Occupied	13,819	63.4%	64.0%	70.6%
Renter Occupied	7,991	36.6%	36.0%	29.4%
Total	21,810	100.0%	100.0%	100.0%

Source: ESRI and U.S. Census

The distribution of owner and renter occupied households in Idaho Falls is approximately the same as in Boise, but less than the state in total, due to the inclusion of the unincorporated areas of the state where the percentage of home ownership is much higher. An estimated 90 percent to 95 percent of the owner occupied housing units in Idaho Falls are single-family detached homes. The rest are attached townhouses.

Idaho Falls is a suburban housing market consisting of mostly single-family homes, two and three-story garden apartments with surface parking, and attached townhouses. There is effectively no renter or owner occupied housing in Idaho Falls that could be considered potentially competitive to the downtown, for persons seeking a walkable urban lifestyle, given the vast differences in character and lifestyle between the Idaho Falls suburbs and the downtown.

Suburban Apartments

The majority of the suburban garden apartment inventory in Idaho Falls is old, having been constructed in the early 2000s or before.

Although occupancy dipped to as low as 82 percent in 2010 and 2011, the market has recovered and occupancies are back up to 95 to 100 percent. However, rents have remained static in the last 10 years.

The highest quality apartments in Idaho Falls, with the highest rents, are The Meadows at Parkwood and Eagles Landing.

The Meadows at Parkwood

- Constructed in 2003, The Meadows apartments were the second phase of a large apartment complex located at 777 Hoopes Avenue, southeast of the downtown.
- Parkwood Pointe, across the street from the Meadows, was the first phase and was built in 1993.
- Combined, the Meadows and Parkwood Pointe contain 240 one- and two-bedroom apartments in several three-story buildings.
- Average current rents at Parkwood Pointe are approximately the same as the Meadows, in spite of the 10-year age difference in the age of the properties, and both are nearly 100 percent occupied.

Table 15. The Meadows at Parkwood – Unit Size and Rent

Unit Type	Size SF	Monthly Rent	Rent per SF
Junior One BR	678	\$600 - \$655	\$0.88 - \$0.97
One BR; One Bth.	859	\$740 - \$805	\$0.86 - \$0.94
Two BR; One Bth.	921	\$780 - \$845	\$0.85 - \$0.92
Two BR; Two Bth.	1,110	\$860	\$0.77

Source: *The Meadows at Parkwood*

Eagles Landing

- Eagles Landing is located at 2785 Eagle Drive a short distance south of Eastern Idaho Technical College, approximately five miles southeast of the downtown.
- Ground was broken on the first phase of Eagles Landing in 2004. Phase two was added in 2009.
- Eagles Landing is a 167-unit three-story apartment complex with one, two, and three-bedroom units.

Table 16. Eagles Landing – Unit Size and Rent

Unit Type	Size SF	Monthly Rent	Rent per SF
1 BR; 1 Bth	818	\$640	\$0.78
1 BR; 1 Bth	937	\$625	\$0.67
1 BR; 1 Bth	987	\$670	\$0.68
2 BR; 2 Bths	1,068	\$760	\$0.71
2 BR; 1.25 Bths	1,204	\$700	\$0.58
2 BR; 2 Bths	1,268	\$740	\$0.58
2 BR; 2 Bths	1,346	\$800	\$0.59
3 BR; 2 Bths	1,390	\$830	\$0.60
3 BR; 2 Bths	1,420	\$870	\$0.61

Source: *Eagles Landing*

As shown apartment rents at the top of the market are low in Idaho Falls, ranging from \$0.58 to \$0.78 per square foot per month at Eagles Landing and \$0.77 to \$0.97 at The Meadows, the two highest quality apartments in the region.

The current rents for existing suburban garden apartments in Idaho Falls will not support new construction without financial assistance.

Snake River Landing

Snake River Landing is an attractive 450-acre mixed-use master planned community with parks, residential, retail, office, and civic uses.

- The development is located on the west side of the Snake River about 1.5 miles southwest of the downtown.
- Snake River Landing, now and in the future, will be the primary competition for both commercial and residential land uses in downtown Idaho Falls.
- Ground was broken on Snake River Landing in 2006. Construction stopped during the recession, but activity has increased significantly in the last two to three years.
- Office has been the predominant land use and has been dominating the local market since its inception in 2006.
- Residential has been slow to materialize.
 - Phase One residential consisted of 35 single-family homes, 20 of which have been built. The homes average 1,500 to 2,500 square feet and sell from \$184,000 to \$220,000 (\$88 to \$123 per square foot).
 - Phase Two was a low-income senior apartment complex called Bandon River, owned and operated by Thomas Development Co., a Boise housing developer. The project was subsidized with State of Idaho Low Income Housing Tax Credits. Rents are in the mid to high seventy cents per square foot per month range. Seniors must be income qualified.
 - Phase Three residential is a 240-unit market rate garden apartment with one, two, and three-bedroom units.
 - The developer is Karchner Homes, headquartered in Salt Lake City.
 - Groundbreaking on the clubhouse and the first building is expected to occur this summer.
 - Rents will be the highest in the market ranging from approximately \$900 to \$1,200 per month (about \$1.00 to \$1.20 per square foot per month).
 - The market is expected to be mostly young professionals working at Snake River Landing, Taylors Crossing, INL or downtown.
 - The fourth phase of residential development will be condominiums by the river and the lake (#6 on map).

Figure 5. Snake River Landing Master Plan



Suburban Townhouses/Condominiums

In Idaho Falls, the townhouse is the suburban equivalent of a condominium. They are an owner occupied product and are referred to in listings as either townhouses or condominiums. Townhouses are popular among the older empty nester Baby Boomer market.

- Townhouses are typically one level above ground with a subterranean basement. They are often sold with unfinished basements.
- Townhouses average approximately 1,500 square feet above ground and range in size from 1,000 to 4,000 square feet including the basement.
- Townhouses contain two to four bedrooms and have attached two-car garages.
- Attached townhouses are most often found in duplex, triplex, and four-plex configurations.
- Townhouses are more closely aligned to single single-family housing than a condominium with stacked flats with multiple dwelling units in a building.

- Construction and sales of townhouses was robust prerecession, but resale volume has been slow in the last eight to nine years. Sales are improving and approximately 60 new four-plex townhouse units have been constructed in the last two years.
- There are a few isolated examples of suburban two-story condominiums with stacked flats, but these properties are older, of poor quality, with low selling prices.

The following table shows the characteristics of the suburban Idaho Falls townhouse inventory based on twenty recent sales and current listings.

Table 17. Characteristics of Suburban Townhouse Resale Inventory

Townhouse Characteristics	Range	Average	Median
Level 1 - Square Feet	944 - 2,035	1,549	1,614
Basement - Square Feet	1,244 - 2,035	1,427	1,569
Total - Square Feet	2,188 - 4070	2,976	3,172
List Price	\$85,000 - \$265,000	\$193,780	\$200,000
Sold Price	\$85,000 - \$250,000	\$181,583	\$195,500
Selling Price - Discount off List	-3.4% - 10.0%	3.4%	4.2%
Level 1 - Price per SF	\$75.39 - \$156.68	\$121.99	\$122.71
Total SF - Price per SF	\$47.77 - \$78.75	\$64.58	\$63.10

Source: RMLS

Market Demand

Forecasting downtown housing demand based on target markets is difficult because the U.S. Census does not provide data in enough detail to segment the market for income-qualified one- and two-person households by tenure. Thus, the number of income-qualified households must be estimated.

Housing demand also follows real estate cycles with respect to downtown owner occupied housing and renter occupied housing. Currently homeowners who may prefer a downtown condominium to a downtown apartment are likely to postpone their purchase until the condominium market recovers.

Affordable Housing

Nearly all of the affordable housing (90 percent) being developed across the nation today is financed with Low Income Housing Tax Credits, established in the tax reform act of 1986. LIHTCs provide a dollar-for-dollar reduction in a taxpayer's federal income tax liability.

LIHTCs are issued annually to each state by the federal government based on population (\$1.75 per person in 2003, adjusted for inflation). The state then distributes this allocation each year through a competitive application process. The tax credits are then sold to the open market to raise equity for a LIHTC project. Renters must be income-qualified and documentation of tenant eligibility is required.

There are two LIHTC options.

- At least 20 percent of the available rental units are rent restricted and must be rented to households with incomes not exceeding 50 percent of the area median income (AMI) adjusted for family size; or
- At least 40 percent of the available rental units are rent restricted and must be rented to households with incomes not exceeding 60 percent of area median income (AMI) adjusted for family size.

While this program has helped meet a critical affordable housing shortage, there are never enough tax credits to meet the demand. LIHTC apartments are almost always 100 percent occupied and often have long waiting lists.

Affordable housing subsidized with LIHTCs is a viable option for downtown Idaho Falls and any new housing of this type is liable to absorb rapidly. Demand is not an issue. In some markets this program enables this type of housing to in a downtown without any additional subsidies from the city, depending on the cost of the land or the cost of the building that is renovated.

Market Rate Housing

The table below shows the potential demand for downtown housing in Idaho Falls utilizing certain assumptions and documented trends. Many of these assumptions are based on surveys that have been conducted across the country.

- As previously mentioned, downtown Idaho Falls has a supply problem, up to a point, rather than a demand problem. Potential demand obviously cannot be tapped without the supply.
- Baby boomers are much more likely to prefer ownership to rental housing.
- Conversely, Generation Y households prefer to rent.
- One and two-person households represent at least 90 percent of the potential downtown housing market.
- A household needs to be earning a minimum of \$50,000 per year in order to be able to afford a market rate downtown rental apartment. (Source: *Boise Downtown Housing Strategy; EcoNorthwest: 2015*).
- One and two-person households occupying owner housing are more likely to purchase a condominium than rent. Higher net worth from home equity and other investments can often cover the gap between a qualifying income (estimated at a minimum of \$75,000 for ownership) and the purchase price of a condominium.
- The propensity for renter occupied households to move downtown is nearly double the propensity of households residing in owner occupied housing.
- However, the income-qualified owner occupied housing market in Idaho Falls is 1.7 times the size of the renter occupied market.

Table 18. Demand for Housing in Downtown Idaho Falls

	Owner Occupied	Renter Occupied	Total
Total One & Two Person Households	8,007	4,546	12,553
Percent of Total	63.8%	36.2%	100.0%
Qualifying Income	\$75,000	\$50,000	na
Est. Income Qualified HH"s (percent of total)	29.5%	30.8%	30.0%
Est. Total Income Qualified HH	2,362	1,400	3,762
Propensity to Move Downtown (Capture Rate)	9.2%	17.0%	12.1%
Est. Market Demand	217	238	455

Source: U.S. Census and Boise Downtown Housing Workshop

Utilizing the methodology described above, the estimated short term market demand for downtown housing in Idaho Falls is 217 owner occupied housing units (condominiums) and 238 apartments, a total of 455 housing units.

It is important to understand that this is a conservative estimate of a "potential market" based on current households and does not take into consideration future population growth, including in-migration and households with more than two persons. If households with more than two persons are included, total demand increases to about 500 housing units.

A second methodology for estimating potential downtown housing demand is based on the ratio of downtown residents to downtown employment shown in Table One in the "Opportunities and Challenges" section of this

report. Idaho Falls has an unusually low ratio of only one downtown resident for every 14.4 downtown jobs, compared to an average of one resident for every 3.2 jobs in the other eight downtowns shown in Table 1.

Table 19. Downtown Housing Demand Based on Employment

	Downtown Residents	Downtown Employment	Ratio
Average Ratio (9 Metropolitan Areas)			01:03.2
Idaho Falls (2015)	231	3,334	01:14.4
Potential Ratio (Idaho Falls)	834		01:4.0
Additional Downtown Residents	603		
Average Households Size	1.20		
Additional Potential Housing Units	502		

Source: ULI; Trends in Housing; Boise, Idaho; March 2013 and Bonneville Metropolitan Planning Organization and Leland Consulting Group

Assuming Idaho Falls is able to achieve a more normal ratio of approximately one downtown resident for every four jobs, an estimated 500 more housing units would be needed to support this additional downtown population.

Regardless of the methodology employed for estimating downtown housing demand, it is evident that conservatively at least an additional 500 units could be supported by the primary market. Assuming these additional housing units were built, and the downtown became an attractive, vibrant 24-hour urban environment, the housing capture rates downtown could escalate significantly.

Downtown Housing Strategies

Revitalizing downtowns is an evolutionary process that takes time. Some downtowns revitalize naturally through private sector development, with little or no involvement of the public sector. However, the time period for revitalization can be accelerated by public involvement and the implementation of proactive strategies designed to bring residents and businesses back to the downtown.

Downtown land uses include retail goods and services, office, housing, cultural facilities, and other amenities like parks and plazas, all of which are supportive of each other. The combination of these uses brings vitality to the urban core that becomes a magnet for additional office, retail, and housing. As a downtown evolves, growth in downtown population and employment can become exponential and the downtown can reach a “critical mass” that then builds on itself.

A downtown without housing, like Idaho Falls, is missing a core ingredient in the creation of a synergistic urban environment. Ordinarily, private investment follows public investment, not the other way around. The challenge facing Idaho Falls is “priming the pump” to create a public/private partnership that develops a residential demonstration project in the downtown.

A housing project is needed that “tests” the market, establishes a price floor, and proves to private sector developers and financial institutions that there is a viable market in Idaho Falls with premium rents that are significantly higher than the suburbs. Suburban rents and selling prices will not support downtown housing development.

Downtown Vision/Plan

A strategic business plan and vision that sets goals and guides the allocation of scarce capital and human resources is a critical first step. Without a clear defined vision of what civic leaders want for their downtown, the process of revitalization is likely to flounder and lose momentum. Development may become “deal” driven not “goal” driven. This is a process that can waste time and capital.

In order to launch a downtown housing initiative, public and private civic leaders need to come together to create a unified vision for what they want the form and function of downtown Idaho Falls to be in the future, not only for housing, but for other land uses as well.

To date, this vision has been somewhat clouded. There is agreement that the downtown needs a catalyst to kick start housing and there has been much discussion around the Bonneville Hotel serving as this catalyst. Other suggestions for a catalyst have been to:

- Resolve the parking issue;
- Get a grocery store to locate downtown;
- More event planning;
- Row housing; and
- Develop loft housing.

However, these suggestions are potential strategies that may support a vision, rather than a vision of the future. A stronger more specific vision is needed and this vision needs to be accompanied by a detailed plan that includes:

- A written statement of the vision for a downtown Idaho Falls future that includes housing as well as other land uses.
- The objectives, goals, and strategies that will be implemented to realize this vision, and a timeframe for doing so.
- The organizations that will provide the leadership to achieve the goals of the plan.
- Goals and strategies that are divided between the short, medium, and long term. Short-term strategies should receive priority.

- An implementation timeframe.
- With respect to housing, time sensitive targets need to be established that quantify reasonable expectations of the quantity and type of new downtown housing units that public and private civic leaders would like to see delivered over the next five years. The plan should support how these targets are going to be achieved.

The plan should be comprehensive. Instead of focusing on “housing projects,” planners need to think in terms of “place making” and creating an attractive urban neighborhood by capitalizing on existing amenities, creating new ones, and engaging in proactive marketing and promotion of the downtown.

Of particular importance is getting agreement on the most efficient allocation of the \$3.6 million in urban renewal funds that will best support the vision and goals.

Housing Types and Density

Housing density is a function of what the market will support, zoning regulations including FAR’s and height limitations, and land value. Historic structures excluded, when land values reach a certain point, it may be more economical to demolish a building to create more land than it is to renovate a building, particularly if the building is only one to two stories in height.

Downtown housing development in the study area will be limited to mid-rise apartments on vacant sites, mid-rise condominiums, and loft apartments and condominiums in the upper stories of existing buildings.

A diversity of housing types and the subsequent broadening of the market can be accomplished if the boundaries of the study area are expanded to include the single-family zones on the periphery of the downtown (shown in yellow in Figure 2). These older neighborhoods are predominantly single-family homes with some commercial and industrial structures and a limited number of multifamily housing units.

Although zone changes may be necessary, attached for sale and rental housing products like row houses could replace older dilapidated single-family housing, thus increasing the housing density of the area. If large enough sites can be found, two-story clustered townhouses can also be a viable product. Landscaping and street trees could create pleasant, walkable, mixed use neighborhoods with pedestrian access to the downtown. As these neighborhoods revitalize and density and housing values increase, older single-family homes are either demolished or refurbished. Either way the area becomes progressively more attractive.

Closing the Financial Gap

There is a financial gap in the economics of three-story suburban apartments with surface parking and downtown housing. Suburban apartments are cheaper to construct, surface parking costs \$3,000 to \$5,000 per space versus structured parking at \$27,000 to \$30,000 per space, and land costs are usually considerably lower.

The highest suburban apartment rents in Idaho Falls for a one-bedroom apartment range from approximately \$0.94 to \$0.97 per square foot per month. The new apartment proposed for Snake River Landing will push this ceiling to \$1.10 to \$1.20 per square foot per month.

However, based on conversations with Boise housing developers, a new mid-rise apartment in downtown Idaho Falls will probably require rent in a range of \$1.50 to \$1.75 per square foot, assuming fair market value for the land. Public assistance may be needed to close this gap.

However, in addition to public assistance, the simplest way to close the rent gap between the downtown and the suburbs is to reduce the unit sizes. Recent surveys show consumers have:

“A desire for walkable, mixed-use neighborhoods and a willingness to make trade-offs between size and location.” (Source: *Reset; Assessing Future Housing Markets in the Rocky Mountain West; Page 3*)

Consumers are highly attuned to monthly rent, but they do not take out their calculators to compute the rent per square foot. Thus, the same amount of rent can be charged for a smaller apartment in the downtown as a larger apartment in the suburbs because of the walkable urban environment.

To illustrate:

Table 20. Increasing Rent per Square Foot Through Size Reduction

One Bedroom Apartment	Square Feet	Monthly Rent	Rent per SF
The Meadows	859	\$805	\$0.94
Size Reduction for New Construction (12%)	750		
Rent Premium for New Construction (12%)		\$900	
Est. Size and Rent for a New Suburban Apartment	750	\$900	\$1.20
Downtown Apartment	600	\$900	\$1.50

Source: Leland Consulting Group

- The Meadows has the highest rent per square foot in the suburbs. However, the last phase of The Meadows was constructed in 2003 when construction and land costs were considerably less than they are today.
- Rents at the new proposed market rate apartment at Snake River Landing are reported to be in the range of \$900 to \$1,200 per month. Based on new apartment sizes and mix in other markets, one-bedroom apartments renting for \$900 per month are seldom more than 750 square feet, a 12 percent reduction in size over the Meadows, resulting in a rent of \$1.20 per square foot.
- Because of the walkable urban environment of downtown Idaho Falls, a one-bedroom apartment can be further reduced in size by as much as another 20 percent. Thus, a 600 square foot one-bedroom apartment renting for \$900 would equate to \$1.50 per square foot.
- In other markets, new urban downtown apartments are always smaller than new suburban apartments and almost always rent for more per month, resulting in significant square foot rent premiums.
- Although, to some degree, this is a leap of faith, it is a risk that a private developer is usually willing to make if they are aware of what has transpired in other downtowns. For example, in Portland, new downtown apartments are achieving a 123 percent premium over the average rent per square foot for suburban apartments.

The same economics that affect new downtown apartment construction is present, to even a greater degree, for downtown condominiums. Currently, this economic gap is even more difficult to overcome.

For example, construction is reported to be starting soon on a new 26-unit, six-story condominium called One Nineteen, located at 10th and Grant in downtown Boise. According to the web site one third of the units were reserved the first day the sales office was open.

- Prices on the lower floors are reported to be \$250 to \$300 per square foot.
- Prices on the upper floors range from \$400 to \$500 per square foot.

As previously reported, suburban townhouses/condominiums in Idaho Falls are selling for approximately \$122 per square foot for the above ground level and \$65 per square foot when the basement is included in the total square footage.

Thus, the economic price gap between suburban condominiums and any potential downtown condominiums is over 200 percent, assuming an average price of \$375 per square foot may be necessary to finance and build a condominium in downtown Idaho Falls without public assistance.

Building Renovations

The quickest and possibly the most economical route to new downtown housing in Idaho Falls is the renovation of upper story space in existing buildings into loft apartments. There are many attractive old buildings in the downtown, some of which have historical designations, with upper story space that is either

vacant or underutilized. These buildings often have high ceilings (12 to 14 feet), large attractive windows reminiscent of the early 1900's, and can be subdivided into apartments, sometimes at a relatively low cost.

The Pearl District in downtown Portland is one of the most active and vibrant urban environments in the Pacific Northwest. The Pearl District was originally a turn of the century industrial warehouse district. This incredible renaissance began in the early 1980s with the renovation of a single old industrial warehouse into loft condominiums. The project was highly successful and other developers began to copy this real estate model in other buildings in the Pearl District. Now, because of land prices, the only feasible developments are dense high-rise residential and office buildings with ground floor retail. Many lower density buildings have been torn down to create more land.

Downtown Building Inventory

A detailed inventory of downtown building space by land use, prepared by IFRA, is contained in the Appendix to this report. The following table summarizes the current land uses in the downtown.

Table 21. Downtown Building Inventory by Land Use

Land Use	Total Square Feet	Percent of Total
Retail	218,830	13.7%
Eating/Drinking	63,390	4.0%
Entertainment	43,400	2.7%
Office/Services	584,675	36.5%
Residential	141,500	8.8%
Industrial	55,800	3.5%
Government	295,897	18.5%
Other	25,900	1.6%
Vacant	173,580	10.8%
Total	1,602,972	100.0%

Source: Idaho Falls Redevelopment Agency

The 173,600 square feet of vacant space, providing this space is not on the ground floor, offers the best opportunity for redevelopment into housing. However, conversion of upper story office space to residential may also represent a higher and better use with a greater economic return to its owners.

The buildings or upper story space could be prioritized based on the potential opportunity. The square footage, current use, and building owner, with contact information, could be included to help facilitate redevelopment.

Potential renovation impediments will affect how buildings or upper story space might be prioritized. These impediments include, but certainly are not limited to the following:

- Based on zoning, only upper story space can be converted to housing. The ground floor must remain as commercial space. However, up to 20 percent of the ground floor can be a residential lobby to service the housing above.
- Unrealistic asking prices by the property owners for the building or the space.
- Federal tax credits are available as a subsidy for historic building renovation, which could help offset potential problems. However, the facades of these buildings cannot be modified if federal monies are used in the project.
- The space needs to be served by a small lobby and an elevator for ADA access. If it is impractical to provide an elevator in the interior of the building, can an elevator be constructed on the exterior?
- The utilities need to be separately metered.
- Many of these older buildings have adjacent surface parking. However, if there is no onsite parking, the apartments could be difficult to rent. The availability of parking is an important issue. Tenants will

not walk very far to get to their cars and unless they are unable to drive, downtown tenants in Idaho Falls will most likely own at least one car.

- There may be fire code issues. A stairway or fire escape is needed in case of a fire.
- If a developer is not purchasing the whole building the space that is going to be developed as apartments needs to be purchased separately from the rest of the building under condominium ownership.
- Every building is different. Renovation costs are unique to each building and sometimes difficult to estimate without extensive studies. A structural engineer is always needed to examine the feasibility of a conversion.
- Sometimes renovation costs per square foot can be higher than new construction.

Selected examples of possible downtown apartment conversions include:

Bonneville Hotel

The Bonneville Hotel, located on the southeast corner of Park Avenue and Constitution Way, may offer the best short-term opportunity to create new downtown housing. Built in 1927, the Bonneville Hotel is on the historic register, so federal tax credits could be available to help subsidize development.

- The building currently contains 65 apartment residences with an approximate 50/50 mix between small studios and one-bedroom units.
- The units have sufficient windows to provide ample natural light into each room.
- With a height of five stories, the building is one of the tallest in the downtown and has excellent views from the fourth and fifth floors.
- Discussions with Thomas Development Co., a Boise housing developer and a specialist in LIHTC housing, suggests the following program for renovation of the Bonneville Hotel:
 - There would need to be a complete renovation of the interior of the building.
 - The non-load bearing walls in the structure would be removed to create one and two-bedroom apartments with an approximate mix of 75 percent one-bedroom and 25 percent two-bedroom units.
 - With views, the fourth and fifth floors could be leased as market rate apartments at relatively higher rents.
 - The second and third floors would be more suitable for affordable housing utilizing the low-income housing tax credit program.
 - This building would be an excellent choice as a demonstration project and catalyst to test the market for both market rate apartments and affordable housing.
 - Because of the reported asking price for the building, additional public subsidy may be necessary for the development to be feasible. The IFRA may want to consider purchasing the building and reselling it to the developer at a discount.
 - The first step in analyzing feasibility is to determine the purchase price of the building and the cost to renovate the structure. A structural engineer is needed to start this process.

Montgomery Ward Building

The former Montgomery Ward Building, located on the northeast corner of the intersection of Shoup Avenue and B Street, is an example of an attractive historic building with vacant second story space that is ideal for conversion into loft apartments. The building owner is, in fact, currently in the process of constructing loft apartments on the second floor. The initial program for this project is for six apartments with the following mix and sizes:

Table 22. Montgomery Ward Building - Unit Sizes and Mix

Unit Type	Number of Units	Size SF
One Bedroom	1	755
Two Bedrooms	4	1,000 - 1,200
Three Bedrooms	1	na

The apartments will have 12-foot ceilings with large attractive windows. Dedicated surface parking for the apartments is available in an adjacent parking lot to the east. The building owner also owns the parking.

Ideally, the units would be smaller with a higher percentage of one-bedroom apartments, which could have the benefit of more revenue, with the possibility of eight or nine units instead of six apartments. This conversion is going forward and will provide a demonstration of the market potential for renovated loft apartments in downtown Idaho Falls.

Idaho Mountain Trading Building

The Idaho Mountain Trading Building is located at the southeast corner of the intersection of Shoup Avenue and B Street to the south and across the street from the Montgomery Ward building. Idaho Mountain Trading, a ski and bike shop, occupies the ground floor. The second story, which is approximately 12,000 square feet, is vacant. Assuming 70 percent efficiency, it might be possible to convert this space into approximately 12 or 14 600 square foot one-bedroom apartments.

There are potential problems with this conversion.

- Dedicated parking would need to be secured from the City, perhaps through a long-term lease.
- A secure one-stop elevator would need to be installed on the east exterior of the building.
- There would be fire code issues if the stairway from the ground floor to the second floor were blocked off because of the sports shop below. An exterior fire escape might solve this problem.
- Steel panels need to be removed from the south and west exterior of the building to provide windows.
- The building is not on the historic register so, depending on building and fire codes, it may be possible to remedy these problems with changes to the building exterior. The cost to make these changes would need to be determined.

Rogers Building

The Rogers Building is a three-story building located across the street and west of the Montgomery Ward building on the northwest corner of the intersection of Shoup Avenue and B Street. The building was originally a hotel.

Today the second story, which is approximately 16,000 square feet, consists of 25 small executive office suites sized from 141 to 384 square feet. The third story is a shared conference room. In June of 2013 the building was listed for sale for \$1.3 million.

The executive office space and conference room on the upper stories of the building is most likely an underutilization of the building and new apartments would be the highest and best use. However, there could be an issue if the City required an upgrade to current earthquake standards if the use was changed from office to residential.

Greenfield Sites

While upper story building rehabs may be the fastest and most economical route to downtown housing in Idaho Falls, new mid-rise housing development on vacant downtown land is needed to provide the market with significant quantities of housing.

There is clearly a shortage of vacant developable land downtown. IFRA should inventory the surface parking lots and marginal low-density buildings that could eventually be potential teardowns, like the former cheese factory north of Pancheri Drive on east side of the Snake River on the periphery of the downtown. It is also possible that portions of this structure could be rehabbed into loft housing.

There is another example of a warehouse north of Birch Street, near Eastern Avenue and east of Yellowstone that could also be future housing as a rehab or teardown.

The only clearly identifiable vacant site in the downtown is a 0.96-acre property located between Broadway and A Streets on Memorial Drive. The site of a former grocery store, this property is ideally located with views of the Snake River and excellent exposure to traffic, which is a benefit in the initial lease up of an apartment. However, brokers report that the asking price for the property is significantly over market. There is a housing developer who is interested in building a five-story structure with four stories of apartments over ground-floor retail and parking if the land could be obtained at fair market value. The property could yield perhaps as many as 50 or 60 apartments.

Parking

Parking is a critical component to downtown housing that directly impacts rent and absorption. The City's current minimum parking ratio of two spaces per unit for new downtown residential buildings has to be changed. There will be no new residential construction at normal downtown densities as long as this ratio remains in effect. Land downtown is too expensive to surface park and structured parking costs at least \$27,000 to \$30,000 per space.

Parking standards for many new apartment projects in urban centers are changing from traditional 1:1 ratios to ratios below 1:1. Downtown parking ratios in Portland range from 0.6 to 0.7 spaces per unit and there are many new buildings in the close-in Portland eastside that do not provide any onsite parking.

However, in a smaller town like Idaho Falls, a parking ratio lower than 1:1 could potentially create a marketing problem. Utilization of remote parking in an attempt to lower costs may present an option, but also increases risk. However, at a maximum, the ratio in downtown Idaho Falls should not be more than 1:1.

Parking for upper story loft apartments in existing buildings must also be convenient. Ideally the parking would be adjacent to the building. People might walk a block or two to reach their cars, but no further. Private and public surface lots that can be leased by potential downtown residential tenants, together with the buildings they could reasonably serve, should be identified. A positive method for promoting downtown housing would be for the City to lease monthly parking to downtown residential tenants at below market rates.

Urban Amenities and Place Making

To promote downtown housing and turn downtown Idaho Falls into a vibrant mixed use urban neighborhood, the public agencies responsible for promoting downtown housing need to focus on "place making." Place making is a multifaceted approach to the planning, design, and management of public spaces.

The standardized real estate products and building and development process of the past often creates so little that is inviting and memorable. Attractive public spaces are needed to supplement building development to provide the urban fabric that motivates people to live and work downtown.

The concept of livability and lifestyle is much more than the physical environment. The opportunity for social interaction, recreation, security, and the general quality of life, in a walkable environment, is of much greater importance. With urban housing much of the lifestyle and excitement is created at the street level in concert with the many amenities and services within a short walk. Emotional attachment begins at the curb.

A few of the important principles to guiding place making include:

- Create a vital public destination.
- Create a place, not a design.
- Have a vision.

- Form supports function.
- Create a brand.
- You are never finished.

Source: Project for Public Spaces

Other important urban amenities that will expedite the evolution of downtown Idaho Falls into a vital urban neighborhood include:

- A grocery store, although a grocery store will follow housing because it needs the support of downtown residents to be economically viable.
- A central gathering place; a plaza or a park, large enough to support events.
- Street trees, landscaping, and additional street art.
- Sidewalk cafes.

Marketing and Promotion

While it would not be prudent to make large capital expenditures on promoting and marketing the downtown before there is any housing to promote, eventually downtown marketing and promotion will be an important component to the solution of the downtown housing problem. A marketing plan and budget needs to be formulated to guide this effort.

The marketing message for the downtown needs to respond to both current and future markets and create emotional attachment and excitement in the minds of potential residents. The message must communicate and emphasize the lifestyle.

Creating a brand for the downtown should be the primary objective of a marketing and promotion plan.

- Branding is a promise, a vision, and an experience that communicates the concept of downtown living.
- Innovation is what gives brands traction in the marketplace.
- Branding is a strategic process for developing a long-term vision for a place that is relevant and compelling to key audiences.
- Branding has the effect of enhancing local and regional awareness and position.
- A brand is more than a name or a place. It is the mental association between the place and an exciting image.
- Creating a recognizable brand is a long-term process, but one that pays large dividends.
- The brand should be well known in the marketplace before a prospect ever shops a downtown housing project to consider if it is a place they want to live.
- Anticipation is a byproduct of a carefully orchestrated branding process.

Downtown event planning to familiarize people with the downtown, and reinforce a positive perception, is another tool that should be exploited as often as possible, even prior to the development of any new housing. The Idaho Falls Downtown Development Corporation, and others, do sponsor and manage numerous events each year. Currently there are eleven downtown events on the calendar for the balance of 2015. However, it would be nearly impossible to have too many events.

Development Tools

There are a number of development tools that can help clear the way for downtown housing. These tools should be utilized wherever and whenever possible.

- As previously mentioned Low Income Housing Tax Credits are the primary vehicle for subsidizing affordable housing.

- There are a number of buildings in the downtown on the historic register that could potentially benefit from federal historic tax credits. These buildings should be identified and a determination should be made as to whether they are potential candidates for upper story housing.
- Property tax abatement is a common way to help subsidize downtown housing in many cities.
- Public/private partnerships need to be encouraged to help finance downtown housing.
- A thorough study of zoning and building codes, FAR and height limits, parking requirements, and other regulatory policies and requirements that are impediments to downtown housing, should be made and changed if possible. Public regulations and policies need to be supportive of downtown housing, not a deterrent.
- Impact fees and permit fees can also negatively impact the feasibility of downtown housing. Sometimes these fees are higher in downtown than the suburbs. However, because the downtown infrastructure is already in place, it is reasonable to assert that these fees should be lower in the downtown to encourage and subsidize development.
- Because there are no comparable downtown urban apartments buildings low appraisals can be a problem. The only way to solve this issue is for the appraiser to obtain pricing from other comparable markets and make location adjustments.
- Train whistles at crossings are loud and can be an irritant to residents, particularly when they occur at night. In cooperation with the railroads it is often relatively easy and inexpensive to get “quiet zones” at these crossing.

Conclusion

Historic downtown Idaho Falls has the necessary character and infrastructure that provides an unusual opportunity to create an urban downtown environment with a balance of housing, employment, retail goods and services, public spaces, social interaction, cultural activities, and other events that bring people together and creates a lifestyle that encourages people to live downtown.

Initially, the downtown leaders responsible for seeding the downtown with housing should focus on place making, marketing, and promotion to begin to form the image in people's minds of downtown as an attractive alternative to the suburbs.

Downtown Idaho Falls market is severely under supplied with essentially no housing of any consequence and no competition from suburban residential real estate products. Pent up demand is no doubt present and there are no projects in the pipeline that are potentially competitive and can duplicate the walkable urban environment of downtown Idaho Falls. Thus the downtown has a strong competitive advantage for the portion of the market that is potentially attracted to urban living.

In the short term, to win market acceptance, achieve healthy absorption, obtain the necessary price premiums over the suburbs, and create economic feasibility, downtown housing in Idaho Falls will strongly favor rental apartments over condominiums.

There are many challenges that must be overcome to realize this vision and accomplishing this task will take:

- Leadership;
- Time;
- Patience;
- Persistence; and
- The careful allocation of scarce resources.

Appendix A: Downtown Idaho Falls Building Inventory by Use

RPA Number	Floor	Address	Space	Description	Retail	Eating/Entertainment Drinking	Office/Residential Services	Industrial	Government	Other	Vacant
Broadway Avenue											
RPA1780001001A	1	201		Denning's Appliance Sale	4,200						
RPA1780001004O	1	247		Denning's - storage	3,000						
	2			Vacant (Grand Hotel)							3,000
	3			Vacant (Grand Hotel)							3,000
RPA1780001005A	1	249-253		Denning's - storage	3,840						
	2			Vacant (former offices)							3,840
RPA1780001007A	1	257		ARTI's theater		6,000					
	2			ARTI's theater		6,000					
RPA1780001009A	1	271		Artitorium Museum		6,000					
RPA1780001011A	1	295		Destinations Inn Hotel						4,700	
	2			Destinations Inn Hotel						4,700	
	3			Destinations Inn Hotel						4,700	
RPA1780001015A	1	327		Chesbro's Music	11,400						
	2			Chesbro's Music	11,400						
	3			Chesbro's Music	11,400						
RPA1780001019A	1	333		Splash Pet Shop	1,860						
		341		Dave's Bike Shop	1,870						
		351		Possibly Picasso	1,860						
	2			Apartments (4 units)			5,600				
	3			Apartments (4 units)			5,600				
RPA1780001022A	1	367		Catmull's Furniture Sales	4,875						
	2			Vacant						4,000	4,000
RPA1780001024A	1	385		Allied Engineering Svcs			6,000				
RPA1780001026A	1	391		Musicare	2,400						
	2			Vacant							2,400
RPA1780001029B	1	417		Ferrell's Clothing Store	7,200						
	2			Ferrell's Clothing Store	7,200						
RPA1780001031C	1	457		Idaho Falls Public Library					32,000		
	2			Idaho Falls Public Library					16,200		
RPA0040001000C	1	501		Key Bank			8,100				
RPA0040001000B	2			Vacant							6,500
	3	5		3 offices, 2 vacant			3,900				2,600
RPA1980028001B	1	504		Aladdin's Flowers LLC	2,800						
RPA1980028003A	1	399		Bank of Idaho			5,100				
	2			Bank of Idaho			5,100				
RPA1980027007A	1	420		Melaleuca	14,000						
RPA1980027012A	1	301		Vacant (former offices)							2,300
	2			Residence (1 unit)			2,300				
RPA1980027012B	1	321		Royal Shoe Store	1,175						
RPA1980027012C	1	329		Grand Teton Services			1,175				
RPA1980027012D	1	339		Samoa Club		940			940		
RPA1980027012E		343		Vacant (fmr Atlas Tatoo)					940		940
RPA1980027001E	1	365		Variety Mart	3,000						
	2			Vacant							3,000
RPA1980027001D	1	367		Metamorphosis Salon			1,900		1,891		
RPA1980027001G	1	369		A Street Games			1,800		1,833		
RPA1980027001B	1	387		Vacant					2,257		2,250
	2	375		Residence (1 unit)			1,800				
RPA1980027001A	1	393		Park Ave Antique Mall	5,500						
	2			Former lodge (vacant)							5,500

Idaho Falls Downtown Housing Market Analysis

RPA Number	Floor	Address	Space	Description	Retail	Eating/Entertainment	Office/Residential	Industrial	Government	Other	Vacant
						Drinking	Services				
RPA1980027003C	1	439		Black Rock		3,500					
RPA1980027004B		445		Alchemy Bistro		3,300					
RPA1980027005A	1	380		Century 21 Offices			2,800				
		390		Offices			2,800				
RPA1980021001A	1	400		Title One			4,500				
		425		Chamber of Commerce			4,500				
	2	410		Professional offices			9,000				
RPA1980021005A	1	490		Professional offices			5,000				
	2			Law offices			5,000				
RPA1980021006C	1	497		Riverbend Offices			3,000				
	2	200		Vacant							1,500
		210		Depatco Office			1,500				
RPA1980026007E	1	398		The Celt		2,800			2,820		
	2			Residence (2 units)				2,800	2,820		
RPA1980026009A	1	354		Yummy's Café		1,200					
	2			Vacant							1,200
RPA1980026009B	1	352		Yummy's Café		2,200					
RPA1980026007D	1	310		The Paisley Camel	800				2,829		
		312		The Leather Works			2,000				
RPA1980026007C	1	318		Lily's clothing			2,300		2,350		
RPA1980026007B	1	336		Vacant					2,293		2,300
	2			Vacant							2,300
RPA1980026007A	1	344		Villa Coffeehouse		2,900			2,895		
RPA1980026005B	1	362		Karen's Park Ave Club		3,900			3,850		
	2			Vacant							3,900
RPA1980026006B	1	396		The Collective			4,200		4,230		
	2			Vacant (under reconst)							4,200
RPA1980026005A	1	379		AKM Architects offices			2,200				
		361		Ingram's Jeweler's	2,300						
RPA1980026004B	1	357		San Michele clothing	3,300						
RPA1980026004A	1	351		Leymaster Jewelry	3,300				3,290		
RPA1980026003C	1	343		Vacant							1,600
RPA1980026001A	1	339		Lyn's Shoppe clothing	1,500						
		335		Steinhouse		500					
See above	1	381	1	Vacant (fmr Lily's 2)	400						
				369 Kallie Photography	400						
				301 EMS Services (offices)			7,000				
	2			9 Offices			7,800				
RPA1980026001B	1	365		Treasure's Formals	3,200						
	2			Treasure's Formals	3,200						
RPA1980023010A	1	298		U S Bank			12,600				
	2			5 3 offices, 2 vacant			8,000				4,600
	3			1 Walsh Engineering			12,600				
	Bsmt			1 American Rec Cross			500				
RPA1980025011C	1	244		Evap Tech (vape shop)	1,400						
RPA1980025001B	1	375		Bank of Commerce			8,800				
RPA1980025004B	1	251		Bybee's Wheel Alignment			6,300				
RPA1980025005A	1	257		Max's Guns	1,800						
		261		Work It Scrubz clothing	1,800						
RPA1980025006C	1	275		Jimmy's Angler	3,300				3,290		
RPA1980025005C	1	376		Ming's Chinese Cuisine		1,500					
	2			Ming's Chinese Cuisine		1,500					
RPA1980025005B	1	366		Krung Thep Thai Restnt		3,800					
RPA1980024012A	1	260		Lily's Two clothing	1,200						
		402		Center for Health offices			2,400				
RPA1980024011A	1	408		Combo Law Center			4,800				
RPA1980024010C	1	414		Smith Law Offices			3,600				

Idaho Falls Downtown Housing Market Analysis

RPA Number	Floor	Address	Space	Description	Retail	Eating/Entertainment Drinking	Office/Residential Services	Industrial	Government	Other	Vacant
RPA1980024010A	1	430		Medical Recovery Offices			2,400				
		432		O'Brien Tomchak CPAs			2,400				
RPA1980024008A	1	474		Idaho Mtn Trading	11,000						
	2			Vacant (fmr law offices)							11,000
RPA82700000010	1	492		Vacant (fmr Id Mtn Trdg)							6,500
RPA82700000020	2			3 offices, assumed 3 vacnt			3,300				3,200
RPA82700000030	3			5 offices, assumed 3 vacnt			4,000				2,500
RPA1980023010A	1	320		Wells Fargo			7,800				
	2			Wells Fargo			7,800				
RPA1980023008B	1	360		Great Harvest Bread	4,200						
RPA1980023007A	1	368		Diabla's Rstnt		800					
		428		Roden Law Offices			3,000				
		430		ML Ranch Jewelry	1,200						
		440		Pandora's Baubles	1,200						
		446		Bela Cabeli beauty salon	1,200						
	2	428		Roden Law Offices			7,400				
RPA1980023004B	1	460		Syringa Networks			7,000				
	2			Syringa Networks			2,800				
RPA86100000010	1	490	1	Vacant (fmr AG Edwards)							4,500
			480	Vacant (fmr Yummy's)							5,400
			365	Nat'l Hormonal store	1,600						
	2	472		Residence, frm ballet stdo				9,700			
RPA1980023001C	1	477	7	5 offices, 2 vacant			10,300				4,000
	2		3	2 offices, 1 vacant			9,600				4,700
	1		1	ATC Trucking office			3,000				
RPA1980022010B	1	401		Snakebite Restaurant		2,250					
		420		Snakebite Restaurant							
		422		Snakebite Restaurant							
	2	418		Residence (2 units)				2,250			
RPA1980022010H	1	415		Yarn Connections	1,800						
		419		Crystal Hair			1,800				
	2	417		Residences (2 units)				2,400			
RPA1980022010D	1	431		Lemon Meringue	2,250						
		429		Residence (1 unit)				2,250			
RPA1980922010I	1	447	1	Marceller's Wines		2,000					
			2	Offices			2,250				
RPA1980022001A	1	451		Channel Blend			9,800		9,729		
	2			Channel Blend			9,800				
RPA1980022001B	1	461		Centre Theater			4,200				
RPA1980022001D	1		1	Idaho Vape store	1,400						
			2	LaVanilla Bean Bakery		1,400					
			3	Healing Hands store	2,800						
	2	425		MCS Offices			5,600				
RPA1980022010A	1	460		Ford's Bar		4,900					
	2			SRO's				4,900			
RPA1980022007G	1	450		Willard Art Center			13,300				
	1	498		IF Arts Council			3,150				
	2	496		Artists' Studios			3,150				
RPA1980022007C	1	440		Idaho Falls Symphony			2,100				
	2			Medicare Instructors			2,100				
	Bsmt			Luminosity Studio/Design			2,100				
RPA1080017001C	1	504		Happy's Restaurant		5,500					
		260		Spare Room Press			500				
		512		Vacant							3,000
		520		Trade & Loan Pawn Shop	3,000						
	2			Idaho Yoga			2,000				
				4 res units in construtn				10,000			
RPA1080017004B	1	548	1	Brian Young Saloon			2,100				
			2	Cowlicks & Kisses Photo			2,100				

Idaho Falls Downtown Housing Market Analysis

RPA Number	Floor	Address	Space	Description	Retail	Eating/Entertainment Drinking	Office/Residential Services	Industrial	Government	Other	Vacant
			2	Residences (2 units)			4,200				
RPA1080017007A	1			Century Link				14,600			
	2			Century Link				14,600			
RPA1080017015A	Bsmt	229		Underground parking			8,500				
RPA1080017017A	1	555		Mike's Auto Repair			1,250				
RPA1080017002A	1	545		ML Computer Services			4,400				
RPA1080018001A	1	545		14 retail spaces on 1st							
				3 spaces retail, 1000 st ft	4,000						
				10 spaces office			110,000				
				1 space beauty salon			2,000				
	2			Small Bus Dev Cntr offices			4,500				11,000
	3			Offices			5,000				10,500
RPA1080018003B	1	360		Harris Publishing			6,300				
	2			Harris Publishing			6,300				
	3			Harris Publishing			6,300				
	4			Harris Publishing			6,300				
RPA1080018005B	1	380		Stucki Law Office			2,200				
RPA1080018005D	1	520		Falls Printing				4,200			
	2			Falls Printing			4,200				
RPA1080018011A	1			Idahoan Foods			8,400				
	2			Idahoan Foods			8,400				
RPA1080018014A	1	347	347	J Smith Foundation			2,400				
			349	J Smith Foundation			2,400				
	2		343	SRO's				4,100			
RPA1080018016C	1		319	J Smith Foundation			3,000				
	2			J Smith Foundation			3,000				
RPA1080019001A	1	525	501	Pachangas		3,200					
			515	Green Kids Club			1,600				
			527	Scion Computers			1,600				
				Office, entrance to 2nd							1,000
			539	Vacant							1,600
			549	Vacant							3,200
	2			4 offices, 1 vacant			8,200				2,000
RPA1080019002B	1	444		Vacant (fmr acct offices)							7,000
RPA1080019004C	1	450		Eagle Rock Ctr (offices)			4,050				
RPA1080019005A	1	470		Harrison Law Offices			3,500				
RPA1080019005B	1	500		Washington Federal Svcs			4,000				
RPA1080019007A	1	598	598	CP Law Office			950		3,840		
			576	CP Law Office			950				
			560	Evolution Design			950				
			552	Vacant (fmr restaurant)							950
RPA1080019008B	1	485		American Legion		3,000					
	2			American Legion		3,000					
RPA1080019010C	1	467		Signature Star offices			1,250				
RPA1080019011A	1	455		Holden McCarty offices			2,700				
RPA1080019013A	1	581	3	2 offices, 1 vacant			3,400				1,600
	2		3	1 office, 2 vacant			1,600				3,400
	Bsmt			Vacant							5,000
RPA1080020003C	1	547		Burtenshaw Bldg (county)					5,500		
RPA1080020004A	1	520		City Recreation Center		7,900			5,300		
	2			City Recreation Center					4,300		
RPA1080013007B	1			Joint Law Enforcement					20,800		
	2			Court system					20,800		
See above	1			County Court House					18,000		
	2			County Court House					18,000		
RPA1080013004A	1	676		Wackerli Apts (23 units)				5,600			
	2			Wackerli Apartments				5,600			

RPA Number	Floor	Address	Space	Description	Retail	Eating/Entertainment Drinking	Office/Residential Services	Industrial	Government	Other	Vacant
RPA1080013003O	1	577		Sheriffs Training Fac						4,700	
RPA1080013001C	1	683		Public Defenders' Office						3,000	
			Bsmt	Public Defenders' Office						3,000	
RPA8251000219O	1	482		Office condos			4,000				800
	2			Office condos			4,800				
	3			Office condos			4,800				
			Bsmt	Office condos			4,400				400
RPA8080000004O	1	635		Apartments, vacant				9,200			1,600
	2			Apartmts (67 total units)				6,000			
	3			Apartments				6,000			
	4			Apartments				6,000			
	5			Apartments				6,000			
RPA1080915994B	1	380		City Hall Annex						19,600	
RPA1080015007A	1	308		City Hall						9,600	
	2			City Hall						9,600	
			Bsmt	City Hall						9,600	
RPA1080016013O	1	244		Mallard Law Office			3,000				
RPA1080016014A	1	210		Les Schwab Tire Center			8,400				
RPA1080016001A	1	695		Silva's Auto Repair			1,350				
RPA1080016003A	1	690		Les Schwab Tire Center			10,800				
RPA1980009007A	1	298		The Frosty Gator		7,200					
RPA1980009010A	1	725		Oswald's Auto Service			4,100				
RPA1980009002A	1	775		Stop Light Pizza		2,100					
RPA1980009003O	1	235		Vacant (restaurant)							900
RPA1980009004A	1	255		The Ark: men's shelter				9,600			
	2			The Ark: men's shelter				9,600			
RPA1980010011B	1	310		City future offices				8,400			
RPA1980010007E	1	700		Hart's Tux & Formals	4,000						
				U S Geological Survey				3,000			
RPA1980010007B	1	740		Police training center				4,200			
RPA1980010005B	1	750		City owned vacant				2,400			
	2			City owned vacant				2,400			
RPA1980011009B	1	450	450	Vista Health Center			4,200				
			452	Vista Health Center							
RPA1980011008A	1	488		Apartments (15 units)				5,600			
	2			Apartments				5,600			
RPA1980011003C	1	486		Law & CPA offices			6,500				
RPA1980011001C	1	401		Romaine's Mattresses	11,000						
RPA1980012011A	1	510		Law Offices			7,800				
RPA1980012007B	1	700		Scenic Falls Credit Union			5,600				
	2			Scenic Falls Credit Union			2,000				
RPA1980012006O	1	796	1	Law offices			1,400				
			2	Vacant office							600
RPA1980012003A	1	555		Unitarian Church						6,300	
	2			Unitarian Church						1,500	
RPA1980005001A	1	875		U S Post Office					16,400		
	2			Vacant office space							10,000
RPA1980003001B	1	450		Deseret Industries	35,100						
RPA1980007004A	1	357		Zip Print, 4 offices			900	2,000			2,700
RPA1980007001A	1	883		Bonneville Co Probation					7,800		
RPA1980007011B	1	825		Bonneville Co Elections					6,000		
RPA1980007009A	1	376	366	Shine On Ya Hippie	1,200						
			360	Vacant							1,200
			350	Vacant							2,400
	2			E Street Apts (20 Units)				4,800			
RPA1980007008B	1	374	374	Clean Cuts			1,800				
			376	The Headmaster			1,800				
RPA1980007008A	1	380		City of Refuge offices			1,800				

RPA Number	Floor	Address	Space	Description	Retail	Eating/Entertainment Drinking	Office/Residential Services	Industrial	Government	Other	Vacant		
RPA1980007007B	1	800		Fabulous Futons	2,000								
RPA1980007007C	1	830		Thrift Store	1,500								
			Bsmt	Thrift Store	1,500								
RPA1980007007A	1	840		City of Refuge Shelter				2,000					
	2			City of Refuge Shelter				2,000					
RPA1980008002D	1	250		Bonneville Co Annex					13,600				
Total (Square Feet)					218,830	63,390	43,400	584,675	141,500	55,800	295,897	25,900	173,580