



Feasibility Study for Prospective Portneuf Springs Development

February 2025



Facilitated by



LEAP Housing approached Points Consulting in October 2024 to conduct a feasibility study for a prospective 48-unit development under consideration in Lava Hot Springs (or LHS, for short), Idaho to be called Portneuf Springs. In particular, this study assesses the absorption potential for the units considering affordability and availability factors within the local market. Information from LEAP indicates that the homes are to be built in a side-by-side, 4-plex townhome format (See Figure 1). Grant funding will help keep building costs down, while LEAP will also utilize a Community Land Trust (CLT) model, thereby unbundling land costs from improvement (or building) costs.

II. Analysis of Potential Buyers

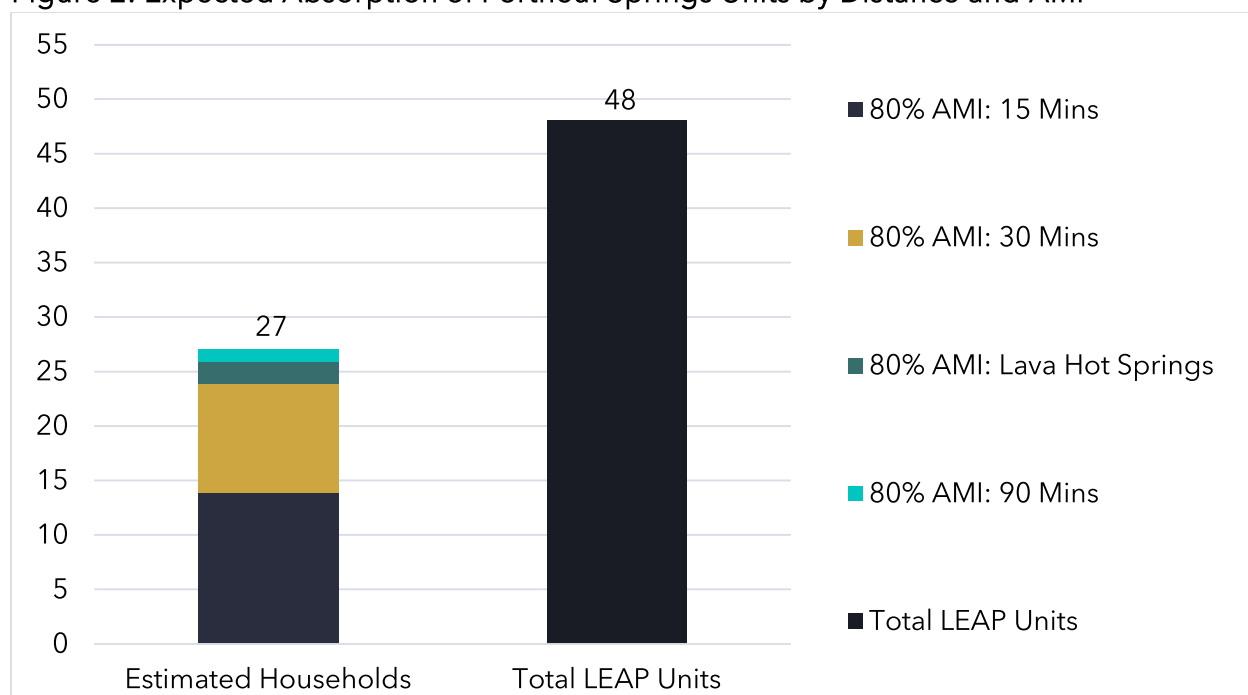
All factors considered, PC believes that *LEAP will have little challenge selling up to 27 units at the Portneuf Springs development*. The remaining 21 units would eventually be sold but not at the same pace and possibly not for the same price. Figure 2 displays expected buyer cohorts according to Area Median Income (AMI) and drive time distance from the site. Provided that the units are adequately marketed so potential buyers have time to research, get pre-approved for loans and make other financial arrangements, the first 21 units would likely sell within a 4-month period after receiving a certificate of occupancy from local authorities. The remaining units may take up to 12-months.

¹ Please note that these groupings are mutually exclusive. In other words, the 80% AMI group includes those earning between 60% and 80% of AMI but not those earning less than 60% of AMI. Likewise for the drive-time rings, those in the 30-minute radius exclude those who are already counted in the 15-

between roughly \$55K and \$73.5K)² and from within a 15-minute drive time radius (which includes unincorporated Bannock County, parts of Caribou County, and the communities of Lund, McCammon and South Bannock) The second most common buyer group (10 buyers) are those in the 60% to 80% AMI band within a 30-minute radius (which could include Soda Springs, Downey, Bancroft, and a number of other small towns and unincorporated areas.) Determining exact locations for each of the groups listed in Table 1 can be determined by looking up the communities mentioned in Table 10.

Part of LEAP's interest is to provide housing cost relief for those already in the LHS community. Fortunately, Portneuf Springs would serve some of the existing LHS community members but population is simply too low to fill up the 48 total units. If developed, Portneuf Springs would expand the City's current housing stock by more than 1/3rd according to the most recent Census statistics.³ Even in an exceptionally cost-burdened environment, this is a steep rate of absorption. That said, *PC's model does indicate that 2 households in LHS would likely be a good fit*, in particular those local households in the 60% to 80% AMI range.

Figure 2: Expected Absorption of Portneuf Springs Units by Distance and AMI



Source: Points Consulting Potential Buyer Model, 2024

minute radius. Table 10 in the Appendix articulates the incorporated communities that are within each of these drive time rings.

² PC maintained the AMI levels for Lava Hot Springs regardless of drive time, under the assumption that LEAP is seeking to serve households in that community rather than meeting the AMI standards for the broader geography. If AMI levels were used for the 60-minute radius (rather than LHS itself) this would effectively lower the bar making more potential buyers eligible at higher income groups.

³ See Table 6 indicating 140 housing units in the market, of which the vast majority of single-family detached.

Table 1: Expected Absorption of Portneuf Springs Units by Distance and AMI

Buyer Group	Estimated Households
80% AMI: 15 min radius	14
80% AMI: 30 min radius	10
80% AMI: LHS	2
80% AMI: 90 min radius	1
Total Estimated Buyer Households	27
Total LEAP Units	48
Gap	21

Source: Points Consulting Potential Buyer Model, 2024

With an anticipated total of 48 units, this would leave 21 units unsold. Though PC believes that these would sell eventually, they may remain vacant for a slightly longer period of time and buyers may come from outside the standard cohorts that purchase the first 27 units. The variety of these buyers is difficult to predict exactly but they would likely come from slightly outside of the aforementioned ideal buyer categories. These could include households moving to the area from further away, or those with lower AMI that need to improve their financial situation before buying, or those from the 60- to 90-minute drive time radius, for example.

PC also assessed the market potential for *buyers at 50% AMI and lower but, unfortunately, anticipated mortgage cost would make affordability nearly impossible for these households* unless they come with a large down payment (an unlikely situation for households earning less than \$46K/year). Additionally, PC diagnosed the potential for buyers in the 45- to 90-minute radius. Several factors work against this cohort. Within this radius are a number of more moderately priced markets with more inventory (e.g. Blackfoot, American Falls, Preston, etc.). Also, considering average drive times within the region, most households from this radius would either have to change jobs to buy a home in LHS or commute from a longer distance than they are currently. It is possible that some buyers would be attracted from this range, but far less likely than the aforementioned areas.

Lastly, with recognition that there is some level of approximation with the several factors that lead to these conclusions, PC's Sensitivity Analysis (See Table 6) indicates that there is a range of possible outcomes both higher than and lower than our anticipated absorption of 27 units. *In particular, a more optimistic view leads to 68 potential buyers and a more conservative view leads to 13 potential buyers.*

Commuter Dynamics

Currently, there are roughly 160 employed workers in the city of LHS. However, there is a discrepancy between the number of workers who live in the city and the number of workers who in-commute from nearby cities. With the median income per job at \$39K and the median home value at \$219K, the mismatch between these audiences is evident. In fact, less than 5% of LHS's workforce also lives in the City. Communities that contribute more workers to LHS include Pocatello, McCammon, Downey, Arimo, and Soda Springs, to name a few (see Table 2).

Table 2: Top In-Commuter Cities to LHS

Community	Number of In-Commuters	Proportion of In-Commuters	Average Commute Time to LHS
Pocatello, ID	44	13.5%	37 minutes
McCammon	32	9.8%	14 minutes
Downey	19	5.8%	27 minutes
Arimo	14	4.3%	18 minutes
Soda Springs	14	4.3%	22 minutes
Lava Hot Springs	11	3.4%	0 minutes
Chubbuck	6	1.8%	48 minutes
Grace	6	1.8%	16 minutes
Inkom	5	1.5%	21 minutes
Blackfoot	3	0.9%	57 minutes
All Other Cities	173	52.9%	N/A

Source: Census LEHD OntheMap & Google Maps

Local Rental Market

Due to limited inventory, it was not warranted to conduct a thorough rental market analysis for the area. PC's interactions with those in the local real estate market indicate that there are some high-end condo rentals and short-term rentals, both of which skew costs upward for those seeking common "workforce" housing. The few market rate rentals that do exist are in the range of \$1,400 a month for small square footage two-bedroom units.⁴

Another useful tool on this topic are HUD's fair market rates (FMR) data, which estimates the cost of units at the 40th percentile among available units in the region. Though HUD publishes FMRs for five different unit size types (efficiency to four-bedroom), the two-bedroom data shown in Table 3 serve as a sufficient as a representative sample.

HUD's fair market rate data indicate three important market factors. Firstly, the LHS area (represented by ZIP Code 83246) is more expensive than other nearby communities. Secondly, rent costs have rapidly escalated (+15.4% increase in the past year). Lastly, and most importantly, potential buyers at Portneuf Springs would be comparing monthly mortgage costs to their existing rental costs. Though Portneuf Springs would provide them an opportunity to own rather than rent, this would be accompanied by a \$200-\$500 premium per month (\$200 if in an existing market rate unit and \$500 if in an economy unit). At either level, this is a stiff enough increase to make some buyers think twice.

Table 3: 2025 Two-Bedroom Fair Market Rents (FMRs) for Surrounding Geographies

Area	Two-Bedroom FMR	% Change from 2024
ZIP Code: 83246	\$1,120	15.4%
Pocatello Metropolitan Area	\$1,139	15.4%

Source: HUD Fair Market Rates

⁴ Personal input from Randy Benglan, 11/22/2024.

Local For Purchase Housing Market

Data from the Multiple Listing Service (or MLS) provide a snapshot of market conditions in LHS and surrounding areas. The following statistics are a market snapshot as of November 2024. Though inventory and pricing does move seasonally, these markets are stable enough for these statistics to represent the general conditions within the market for at least a one year period of time.

The LHS housing market has very little inventory (just 5 units on the market) and what does exist is exceptionally large and expensive. As shown in Table 4, *an average home possesses 5 bedrooms, 2.6 baths at a list price over \$636K*. As shown in Table 5, there are, in fact, zero units on the market for less than \$300K. Expanding the geographic scope slightly, there is a clear inverse relationship between proximity and price. At the 30-minute radius, units are slightly less expensive, and at the 90-minute radius even less so. This relationship explains why PC considers buyers from a wider geographic area to be considerably less likely than those from those residing closer to LHS proper.

Table 4: MLS Listings under \$1M as of November 2024

Area	Inventory	Average List Price	Avg. # of Bedrooms	Avg. # of Baths	Avg. Square Footage	Avg. List Price Per SF
Lava Hot Springs Proper	5	\$636,700	5	2.6	2,638	\$194.36
30-Minute Radius	18	\$427,206	3.56	2.27	2,160	\$213.29
45-Minute Radius	77	\$392,965	3.70	2.26	2,207	\$183.26
90-Minute Radius	102	\$299,569	3.26	1.81	1674	\$196.19

Source: Snake River MLS via Chris Schmalz Real Estate Group

Table 5: MLS Listings under \$300K as of November 2024

Area	Inventory	Average List Price	Avg. # of Bedrooms	Avg. # of Baths	Avg. Square Footage	Avg. List Price Per SF
Lava Hot Springs Proper	0	N/A	N/A	N/A	N/A	N/A
30-Minute Radius	5	\$256,180	3.2	2	1,826	\$152.29
45-Minute Radius	25	\$238,876	2.92	1.52	1,480	\$170.86
90-Minute Radius	56	\$263,818	2.91	1.57	1,398	\$209.09

Source: Snake River MLS via Chris Schmalz Real Estate Group

III. Methodology

Information from LEAP indicated the following market conditions:

- Homes will be sold for \$275,000 to end users
- No buyer will be permitted to expend more than 35% of household income on a monthly mortgage

PC's additional research led to the following assumptions:

- Buyers would face an interest rate premium commensurate with their financial background. Current interest rates for first time home buyers are currently in the range of 6.6%. Due to credit scores, debt to income ratios, and other factors, interest rates for low- to middle-income LEAP buyers are likely be .2 to .5 points higher than average. That said, when units are actually being sold in 2025/26 capital markets may look slightly different. Most economists agree that the federal funds rate (and therefore the interest rates charged by banks) will continue to decrease through 2025. Considering all these factors, the assumed interest rate used in PC's model is 6.75%.
- Via the guidance of LEAP in its prior developments, PC assumes a 10% down payment with a 30-year fixed-rate loan.⁵ Running this through an amortization schedule leads to an expected average monthly mortgage of \$1,605/month.⁶

Market & Distance Factors & Sensitivity Analysis

Both the local market and the distance from the site play important roles in households' willingness to buy. Economic theory provides guidance on this front. For one, we can assume that people are more willing to buy a home closer to work, family, and other community assets than a home further away. Secondly, we can also assume that buyers prefer to purchase less expensive goods (all else being equal) compared to more expensive goods. This second factor matters, in this case, because homes are increasingly more affordable each mile one travels away from LHS proper.

Beyond these guidelines, there are no published statistics to indicate how these factors may affect local buyer candidates. With these factors in mind and with consideration of the MLS and housing statistics for the region, PC developed the following unique factors for each location.

- Lava Hot Springs Proper: 100% market factor and 100% distance factor
- 15-minute radius: 100% market factor | 85% distance factor

⁵ The buyers' selected mortgage broker would provide terms and rates specific to each buyer, based on their income, savings, credit rating, location and other personal criteria. Lacking information on every potential buyer, this value stands in as a typical representative mortgage for potential buyers at the LEAP development.

⁶ This estimated monthly cost is likely on the optimistic side for most households, for several reasons. Firstly, this calculation does not include factors that are sometimes included in rent but not in mortgages such as water, sewer, garbage, and electric. Furthermore, some households may be forced to purchase private mortgage insurance (PMI), which is not included in this calculation.

- 30-minute radius: 85% market factor | 35% distance factor
- 45-minute radius: 50% market factor | 5% distance factor
- 90-minute radius: 5% market factor | 1% distance factor

The following illustration explains how PC used these factors to reduce the overall number of potential buyers in each radius. The total number of eligible buyers (those listed in Table 11), are not reduced in LHS proper, but are reduced for those who live further away to account for any number of market factors (e.g. buyers not liking the appearance or location of the units, preferring to rent, apathy, and so on). And another reduction is taken for people who are unlikely to relocate because their current residence is closer to work, family and other community assets. Naturally, the potency of each of these factors increases the further the potential buyers are from the Portneuf Springs site.

Obviously, there is some level of approximation and guesswork involved in selecting these factors. Economists and other quantitative types often use a tool called “sensitivity analysis” in situations where results are based on assumptions with some degree of uncertainty. As such, Table 6 shows a range of potential results if the market factor and distance factor assumptions are “relaxed” either upward or downward.

Table 6: Sensitivity Analysis

	LHS Proper	15-min Radius	30-min Radius	45-min Radius	90-min Radius	Total
Base Scenario	100% 100%	100% 85%	85% 35%	50% 5%	5% 1%	--
Total Eligible Buyers	2	14	10	0	1	27
Optimistic Scenario	100% 100%	100% 100%	90% 45%	75% 15%	25% 8%	--
Total Eligible Buyers	2	16	14	0	36	68
Conservative Scenario Factors	70% 86.5%	70% 71.5%	55% 21.5%	20% 0%	0% 0%	--
Total Eligible Buyers	1	8	4	0	0	13

Source: Points Consulting, 2025

Appendix A: Detailed Data

Table 7: Occupied Housing Units City, County, State, and National Comparison

Housing Type	Lava Hot Springs		Bannock County		Idaho		United States	
	#	%	#	%	#	%	#	%
Occupied Housing Units	140	--	33,729	--	733,244	--	131.33M	--
1, detached	92	65.7%	22,651	67.2%	547,143	74.6%	81.67 M	62.2%
1, attached	4	2.9%	2,146	6.4%	27,044	3.7%	8.46 M	6.4%
2 apartments	0	0.0%	1,076	3.2%	13,948	1.9%	4.15 M	3.2%
3 or 4 apartments	6	4.3%	2,228	6.6%	21,773	3.0%	5.55 M	4.2%
5 to 9 apartments	0	0.0%	581	1.7%	20,459	2.8%	5.82 M	4.4%
10 or more apartments	5	3.6%	2,549	7.6%	42,627	5.8%	18.83 M	14.3%
Mobile home or other type of housing	33	23.6%	2,498	7.4%	50,250	6.9%	6.86 M	5.2%

American Community Survey 5-Year Estimates (2022), Table S2504

Table 8: Year Structure Built City, County, State, and National Comparison

Year Structure Built	Lava Hot Springs		Bannock County		Idaho		United States	
	#	%	#	%	#	%	#	%
Occupied Housing Units	140	--	33,729	--	733,244	--	131.33 M	--
2020 or later	0	0.0%	2,424	7.2%	45,118	6.2%	3.83 M	2.9%
2010 to 2019	4	2.9%	1,812	5.4%	107,856	14.7%	13.06 M	10.0%
2000 to 2009	19	13.6%	3,977	11.8%	133,859	18.3%	18.39 M	14.0%
1980 to 1999	8	5.7%	6,666	19.8%	170,563	23.3%	32.53 M	24.8%
1960 to 1979	46	32.9%	9,724	28.8%	152,358	20.8%	30.85 M	23.5%
1940 to 1959	13	9.3%	5,803	17.2%	69,173	9.4%	17.97 M	13.7%
1939 or earlier	50	35.7%	3,323	9.9%	54,317	7.4%	14.70 M	11.2%

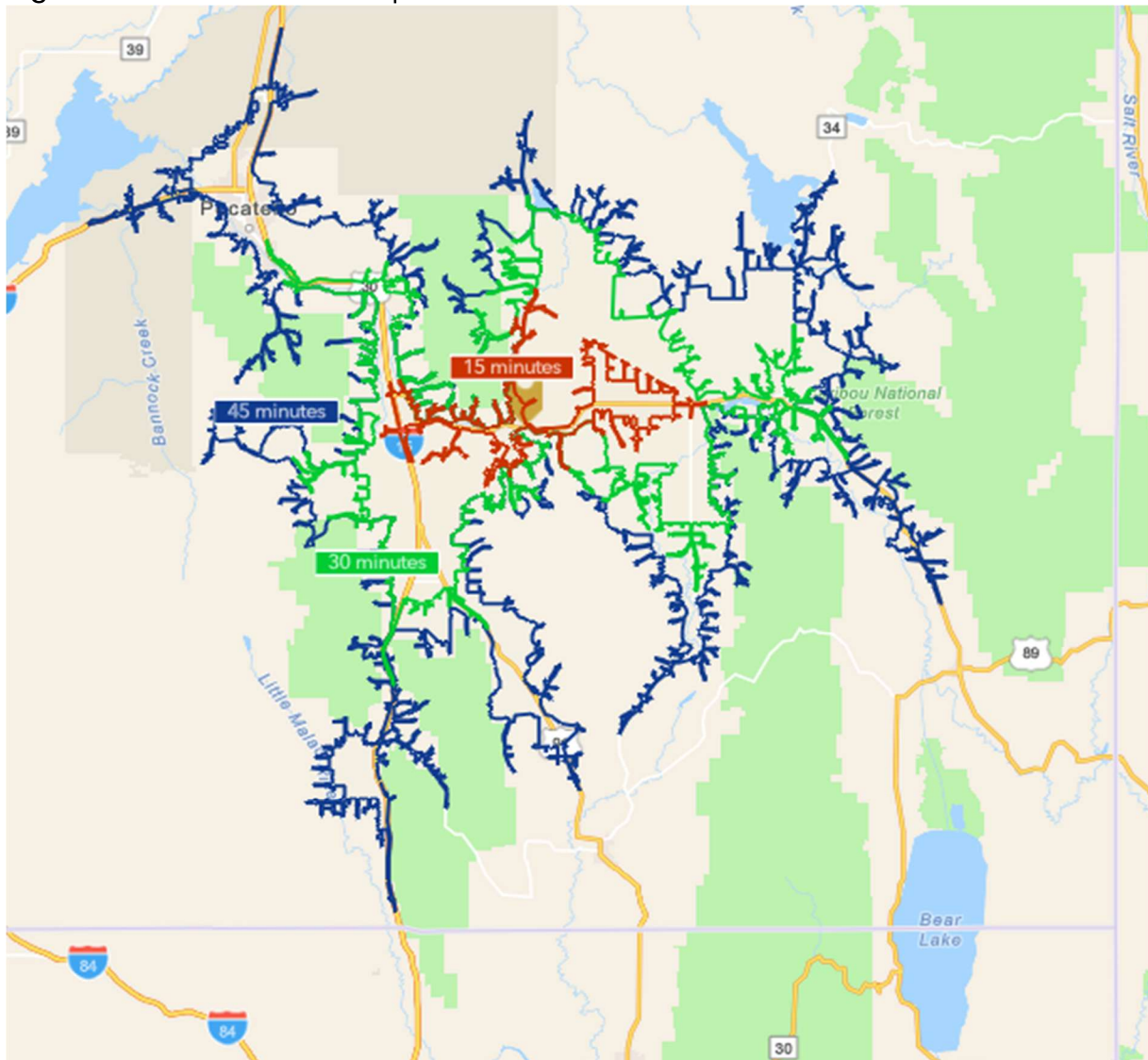
American Community Survey 5-Year Estimates (2022), Table S2504

Table 9: Number of Bedrooms City, State and National Comparison

Bedrooms	Lava Hot Springs		Bannock County		Idaho		United States	
	#	%	#	%	#	%	#	%
Occupied Housing Units	140	--	33,729	--	733,244	--	131.33 M	--
No bedroom	3	2.1%	272	0.8%	10,998	1.5%	3.57 M	2.7%
1 bedroom	12	8.6%	2,602	7.7%	46,361	6.3%	13.78 M	10.5%
2 or 3 bedrooms	96	68.6%	17,711	52.5%	447,833	61.1%	82.96 M	63.2%
4 or more bedrooms	29	20.7%	13,144	39.0%	228,052	31.1%	31.03 M	23.6%

American Community Survey 5-Year Estimates (2022), Table S2504

Figure 3: Drive Time Area Map



Source: Esri Business Analyst, 2024

Table 10: Cities Included in Drive Time Areas

Area Name	Cities Included
Lava Hot Springs Proper	Lava Hot Springs
15-Minute Radius	Lund, McCammon, South Bannock
30-Minute Radius	Soda Springs, Downey, Bancroft
45-Minute Radius	Pocatello, Grace, Fort Hall, Chubbuck, Tyhee
90-Minute Radius	Idaho Falls, Blackfoot, Aberdeen, American Falls, Rigby, Ammon, Montpelier, Shelley, Preston, Lewisville, Ucon, Lincoln, Iona, Basalt, Rockford, Groveland, Rockford, Rockland, Paris, Bloomington, St. Charles, Weston, Oxford, Preston, Dayton, Franklin, Bennington, Georgetown,
90-Minute Radius (Utah)	Snowville, Portage, Clarkston, Howell, Plymouth, Riverside, Cornish, Lewiston, Cove, Richmond, Newton, Amalga, Riverside, Garland, Trenton, Thatcher, Elwood, Deweyville, Honeyville, Bear River, Corinne, Brigham, Perry, Mantua, Wellsville, Mendon, Peter, Cache, Benson, Logan, River Heights, Millville, Nibley, Hyrum, North Logan, Hyde Park, Smithfield, Providence, Willard, South Willard, Pleasant View, Farr West, Marriott-Slaterville, Fielding

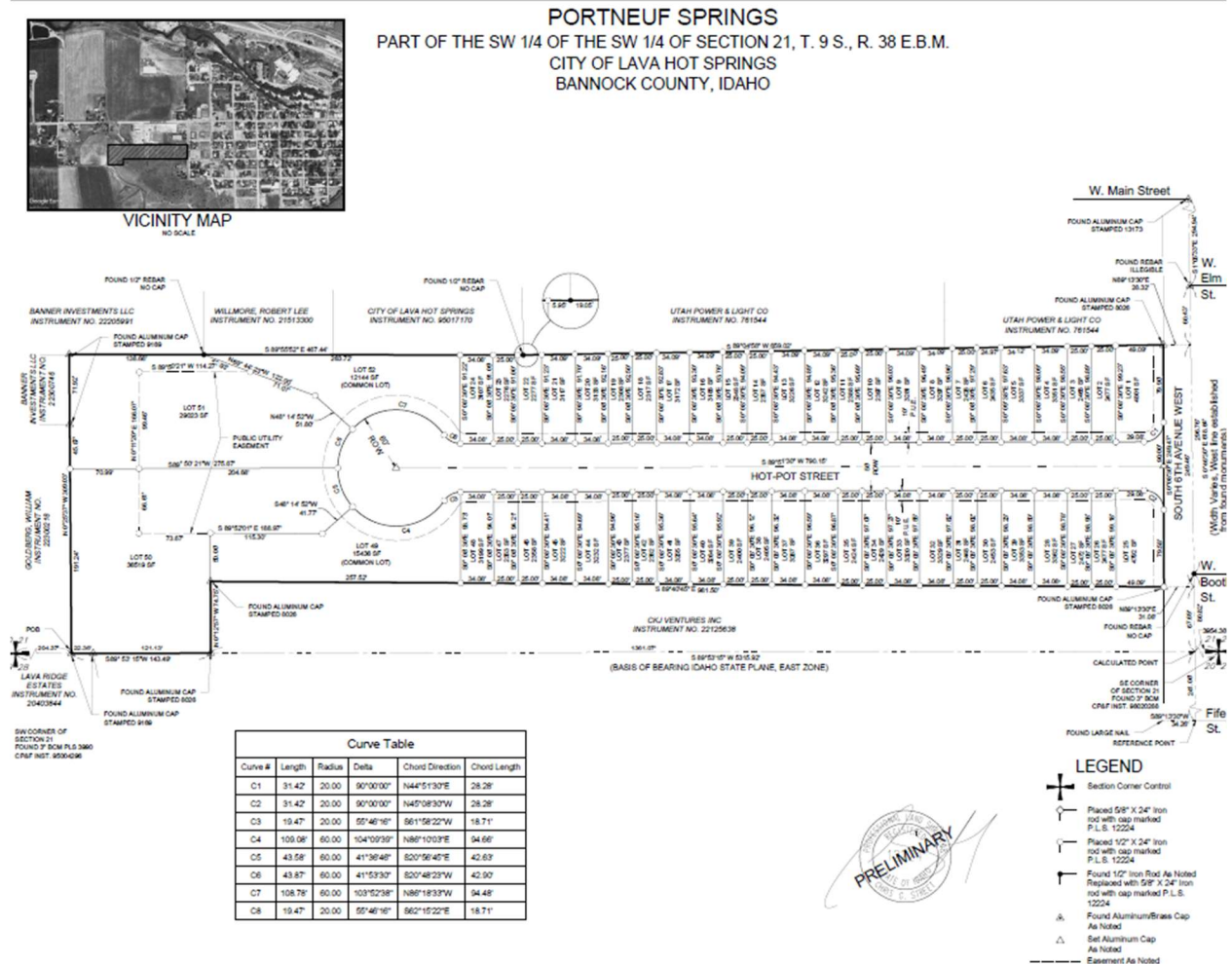
Source: Points Consulting 2024 using Esri Business Analyst

Table 11: Overall Eligible Buyers per Drive Time Area with Max Income & Max Mortgage Figures

Region	AMI Level	# of Households	Income Level at Top of Bracket	# of HH's from Bracket that are Eligible	Max Monthly Mortgage at 35% of HHI
Lava Hot Springs Proper	80% AMI	74	\$73,462	2	\$2,142.65
	60% AMI	64	\$55,096	0	\$1,606.99
15-Min Radius	80% AMI	297	\$73,014	16	\$2,129.59
	60% AMI	223	\$54,760	0	\$1,597.19
30-Min Radius	80% AMI	2,116	\$61,806	35	\$1,802.69
	60% AMI	1,587	\$46,355	0	\$1,352.02
45-Min Radius	80% AMI	21,527	\$54,506	0	\$1,589.77
	60% AMI	16,145	\$40,880	0	\$1,192.33
90-Min Radius	80% AMI	86,254	\$61,986	1783	\$1,807.94
	60% AMI	64,690	\$46,490	0	\$1,355.95

Source: Points Consulting, 2024 using data from Esri Business Analyst

Figure 4: Potential Layout of Portneuf Springs Development



Source: LEAP Housing, 2024