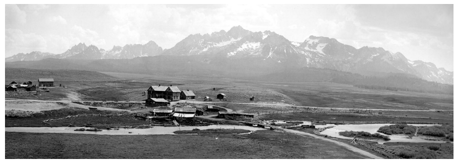

CITY OF STANLEY

September 1, 2026

Dear Stanley Community,

The workforce housing project continues to move forward, achieving significant milestones that will help keep the project on schedule.

- The historic resources impact assessment was approved by the State Historic Preservation Office.
- The developer obtained a Special Use Permit from the Forest Service to cross Forest Service land to be able to connect to the sewer line.
- The City has consulted with the Secretary of Agriculture on the site plan as required by federal law.
- The wells have been drilled for drinking water and geothermal for the heat pump system.
- The Army Corps of Engineers inspected the site and is determining whether it has regulatory authority over the wetlands.

The developer, Northwest Real Estate Corp., is still optimistic that the housing will be available for occupancy on schedule in late 2027. Big projects never move along as fast as one hopes, but the City's project managers and housing attorney continue to work efficiently with the developer to address issues are they arise.

I would like to thank Stanley area residents for your patience as the City continues to complete all the required steps to make this housing a reality. We continue to appreciate and encourage your willingness to share ideas about the project. Many of these have helped improve the terms of the Ground Lease and the Regulatory and Development Agreements to ensure that they serve the needs of the community.

The September 9th meeting regarding the workforce housing agreements is postponed to later in September. We will share a new date as soon. Glacier Bank is in the process of reviewing the project and the agreements with their legal team. The bank needs to review and approve all the documents prior to a Council final review and vote. We want to ensure the bank has enough time to thoroughly review the documents and provide enough time for the City, Council, and project management team to review any proposed changes prior to bringing the agreements to a vote.

A brief update on some important questions about the housing development effort is attached. More information can be found on the City's website www.cityofstanleyid.gov.

Sincerely,

Steve Botti, Mayor

CITY OF STANLEY

Who is doing the work?

The City is working with Northwest, a non-profit company that specializes in developing low-income housing. They have worked on projects across the mountain west including in Boise and Driggs. This public-private partnership between the City and the developer will be regulated by several binding agreements through which the City will set rules to ensure that the community's interests are protected. Northwest is in the process of designing the project with input from the City and will build and manage the housing project.

Who is paying for the project?

In this public-private partnership Northwest will obtain loans from Glacier Bank and be fully responsible for servicing that debt. If Northwest were to default on these loans, the City will have no obligation to assume that debt. The bank will take charge of the development and be required to see it through as required in the binding agreements between the City and the developer. In order make the project economically feasible for the developer, and to help lower rental rates, the City is planning to contribute $4 million from the Congressionally authorized HUD grant along with $1.265 million in local option tax savings. The City's contributions will be spread over several years and must be used as specified in the Subrecipient Grant and Local Option Tax agreements with Northwest. The City is not financially responsible for any part of the project other than what is clearly laid out in the agreements.

Who can live there?

The City and Council have repeatedly heard from the community that they would like to prioritize permanent essential workers. Various studies and surveys over the last 20 years have repeatedly identified a housing need for over 100 local workers. However, if not filled by essential workers, the Phase I housing will be available for any local workers. The City, with community input, has developed a Regulatory Agreement which will prioritize applicants based upon their employment and defines the essential workers. Permanent workers will have a year lease and will generally have the same rights as a tenant in any other rental situation. This means that their one-year lease will continue even if their employment changes during that time. Workers will be expected to furnish their units. All appliances will be provided. Seasonal workers will have the opportunity to have a lease for less than one year.

Who has reviewed this project?

The City is working with John McDevitt from Skinner Faucet LLP. He has been working as the City's housing attorney and drafting the agreements and making sure the City's interest are protected. The Council also selected a project management firm, Perspective Planning, and has been working with Brad Cramer and Ryan Singleton to review the agreements, the architectural and engineering work, and all phases of construction and inspections.

What is being built?

The project will consist of 3 buildings and a total of 20 townhome units. As requested by the community, the City has worked with Northwest to create diversity in the type and size of units to serve the community needs. There will be a mix of 1-, 2-, and 3-bedroom units and half of each type of unit will have garages.

# of Units	Unit Type	Garage	Est. Living Space	Est. Garage Space	Rent per month
2	1 bedroom ADA	none	734	-	$1,000
2	1 bedroom	none	876	-	$1,000
4	1 bedroom	garage	809	426	$1,300
4	2 bedroom	none	1,271	-	$1,500
4	2 bedroom	garage	1,271	730	$1,800
2	3 bedroom	none	1,345	-	$2,000
2	3 bedroom	garage	1,345	730	$2,300

How were the proposed rental rates determined?

The proposed rental rates are based on two primary considerations: 1) the need to make it economically feasible to cover the developer's cost to construct and service the loan for 20 townhomes, and 2) to satisfy the requirement that the rents be affordable for Stanley workers. These proposed rates also reflect the developer's commitment to provide high quality, comfortable and appropriately-sized living spaces for diverse families and single workers. The City's HUD grant and option tax contributions to the public/private partnership helped the developer to dramatically reduce some of the rental rates. Without these contributions, the proposed rents would need to increase by almost $1000 per month for each housing unit in order keep the project economically viable.

Will the developer be able to immediately raise rents after a worker occupies a unit?

No. The developer can raise rates once per year if certain conditions are met as outlined in the proposed Regulatory Agreement between the City and the developer. Each year the developer MAY raise rents up to 4% based on a comparable increase in the Consumer Price Index (CPI), which is the federal measurement of inflation. However, if CPI is over 4% the City would have to approve any increases in rental rates above 4%.

Is it possible that rental rates will ever be reduced?

Yes. The proposed Regulatory Agreement also specifies that the developer will have to reduce rents if its net annual revenue from this project is greater than 30% (gross rental income minus the total of operational costs and loan service). This will happen even if the CPI increases. This provision ensures that renters will be protected from unfair rental increases just because the CPI increases.

What if Northwest doesn't perform? What happens to the rest of the property?

There are required milestones that Northwest must meet to be able to retain the ground lease in Phase 1. If Phase 1 milestones are not met, half of the property will be removed from the ground lease. If all Phase 1 and 2 milestones are met by Northwest they will continue with the phased development with City input and review. This provides the best chance of success for the complete build-out of the housing, incentivizes and requires Northwest to perform, while allowing the City to continue the project with another developer if Northwest does not perform. Northwest is planning that the infrastructure built for Phase 1 will also serve the Phase 2 housing planned primarily to serve seasonal workers or other needs as determined by the community. Integrating the two project phases is more cost effective and appropriate than having two separate projects. The City's team of consultants believes that including Phase 1 and 2 in the ground lease with specific conditions that must be met protects the City, provides the most flexibility, and is the best way forward.

Will seasonal workers be allowed to rent Phase 1 units?

If the units are not filled by essential or other permanent employees, seasonal employees are eligible to rent units in Phase 1. The City is working with Northwest to allow shorter than 1-year leases to accommodate seasonal employees. Phase 2 is intended to address further housing needs, with an emphasis on seasonal workers. To accomplish this, the City and the developer will solicit ideas from the community about the type and design of housing best suited for seasonal workers. The community also will have input to ensure that the housing occupancy rules are fair to workers from different businesses, and that the rental rates for these employees are fair. Phase 2 will be able to build off of the infrastructure developed in Phase I and Northwest and their architects and engineers are working to ensure future development can easily tie into existing development.

What happens if Northwest sells to another company?

The City will have the right to evaluate who Northwest transfers the project to. All agreements would pass on to the new owner and the City could add further conditions during the transfer. If Northwest defaults during construction the bank would take the project on and see it to completion.

When will work start and when is occupancy predicted?

Northwest is hoping to break ground in early October 2026 and begin the infrastructure work this year so that next year they can go vertical as soon as possible. Northwest and their general contractor plan to purchase most of the materials and line up contractors this winter to lock in prices. Occupancy is predicted for late 2027.

Why is the City working with a developer?

The City is working with Northwest in a public-private partnership. The City is planning to lease the land to Northwest, with restrictions, and Northwest will develop and manage the housing. Northwest is in a better position than the City to provide the staffing, expertise to manage the construction of the housing and also to manage the rental and maintenance of the units. The City's project management team will provide project oversight but will not manage the daily construction and operation of the housing. Northwest will have a 65 year lease which means they are required to maintain and manage what they construct for the duration of their lease. This not only makes the project financially feasible because they have a longer time to pay back the bank loan, but it also means that Northwest is incentivized to build a quality development because if they don't, they will have to deal with the repairs and issues.

How will the City and Northwest determine who is an essential worker, how these workers apply for housing, and priorities for housing other workers if essential workers do not fill all the units?

The community wanted to prioritize essential workers for Phase 1. The City's financial contribution has lowered rents enough to be considered affordable compared to the reported income earned by local essential workers. A successful Phase I will help Northwest and the City determine how to make a future Phase 2 successful. The listed essential workers work for non-profits, government entities, or volunteer groups. Many of these workers cannot find adequate housing even though they earn enough money to pay market-rate rents. Adequate rental housing is simply not available. The majority of essential employers have very limited ability or no ability to develop housing for their employees and so the City and community have prioritized building housing for them. It is unlikely that essential workers will fill up all of the units in the first few years, which means there will be units available for other workers.

What is the next critical step to move the housing project forward?

The Ground Lease, the Regulatory, Development, Subrecipient, and Local Option Tax Agreements all need to be approved as soon as possible. These agreements provide the developer with the ability to construct on the housing site and meet bank loan requirements. They also specify the City's development and regulatory requirements to protect the City's interests and provide the financial terms of the public/private partnership with Northwest. The City will share the final versions of these documents with the community and schedule a City Council meeting to consider these documents as soon as the bank completes its review. Any requested changes will be reviewed by the City's legal and project management teams and then shared with the Council and Community.