

## CHAPTER 5

### Appendix B

#### SEASONAL EMPLOYEE HOUSING NEEDS ASSESSMENT

Teton County's economy is primarily based on tourism. Nearly 3 million tourists come to Teton County during the peak tourist season of June, July and August. The pattern of taxable sales and lodging tax revenues indicates the magnitude of the local economy's reliance on these tourists. Employment during this summer peak grows by more than 4,500 jobs. While some of these seasonal employees are year round residents and high school or college students whose families live in the valley, many of these employees come to the valley for just these three months. These seasonal employees may be necessary to support the lucrative tourist based businesses, however, they also have considerable impacts on the community.

In terms of housing, seasonal employees impact Teton County whether they enter the local housing market or not. Some employees enter the rental market, impacting the already strained housing market in Teton County. The housing market in Teton County is already falling short of providing adequate housing for permanent residents. This market is simply not meeting the needs created by an influx of seasonal employees. In view of this, some employees attempt to find housing without entering this market, choosing options such as camping, introducing sanitation and other problems of environmental degradation. The seasonal employee housing requirement or fee-in-lieu is designed to help the Teton County community address the impacts caused by these seasonal employees.

#### A. SEASONAL NATURE OF TETON COUNTY'S ECONOMY

Tourists come to Teton County to take advantage of the natural amenities in the area. While there are three ski areas in Teton County and many tourists come to the area in the winter for both downhill and cross country skiing, by far the great majority of tourists come to Jackson and Teton County during the summer to take advantage of the two National Parks, National Forests and numerous Wilderness Areas.

In 1993 over 2.5 million people visited Grand Teton National Park, two-thirds of those during June, July and August. Estimates of annual visitation to Yellowstone National Park are over 3 million, again with two-thirds of those arriving during the summer months (Jackson Hole Chamber of Commerce). Visitors to Teton County also come to take advantage of other wilderness and natural amenities as well as the two National Parks. There are the Targhee and Bridger-Teton National Forests as well as the Teton, Gros Ventre and Jedediah Smith Wilderness Areas, all of which provide camping and hiking opportunities. The Snake River is another tourist attraction during the summer months. There are 19 float companies listed in the Jackson phone directory. The Chamber of Commerce reported that permits were issued for more than 130,000 people to float the Snake during 1993. These companies operate almost exclusively during the summer months of June, July and August. Teton County and the Snake River are also important fly fishing destinations. The Jackson Hole Chamber of Commerce estimates overall visitation to Teton County to be about 2 million during the three month peak period, or just greater than visitation to Grand Teton National Park.

Offering recreational services to tourists, as well as providing other services which these tourists demand, such as lodging, restaurants and retail stores, means that many more employees are necessary during the summer than during the remainder of the year.

#### Magnitude of Summer Peak

The commercial activity is dramatically higher during the summer months than during the remainder of the year. This summer peak requires a significant increase in the number of employees. The local economy

does not or cannot sustain this number of employees on a year round basis, resulting in the large number of employees entering the County for a short period of time. These employees have been largely unaccommodated by the housing market, yet they arrive every year.

To give an indication of the magnitude of the summer peak, over half of Teton County's lodging business occurs in the months of June, July and August, as shown by the revenues from lodging tax. The average monthly revenues from these taxes in the summer months are over three times greater than the average revenues for the remaining nine months, which include the winter tourist season as well as the "shoulder" season months. Table 1 shows average lodging tax revenues for the last 3 years, for each month of the year.

<b>Table 1</b>			
<b>Average Monthly Lodging Tax Collected for 1991 through 1993</b>			
<b>Estimated Month of Collection</b>	<b>3 Year Average Monthly Revenue</b>	<b>Percentage of Total Yearly Revenues</b>	
October	\$48,439	4.1%	
November	\$33,430	2.8%	
December	\$48,572	4.1%	
January	\$84,470	7.1%	
February	\$84,751	7.1%	
March	\$51,032	4.3%	
April	\$24,857	2.1%	
May	\$62,512	5.3%	
June	\$191,736	16.1%	<b>51.4%</b>
July	\$205,347	17.3%	
August	\$214,608	18.0%	
September	\$140,619	11.8%	
<b>Total</b>	<b>\$1,190,373</b>	<b>100.1%</b>	
Source: Jackson Hole Chamber of Commerce			

Retail activity during these summer months are similarly higher than the remaining nine months of the year. During the last three years, taxable sales for the nine months outside of the peak season averaged just over 29 million dollars per month. For the same years, taxable sales during the peak months of June, July and August, averaged twice that, or \$58 million per month. Table 2 shows the average monthly taxable sales for the years 1991 through 1993.

These data show that summer is by far the busiest period of year in Teton County. During this peak period of the summer essentially every lodging unit and campsite is filled. Seasonal residents or second home owners return to the area during this time as well. During this period of the year the customers whom these employees have been hired to serve are using nearly all of the available housing units. With the exception of seasonal employees who already reside in or near the County, employees hired during the summer season must locate housing in this saturated market.

<b>Table 2</b>		
<b>Estimated Monthly Taxable Sales for 1991 Through 1993</b>		
<b>Estimated Month of Sale</b>	<b>3 Years Monthly Average</b>	<b>Percentage of Total Taxable Sales</b>
November	\$23,364,337	5.33%
December	\$27,206,706	6.21%
January	\$32,860,418	7.50%
February	\$25,992,642	5.93%
March	\$26,455,427	6.04%
April	\$23,396,661	5.34%
May	\$32,457,547	7.41%
June	\$49,365,131	11.27%
July	\$60,886,789	13.90%
August	\$65,175,617	14.88%
September	\$42,247,767	9.64%
October	\$28,618,824	6.53%
Total	\$438,027,866	99.98%
Source: Jackson Hole Chamber of Commerce		

## **B. SUMMER SEASONAL EMPLOYEES**

Commercial businesses in Teton County do a large portion of their business in the summer months and accordingly, must hire extra employees to meet this demand. Different businesses, of course, cater to this summer peak to varying degrees and will need to hire differing numbers of seasonal employees. Table 3 shows the number of employees per month broken down by Standard Industrial Classification Division. These figures show all employees in Teton County in each division for the three month peak period, for the remaining nine months of the year and, finally, show the difference between these two numbers.

Table 3 shows both that a large portion of Teton County's employees are seasonal and that the number of seasonal employees varies by type of business. Standard Industrial Classification Divisions do not necessarily correspond with Teton County's definitions of land use categories, however, and it is more useful to analyze the number of seasonal employees with regards to Teton County's own use categories.

Table 4 shows the number of summer season employees for the various land use categories defined in the Jackson and Teton County Land Development Regulations. These numbers were obtained by using data provided by the Wyoming Department of Employment which further disaggregated the SIC Divisions to the point where each land use type could be separated out to match the Jackson and Teton County land use categories.

<b>Table 3</b>			
<b>Average Number of Employees for June through August versus September through May For Standard Industrial Classification Divisions</b>			
	<b>Number of Employees</b>		
	<b>Average June-August</b>	<b>Average September-May</b>	<b>Difference</b>
Agriculture	158	79	79
Mining	3	3	0
Construction	1,552	1,349	203
Manufacturing	327	318	9
TCPU	401	390	11
Wholesale Trade	137	121	16
Retail Trade	4,114	2,858	1,256
FIRE	462	448	14
Services	6,976	4,037	2,939
Total	14,130	9,603	4,527
Source: Wyoming Department of Employment, Employment Resources Division, Research and Planning Section			

The highest percentage of seasonal employees is found in the ‘Other Lodging’ category with 154 percent of employees during the summer peak being seasonal employees. This category consists of bed and breakfasts, dude ranches, short term rental and campgrounds. Although the total number of employees is small, the land use with the next highest proportion of seasonal employees is Nurseries, at 138 percent. The third highest proportion and the greatest actual number (2,285) of summer season employees are hired in the Hotel and Motel Lodging field. Ninety-four percent of the annual average number of employees in this field are summer season only. Retail establishments, restaurants and bars employ the next highest percentage of seasonal employees, with seasonal employees comprising 42 percent, of the annual average work force per month. The remaining land use types show percentages of seasonal employees during the summer months covering a range from a low of 4 percent for Aeronautical uses, to 22 percent for Heavy Retail and Service.

### **Wages of Employees**

Seasonal employees are generally not paid enough to enter Teton County’s rental housing market without being cost burdened or overcrowded. Their difficulty in finding housing is exacerbated by the fact that they are often looking for housing for only a three month period. The majority of seasonal employees are employed in the sectors with the lowest wages. Figures are not available for the actual wages of summer employees, however the assumption was made that summer employees earn average wages for the sector in which they are employed. A general measure of housing affordability is that no more than 30 percent of income should be spent on housing.

<b>Table 4</b>					
<b>Seasonal Proportion of Average Number of Summer Employees Jackson/Teton County Land Use Categories, 1993</b>					
<b>Land Use</b>	<b>Average Employees per Month, Jun-Aug</b>	<b>Average Employees per Month, Sep-May</b>	<b>Summer Season Employees</b>	<b>Annual Average Employees per Month</b>	<b>Proportion of Summer Employees to Annual Average</b>
Hotels/Motels	4,156	1,871	2,285	2,442	94%
Other Lodging	373	106	267	173	154%
Restaurant/Bar	1,905	1,300	605	1,451	42%
Retail	1,866	1,272	594	1,421	42%
Commercial Amusement and Indoor/Outdoor Recreation	921	760	161	800	20%
Office	1,159	1,060	99	1,084	9%
Heavy Retail/Service	490	396	94	420	22%
Service	465	401	64	418	15%
Industry	2,122	1,886	236	1,945	12%
Nursery	49	16	33	24	138%
Aeronautical	117	112	5	113	4%
Other (Ag, Utilities, Institutional, Public/Semipublic)	507	423	84	444	19%
Totals	14,130	9,603	4,527	10,735	
Source: Wyoming Department of Employment, Employment Resources Division, Research and Planning Section					

Table 5 shows the average yearly income for each land use category and the amount an employee could afford monthly for housing with the average wage in that sector. The employment data demonstrates that 70 percent of summer seasonal employees work in sectors where the average wage is less than \$14,000 per year or \$1,167 per month. It is likely that many seasonal employees earn less than the average wage in each sector; however, with out concrete data to support this, the average wage is used to estimate what these employees can afford to pay for housing. In general, if seasonal employees enter the housing market, they will be in the rental market (as opposed to the buyers market,) due to both their low incomes and the short period of time they will be in the community.

<b>Table 5</b>			
<b>Average Income and Maximum Monthly Housing Costs by Land Use Category</b>			
<b>Land Use</b>	<b>Seasonal Employees</b>	<b>Average Annual Income</b>	<b>Maximum Monthly Housing Cost</b>
Hotels/Motels	2,285	\$12,688	\$317.20
Other Lodging	267	\$13,416	\$335.40
Restaurant/Bar	605	\$11,388	\$284.70
Retail	594	\$15,652	\$391.30
Commercial Amusement and Indoor/Outdoor Recreation <sup>1</sup>	161	See Footnote	
Office	99	\$25,523	\$638.07
Heavy Retail/Service	94	\$21,245	\$531.13
Service	64	\$15,566	\$389.15
Industry	236	\$26,100	\$652.50
Nursery	33	\$14,092	\$352.30
Aeronautical	5	\$20,124	\$503.10
Source: Wyoming Department of Employment, Employment Resources Division, Research and Planning Section and Teton County			

As the majority of seasonal employees earn less than \$1,167 per month, they can afford to pay a rent of \$350 per month or less. A household of two wage earners could afford \$700 per month for rent. The Teton County Housing Authority (TCHA) supports these findings, estimating that seasonal employees can afford to pay \$312 per month, each. TCHA calculated this figure by assuming an average wage of \$6.00 per hour, estimating average monthly income and assuming these employees can pay 30 percent of their income on rent. These rental amounts fall into the category of housing which is already at a deficit in Teton County (see Table 6.)

Although average wages in some of the land use categories are higher than the \$1,167 per month figures, the majority of even these higher paying land use categories still fall into income ranges needing affordable housing assistance. There is currently an estimated year round deficit of 228 units in the \$1,500 per month and below rental range in Teton County. Employees earning greater than \$2,500 per month can afford housing costs of \$750 per month, or \$1,500 per month for a two wage earning household, which is above this “deficit range”. However, as Table 5 demonstrates, there are no land uses in which the average wage is this high.

<sup>1</sup>Available income data does not separate income for Commercial Amusements, and Indoor and Outdoor Recreations as defined in the Jackson/ Teton County LDRs from income earned by Teton County residents outside of Teton County in employment such as movie acting or producing. Because the County has a number of residents in that area of employment, this data does not give an accurate representation of salaries in the Commercial Amusement and Indoor and Outdoor Recreation categories. The wage factor for this type of land use may be determined by independent calculation (see Table 8).

<b>Table 6 Internal Need for Rental Units, Teton County, 1993</b>		
<b>Monthly Income</b>	<b>Maximum Rent</b>	<b>Needed Units</b>
Under 1,800	\$540	18
1,800 - 2,199	\$660	39
2,200 - 2,599	\$780	42
2,600 - 2,999	\$900	34
3,000 - 3,399	\$1,020	30
3,400 - 3,799	\$1,140	18
3,800 - 4,999	\$1,500	47
<b>Total Need</b>		<b>228</b>
Source: <i>Employee Housing Needs Survey</i> , Jackson Hole Chamber of Commerce and Teton County Housing Authority		

### **C. HOUSING MARKET**

The problem of housing for County employees has been growing worse. The official population grew from 9,355 in 1980 to 11,172 in 1990 and this trend has continued after 1990 (1980 and 1990 Census of the Population). These data, however, reflect only the permanent population and do not show the full impact of the growth. The more dominant component of the growth has been in seasonal and nonresident population. For this reason employment is a better measure of the growth than official population. The 1980 average annual employment was 5,742 while the 1990 average annual employment was 10,326 (State of Wyoming, Department of Employment)<sup>2</sup>. Employment grew 80 percent during the 80's (six percent per year) while population grew 19 percent or two percent per year. This indicates two significant events: (1) that permanent population is not the driving force in the local economy; and (2) that labor is imported. The first point emphasizes the importance of the tourist to the local economy. The second point illustrates that seasonal employees as well as other imported employees are holding an increasing portion of jobs in Teton County.

The demand for housing these employees comes at the time of year when Teton County's housing market is stretched to its very thinnest. Furthermore, this demand also falls into the affordable category where Teton County is experiencing a year round shortage. According to the *Employee Housing Needs Survey*, in 1993 there was a year round deficit of 228 rental units which would be considered affordable. Table 6 shows the deficit of rental units in the affordable range to adequately house Teton County's permanent residents. The needed units are further split up over income categories whose needs are not being met. Summer seasonal employees would generally fall into the lower half of the income and rent categories.

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<sup>2</sup>The Department of Employment figures for 1980 do not include Federal Employment, there for the number was adjusted by adding the estimated number of Federal Employees in 1980 from "An Economic Profile of Teton County, Wyoming: Diversity, Dependency and Growth." Prepared for the Teton County Commissioners by David T. Taylor, Jean Skidgel and Robert R. Fletcher, 1993. The Department of Employment figures for 1990 include Federal Government Employment.

In spite of their low incomes, not all summer seasonal employees are in need of housing. It is estimated that 34 percent of summer employees have housing. This number includes high school and college students whose families are from the County and other year round residents. The number of year round residents, aside from local students, was estimated by dividing the number of seasonal employees by the average number of jobs per employee in Teton County. According to the study completed by the Chamber of Commerce and the Teton County Housing Authority, there are approximately 1.2 jobs per employee in Teton County. Dividing by this number accounts for year round residents who, take on second jobs in the summer and seasonal employees who have more than one seasonal job and would otherwise be double counted. As for high school students, high school administrators estimate that 88 percent of high school students, or a total of 440, are employed in nonfarm jobs during the summer. The number of employees from local families who work during the summer, but not throughout the year, such as college students, is estimated to be an additional 220 employees. This totals 660 employees. These calculations indicate that 3,113 or 69 percent of 4,527 total seasonal employees are in need of housing. This demand is in addition to the year round deficit of 228 affordable rental units identified by the study completed by the Chamber of Commerce and the Teton County Housing Authority.

There are a number of reasons for the affordable housing shortage in Teton County. The main reason is that tourists and seasonal residents (owners of vacation homes) generally have more purchasing power than permanent residents and employees, both permanent and seasonal. The housing market is affected in terms of both rental and for purchase housing. Over 40 percent of all new dwelling units constructed in the 1980's were purchased for second home use. The second home and vacation home market has been the primary factor in the rising land and housing prices by adding demand and causing resources to be shifted to the higher paying high-end housing market. The effect this has on seasonal employees is indirect in that they are not purchasing housing. However, as this situation prevents permanent employees and residents from purchasing housing and forces them to compete in the rental market, it does affect seasonal employees indirectly.

More directly affecting seasonal employees is the fact that the rental market is also catering to the tourist. It is now more lucrative for landlords to rent their units to short-term vacationers than to longer term occupants, be they permanent or seasonal employees. The experience of the Jackson Hole Racquet Club in the Aspens demonstrates this: while essentially as many units were under management in 1991 as in 1984, the mix of occupants has dramatically changed. In 1984, 55 percent of the units were rented on a long-term basis while 45 percent were rented short term (less than thirty days). In 1991, only 13 percent of the units were rented on a long-term basis and 87 percent were rented short term.

Further demonstrating the shift in the housing market from serving the demand of the permanent residents and employees, both seasonal and permanent is the fact that long-term rentals for occupancy by local residents increased by only 11 percent during the 80's, barely more than one-half of the 19 percent population growth (and 80 percent employment growth.)

#### **D. IMPACTS TO TETON COUNTY**

There are a variety of ways seasonal employees cope with the housing situation. As mentioned earlier, many camp out in National Forests or camp illegally in other places. The United States Forest Service estimates that there are between 300 and 500 people living for extended periods of time in undesignated areas of the Bridger Teton National Forest during the peak season. This does not include people camping for recreational purposes, but comprises mostly people working in Jackson and a small number of transients. The Forest Service cites concerns with resource damage, water quality problems resulting from the lack of sanitary facilities and finally law enforcement problems. The maximum permitted stay in one site in the National Forest is 16 days, meaning that these campers must move their camps every two weeks unless they wish to camp illegally. In addition to those living in the forest, some people are camping in areas where camping is illegal altogether, such as close to town on Cache Creek. Others end up living unofficially with friends or relatives who already have a home in the valley. Some summer employees end up with 6 or 8

people renting one housing unit. This situation is often arranged by the employer and, even though each person pays a fairly low rent, the combined rent they can afford is quite high. Units which might otherwise be rented for a price affordable to local residents are rented out at inflated prices to seasonal employees. Finally, still others choose to live in Orville's Mission, which is Teton County's homeless shelter. Conversation with the Mission representatives revealed that, they have never turned anyone away, as long as people were willing to sleep in whatever space was available, however, they actually had more people than official sleeping spaces on many occasions this summer.

### **Addressing these Impacts**

This huge number of people needing housing during the period of time when none is available has several impacts on the community. First of all, the increased demand competes with demand generated by the permanent population. The housing market is failing to meet the needs of permanent residents, not to mention seasonal employees. This serves to further constrict the rental market in Teton County, and inflates rental rates. People who do not enter the rental market, but instead choose to camp out for the summer have serious environmental impacts to natural areas they utilize, as discussed above. The seasonal employee housing requirement is designed to address the additional need created during the peak period by requiring the businesses that utilize seasonal employees to provide housing or the funds to provide affordable housing.

The seasonal employee housing requirement is designed to address the impacts caused by seasonal employees. The housing needs analysis has determined that the permanent housing shortage is largely a result of the second home and vacation market. Housing for permanent employees is therefore being addressed through the residential housing requirement.

Sixty-nine percent of a business' seasonal employees are estimated to be in need of housing. Table 7 shows the year round deficit of units in each price category, as well as the deficit introduced by seasonal employees, assuming two employees per unit. As discussed earlier, there is already a shortage of rental housing in Teton County costing less than \$1,500 per month. Two people living together, each earning \$2,500 per month can afford housing costs of \$750 per month each, or a total of \$1,500. Accordingly, employers in land uses where the average wage is more than \$2,500 should not be required to provide employee housing. Additionally, in the range of salaries below that threshold, employers in higher paying land use categories should be required to provide proportionally less employee housing.

<b>Table 7 Year Round and Peak Season Rental Housing Deficit</b>				
<b>Maximum Rent</b>	<b>Per Person Maximum Rent</b>	<b>Existing Year Round Deficit</b>	<b>Additional Units required by Seasonal Employees</b>	<b>Total Peak Season Deficit</b>
\$540	\$270	18		
\$660	\$330	39	1,084	1,102
\$780	\$390	42	136	178
\$900	\$450	34	225	259
\$1,020	\$510	30	2	32
\$1,140	\$570	18	35	53
\$1,500	\$750	47	128	175

The following sliding scale formula can be used to calculate a reduction in an employer's seasonal housing obligation (69 percent of seasonal employees) based upon the average wage paid. For land uses in which the average wage is \$2,500 per month or more, the formula reduces the obligation to zero since the wage is high enough for the employee to obtain housing above the \$1,500 per month rent mark, assuming two wage earners per household.

$$1 - 0.30 * \text{Average Monthly Salary} = \text{Average Wage Factor}$$

750

Table 8 shows the resulting number of employees for whom seasonal housing should be provided. The entire calculation involves taking the total number of full-time equivalent employees, multiplied by the seasonal employee percentage, multiplied by 69 percent (seasonal employees assumed to be in need of housing,) multiplied by the average wage factor (resulting from the above equation,) equals the number of employees for whom seasonal housing must be provided.

There are four basic options open to nonresidential developers in terms of providing the required employee housing. The first three options involve the developer providing the housing. The fourth option would be a payment or fee-in-lieu of actually providing the units. The County would provide housing by pooling the funds gained by this payment.

<b>Table 8 Required Employee Housing for Jackson Teton County Land Use Categories</b>				
<b>Land Use Category</b>	<b>Full Time Equivalent Employees Generated</b>	<b>Seasonal Employee Percentage</b>	<b>Average Wage Factor</b>	<b>Employees to be Provided with Seasonal Housing</b>
Hotels & Motels	.45 per bedroom	94%	.58	0.17 per bedroom
Other Lodging		154%	.55	
Short Term Rental	1 per 3 bedrooms			0.58 per 3 bedrooms
Dude Ranch	1.4 per guest			0.82 per guest
Campgrounds	1 per 1000 sf + 3/acre			0.58 per 1000 sf + 1.75 per acre
Restaurant/ Bar	7.5 per 1000 sf	42%	.62	1.35 per 1000 sf
Retail	4 per 1000 sf	42%	.48	0.56 per 1000 sf
Commercial Amusement and Indoor/Outdoor Recreation	2 per 1000 sf	20%		To be determined by independent calculation.
Office	5 per 1000 sf	9%	.15	0.05 per 1000 sf
Heavy Retail/Service	1.3 per 1000 sf	22%	.29	0.06 per 1000 sf
Service	4 per 1000 sf	15%	.48	0.20 per 1000 sf
Industry	3 per 1000 sf	12%	.13	0.03 per 1000 sf
Nursery	.5 per 1000 sf + 3 per acre	138%	.53	0.37 per 1000 sf + 1.51 per acre
Aeronautical	To be determined by independent calculation	4%	.33	To be determined by independent calculation
Resort	To be determined by independent calculation			To be determined by independent calculation

Option 1: Accessory Residential Housing Units. These units would be provided on the same site as the new nonresidential development and would meet all standards applying to accessory residential units. These standards include a maximum floor area of 500 square feet. Additional standards apply depending on the land use district.

Option 2: Conventional Year Round Housing. A developer may provide, or cause to be provided, housing which would be suitable for year-round employees. This housing may be provided off-site. This could be conventional single family housing or multifamily housing. This housing would have to be reserved for

seasonal employees. If rented, the rate must be affordable to the seasonal employees during the summer months. During the remainder of the year the units may be rented at market rate.

Option 3: Campgrounds. Campgrounds provided with suitable sanitation and bathing facilities for the number of employees and situated to minimize environmental impact are a suitable option.

Option 4: Fee-In-Lieu. In the event that a fractional unit of housing is required or extenuating circumstances prevent the developer from utilizing one of the first three options. The developer may have the option of paying a fee-in-lieu to the County. The County will use this money to provide the seasonal housing. This money will be returned to the employer if the County has not used the money to implement affordable housing programs within 7 years. The payment required will be \$16,864 per employee required to be provided with seasonal housing. This number represents:

Total cost of housing per employee (\$35,000) - Present value of future rental payments (\$18,136)

The "total cost of housing per employee" is calculated assuming:

1. 350 square feet minimum living area per employee
2. \$65 per square foot structure cost
3. \$150,000 per acre land cost, at 20 units per acre, plus \$5,000 development cost per unit

The "present value of future rental payments" is calculated assuming:

1. 15 year depreciation of housing
2. Rental income for three months at maximum rental rate in "deficit range," (currently \$750)
3. Discount rate of 9 percent