



WORK SESSION MEMORANDUM

Work Session Date: February 6, 2017 at 6:00 p.m.
City Council Chambers
448 East 1st Street, Room 190
City of Salida, Colorado

To: Mayor and City Council

Re: Work Session

- I. **CDOT HWY 50 Restriping – Mike McVaugh**
- II. **Construction Standards & Specifications – David Lady**
- III. **Housing Task Force – Introduction – Mayor LiVecchi**
- IV. **City Council Priorities – Steven Rabe**

Salida Housing Task Force

The Salida Housing Task Force (SHTF) was formed by the Mayor Jim LiVecchi to recommend, in a short timeframe, a set of actions that could be implemented in a period of less than six months to help address the severe shortage of workforce and affordable housing that is limiting the economic growth and viability of the City. The SHTF recognizes that workforce and affordable housing are the only two segments of the overall housing needs and strategy. It is not the intent for SHTF or its suggestions to replace or dilute other ongoing housing efforts in the City or County, but rather to supplement those efforts with some short term actions.

The SHTF members are: Jim LiVecchi, Kristi Jefferson, Christian Samora, Jeff Post, Rich Edgington, and Joe DeLuca. Not wanting the constraints of Open Meeting Laws by design, the intent was to have a workable small group without the governmental bureaucracy. SHTF has met six times since November. The SHTF suggestions were not put up for vote but came up in our discussions. Our committee knew the importance of buy-in from the City Council, Planning Commission, and Salida Citizens. We plan on having open discussions soon, to attain valuable knowledge from our community. In addition, the SHTF intends to reach out to various stakeholders. The committee did not spend anytime analyzing the excellent results from the *Chaffee County Housing Needs Assessment 2016*. We spent our time on developing actions and which will lead to results.

Utilizing existing data and experience, SHTF members have summarized the following conclusions regarding the Workforce Housing conditions in the City of Salida:

1. Workforce housing should be defined, for the purpose of this SHTF as 80% to 150% AMI. This is consistent with other rural recreation oriented communities in Colorado.
2. Housing for AMI less than 80% requires State or Federal funding or tax credits to be realized. It is recognized that addition efforts are required to address this housing need.
3. There is a severe shortage of workforce housing effecting the hiring of employees in both the public (Schools, City, County, Hospital, State) and private sectors Monarch, Service Industries.
4. Developing "Partnerships" with the public and private sectors to address the Workforce Housing issues is imperative.
5. Without the necessary employment base, the economic growth of the community is restrained reducing revenues to local government that could be used to improve infrastructure and services to citizens.
6. The foundation of our community is working families, families with children and the full-time workforce. This foundation provides a healthy population for our schools, builds our economy and supports the year-round tax base.

7. Vacation rentals are diverting approximately 50% of the current shortfall in workforce housing rentals. Vacation rentals are competing with commercial lodging that pays commercial property tax at 3 times the rate of residential housing property tax paid by vacation rentals.
8. The highest priority for workforce housing is rental housing as it can provide the most rapid solution to the problem. Home ownership is also part of the longer-term solution to workforce housing, but based on timeframe and limited resources the SHTF has determined rental housing to be the highest priority for its phase 1 recommended actions.
9. One of the priorities of the SHTF is to reduce regulatory and economic barriers imposed by City Government to meeting the SHTF goals.
10. The SHTF is recommending multiple actions to be implemented simultaneously.

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SHTF Suggestions:

The SHTF would recommend having committees to develop strategies and establish timeframes with measurable goals.

Action 1

Suggested timeframe: August 2017

1. Propose an occupational tax on short term rentals to be placed in a fund to reduce the cost or purchase land for rental housing projects which provide housing for 79% and lower AMI rental rates with deed restriction
2. Utilize a portion of the City's Economic Development Fund which is up-to 2% of the 3% sales tax approximately \$110,000 annually toward Federal and State Tax Credit projects.
3. Identify City owned land, or other not-for-profit/ local government-owned land that could be utilized for a rental housing project with deed restrictions.

Action 2

Suggested timeframe: September 2017

1. Land Use Code Changes
 - a. Reduce parking requirements for multi-family (4 or more units) from 1.5 spaces per unit to 1 space per unit to match single family parking standards. This allows more units on a given size site and reduces the cost per unit rental rate.
 - b. Eliminate Open Space requirements or fee in lieu of for Multi-family 4 or more rental projects that are not Condos or Townhomes (must be a single ownership of units and the land parcel). Should the units later be converted to Condos or Townhomes the open space in lieu of fees at the time of conversion will be required. This lowers the entitlement cost of an 8-unit rental complex by approximately \$24,000.00.
 - c. Change review process for 20 or more Multi-family (Rental Units Only, single ownership) from Major Impact Review to Limited Impact Review for C1, R3, R4 and RMU. This shortens the time frame and entitlement cost for multi-family rental units.
 - d. Change max lot coverage in R3, R4 and RMU to 60%. This allows more units per site which reduces the cost per unit and helps to maintain lower rental costs.
 - e. Change density per dwelling unit in R3, R4 and RMU to 1200 square feet per dwelling unit. (with two stories and 60% lot coverage that is a structural footprint of 1440 square feet for two stacked dwelling units).
 - f. Reduce minimum landscape coverage to 20% in R3, R4 and RMU for multi-family dwelling units.

Action 3

Suggested timeframe: Within 2017

1. Select one or more areas within the City Limits with potential for Green Field or Infill development and institute a Planned Development zoning overlay with density incentives for developers who choose to provide deed restricted rental housing units for 80% and lower AMI tenants. The PD Overlay would be optional to any developer or land owner. For example, if a parcel was entitled for 100 units of density under the City Zoning, the PD overlay would allow for 130 units if 20 of the units are deed restricted rental units for 80% AMI and lower. (There would be a range of rental rates required from 65% AMI to 80% AMI.

Action 4

Suggested timeframe: Within 2017

1. Cultivate relationships to address AMI under 80%. This will require immediate involvement with developers skilled with attaining State and Federal Tax Credits.

Action 5

Suggested timeframe: Within 2017

The SHTF would also like to encourage discussions with other groups that are currently working on similar issues.

1. Take steps to address Senior Care:
 - a. Skilled Nursing
 - b. Assisted
 - c. Independent
 - d. Memory
 - e. Hospice
2. The importance of Medicaid is the key: