

City of Salida Strategic Housing Plan

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City of Salida

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INTRODUCTION

The City of Salida Strategic Housing Plan is designed as a document to inform policy makers about opportunities for realizing the full spectrum of housing solutions within the municipal boundary. This document establishes a series of recommendations to address identified problems, organized in a logical and readable fashion.

This is an action-oriented document that details what can be done to address the housing need, what administrative and funding options exist, what opportunities and constraints are offered by various programs and, where in the City the programs will be most effective. The intent of this Plan is to help focus the direction of the City of Salida in implementing solutions to address the housing needs of all segments of the population within the municipal boundaries.

Given the range of needs, the Strategic Housing Plan identifies the approaches that may be the most effective for the City. It includes programs that address current and future housing needs based on results from the Chaffee County Housing Needs Assessment prepared for Chaffee County by Economic and Planning Systems (EPS). Where EPS data is used, credit is given. This Strategic Housing Plan is further designed to build upon the recommendations of the EPS Assessment and offer more focus and direction for the implementation of recommendations in this study.

Collectively, this document and supporting data in the EPS Assessment should provide the necessary tools for residents and decision-makers in the City of Salida as they consider how to prioritize solutions to the housing needs today and in the future.

It seems apparent by recent trends and the results of the EPS Assessment, that the time to substantively address affordable housing is now. In general, most communities cannot afford to wait on this issue; the public will lose interest quickly and opportunities will diminish over time. Moreover, the time for study is clearly over as the urgency to get busy and start implementing measures becomes more apparent as the housing market continues to show signs of stress. Playing catch-up down the road with housing issues is expensive and difficult. Everyone should be brought to the table on this issue in a collaborative manner and special interests should be educated about the social and economic benefits of a healthy mix of community housing. Hopefully this plan will serve as guide and inspiration.

REPORT FORMAT

This document is meant to be a simple and user-friendly guide to implementing affordable housing measures in the City. The current and future need for housing for City of Salida workers and residents is detailed in the Chaffee County Housing Needs Assessment. A summary of these identified needs is first presented to form the basis for recommendations. A listing of proposed implementation measures is then presented as a strategy/action plan to address these identified needs. This is followed by more specific program information and other considerations.

Appendix A is a matrix that seeks to identify the universe of affordable housing program options also available to the City. Opportunities, constraints and considerations associated with each program, and the structure and funding mechanisms best suited to implement the programs is also listed. Appendix B is a brief listing of the types of housing organizations and key funding opportunities in the affordable housing arena.

GOALS AND PRIORITIES

The City of Salida can now easily evaluate the housing needs identified in the Chaffee County Needs Assessment and summarized in this document in order to set priorities and goals from which to target housing efforts. As an overall framework for specific implementation measures, the City of Salida should consider the following overall housing goals:

1. Target new affordable housing to annexation areas, growth boundaries, and in-fill opportunities. Land within the municipal boundary is scarce and now is the time to capitalize on the remaining land assets and look to new opportunities through annexation. Specifically, the City of Salida, should take inventory of the existing land, redevelopment areas/opportunities, current planned growth and annexation areas to see what opportunities are available and what gaps may exist.
2. Start meeting the current housing need through the programs currently available. This is the “low-hanging fruit” of the affordable housing world and should be pursued in conjunction with other strategies. Early successes in the effort will set the tone for future and more difficult measures.
3. Direct new ownership-based affordable housing development to households earning between 60 and 120 percent of the AMI. This is an immediate gap to be filled. The future direction of demographic growth will determine existing and desired opportunities for locating new housing to be produced through programs identified in this plan. An inventory (goal one) is important to understand which types of programs will be most effective in providing housing for the area and to ensure housing for residents is planned as an essential part of the growth of the community.
4. Direct new rental-based affordable housing development to households earning between 40 and 80 percent of the AMI. This should include strategies to address the needs of families, seniors, and special needs populations such as persons with disabilities, and those on the edges of homelessness.

AFFORDABLE HOUSING IN THE COUNTY AS A WHOLE

The Chaffee County Housing Needs Assessment has identified the housing needs in each area of the County. Each municipality and the County need to prioritize these needs based on local issues and factors of importance and need to set actionable goals – both for the near term and long term. Upon reviewing locally available resources, the types of housing programs available and their feasibility in each area, and taking inventory of where housing can be constructed to provide the housing types, sizes and location needs of populations being served, each area can identify their capacity for both short-and long-term successes.

Reviewing housing program options while considering the capacities of each municipality and the county will result in the ability for each area to prioritize their ability to serve the housing needs in their community. The communities must commit to working cooperatively to address this community-wide problem.

Finally, it is important to not focus on one need over the long term at the exclusion of other housing needs. Although this can be done in the short term to ensure some successes of implementation and broaden resources in the community, long term goals should be focused on targeting all housing needs. The goal of any housing program should be to provide a spectrum of housing in the community that is affordable and likely to be sought out by households in different income groups and varying demographic situations. The availability of housing that is affordable to all households and that provides options for changing life circumstances is the keystone to supporting an economically balanced community.

HOUSING NEEDS (From the Chaffee County Housing Needs Assessment)

The following is a summary of the housing needs identified by Economic and Planning Systems in the final draft of the Chaffee County Housing Needs Assessment (pages 2-3):

1. **Shift in Demographic and Market Trends: Chaffee County is becoming a second homeowner market.** Due to the desirability of the area, higher income residents are buying property in Chaffee County and driving up the cost of housing across the board. 80 percent of new housing constructed over the past 5 years has been geared toward second homeowners and retirees from outside of Chaffee County.
2. **Shift in Economic Trends: Housing needs will be driven by growth in the tourism, retail, and construction sectors of the economy.** Although not as dramatic as the changes in the demographic and market trends, there is evidence that in-commuting is increasing, indicating further stresses on the housing market.
3. **Chaffee County families are cost burdened: 26 percent are paying more than 30 percent of their income toward mortgage or rental costs.** There is a higher degree of cost burden among renters, but both segments are experiencing significant housing cost issues.
4. **There is a fast growing affordability gap for ownership units: this gap will widen quickly and significantly over the next few years.** The Salida ownership market is appreciating at 10.7 percent per year on average, yet wages are rising at only 3.2 percent per year on average. In 1996, 2.5 average wage earners were required to afford the average priced home in the market. Currently, 80 percent of the houses available on the market are priced above \$150,000 with 50 percent of the market being priced above \$200,000.

Of the units available in the market in Salida, or currently owned by lower income residents, many are older and in need of substantial repair. According to the EPS survey, of those who reported being dissatisfied with their current housing 41 percent reported their home was in poor condition.

5. **Stress is appearing in the rental market due to energy cost increases and aging housing stock.** Although not as dramatic as the gaps in the ownership market, many renters are experiencing affordability issues.
6. **The overwhelming majority of Chaffee County residents (85-90 percent) believe that affordable housing is a significant problem in the community.** The highest priority identified was housing for “essential workers” including retail and service employees, police and emergency workers, teachers, and entry level office workers and professionals and housing for seniors.

STRATEGIC PLAN—Implementation Measures

The City of Salida should pursue the following implementation measures to address the identified needs and market gaps.

Measure One: Develop and Support a Housing Development Infrastructure.

This is a general measure to set the stage for housing development. The City of Salida should start to develop an affordable housing infrastructure that will help set the stage for further program development and appropriate development.

- a. Conduct a public land inventory suitable for affordable housing development
- b. Conduct a housing conditions survey to determine needs for rehabilitation programs.
- c. Create a community housing land bank for future affordable housing development (See Measure Seven).
- d. Start to develop public/private partnerships to better address identified needs.

Measure Two: Utilize existing programs: Several existing program options were identified in the Chaffee County Housing Needs Assessment and would provide favorable options for addressing current and future housing needs. Various mixes and applications of these programs have been used successfully in other communities as effective means of addressing housing needs of existing and future residents through housing development, rehabilitation and housing assistance.

The matrix in Appendix A identifies potential programs that could be implemented by Salida to address different housing needs. This includes a description of each program, along with the opportunities, constraints and considerations associated with each program and the structure and funding mechanisms best suited to implement each program. Currently, the UAACOG has several programs and services available in Chaffee County that can be utilized to begin to address identified needs. Specifically, the City should promote these programs by:

- a. Including program flyers in utility billings
- b. Distributing program flyers to all staff every 6 months
- c. Distribute flyers through the School District
- d. Distribute program literature at City Hall
- e. Train receptionist and other staff at City Hall about housing programs so they can answer questions about these programs.
- f. Contribute to an ongoing newspaper education column about affordable housing in the City.
- g. Utilize the public channel on Bresnan cable to provide education about available programs

Measure Three: Provide More Affordable Homeownership Opportunities

For residents earning at or above 60 percent of the AMI, deed restricted for-sale housing is generally the most successful. Ownership housing targeting entry level employees and essential community employees (i.e. emergency workers and police, retail and service sector

employees, tellers, and entry level office workers and professionals) should be priced to be affordable to households earning between 60 and 120 percent of AMI. This equates to sales prices ranging from approximately \$135,000 to \$156,000. The following specific measures should be sought.

- a. Implement Measure One by maximizing existing ownership programs administered by the UAACOG
- b. Maximize ownership opportunities in annexation and new development areas (see Measure 7)
- c. Implement Measure Eight; the development of a Community Land Trust
- d. Implement Measure Nine; favorable land use policies that incentivise affordable housing such as density bonuses, allowed small unit sizes, etc.
- e. Develop a funding mechanism to further incentivise affordable housing by offering reduced permitting and utility connection costs.

Measure Four: Implement Housing Rehabilitation

The suitability of units for occupancy also needs to be considered in conjunction with price. Many houses on the market in Salida most likely require substantial upgrades and repairs – expenses that households purchasing their first home have difficulty affording. The City should encourage and promote the UAACOG Housing Rehabilitation Program to address these issues and implement other measures to address the housing conditions of existing residential properties in Salida.

Promoting energy efficiency programs is another way that housing costs for older existing units can be capped (please see Measure Eight)

- a. Promote the UAACOG rehabilitation program as outlined in Measure One
- b. Develop a funding mechanism to support existing rehabilitation programs for low-moderate income owners.

Measure Five: Implement appropriate rental housing opportunities

The number of households earning less than 30 percent of the AMI exceeds the number of rental units available to them. Many renters earning between 30 and 80 percent of the AMI pay over 30 percent of their income for rent (i.e., are cost-burdened) and most income-restricted rental properties in the City of Salida (30, 50 and 60% AMI) have wait-lists. This indicates a shortage of supply of housing for these renter households. The City of Salida should help implement the further development of rental housing within its municipal boundary.

Measure Six: Implement Senior Housing

About 72 percent of senior cost-burdened households earn under 50% of the AMI. Persons age 65 and over in the City of Salida are projected to increase by 66 percent between 2005 and 2015, demanding an additional 824 units by 2015, and increasing the demand for services required by this population (transportation, medical care, etc.). About one-third of these households will be earning less than 50 percent of the AMI provided current (2005)

income ratios are maintained. The City of Salida should encourage and support the development of senior housing opportunities.

Measure Seven: Capitalize on Annexation and New Planned Development (PD) Opportunities

It is recommended that the City of Salida set a goal of having 15 percent of all housing units in new annexation and PD sites be affordable using standard definitions and serving the spectrum of affordable housing needs identified in the Chaffee County Housing Needs Assessment. This could begin immediately with a requirement of 10 percent with an annual increase of 1 percent over the next five years until 15 percent is required.

The City of Salida should capitalize on new development opportunities by requiring this commitment from developers who are proposing PD's and/or new developments in annexation areas. Developers should be required to provide a percent of the total units affordably priced to families and individuals over a range of low to moderate incomes. These units should further be required to be deed restricted or developed using the Community Land Trust (CLT) model to insure long-term affordability.

These PD and annexation developments should be negotiated to include the following attributes.

- a. Additional market affordability through design: loft, live work, accessory dwelling units, carriage houses and generally mixed housing types and sizes.
- b. Affordable units should be well integrated into the neighborhood and should target a range of household sizes and incomes.
- c. Strong commitment to sustainability: Colorado Built Green, LEED for homes certification, and other green building standards should be employed (see Measure Seven).
- d. Strong mixed use to encourage the blending of affordable housing choices throughout the development, not concentrated in one area.
- e. USDA Mutual Self Help and CLT ownership opportunities should be encouraged
- f. Unique rental opportunities for singles, artists, and the elderly and small families should be developed in mixed use zones.

Measure Eight: Encourage Energy Conservation and Green Building

Housing that is not energy efficient is not affordable because families are stressed to make high utility payments along with meeting other living obligations. The City of Salida promotes green building and energy conservation initiatives to address this escalating problem.

- a. Support the adoption of building codes in the County that support this goal.
- b. Require developers to have a reasonable percentage of their units meet one of the following green building/energy standards: Energy Star, Colorado Built Green, or LEED for homes.
- c. Consider starting a city-wide greening program to promote sustainable practices including energy conservation, green building, and education
- d. Develop a review system for City funded projects similar to the NEPA process for

- federally funded projects, to assure environmental impacts are considered.
- e. Support the development of a County Wide CLT that has a sustainability and community education mission (see Measure Eight)

Measure Nine: Help fund and support the development of a 501 c (3) CHDO/Community Land Trust (CLT)

The City of Salida should directly support the development and ongoing operation of the CLT through an annual general fund contribution. Additionally, the CLT should receive solid political support and leadership from the City, and help with locating and purchasing land at reasonable rates to help get the CLT started with an affordable housing land bank (inventory). The City should also help promote the CLT by distributing it's literature to City employees and through City Hall.

The CLT should be governed by stakeholders in Chaffee County, with offices in Chaffee County. This should be community grass roots based and should have a sustainability role as a dual mission due the small housing market in Chaffee County.

Measure Ten: Enact land use codes in the City that encourage affordable housing development.

The City of Salida should review current land use codes and pursue opportunities to encourage affordable housing opportunities through requirements and incentives. Some areas that could be reviewed include:

- a. Consider revising the Accessory Dwelling Unit provision so that these units are not counted as part of the overall density.
- b. Conducting an inventory of multi-family zoning and add more if needed based on data from the Needs Assessment.
- c. Revising the PD and Annexation ordinances to support more affordable housing opportunities.
- d. Consider restricting single-family home construction in multi-family zones to preserve the inventory of available zoned areas for this use.
- e. Review density allowances in each zone district and allow additional density where appropriate.
- f. Consider more flexible minimum lot size requirements that would allow true duplex and townhouse ownership.
- g. Consider allowing manufactured or modular housing in all residential zone districts
- h. Consider inclusionary zoning measures that would require new development within the City to provide affordable housing that is integrated into neighborhoods and which targets a variety of household sizes and income levels.

Measure Eleven: Develop an ongoing funding mechanism to support affordable housing efforts.

The City of Salida should take the lead in developing progressive funding mechanisms that can be replicated county-wide:

- a. Real estate transfer assessment (RETA) on annexations.
- b. Enact impact fees specifically for affordable housing.
- c. Create a fund or account for housing from sale of Vandaveer Ranch.
- d. Consider supporting a tax increase that would be dedicated towards funding affordable housing.
- e. Follow the recommendations in the EPS needs assessment.
- f. An annual appropriation to offset the cost of utility taps for new affordable housing units.

Measure Twelve: Develop and Support Housing Assistance Programs

The City of Salida should support, develop and expand housing assistance programs, primarily in the area of ownership and rehabilitation.

- a. Help the UAACOG build single family housing through its USDA Mutual Self Help Housing Program, by identifying land opportunities.
- b. Expand existing down payment assistance programs by offering an incentive for low-income home purchase.
- c. Expand existing rehabilitation programs by offering an incentive for low-income existing homeowners who need to improve their properties.
- d. Support a voluntary Employer Housing Assistance Program by partnering with the major employers of the City, including the service, education, health care, tourism, real estate, and development communities.

PROGRAM OPPORTUNITIES AND RESOURCES

Appendix A includes a list of some of the existing social service agencies, non-profits and partnerships in the City of Salida, which all have resources and contacts that would be beneficial in implementing needed housing programs. In selecting programs to serve housing needs, an important step would be to focus on existing programs and decide how they could be more fully used. For example:

In the homeownership category, there is a Home Improvement Loan Program offered through the Upper Arkansas Area Council of Governments (UAACOG). This program is funded by State funds and could be expanded, if there is more demand from the City of Salida for loans to improve energy efficiency and address substandard housing. UAACOG also offers homebuyer training classes and is interested in expanding this program to the City of Salida, along with down payment assistance programs.

For rental housing, existing area developers have previously developed rental projects through the IRS Low Income Housing Tax Credit program. More private sector developers may consider participating in this program, given the strong demand for affordable rental housing that is being demonstrated by wait lists for the current tax credit developments. Also, non-profit organizations and housing authorities are eligible to receive an allocation of tax credits from the state. The tax credits are awarded competitively and projects sponsored by non-profit organizations and housing authorities receive extra points.

SECTION 8 HOUSING The Section 8 Housing program provides qualified families the opportunity to live in safe, decent and sanitary rental housing through rent subsidy; Approximately 30 vouchers are in use in the City of Salida. Contact Autumn Dever (719) 275-9566 ext. 112 section8@uaacog.com

Additional Programs and Resources

The City of Salida may benefit from supporting the formation of additional organizational structures that will permit more efficient collection and use of funds and resources than existing independent operations.

Community Housing Development Organizations (CHDO) are non-profits that can help generate funds and create housing programs. If a non-profit organization meets the requirements to be a CHDO, it can receive some funds for operations, as well as funds for specific projects. The requirements to become a CHDO include having Board members who represent the clients to be served.

A Community Land Trust (CLT) can become a CHDO. CLT's are unique in that they can offer affordable housing to those in need at drastically reduced prices due to the fact that land costs are not part of the final sales or rental costs. Instead, the CLT holds the land in a "community land trust" and receives a small monthly lease payment from the owner/tenant.

Regarding funding, there are many federal and state fund options. For example:

The State Division of Housing awards federal and state funds on a project- by-project basis monthly. If the City of Salida identified closing cost assistance and first time home buyer funds as a priority, the CHDO could make application to the State for these funds. State funds do require local areas to provide some sort of fund matching.

Colorado Area Realtors Housing Opportunity Fund (CARHOF) is a grant program that provides funds for supporting affordable housing opportunities. Some Colorado communities have worked with the quasi-governmental organization Fannie Mae to offer down payment assistance to buyers earning between 80 and 120% of the AMI. In some cases, local banks may participate in tailoring a program to local home buyer needs.

A more complete list of organizational structures and funding sources are included in Appendix B.

Non-Housing Considerations

As the City focuses on providing needed housing for their residents and workers, it is important to note other services and demands that are likely to grow along with housing needs based on projected job and population increases in the area. A few of the more prominent issues for lower income households are listed below. This is by no means an exhaustive list, but highlights some of the more prominent needs likely to be in demand:

- **Day care:** the Department of Social Services has seen recent increases in need for assistance from families requiring day care. As the population continues to increase in the area, family needs for day care will continue to rise;
- **Transportation:** Not every employee will be able to or choose to reside in their community/region of employment. As the population and jobs increase in the area demands for transportation options will increase. Existing non-profits in the area provide transportation for seniors to medical appointments, shopping and other needs – as the senior population continues to increase, transportation demands will also rise;
- **Health Care:** Includes availability and access to health care for family needs as well as increasing need for care from the growing senior population; and
- **Home Services and Assistance:** This particularly affects households with persons with disabilities and seniors. Many groups provide these services in the county and demand will continue to rise with the growth in these populations.
- **WORKFORCE CENTER (City of Salida)** The Colorado Workforce Center provides employment and training opportunities for economically disadvantaged youth (719) 275-8024 and adults, and dislocated workers. Services include job search skills, assessment, GED, on-the-job training, licensing canoncity@cwfc.net fees, vocational education, summer youth employment, academic skills upgrade, and limited internship and work experience
- **Family Crisis:** Alliance for Domestic Abuse—add description of services here.

Tracking Progress

As housing programs are implemented, it is recommended that certain indicators be assessed to recognize the effectiveness of programs and monitor the ever-changing needs of the population. Some prime indicators to monitor include:

- Monitor building permits by housing unit type to see how the supply changes over time. This includes monitoring the development of new price-restricted housing projects (Sources: local building and planning departments);
- Monitor changes in owner housing prices. County Assessor records and information from the Multiple Listing Services (MLS) acquired with the aid of local area realtors are generally the best sources of information for tracking median sale prices of units (by type) over time and the percentage of units sold within different price ranges;
- Monitor rents and vacancies and changes during peak employment months (typically summer) to see how the rental market is shifting (sources: rental property management interviews; Department of Housing “Multi-family Vacancy and Rental Survey” (for Colorado Springs) at <http://www.dola.state.co.us/Doh/Publications.htm>);
- Monitor the change in jobs and the local population to estimate change in demand for units. As the number of jobs per person increases, so does the pressure on the housing market (sources: Department of Local Affairs population and job projections at <http://www.dola.state.co.us/>);
- Monitor MLS listings to see how many and what type of units offered for sale are affordable to targeted income groups (local realtor offices can help or the information can be self-downloaded at multiple websites. Local realtor interviews can also be conducted to understand the current housing market and any changes over time;
- Get the annual area median incomes (from the Department of Housing and Urban Development <http://www.huduser.org/datasets/il.html>) and compare these to prices of available rentals and for-sale listings to monitor the availability of units affordable to different AMI groups. This exercise can help identify any potential gaps in the housing market; and
- Monitor the change in local wages as compared to changes in rents and owner housing costs and sales prices. ES202 wage information by county is available at <http://navigator.cdle.state.co.us/industry/es202.asp>. If wages are not keeping pace with rents and owner housing costs and sales prices, this indicates decreased housing affordability for locals.

APPENDIX A – Sample AMI and Housing Prices

WHAT IS "AFFORDABLE HOUSING" IN YOUR AREA?

Prepared for the Colorado Division of Housing, 2007

Definitions:

- * AMI - 2007 Area Median Income for 3 person families, by county, as calculated by HUD.
- * Affordable Payment - equals 30% of monthly income, including rent or PITI and utilities.
- * Median rents are for two bedroom/one bath units, not including utilities, from third quarter 2006 Multi-Family Housing Vacancy & Rental Survey from the Colorado Division of Housing and the Metro Apartment Association.
- * Affordable Sales Price - assumes 25% of monthly income pays for principle & interest only on an FHA mortgage with 3% down, 6.25% interest, and 30 year term. Assumes 4% of monthly income pays for taxes & insurance.
- * Interest Rate - 6.25% is the average effective rate for 30 year, fixed rate mortgages, as quoted by the Freddie Mac Primary Mortgage Market Survey for February 2007.
- * Median Sales Price - based on 2006 Multiple Listing Service (MLS) information from the Colorado Association of Realtors, Metrolist, IRES and local boards of realtors. Data is county specific, unless otherwise noted.
- * Benchmark Home Value - is the average value of 1,300 square foot single family units as of January 1, 2007. It is based on an analysis of assessment data prepared by ValueWest, Inc.
- * # Units Available - is the number of single family and condo units available for sale at or below the "Affordable Sale Price" for 3 person households earning 80% & 60% AMI. It is based on listings in Realtor.com, and information provided by local boards of realtors.
- * N/A – not available.
- * sf = single family homes, including manufactured homes.
- * co = condos & townhomes.

COUNTY	3- Person *AMI	*Affordable Payment	*Median Rent- 09/06 2br/1ba	*Affordable Sales Price 6.25%	*Median Sales Price Year End 2006	*Benchmark 1,300 sq. ft. Home Value	*# Units Available <80% AMI	*# Units Available <60% AMI
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Chaffee	Median\$44,100	\$1,103		\$153,831					
	< 80%	\$38,800	\$970	\$585	\$135,344	\$208,712	\$202,548	10 sf	13 sf
	< 60%	\$29,100	\$728	Buena	\$101,508	sf *N/A co		0 co	0 co
	< 50%	\$24,250	\$606	Vista	\$84,590				
	< 30%	\$14,550	\$364		\$50,754				
	< 15%	\$9,675	\$242		\$33,749				
				Salida					

Data Sources:

Updates of the entire chart, done by DOH, are at www.dola.state.co.us/doh/Publications.htm.

Median Sale Prices - Multiple Listing Service (MLS) information is available from any local Realtor.

Area Median Income (AMI) - HUD Income Limits at <http://www.huduser.org/datasets/il.html>. Click on the appropriate year, then on "Tables for Section 8 Programs in pdf and MS WORD."

Median Rents & Vacancy Rates - Multi-Family Housing Vacancy & Rental Survey from the Colorado Division of Housing at www.dola.colorado.gov/housing/vacIntro.html and the Metro Apartment Association.

Interest Rate - Mortgage Bankers Association of America (202) 557-2700 - ask for the national average effective rate for that week, for FHA 30 year fixed mortgages. "Effective" means it includes points.

Benchmark Home Value - www.dola.state.co.us/doh/Publications.htm. Click on "Cost of Housing Analysis for Colorado"

Number of Units Available - based on listings of units for sale at www.Realtor.com, www.Recolorado.com, & www.Coloproperty.com.

U.S. Department of HUD 03/2007

Home Program Income Limits

Chaffee County

Program	----- 2007 Adjusted Home Income Limits -----							
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	11300	12950	14550	16150	17450	18750	20050	21350
Very Low Income	18850	21550	24250	26950	29100	31250	33400	35550
60% Limits	22620	25860	29100	32340	34920	37500	40080	42660
Low Income	30200	34500	38800	43100	46550	50000	53450	56900

APPENDIX B — Matrix of Housing Program Options

CATEGORY	PROGRAM	DESCRIPTION	IMPLEMENTATION AND FUNDING	OPPORTUNITIES, CONSTRAINTS AND CONSIDERATIONS
SENIOR HOUSING	Reverse Equity Mortgage	Allows older adults access to the equity in their home for ongoing monthly living expenses, including home repairs.	Participating local lenders and non-profit organizations	Program often has high start-up fees. Equity reduction may be a concern for family members
	Private In-Home Senior Care	This is a private sector program whereby seniors and their families can contract with Registered Nurses or NAs who provide in-home assistance	Privately funded	Allows seniors whose needs are not such that they require assisted living, to remain in their homes and provide needed part-time care Success depends on the availability and affordability of care
	Age Restricted Housing Community for 65 and over Mixed single family and multi-family units, typically rental.	Occupants must meet age requirements and may include income restricted units and some senior services	Colorado Housing and Finance Authority (CHFA) IRS tax credits USDA loans	Requires experienced non-profit developer to implement project
	Income Restricted Senior Housing Typically multi-family rental units for seniors 60% AMI or lower.	Development projects that provide subsidized rental housing for age and income qualified seniors Typically medium to large developments (20-80 units)	Colorado Housing and Finance Authority (CHFA) IRS tax credits USDA loans	Should be located in proximity to services needed by seniors Requires experienced non-profit developer to implement project
	Service Based Senior Housing Typically multi-family rental units for seniors 60% AMI or lower.	Similar to above but also includes services such as meals, transportations, and activities		
RENTAL HOUSING	Rent/Utility Assistance Provides assistance, not unit production	Provides grants to income qualified families to help pay for rent and utility costs	Energy Outreach Colorado Atmos Energy Excel Energy	Allows low-income families temporary options to pay for ongoing living expenses while maintaining rent and utility payments
	Rental Rehabilitation Services	Provides low-interest loans to qualified landlords to upgrade low-income rental units	Upper Arkansas Area Council of Governments (UAACOG) Home Improvement Loan Program Colorado Division of Housing	Maintains existing rental housing stock, improves energy efficiency and lends to overall neighborhood development
	Subsidized Rental Housing Development Typically new multi-family rental projects targeted to those earning 60% AMI or lower	Provides decent and below market housing for income qualified renters May include rentals age restricted for seniors or for persons with disabilities	IRS Low-Income Housing Tax Credits (LIHTC) Private, non-profit and government development programs Colorado Division of Housing	Should be located in proximity to services needed by renters Requires experienced non-profit developer to implement project Tax credit financing is available to private sector developers, as well as non-profits and housing authorities

CATEGORY	PROGRAM	DESCRIPTION	IMPLEMENTATION AND FUNDING	OPPORTUNITIES, CONSTRAINTS AND CONSIDERATIONS
HOME OWNERSHIP PROGRAMS	Home Improvement Loan Programs Housing assistance, not unit production	Provides low-interest loans to qualified home-owners to renovate their homes and make necessary energy, health, and safety improvements	Upper Arkansas Area Council of Governments (UAACOG) Home Improvement Loan Program Colorado Division of Housing	Maintains existing single family housing stock, improves energy efficiency and lends to overall neighborhood development
	Down Payment Assistance Housing assistance, not unit production	Provides grants or low-interest loans to qualified applicants to help cover down-payment and closing costs Program may have time limits to determine if assistance is grant or a loan	Upper Arkansas Area Council of Governments (UAACOG) Colorado Division of Housing	Helps renters become homeowners by providing hard to save funds to pay for upfront and closing costs, usually requires a match from the prospective homebuyer Program requires applicant to attend a First Time Homebuyer Workshop (see below)
	Homebuyer Counseling Housing assistance, not unit production	Prepares families for home ownership by providing guidance, access to resources, and assistance with credit issues	Upper Arkansas Area Council of Governments (UAACOG) Colorado Division of Housing	Program addresses widespread credit issue associated with low/mod income families becoming home owners One time fee of \$35 is charged to families. Program is based in Canon City.
	First Time Homebuyer Workshops Housing assistance, not unit production	One day workshops designed to explain the home-buying process and help families become homeowners.	Upper Arkansas Area Council of Governments (UAACOG) Colorado Division of Housing	Free program certified by Colorado Housing Finance Administration (CHFA) Reservations are required for the workshop; disabled accessible and Spanish workshops available on request. Some lenders require this class as a prerequisite to mortgage financing
	Community Land Trusts (CLT) Non-profit housing development organization	A housing development strategy administered by a HUD approved CLT, whereby affordable housing units are sold without the land, which is owned by the CLT and leased back to the homebuyer for a nominal fee.	CLT's are private NPOs designated by HUD Can become sustainable after a certain number of units in the Trust are produced	Provides one of the best solutions to permanently affordable housing by taking the inflationary land value out of the transaction. Allows owners to earn less than full market appreciation, but greatly reduced up front costs.
	Mutual Self Help Housing Single family housing development program	Federally funded rural homeownership program where a group of 4-12 families construct their own homes in a supervised group build, managed by a non-profit housing developer (Self Help Grantee). Families required to contribute 65 of the labor in "sweat equity" to construct their homes with the balance coming from sub contractors.	USDA Rural Development Upper Arkansas Area Council of Governments (UAACOG) is a Self Help Grantee in Chaffee County	Land availability is a current constraint for this program, although opportunities exist in the Vandaveer site
	First Time Homebuyer Development Single family housing development program	A development initiative to provide single family housing to families earning 80-120 percent of AMI	Typically funded through HUD HOME funds, administered by the Colorado Division of Housing CDOH	Land availability is a current constraint, although opportunities exist in the Vandaveer site

AFFORDABILITY TOOLS and AGENCIES	Deed Restrictions Title devises to preserve long-term affordability of subsidized housing.	Limits appreciation of housing units to assure that when turnover occurs that subsidies are not lost and low/mod income owner is not unduly rewarded with windfall equity earnings. Usually involves the re-selling of deed restricted unit to another low/mod qualified family to maintain supply of affordable units	Can be subscribed through housing requirements like inclusionary zoning, or by non-profit housing developers as part of closing packet.	Deed-restricted units are typically attainable to families earning less than 120 percent of the AMI, who might not otherwise qualify for full market rate units. Does not take the inflationary element out of the equation, but rather, manages it to maintain ongoing affordability of units.
	Land Banking A strategy for all types of housing units	A strategy for identifying and securing lots and undeveloped tracks of land for future affordable housing development	USDA Rural Development Site Acquisition Loans RCAC Site Acquisition Loans Local land donations/transfers	Opportunities available at the Vandaveer Site Requires progressive non-profit organization and matched financing
	Community Land Trusts (CLT) Non-profit housing development organization	A housing development strategy administered by a HUD approved CLT, whereby affordable housing units are sold without the land, which is owned by the CLT and leased back to the homebuyer for a nominal fee.	CLT's are private NPOs designated by HUD Can become sustainable after a certain number of units in the Trust are produced	Provides one of the best solutions to permanently affordable housing by taking the inflationary land value out of the transaction. Allows owners to earn less than full market appreciation, but greatly reduced up front costs.
	Community Based Housing Development Organization (CHDO) Non-profit housing development organization	A HUD designated 501 (c) (3) organizations specifically established to address affordable housing needs in the community. Currently, Chaffee County does not have a viable and active housing organization	CHDOs are funding primarily by State and Federal Housing programs, but also rely on local government and community support for operations.	CHDOs can also be CLTs (see above) A new CHDO should be a County wide organization, if not a regional organization to assure adequate market share. Such an organization could be the primary developer of affordable housing in the City and County.
	Employer Based Housing Programs Private sector programs designed to serve industry employees	A private sector based funding program whereby funds are paid into an affordable housing fund by employers who are experiencing employee retention problems. Funds are then used to support housing development or housing programs.	Collected funds would need to be administered by industry group or could be transferred to a CHDO who would in term implement the program on a fee for service or partnership basis	Program can be successful where there is a large pool of employers within a larger industry such as real estate, home development, medical, recreation etc.
	Public/Private Partnerships	There are many ways in which the public and private sector can work together to solve the issue of affordable housing and leverage needed funding	Efforts could be coordinated through a County-wide housing organization (see CLT and CHDO above)	An employer based housing program is a good example of this type of partnership (see above), as are many of the incentive programs described below)
PRODUCTION INCENTIVES	Density Bonuses Encourages affordable unit production in exchange for increased zoning densities to developers	Allows a developer to increase a projects density if a portion of the project is made affordable to a defined household group (usually based on income)	Implemented as part of a the City's land use regulations Does not require outside funds	Creates integrated, rather than concentrated affordable housing Requires administration of deed restrictions and/or land use regulations
	Policies that encourage higher densities Provides more opportunities for affordable housing to occur	Land use policies that encourage higher densities, allow for smaller lot sizes, reduced infrastructure costs and overall lower potential development costs	Implemented as part of a the City's land use regulations Does not require outside funds	Without appropriate density, affordable housing is very difficult to produce.

PRODUCTION INCENTIVES CONTINUED	Annexation Policies A strategy for all types of housing units	Annexation policies can contain provisions for affordable housing production. Agreements between City and County can lead to appropriate density in growth boundary areas which sets the stage for affordable housing.	Implemented as part of a the City's land use regulations Does not require outside funds	Due to the City's build out nature, opportunities may exist where annexation is appropriate and could provide a receiving area for affordable housing units. The Vandaveer site is a great example of this potential.
	Building Permit Fee Reduction A strategy for all types of housing units	As building permits are issued by Chaffee County, this would have to be a county-wide incentive whereby builders/developers of measurable affordable housing would be eligible for permit fee reductions for units that are affordable	Implemented as a policy measure in Chaffee County Does not require outside funds, but may involve additional administration of permitting process.	Clear and meaningful definitions of affordability and income levels are needed. Incentive would need to be available to all builders who meet the requirements to avoid fairness issues.
	Water and Sewer Tap Fee Reductions A strategy for all types of housing units	Allow developers of affordable units to realize reduced water and sewer tap fees for affordable units	Implemented as a policy measure Does not require outside funds, but may involve additional administration of permitting process.	Clear and meaningful definitions of affordability and income levels are needed. Incentive would need to be available to all builders who meet the requirements to avoid fairness issues.
	Streamlined/expedited approval process Policy direction for affordable projects	A streamlined project approval process for projects containing affordable housing to directly offset the costs of affordable housing development. May include "front of the line" policies for reviewing projects	Specific criteria and procedures need to be established and administered. May involve additional administrative time and costs	The time incurred to get affordable housing projects approved locally is often a stated barrier for affordable housing developers
	Accessory Dwelling Units Small rental units accessory to primary dwelling unit	An optional zoning measure that allows small dwelling units to be constructed/converted in single family zones. These can be occupied by singles, elderly, or on a seasonal basis	Requires proper administration of the zoning ordinance and possible deed restrictions to assure affordability of accessory units	Income of and occupancy of units by low/moderate income persons/families is difficult to monitor and enforce. Units should be deed restricted to ensure ongoing use as affordable housing
	Flexible Planned Unit Development (PUD) options Applies to all types of housing	Allows modification of certain zone district to allow higher densities, smaller lot sizes, reduced set-back and street widths in exchange for amenities such as opens space, mixed use, and affordable housing	Implemented as part of the development approval process, although should be promoted early in the process as a more sustainable model for community development than the standard subdivision	Should be established as and incentive program. PUD ordinance should include minimum affordable housing requirements using established and recognized standards

REVENUE GENERATION PROGRAMS	Voluntary Real Estate Transfer Fee Applies to all types of housing	An assessment attached to real estate transfers (sales) that generate revenue specifically for affordable housing programs and/or projects	Typically attached to specific zones. The Vandaveer Site would be suitable for such a fee structure	Would need to overcome the stigma of an additional fee attached to real estate, but could be tailored to meet specific goals whereby non-affordable units would generate funds to support affordable units
	Dedicated Fee Based Funding Programs Applies to all types of housing	Dedicated fee-based funding that can be used for housing programs. Could include impact fees, business license fees, etc	Implementation would require City Council action and administration of program would need to be established	Funds collected would need to be administered properly to assure that collected fees are funding only housing programs Spreads burden on financing affordable housing across community
	Tax-based Programs Applies to all types of housing	Dedicated tax-based funding sources which may include sales tax, housing excise tax, head tax, property tax, recreation activity tax, luxury tax, lodging tax, etc.	Implementation would require City Council action at a minimum and administration of program would need to be established	Funds collected would need to be administered properly to assure that collected fees are funding only housing programs Spreads burden on financing affordable housing across community
PRODUCTION MANDATES	Inclusionary Zoning Ordinances Applies to all types of housing	Requires a mandatory inclusion of a designated percentage of affordable housing units as part of all residential and mixed use development proposals. Units are usually similar to other units in the development	Requires administration of program. Implementation would occur as part of the planning approval process and would be linked to the fees in lieu program	Integrates affordable units into the fabric of the community as it grows. Works best in higher density areas; otherwise fees in lieu make more sense. Program could be a County wide to allow for unincorporated county to pay for its share of the housing problem.
	Fees In-lieu of Development Program Applies primarily to single family housing development	Requires developers to pay a certain fee in lieu of producing affordable housing, as part of their developments	Implementation would occur as part of the planning approval process and would be linked to the inclusionary zoning ordinance	Makes sense where affordable housing may not be appropriate such as rural areas in Chaffee County or as an option to developers who would rather pay than play.
	Employee Generation Mitigation Programs Applies to all types of housing	Zoning provisions that require residential and commercial development to provide funds or housing to offset employment that development will generate; either residential service jobs or commercial/retail jobs	Requires administration of program. Implementation would occur as part of the planning approval process.	Commercial and residential employment linkage programs could be combined in mixed use projects. If funds are collected, they could be used to pay for affordable housing programs.

Appendix C – Additional Housing Organization and Funding Opportunities

Organization and Funding Opportunities No two communities are alike and each community will find different tools work best for them in the development, management and financing of affordable housing. Below, more detail is provided on several different tools, including: non-profit organizations including Community Housing Development Organizations (CHDO's), housing authorities, and additional sources of funds.

Non-Profit Organizations

Work through an existing or new non-profit organization

Non-profit organizations fill in gaps left by the private market and government organizations. There are several ways to structure non-profits that would be appropriate for producing housing. Many housing non-profits are called 501(c) 3s because of the section of the federal tax code under which they are organized. Non-profit organizations are generally run by an Executive Director reporting to a volunteer board. Any money generated by the non-profit is reinvested into the organization, rather than being paid to Board members or stockholders.

Some advantages of a non-profit organization in delivering housing are:

- Fewer regulations to comply with in comparison to governmental entities, such as local governments and housing authorities;
- They are typically small organizations and may be positioned to move more quickly than larger organizations;
- For community fund-raising, the non-profit may be more successful than a governmental entity (governmental agencies may have more difficulty collecting donations since they already receive public tax dollars);
- Some grant-making foundations prefer to make grants to non-profits, as opposed to governmental entities;
- Certain government grants are only available to non-profits – such as Section 811 funds for disabled persons and Section 202 funds for seniors; and
- A non-profit organization may be the best tool to engage community members directly as it does not carry the connotation of being a governmental agency.

Form a Community Housing Development Organization (CHDO), that may also be a Community Land Trust

A specific type of non-profit organization appropriate for producing housing is known as a CHDO or Community Housing Development Organization. Key attributes of a CHDO are:

- A CHDO must state as its purpose providing decent, affordable housing to low-income households in its charter, articles of incorporation, or by-laws. It must serve a specific, delineated geographic area; a neighborhood, several neighborhoods, or the entire

community. Merely serving certain population groups (by ethnicity, race, age or gender) does not qualify.

- The two main benefits available exclusively to CHDOs are that they can apply for operating expense money and *forgivable* pre-development loans. The typical amounts for starting up range around \$50-60,000. There is a strong need for a local match of some amount.
- CHDOs are generally created to use HUD HOME funds and Community Development Block Grant (CDBG) funds. For the City of Salida which doesn't have enough people to qualify for a direct allocation of these federal funds, they would have to apply for state pass-through funding.
- The CHDO must have a formal process for involving potential and actual low-income HOME program beneficiaries in the design, siting, and development of CHDO programs and projects. No less than one-third of the CHDOs governing board must be residents of low-income neighborhoods (defined as at least 51 percent of households with incomes below 80 percent of median), low-income residents of the CHDOs target area, or elected representatives of low-income neighborhood organizations
- CHDOs, as owners, must hold title to or have a long term lease in a given housing property. Additionally, a CHDO developer may own and develop a property or have a contractual obligation to a property owner to develop a project. Finally, a CHDO sponsor may develop a project that it solely or partially owns and agrees to convey ownership to a second nonprofit that retains ownership for the purpose of providing affordable housing to low-income renters.
- A CHDO must demonstrate the capacity to carry out HOME development projects, by displaying a development track record, by hiring experienced development staff, or by hiring experienced consultants with a plan to train the CHDO development staff. The CHDO must also have at least one year of serving its HOME target community prior to receiving HOME funds. Since some CHDOs are likely to be new organizations established specifically for HOME, they can inherit their required one year of community service from a parent organization, such as an existing community development corporation (CDC), a human service organization (such as a local United Way or a United Way affiliate), a community land trust, a church group, etc.
- The HOME program calls for authentic community-based nonprofits as CHDOs. Public bodies or instruments of public bodies (public housing authorities, redevelopment agencies, housing finance agencies, etc.) do not qualify. Local or state governments can appoint no more than one-third of the membership of a CHDO board, and public officials can constitute no more than one-third of a CHDO board.

Create a County-Wide Regional Housing Authority

Housing Authorities have long been considered a local community's most powerful tool to address its housing and community development needs. Public Housing Authorities (PHAs) have historically been the only entities eligible to access significant amounts of federal funding, typically administered through the Department of Housing and Urban Development (HUD).

The State of Colorado has established regulations regarding rights and responsibilities of

housing authorities. As an “authority” these organizations have certain powers that are not available to non-profits. For example:

- Housing authorities can issue debt that is exempt from tax, resulting in a lower interest rate;
- No property tax is paid for properties owned by housing authorities;
- Housing authorities can act as redevelopment authorities and have broad powers to work in the public interest including the power of eminent domain (condemnation);
- Housing authority members are appointed (usually by the mayor or County Commissioners) so are less vulnerable to political concerns than elected officials. As a result, they may also be seen as having more stature or power in the community to carry out an affordable housing mission than a non-profit Board; and
- Multi-jurisdictional housing authorities have the power to collect a sales tax for funding, if passed.
- If a housing authority was established, the vouchers currently administered by UAACOG could remain in the City of Salida, rather than being portable to other communities.

Additional potential sources of housing funds

There are a variety of other funds sources that may be appropriate for the City of Salida to explore more fully, including:

1. Grants and technical assistance from private foundations

The Enterprise Foundation works throughout the US providing both grants and technical assistance to their members. The Foundation also has several sister organizations that provide loans and purchase tax credits for affordable housing projects. In addition to the Enterprise Foundation, there are other private foundations that offer either grants or technical assistance.

2. Local housing trust funds

For Example, the *City of Boulder* has a local housing trust fund known as CHAP – Community Housing Assistance Program. The fund is composed of several sources including property tax and a tax on new residential and commercial development. Also, the CHAP source is supplemented by cash-in-lieu payments that developers pay when they choose not to provide affordable housing on site through the inclusionary zoning program (currently in Boulder, 20% of all new residential development must be affordable to low and moderate income households.)

The *Colorado Housing Investment Trust Fund (CHIFC)* is still in development, but the intent is to establish a fund which would be a statewide affordable housing assistance fund. The CHIFC would be a permanent state revenue source dedicated to the creation and preservation of high quality, affordably priced rental and homeownership opportunities. There are 36 other states with state housing funds which have provided successful models.

Denver has a housing trust fund established with funds from the proceeds of land sales in

the 16th Street mall urban renewal district called the *Skyline Trust Fund*. They distribute funds for eligible CDBG and provide funds for homeownership activities to agencies like the Colorado Housing Assistance Corporation who has received approximately \$3 million in Skyline Trust Fund dollars.

The *Longmont Housing Trust Fund*, funded with seed capital from Longmont's 1997 general fund (\$75,000) and "in lieu of" payments (\$60,000) from annexations, provides low-cost financing for affordable housing developers. When a developer is requesting an annexation, the city requires 10 percent of the total units (both by housing type and by project phase) to be made affordable, including rentals for households at or below 60 percent of AMI or ownership for households at or below 80 percent of AMI. All annexations can elect to make a payment "in lieu of" actual development. Both foundation funds and local housing trust dollars can be used for matching requirements when applying for state or federal funds.

3. USDA programs

This federal program provides loans for development of affordable housing and also on-going rent subsidy. Residents of rental housing built under this program pay 30% of their income in rent and the federal government covers the rest of the rent.

Rural Development Programs such as the home ownership loan guarantee program may be available in the City of Salida to provide direct support to residents for home ownership. The USDA programs include:

For homeownership: For rental:

Rural Housing Guaranteed Loan Farm Labor Housing Loans and Grants
Rural Housing Direct Loan Rural Rental Housing
Housing Repair & Rehabilitation Loan Housing Preservation Grant
Housing Repair & Rehabilitation Grant Guaranteed Rental Housing
Self-Help Technical Assistance Grant Rental Assistance Program
Mutual Self-Help Loans
Rural Housing Site Loans
Individual Water & Waste Grants
Housing Application Packaging Grants
Homes for Sale
Multi-Family Housing