WEST MOUNTAIN REGIONAL

HOUSING

COALITION

Housing Programs/Strategies Toolkit

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RPI consulting

In association with:

DHM DESIGN

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Statement of Purpose

Colorado's extremely tight housing supply is no longer news to most, it's become a daily topic of conversation and planning focus throughout the state. Largely, this issue means that many individuals and families struggle to find quality, affordable housing options and when they do find it, it tends to be in locations that are not conveniently located to their employment. This statewide crisis has extended to all parts of the state and is exacerbated in mountain communities trying to balance workforce needs and tourism opportunities, with a constrained housing stock and decreasing land availability suitable for housing development.

The Greater Roaring Fork Valley Region is one of many regions throughout the state currently working to address housing issues. Housing pressure is due to a wide range of factors including, but not limited to migration, housing and rent costs, part-time resident conversion, employment, and cost burden. Couple these factors with the effects of the COVID-19 pandemic on the region and individual communities and the perception of the issue gets far worse. Pre-pandemic, at least one-third of households in the region were paying more than 30 percent of their income on housing. A brief look into pre-pandemic housing costs show that the region was also already seeing a substantial increase in average sale prices – up 100% between 2008-2018 (mid- to post-pandemic, Pitkin County sales volumes were 151% higher in 2021 than in 2019). Rents have also substantially increased throughout the pandemic. Based on data reported in the Northwest Colorado Council of Government's Mountain Migration Study, market rents within the broader region on units that turned over in 2020 increased 20 to 40 percent. The study also notes that average Pitkin County free-market rents in February 2021 averaged $4,577 per month. Additionally, free-market single family rents topped $7,000 per month in the region. The point being, if someone moving to the region manages to find housing, it is highly likely they cannot afford it.

The purpose of the initial development of this toolkit is to identify potential ways to lessen this issue in the region. The focus is on development neutral programs and strategies for consideration for near term implementation. Ideas presented within section one provides initial details for efforts on financial mechanisms and incentives to create a broader range of attainable housing solutions while adding to the region's housing portfolio. Section two of the toolkit provides a general outline and some initial details for programs and strategies the region may decide to consider at a date further into the future. These programs and strategies will require more planning and potentially more elected official and public buy-in and thus may take longer to implement. Lastly, the appendices include information on programs and strategies to support the physical development of housing in the region along with potential funding mechanisms to consider supporting increased implementation of programs and strategies, as well as the development of attainable, affordable community housing in the future. It is important that as the region works to develop programs and strategies, they consider what it will take to work for all members of the community and the region.

A Note on Community Housing

The programs and strategies included within this toolkit are provided through a lens of housing for all. Community housing encompasses the broad spectrum of housing needs within an area, not only focused on affordable, or workforce, but all types of housing for people with a diversity of needs. While private, market-rate housing development is both necessary and desired in many areas, an intentional focus on supporting the development of housing that is attainable and accessible to a wide range of incomes, ages and social status is necessary to maintain a diverse, healthy, and prosperous community.

Potential Programs/Strategies for implementation consideration

Focus Area: Renters

Programs and Strategies

Regional Rental Assistance Program

Background:

Rental assistance programs generally help households pay rent by providing a monthly subsidy to cover the gap between what the household can afford (typically about 30 percent of their monthly income) and actual rent. Other subsidies, such as first and last months rent, and security deposits, can be utilized in a rental assistance program.

Program Types: There are two different types of rental assistance:

1) Project-based rental assistance is assigned to specific units in specific developments under a long-term contract between the project owner and the subsidizing agency (housing authority, regional entity, local municipality, etc.)

2) Tenant-based assistance. Households can apply for and use the subsidy to rent units anywhere as long as the tenant and the unit meet program requirements.

How it generally works:

Project-based rental assistance. This type of rental assistance is predicated on a partnership and agreement between a subsidy-providing entity and a housing developer or housing provider. A monthly rental assistance subsidy can be provided directly to the provider to decrease the cost of all, or a set number of units within the property effectively lowering the monthly rent cost for eligible tenants.

Tenant-based rental assistance. This type of rental assistance provides the subsidy through the tenant to the housing provider in the form of a monthly rent payment subsidy (decreasing the monthly cost for the renter) or in the form of first and last month rent and/or a security deposit. There are a variety of ways to structure the requirements and the funding in this situation. See implementation considerations below as the development of a regional rental assistance program begins.

Implementation Considerations:

- AMI categories?
- How is a regional program set up?
    - Who manages the program?
    - How is the program advertised?
    - Is a waitlist maintained?
    - Is there a specific geographic focus? Anywhere in the region, or focused communities within the region?
- Should the program be project-based or tenant-based? Or both?
- Is the subsidy monthly, or is it focused on first and last month's rent?
- How should the security deposit be handled? Is it program eligible, or is that the responsibility of the renter?
- Is the subsidy repaid over time, or forgiven after a year?
    - Is the repayment based on household AMI or some other factor?
- Is there an employment location requirement?
- Is there an asset cap for applicants?

Recommendations:

The Greater Roaring Fork Valley Region is well positioned to implement a regional approach to the development of a rental assistance program. The current momentum present with the creation of the Greater Roaring Fork Valley Housing Coalition, and the ability to leverage best practices from current programs in adjacent counties and communities, suggests the region may be able to move fairly quickly in implementing this type of program. However, the region should consider the following recommendations as they move forward in developing a program for the region.

1) If necessary, identify and implement formal agreements between the jurisdictions present in the region and interested in the program to formalize the administration and management of the program. Specific note should be made to record program goals, geographic focus areas, application process and approval authority, annual funding expectations, representation expectations, and desired income limits for qualifying applicants.
2) Leverage the experience of Eagle County Housing Authority, Summit County, and the Aspen Institute's best practices, to understand the complexities of a buy down program and how best to develop a regional program (see below).
3) Identify sustainable funding to be allocated as needed throughout the region – the coalition may choose to identify areas in the region to prioritize efforts on a yearly basis.
4) Determine the pay-back structure to increase the effectiveness and long-term viability of a rental assistance program in the region.
5) Consider a variety of communication and marketing techniques to ensure underrepresented individuals or facets of the region are aware of the availability of the program.
6) Implement an income and asset restriction to ensure the program is targeted to individuals with the greatest need.
7) Consider a regional rental market study to better understand rent costs throughout the region and how to best focus funding for the program.

Example:

Rent for Locals by Housing Eagle County

As part of the Bold Housing Moves, this program provides assistance for locally employed, full-time, year-round renters signing a new 12-month lease within Eagle County. Applicants may receive up to two months' worth of rental payments to the landlord (the first and last of the annualized rental rate).

The applicant must be full-time, year-round employees working at a business located in Eagle County. An applicant's monetary assets must not surpass five times the rental rate.

Repayment of one- or two-month's rent (dependent on income) may be required within the first 11 months from the move-in date without any applicable interest for future program participation. If an applicant earns more than 120% of area median income ($120,000 for a family of 4), then first and last month assistance shall be repaid. If an applicant earns less than 120% of area median income, then only the last month's assistance shall be repaid.

Program Guidelines: https://www.housingeaglecounty.com/s/Program-Guidelines-_-Rent-for-Locals_Final.pdf

Contact: Kim Bell-Williams, kim.williams@eaglecounty.us,

Short-term to Long-term Rental Conversion Program

Background:

Short- to long-term rental conversions programs incentivize property owners to lease their property to residents in the local workforce for six to 12-month time periods.

How it generally works:

Eligible landlords with eligible properties within the given jurisdiction enter into a stipend agreement with the subsidy providing authority ensuring program compliance. Landlords are then typically paid a stipend on a monthly basis per bedroom rented in order to supplement the lease rental rate. In the Eagle County example provided below, incentives are based on unit size and the length of the lease entered with a renter.

Implementation Considerations:

- How is a regional program set up?
- What is the employment requirement for tenants?
- Are properties and landlords certified?
    - What entity maintains the certification and completes any recertification process?
- Are properties inspected?
    - What entity completes inspections?
- What does the stipend structure look like?
- Are areas within the region targeted for the implementation of this program, or is it regionwide?

Examples

Short-Term Fix, Winter Park, CO

The Town of Winter Park offers incentives to property owners to convert their short-term rental property into long-term workforce housing. Winter Park business owners enter a six- or 12-month lease with the property owner and then sublease the property to their employees.

Eligibility for the program is reviewed by a committee and once approved, the property owner is linked with a list of businesses interested in a contracting. After the property owner and eligible business have signed a master lease, the property owner will submit a copy of the contract and signed program contract to receive the Short-Term Fix incentive from the Town.

Incentives are structured as follows:

- Studios and 1-bedroom units | six-month lease ($5,000) | 12-month lease ($10,000)
- 2- and 3-bedroom units | six-month lease ($10,000) | 12-month lease ($20,000)

*These incentives would be paid up-front and are in addition to the revenue the property owner would receive from the rental of their property.

Requirements & Eligibility:

- Property must be located within the Fraser Recreation District boundaries (Winter, Fraser, Tabernash, Meadowridge, etc.).
- Property owners would enter into a six- or 12-month master lease with a Winter Park small business (50 employees or fewer).
- Eligible units must be a minimum of 300 square feet.
- Eligible dwelling units shall include a kitchen (sink, refrigerator, and range) and a full bathroom (sink, toilet, and shower or bathtub).
- The dwelling unit must have a separate entrance from any adjoining units and have adequate parking.
- Second homes that have never been long-term leased or short-term rented are eligible.
- Existing short-term rental units must be in good standing with the Town.

Not eligible:

- Hotels, bed & breakfasts, and other traditional lodging properties are not eligible
- New short-term rentals with first bookings after August 1, 2021, are not eligible
- Rental units that have been long-term leased within the past two years (lease of more than one month)

Program Information: https://www.playwinterpark.com/short-term-fix

Contact: 970.726.8081 x209

Rent Local Program by Eagle County Housing
The Rent Local Program is a long-term rental incentive program that supports residents who are at a disadvantage in the real estate market due to low inventory availability. Given the impact of the short-term rental market inventory that has increased drastically over the last decade, this program provides a cash incentive to eligible landlords to convert their short-term rental unit, vacant home or empty bedroom into a long-term rental. The intent of the program is to restore more year-round rental inventory at attainable rental rates in units that are available in the county today.

Program Guidelines: https://www.housingeaglecounty.com/s/Rent-Local-Program-_-Program-Guidelines-FINAL.pdf

Summit County/Town of Breckenridge

Summit County and the Town of Breckenridge began the pilot program in October 2021 with the goal to unlock new rental housing for the local workforce across Summit County by providing property managers and property owners with cash incentives to long-term lease their properties.

Tenants must complete an Employment Verification form and must work at least 30 hours per week for an employer based in and serving Summit County. For one bedroom or smaller units: at least one tenant in the household must work locally. For two bedrooms and larger units: all tenants in the household must work locally.

Incentives:

Owner Incentive:

Unit Size	Seasonal Incentive	Long-Term Incentive
Studio	$4,500	$7,000
1 Bedroom	$5,000	$8,000
2 Bedroom	$10,000	$18,000
3 Bedroom or Larger	$11,000	$20,000

Property Manager Incentive:

PMs will receive an incentive for each STR to LTR Conversion they produce:

- For two-bedroom units or smaller $500 (seasonal) to $600 (long term)
- For three-bedroom units and larger $1,250 (seasonal) to $1,350 (long term)

Note: this program is funded by Summit County and the Town of Breckenridge but run by Landing Locals an online platform that connects vacation-home owners and renters with the goal of finding all people stable housing in resort towns. Information on how to bring the program to your community can be found here: https://landinglocals.com/future-markets/

Master Leases for Staff (public or private)

Background:
Master leases, in general, provide a mechanism to support residents with housing linked directly to their employment.

How it generally works:

The concept of master leases is not new. Some companies, organizations and even local governments have long provided places for their employees to rent (see examples listed below). In general, a company, organization or local government owns a property and leases units to staff at an affordable rate. These leases can be developed to provide transition time when an employee is moving to the city or town, or can be offered for a longer period of time. In other situations, a company, organization, or local government may enter into a master lease agreement with a property owner and then sublease the unit to staff, again for a set period of time or in perpetuity.

Implementation Considerations:

- Should the coalition consider purchasing property, or identify and partner with rental companies to facilitate this type of agreement?
- How does a regional entity manage this type of program?
- Is there a time limit imposed on a new renter as they transition to the region/location?
- Is there a geographic consideration on the placement of staff and their employment location? For example, is an employee working in Carbondale required to be paired with housing in Carbondale?
- What happens when employment status changes?
- How can the region partner with employers to support this type of program?
    - Membership-based program management – employer buys in, region manages it.

Examples

- Pitkin County
- City of Aspen
- Holy Cross Energy
- Vail Health
- Vail Resorts
- Many others

Housing Stipend Programs

Background:

Housing stipend programs provide housing funds either directly to the renter or to the housing provider in an agreement between the program administrator, the renter and the property owner. In general these programs decrease the overall rent cost to the renter to increase the affordability of the unit.

How it generally works:

As noted above, a housing stipend can be provided to a renter based on a set of eligibility criteria to decrease the amount of rent the renter is required to pay subsequently increasing the affordability of the unit. This type of program differs from a traditional rental assistance program in that it is typically tied to the renter's employment.

Implementation Considerations:

- How does a regional entity manage this type of program?
    - Is this program combined with a traditional rental assistance program? Is this type of program necessary for the region if a transitional rental assistance program is implemented?
- Is there a time limit imposed on the renter?
- Is there a geographic consideration for the implementation of the program?
- Are there income limits imposed as a part of eligibility requirements?
    - Asset caps?
- Is there a set affordability target for the use of the stipend or is it available for use in any situation?
    - Is the program aiming to target a subsequent rental payment of no more than 30% of the renter's income?
- What happens when employment status changes?

- What happens with income status changes?
- Is there an annual reassessment process to confirm continued eligibility?
- How can the region partner with employers to support this type of program?
  - Membership-based program management – employer buys in, region manages it.

Examples

- Eagle County Schools
- Others?

Hotel Conversion Program

Background:

Hotel conversion programs rehab defunct or dilapidated hotels into rental units for long-term housing. These rentals are typically deeply discounted and more affordable, both from a development standpoint, and a resident standpoint.

How it generally works:

This type of program updates former hotel properties into long-term rental units. Typically some sort of partnership agreement takes place where a developer rehabs a former hotel into update units, or a variety of unit sizes for long-term rent. Given the substantial decrease in development costs associated with a rehab program versus new construction, rents can be maintained at affordable thresholds.

Implementation Considerations:

More analysis is necessary to determine regional implementation considerations.

Examples

- Program-Level Case Studies
  - Homekey: California's Statewide Hotels-to-Housing Initiative
  - Project Turnkey: Oregon's Statewide Hotels-to-Housing Initiative
  - Hennepin County (MN) Hotel/Motel Acquisition Initiative
- Project-Level Case Studies
  - Casa de Esperanza: Fort Worth, TX
  - Casa Luna: Los Angeles, CA
  - Best Inn: Los Angeles, CA
  - Kearny Vista Apartments: San Diego Housing Commission
  - Susan's Place: Champlain Housing Trust, Vermont

Community Housing Inventory

Background:

A community (region) housing inventory provides one web-based location for current residents and those relocating to the region to use to identify potential housing opportunities that fit their needs.

How it generally works:

This type of program requires considerable effort to start up/develop and continual management to provide a "one-stop shop" to find rental housing either currently on the market, or will be on the market in the near future. A prospective renter will log on to the website and be able to search by a set of attributes (location, housing type, availability date, and cost) to identify potential rental properties.

Implementation Considerations:

- Funding to develop, maintain, and manage.
- How do properties get added to, and removed from the system? Is it self-reported by property owners, or managed by coalition staff?
- Should there be a consideration for for-sale properties?
- Will this program actually help renters find housing given current turnover rates and vacancy rates?
- Reporting consideration? Time on the platform, accuracy, success rate, etc?
- What entity should manage the platform?
- Is there an opportunity to leverage in-place systems and increase functionality?

Examples

- Work in Grand, Grand County - https://www.workingrand.com/housing-in-grand-county/
- Others?

Policy/Regulatory

Update Household Regulations – Family/Group Living Definition

Source: City of Denver, Community Planning and Development

Overview: Charges to connect utilities and ongoing costs of providing utilities can be costly to residential developers, especially in communities where water is limited. Strategies to reduce the cost of utilities connections and servicing can facilitate creation of and reduce the operating costs of affordable housing. Communities may waive or reduce tap fees for affordable units. Sub-metering enables utility companies to charge

Creation of Processes to Promote the Use of Submetering of Utility Charges

Source: Colorado Department of Local Affairs, HB21-1271 Qualifying Strategy Guidance Fact Sheet.

Overview: Charges to connect utilities and ongoing costs of providing utilities can be costly to residential developers, especially in communities where water is limited. Strategies to reduce the cost of utilities connections and servicing can facilitate creation of and reduce the operating costs of affordable housing. Communities may waive or reduce tap fees for affordable units. Sub-metering enables utility companies to charge customers based solely on water consumption of their particular unit through “smart” meters. These smart meters, which can report data daily or even hourly, can also help identify leaks. While there are upfront costs to developers for installing sub-meters in their developments, the literature suggests that the investment will pay for itself in the long term.

Impact: The provision of sub-metering to track water utility usage allows tenants and residents to be charged based on their personal household usage, a more equitable system that also provides more efficiency for the landlord (e.g., billing logistics are handled by a third party). Incorporating this system also no longer necessitates landlords having to charge tenants a flat/average monthly bill that might not be commensurate with their actual usage. Research has found that customers using sub-meters consume much less water than unmetered tenants.1 Multiple benefits can be realized by developers, including improved sustainability of building operations (e.g., waste and cost reduction) and better operations efficiency. While sub-meters are easiest to install at the time of construction, some communities do offer incentives for landlords/property managers to retrofit their existing buildings with these systems.

Implementation Considerations: For communities utilities-related solutions, the following steps should be considered:

Determining approach. Some jurisdictions mandate sub-meters to be installed via municipal codes. Jurisdictions might also consider incentivizing their inclusion in affordable housing developments in a variety of ways (e.g., zero-interest loan to cover the cost, expedited permitting and fee waivers for projects that incorporate sub-metering, etc.)

Roundtable with water utility experts and providing developer education. Jurisdictions should bring together local experts related to water consumption, utilities, water planning, etc. to discuss strategies on how to reduce costs related to water consumption for tenants and the developer while still providing high-quality services. Additionally, education or training should be made available to developers and occupants on how to make the best use of the strategy.

Advantages and challenges. Potential advantages of including water sub-metering into an affordable housing development include:

- Provision of a more equitable fee structure. Each tenant is billed based on their household's water consumption;
- Increased understanding of a household's water consumption, which can help with conservation efforts;
- A transparent billing process since each tenant is already aware of their consumption;
- Fewer property owner responsibilities (e.g., landlord does not have to calculate usage per tenant and does not need to handle payment collection); and
- Overall cost savings for developer over time and potential for reduced costs to tenants.

Potential challenges of including water sub-metering into an affordable housing development include:

- Upfront installation costs might be a disincentive for developers to follow through with their project.

Examples from other Colorado communities.

- City of Denver (requires water sub-metering on new construction) - https://www.guardianwp.com/denversubmetering
- City of Westminster - https://library.municode.com/co/westminster/codes/code_of_ordinances?nodeId=CD_ORD_TITVIIIHESA_CH7WARE_8-7-4SP

Additional resources.

Information for this factsheet gathered from Colorado Waterwise Technical Guide and the National Exemption Service. Additional resources available here:

- Colorado Waterwise, Guidebook of Best Practices: https://coloradowaterwise.org/Resources/Documents/BP%20Project/CWW%20Best%20Practices%20Guide%20-%20FINAL.pdf
- National Exemption Service, Submetering: https://www.submeter.com/water-gas-electric-submetering/

Focus Area: Buyers

Programs and Strategies

Regional Buy-Down/Deed Restriction Program

Background:
A housing buy-down program can provide a mechanism for communities to bridge the gap between what is available on the open market and what is affordable. These programs in essence, buy down a market rate home price to an affordable/attainable price for an interested buyer.

Program Types: There are three different types of buy down programs:

1) Programs where the housing entity purchases (takes title) the home, rehabilitates the property, and re-sells it at an affordable price with a deed restriction attached; or
2) Programs where the housing entity assists in the transaction, providing a substantial subsidy at closing, with the title being held by the home buyer – also including a deed-restriction; or
3) Programs set up like a reverse mortgage where current homeowners are paid to have a deed restriction placed on their home and donate the property to the managing entity (coalition, authority, or local government) upon their death. The property is then rehabbed (if necessary) and resold in as outlined in item number one above.

How it generally works:
Purchase/Rehab/Sale Model – As noted above, the entity (housing trust, housing authority, local government, non-profit, etc.) purchases a home on the open market typically based on a set of guiding criteria, rehabilitates the unit, places a deed-restriction on the property, and places the property back on the market at an affordable price based on local trends and needs.

Key considerations:

- how would eligible properties be found or identified?
- Are there a sufficient number of eligible properties available on the market to support the program?
- How much budget is needed to support this program?
- How many FTEs are necessary to support this program?
- What does the required procurement process look like and what entity maintains the authority to approve or deny program implementation?
- Pricing must take into account the amount of rehabilitation needed.
- Does the property fit program requirements related to unit size, age, geographic location (transit, retail, employment, etc.)
- The program should quantify a specific amount of turn-around time from purchase to rehab to resale.

Subsidy Model – This type of buy down program places the responsibility of finding the home on the prospective buyer, rather than the entity. In this case, a prospective buyer identifies a home they are interested in, works with the entity to prove program eligibility, and apply for the purchase subsidy (typically in the form of the down payment), and subsequently works through the typical home-buying process. At the end of the process, a deed-restriction is placed on the property to maintain affordability in the future.

Key considerations:

- How much budget is needed to support this program?

- How many FTEs are necessary to support this program?
- What is the maximum home price?
- What is the maximum subsidy amount the buyer may receive? Is it a percentage of the purchase price? A flat amount?
- What is the state of repair a property must fit to be eligible?
- Is there an asset cap and income requirement for the buyer?
- How can the program ensure underrepresented individuals have an opportunity to utilize the program?

Implementation Considerations:

- How many eligible units/properties are on the market?
- How is a regional program set up?
- How is authority identified?
- Who/what entity holds the deed restriction?

Potential Funding Options

Funding for buy-down or deed restriction programs typically is based on a municipal or county-level budget appropriation. Noted in the examples below, the Town of Vail began a pilot of their buy-down program with an initial investment of $500,000 from the Town. This investment was allocated within three months and subsequently the Town Council increased the amount to $1.5 million. Since then, the Town allocates $2.5 million annually with an understanding that the program administrator can ask for more if/when needed.

Aside from municipal or county-level annual budget allocations, other possible funding opportunities include:

- Down Payment Assistance, Colorado Division of Housing
- Energy Mineral Impact Assistance Fund, Colorado Department of Local Affairs
- Colorado Community Revitalization Grant, Colorado Office of Economic Development & International Trade
- Transformational Affordable Housing Grant Program
- Private sector partners
- Other upcoming grant and loan programs

Recommendations:

The Greater Roaring Fork Valley Region is well positioned to implement a regional approach to the development of a buy-down/deed restriction program. The current momentum present with the creation of the Greater Roaring Fork Valley Housing Coalition, and the ability to leverage best practices from current programs in adjacent counties and communities, suggests the region may be able to move fairly quickly in implementing this type of program. Specifically, the region should consider the following recommendations as they move forward in developing a program for the region.

1) If necessary, identify and implement formal agreements between the jurisdictions present in the region and interested in the program to formalize the administration and management of the program. Specific note should be made to record program goals, geographic focus areas, application process and approval authority, annual funding expectations, and representation expectations.
2) Leverage the experience of Eagle County Housing Authority to understand the complexities of a buy down program and how best to develop a regional program.
3) Identify sustainable funding in excess of $5 million to be allocated as needed throughout the region – the coalition may choose to identify areas in the region to prioritize efforts on a yearly basis.
4) Consider a variety of communication and marketing techniques to ensure underrepresented individuals or facets of the region are aware of the availability of the program
5) Implement an income and asset restriction to ensure the program is targeted to individuals with the greatest need.

6) Identify what entity will hold the deed restriction. Typically, the entity managing the program maintains this, however the associated local government or other organization may be granted this ownership.
7) Understand the for-sale housing inventory.

Examples:

Summit County, Colorado

Summit County's buy down program allows the County to purchase a favorably priced market-rate unit and place a deed restriction on the property, requiring the unit's occupant to work full time locally and to resell the unit at a discounted, affordable, price.

Stipulations: To be considered, the property must be located within local neighborhoods rather than resort neighborhoods and align with the County's housing priorities. The County's ability to purchase a unit is subject to, among other things, the availability of funds, condition of the property and how well the property fits with the housing needs and priorities at that time.

Other associated programs:

Housing helps is a deed restriction acquisition program with the goal of incentivizing homeowners and real estate buyers and sellers to deed restrict their property to help maintain and sustain homes for locals in the community.

The County pays owners, buyers, and sellers to accept a deed restriction on homes that are currently unrestricted. The amount the County will pay for a deed restriction varies depending on the market and how well the home meets current needs in the community.

Recipients may use the funds for down payment, home repairs, special assessments, or any other purpose. In return, the recipients are required to execute a deed restriction that will ensure the property is used for local housing.

Key Details:

- The annual County budget for the buy-down and housing helps programs is $3 million. Within the first 4 months of 2022, over half had already been obligated (mainly within the Housing Helps program).
- Given the competitive nature of the current housing market, the county has only completed 3 buy-downs 5 years – none in the last 2. Housing helps began in 2020 and has produced 58 deed restricted units by individuals.
- The goal of the housing programs is on the type of buyer, not the type of unit.
- Housing helps provides 15% of the cost of a unit up to a financial contribution of $150,000.
- Overall, the program is managed by 1/3 of an FTE.
- Staff recommendation is to forego a typical buy-down program and focus energy on down payment assistance/subsidy type of programs.
- Summit County partners with Breckenridge to implement the Housing Helps program. Two years after starting the program, more communities in the county are requesting partnerships.

Resources:

- Summit County Buy-Down Program: https://www.summitcountyco.gov/1364/Buy-Down-Program
- Housing Helps Deed Restriction Program: https://www.summitcountyco.gov/DocumentCenter/View/28676/Housing-Helps-Program-Information?bidId=
- Housing Helps Application: https://www.summithousing.us/real-estate/housing-helps/

Contact: Jason Dietz, Housing Director, Jason.dietz@summitcountyco.gov, 970.668.4231.

Town of Vail, Colorado

The Town of Vail's Housing website focused on their buy down program offers only a simple definition: "Buy-down" units are free-market homes purchased by the Town of Vail, deed restricted, then sold or rented to qualified individuals at a subsidized price. This is largely because the Town is more focused on an iteration of this program within the Vail InDeed program. The impetus for the change was difficulty in turning properties over to interested buyers in the traditional model.

The Vail InDeed program is a deed restriction purchase program with a goal of acquiring 1,000 deed restricted housing units by 2027. The program offers a monetary incentive to homeowners and purchasers in exchange for adding a deed restriction to their property.

Stipulations: Eligible properties are within the Town and cannot have a Right of First Refusal clause on their current deed. Applications are reviewed by Town staff on a first come first served basis and approved at staff discretion.

Key Details.

- Program has seen $12 million investment from the Town.
- Impact is immediate with the Vail InDeed program whereas, housing developments take substantial time and investment. For example, the Town is in the process of building 72 housing units at a total cost of 31 million. In the same amount of time it has taken to get over 1000 units deed restricted, it has taken to break ground on the project.
- The 2027 Housing plan focuses the conversation around Goals, Means, and Methods. The Method is the key piece. Elected officials within the Town Council are removed from the decision-making process. Staff within the housing department has the discretion to implement the program as they see fit.
- Deed restrictions expire

Resources:

- Town of Vail Buy-Down Program - https://www.vailgov.com/government/departments/housing/buy-down-program
- Vail InDeed Program - https://www.vailindeed.com/

Contact(s): George Ruther, Housing Director, gruther@vailgov.com, 970.479.2145, Martha Anderson, Housing Coordinator, manderson@vailgov.com

Good Deeds by Housing Eagle County

As part of the Bold Housing Moves, Eagle County Housing and Development Authority (Housing Eagle County) will contribute 5% or 15% of an Eligible Buyer's purchase price in return for recording either a Resident Occupied or Priced Capped Deed Restriction against the property. Eligible properties include those within Eagle County with a maximum purchase price of $850,000. This program may be used in combination with Eagle County Loan Fund Down Payment Assistance. Approval and availability of funds is determined by Housing Eagle County at their discretion.

Program Guidelines:
https://static1.squarespace.com/static/5e4aa4c870139842dc315ab6/t/6165cb0863dee635a500e154/1634061064607/Program+guidelines+Final.pdf

Contact: Kim Bell-Williams, kim.williams@eaglecounty.us,

Eagle Ranch Housing Corporation

Eagle Ranch Housing Corporation will contribute 10% of an Eligible Buyer's purchase price in return for recording the ERHC Deed Restriction against the property. Eligible properties include those within the Eagle Ranch PUD with a maximum purchase price of $600,000. This program may be used in conjunction with ERHC Down Payment Assistance. Approval and availability of funds is determined by ERHC at their discretion.

Program Criteria:
https://www.valleyhomestore.org/ResourceCenter/Download/15685/2019%2003%2007%20Eagle%20Ranch%20Buy%20Down%20Program%20Guidelines?doc_id=2845752&view=1

Avon, Colorado - Mi Casa Avon Deed Restriction Program
Avon Town Council approved over $1,300,000 in funding for the 2022 program with the goal to provide financial assistance to help 15-20 homebuyers purchase homes in Avon by the end of 2022.

Minimum down payment: A buyer must contribute at least three percent of Buyer's funds toward the purchase price of the property which does not include any third party down payment assistance funding. The mortgage shall not exceed 85% of the purchase price of the property.

Maximum Contribution: The maximum purchase price for a deed restriction to be made by the Town is one-hundred thousand ($100,000) dollars.

Resources:

- Application: https://www.avon.org/DocumentCenter/View/20354/Deed-Restricted-Housing-Application

Contact: Ineke de Jong, General Government Manager, idejong@avon.org, 970,748,4013

Cash Offer Assistance Program

Background:
Cash offer assistance programs support local residents who are typically at a disadvantage in the real estate marketplace due to competition with cash buyers.

How it generally works:
This type of program allows for an purchasing authority (housing authority, organization, etc.) to act as a cash buyer on behalf of an eligible household or in its own interest in order to acquire a property, which can then be resold to the/an eligible household. In exchange, a price capped deed restriction against the property is recorded to preserve the property for future local housing.

Implementation Considerations:
- Funding level to support the program
- Maximum purchase price of the property (what does the market look like and how much funding would be necessary to facilitate a purchase)
- Are there employment or resident status requirements
- Property requirements?
- Service fees
- Transaction fees
- Eligible household application requirements

Examples
- Eagle County Housing: Locals First Program: https://static1.squarespace.com/static/5e4aa4c870139842dc315ab6/t/628ea3d094160c6be54c43b3/1653515217029/Locals+First+Program+_+Program+Guidelines+FINAL.pdf

- Others?

Down Payment Assistance Program

Background:

A down payment assistance program provides funds to support the purchase of a home where the buyer may not have the full amount required for the purchase price of the home.

How it generally works:

This type of program generally allows for funds to be used for down payment and closing costs needed to buy a home. Typically, there is a threshold amount (percentage) available and eligibility is determined by a household's gross income.

Implementation Considerations:

- Funding level to support the program
- Maximum purchase price of the property (what does the market look like and how much funding would be necessary to facilitate a purchase)
- Are there employment or resident status requirements
- Property requirements?
- Service fees
- Transaction fees
- Eligible household application requirements
- Asset Caps
- AMI level
- Repayment process, if at all?

Examples

- Eagle County Housing: Loan Fund: https://www.housingeaglecounty.com/s/2022-05-13-IDF-Eagle-County-Loan-Fund-Guidelines-CONV.pdf
- Longmont Colorado - https://www.longmontcolorado.gov/departments/departments-e-m/housing-and-community-investment/housing-programs/down-payment-assistance-program/down-payment-assistance-faqs#:~:text=Housing%20Down%20Payment%20Assistance%20Program&text=The%20funds%20may%20be%20used,by%20the%20household's%20gross%20income.
- Denver Department of Housing Stability/metroDPA: https://www.denvergov.org/content/denvergov/en/housing-information/news/2020/CHAC-DPA.html or https://www.denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Department-of-Housing-Stability/Resident-Resources/Affordable-Home-Ownership/metroDPA

Focus Area: Sustained Ownership

Programs and Strategies

ADU/Bedroom Incentive Program

Background:

An ADU/Bedroom rental incentive program is a loan program to support the creation of new units while supporting an existing property owner.

How it generally works:

Typically, low-cost loans are provided for the construction of or conversion of existing space into an accessory dwelling unit. This type of incentive not only provides housing for someone in need, but also added rental income to support sustained home ownership by a long-term resident.

Implementation Considerations:

- How is a regional program set up?
- Should the program be project-based or tenant-based? Or both?
- Is the subsidy monthly, or is it focused on first and last month's rent?
- How should the security deposit be handled? Is it program eligible, or is that the responsibility of the renter?
- Is the subsidy repaid over time, or forgiven after a year?
    - Is the repayment based on household AMI or some other factor?
- Is there an employment location requirement?
- Is there an asset cap for applicants?

Examples:

Aid for ADUs by Housing Eagle County

The Aid For ADUs Program, a loan program to support the creation of new units, will support an existing property owner ("Owner") with a low cost loan for the construction or conversion of existing space to an Accessory Dwelling Unit ("ADU") on the Owner's property, where permitted. Through the Aid For ADUs Program, the Eagle County Housing and Development Authority ("ECHDA") may provide up to one hundred thousand dollars ($100,000) in the form of a Loan, secured by a Promissory Note and Deed of Trust, to the Owner. In exchange, the Owner will lease the ADU to an Eligible Household at a monthly rental rate no higher than 100% of area median income of rental rates. The intent of the program is to create new housing units for the year-round Renter at attainable rental rates in units that are available today in Eagle County.

In Eagle County, ADUs have different names throughout the community, such as an in-law apartment, secondary suites, garage apartments, lock-off or the like, however the definition of an ADU for the purpose of this program is at a minimum, a separate dwelling unit subordinate to the principal use of the property which contains kitchen facilities (at minimum a sink and stove or oven in a room or portion of a room devoted to the preparation of meal), bathroom (including toilet, sink, and shower or bathtub), living, and sleeping area(s). The intent of an ADU is to fully house individual(s) separate from those living in the main residence with no dependence upon the main residence for essentials. The ADU may be located within or attached to the structure containing the principal use of the property, or it may be detached from that structure. The Owner is solely responsible for confirming that ADUs are permitted on the Owner's property, for obtaining any required approvals or permits from the local governing jurisdiction and for compliance with all rules and regulations of such jurisdiction, including all building code requirements.

A condition of the Loan is that the Owner shall rent the ADU to an Eligible Household. No short-term rentals are permitted. The Rent For Locals Program is compatible with this Program.

Program Guidelines: https://www.housingeaglecounty.com/s/Aid-For-ADUs-Program-ADU-Loan-_-Program-Guidelines-FINAL.pdf

Contact: Kim Bell-Williams, kim.williams@eaglecounty.us, 970-328-877

Other Example:

- Accessory Dwelling Unit Loan Program, Denver, CO - https://www.denvergov.org/content/denvergov/en/denver-office-of-economic-development/about-us/news/2019/ADU-Program.html

Maintenance Funds and Appreciation Banks

Background:

A maintenance fund/appreciation bank program provides loans or grants to support the general maintenance of deed restricted properties that cannot rely on the appreciated amount of the home value for funding to complete such work.

How it generally works:

Note: More investigation necessary.

Implementation Considerations:

- How would a regional program be set up?
- Is there a waiting period between purchase and the use of the program?
- What does eligibility look like?
- How does this program potentially relate to other programs currently/potentially implemented?

Potential Funding Options:

Funding for maintenance funds and appreciation banks may come from several similar sources listed in other programs within this toolkit.

Examples:

Note: More investigation needed.

General Deed Restriction/Expiring Deed Restriction Purchase Program

Background:

General deed restriction programs offer a financial incentive to owners and buyers to deed restrict their property to help maintain and sustain affordable housing within the community. Expiring deed restriction purchase entails offering a subsequent financial incentive to re-deed restrict a previously deed restricted property or one that is about to expire.

How it generally works:

Note: More investigation necessary.

Implementation Considerations:

- What funding levels are required to support the program?
  - What is the current average home price for housing appropriate for workforce?
- Any requirements on what the financial incentive can be used on?
- Can this program be supplement other programs?
- Need to determine how to obtain information on expiring deed restricted units
  - And determine any privacy controls/concerns between information sharing entities
- How can this program be set up to support interested applicants
- How can this program be targeted beyond the identification of expiring deed restrictions?

Examples:

- Silverthorne, CO, Housing Helps: https://www.silverthorne.org/town-government/community-development/housing-helps
- Fraser, CO, Deed Restriction Program: https://www.frasercolorado.com/330/Housing
- Mountain Village, CO, YES Deed Restriction Program: https://townofmountainvillage.com/community/housing/yes-deed-restricted-program/ (Note: program does not require an appreciation cap, income cap or household size requirement)
- Mt. Crested Butte, CO, Good Deed Housing Program (through Gunnison Valley Regional Housing Authority): https://gooddeedgvrha.org/

Potential Funding Options

Funding for the programs and strategies detailed above may come from several sources. In general, the examples included above are based on municipal or county-level budget appropriations for the program. There is the possibility of utilizing grant funding to support program implementation, however funding requirements and stipulations may place restrictive requirements on the use of funds and ultimately decrease the effectiveness of the program. Other funding options may include:

- Fees – implemented without election
  - Residential Linkage
  - Commercial Linkage
  - Real Estate Transfer
  - Short-term rental
  - Vacant home
- Taxes – implementation is dependent on election
  - Head
  - Lodging
  - Property
  - Sales and use
  - Specific occupation
  - Short-term rental
  - Vacancy
- State/Federal Grants and Loans

Appendix A - Programs and Strategies to support the physical development of housing

Appendix A provides background detail and examples for programs and strategies that support the physical development of housing. In many cases, the housing coalition would need to determine ways to best support the implementation of these programs and/or strategies at the local level within the policy framework in place. Additionally, several of the following programs/strategies leverage information provided by the State of Colorado within the HB21-1271 IHOP funding program.

Transfers of Development Rights (TDR)

Source: Local Housing Solutions – Transfers of Development Rights

Overview:

TDR programs are voluntary programs that allow the owner of one property (the "sending site") to transfer its development rights to the owner of a second property (the "receiving site"). While a TDR program can be used to preserve affordable housing, the tool is most commonly used in conservation efforts, where it provides a mechanism for the owners of environmentally sensitive areas or open spaces who commit to preserve those areas in their current form to offset the loss imposed by the conservation. The development rights are then redirected to an area that has been determined to be more appropriate for growth.

Impact:

Some cities, towns, and counties use TDRs to encourage the preservation of affordable housing developments and generate revenue to support their continued operations. In this context, the sending site—an existing affordable housing development—sells its unused development capacity to a receiving site. The sale preserves the current use of affordable housing and raises funds that can be reinvested in the development to help preserve it for the long-term. The owner of the receiving site may then build at a higher density or building height than would ordinarily be allowed by the underlying zoning code.

Implementation considerations: For communities pursuing a TDR program, the following should be considered:

> Develop a transparent and streamlined method. Local jurisdictions will need to determine whether they should establish or encourage others to establish a TDR bank to ensure the program functions smoothly. Affordable housing owners may wish to sell development rights when there are no viable receiving sites, and developers may wish to purchase excess density at times when there are no sending sites. TDR banks help to address this mismatch and promote ongoing liquidity by buying and holding development rights as needed.
>
> A TDR bank can be complex to administer. A local jurisdiction may choose to work with a local nonprofit partner that can function as a manager of the bank.
>
> Analyze economic value of the bonus. Communities should evaluate the value of the bonus to developers. To make this assessment, the community should ask: 1) Is the bonus we could offer economically feasible? and 2) Is there market demand for this type of increased density?
>
> Define program criteria. In crafting the strategy, the community must determine:

- Household income levels that must be served for developer to be eligible for the incentive (e.g. must serve households at or less than 60% AMI);
- Proportion of units in the development that must be affordable (programs typically range from 5% to 20% of units be designated affordable);
- Length of time that affordable units must remain affordable (common affordability terms range from 15 to 60 years);
- Whether density bonus can be applied to different types of tenure (e.g. rental vs. for-sale) and different types of properties (e.g. multifamily vs. single-family);

Density Bonus Program

Source: Colorado Department of Local Affairs, BH21-1271 Qualifying Strategy Guidance Fact Sheet.

Overview:

Density bonuses allow for more housing units to be built on a specific site than would otherwise be allowed under standard zoning district regulations in exchange for the inclusion of income restricted units or other agreed-upon public goals. The bonus can take the form of an increase in floor area ratio (FAR), greater building height/additional stories, smaller unit sizes, different unit types (e.g., fourplexes on single family detached lots), or flexible setback requirements. In essence, for every affordable unit a developer includes, they are able to add a specified number of market-rate units. The amount of density bonus offered varies by program, market, and unit location—for example, larger bonuses are typically allowed along transportation corridors, particularly transit-accessible routes.

Impact:

Density bonuses improve affordability both directly by providing income restricted units and indirectly by adding to a community's overall supply. Density bonuses have the greatest impact in communities with moderate to high volume of residential development. Density bonuses can best incentivize building affordable units when the rent generated from the additional market-rate units adequately offsets the cost of the affordable units.

Programs with the strongest outcomes to date share similar conditions:

- Demand for affordable and market rate housing;
- Relatively low base heights or FARs, which provides greater added value to the bonuses;
- Ample opportunity to build higher story developments (e.g., along transportation corridors) or add gentle density within planned residential areas; and
- Offer bonuses that are economically feasible and attractive to developers.

Implementation considerations: For communities pursuing an density bonus program, the following basic steps should be considered:

Advantages and challenges. Potential advantages of a TDR program include:

- Jurisdictions can identify and approve receiving sites – limiting eligibility to purchase development rights to residential projects in areas where the city wishes to promote growth and where excess density can easily be accommodated.
- Eligible receiving zones may be established in advance of any development applications, allowing developers who purchase development rights to build at higher densities in these areas on an as-of-right basis.
- Communities can approve receiving sites on a case-by-case basis, as developers request permission to build at higher density, allowing for greater flexibility.

- TDR programs can be set up to allow development rights to be sold across jurisdictions. Regional programs help to address some of the natural imbalance that occurs in housing development by providing a mechanism to share resources across jurisdictions.
- Regional programs may also be a productive way for smaller localities or neighboring localities with very different property markets to work collaboratively to address differences in the development of affordable housing regionally.

Potential challenges of implementing a density bonus strategy include:

- A TDR Bank may be complex to administer. A local jurisdiction must consider how to set this up and, if necessary, in regional contexts, who has the responsibility and if there are any administration funding provisions.
- A case-by-case basis system increases flexibility but decreases transparency and predictability in the development process.

Interaction with other programs. Communities interested in creating a TDR program should be cognizant of how TDRs might interact with other affordable housing programs. For example, communities that adopt inclusionary policies often include or provide density bonuses. TDR program guidelines should specify the density allowances and affordability obligations for the subset of properties that qualify for both programs if implemented together.

Examples from other communities.

- Arlington County, VA
- King County, WA (TDR bank example)

Additional resources. Information for this factsheet was gathered from Local Housing Solutions. Additional resources to support development and implementation of TDRs are available here:

- Implementation
  - Smart Growth/Smart Energy Toolkit Bylaw: Transfer of Development Rights
  - Transfer of Development Rights Programs: Using the Market for Compensation and Preservation
- Program design
  - Unlocking the Right to Build: Designing a More Flexible System for Transferring Development Rights
  - Transfer of Development Rights Turns 40

Development Review Fees, Impact Fees, and Expedited Processes

Source: Colorado Department of Local Affairs, HB21-1271 Qualifying Strategy Guidance Fact Sheet.

Overview:

Local jurisdictions can charge developers a range of fees to offset the cost of development review and approval and help pay for expanding infrastructure and other public services related to the new development. Development review and permitting processes are in place to ensure compliance with local land use and zoning laws, building codes, and public health and safety standards. Reducing or waiving development fees and impact fees, as well as expediting the permitting and approval processes, can help incentivize the development of affordable housing or other high-priority community projects.

Impact:

Particularly in strong markets with high levels of construction activity and communities with high development or impact fees, expedited development review or the waiving of development fees can be effective at incentivizing affordable housing development. The reduction or elimination of these fees can help to make a developers' projects more financially viable, and an expedited review process can also help developers avoid project delays and unexpected costs. Both of these strategies may also be tied to other policies in place, such as inclusionary zoning requirements, to help offset added costs to developers.

Programs with the strongest outcomes to date share similar conditions:

- High-level of construction activity (e.g., strong demand for market and affordable housing) or where new development is anticipated;
- Relatively high impact and/or development fees;
- Adequate staff capacity that allows expedited permitting program to be successful without disrupting normal development review process; and
- Balance between making affordable housing development cost-effective for developers while preventing negative funding impacts on other community goals.

Implementation considerations: For communities pursuing this type of program, the following basic steps should be considered:

1. Are local housing market conditions (e.g., level of construction activity) conducive to make developers take advantage of these incentives?
2. Assess cost impact to the jurisdiction and how the revenue from that fee(s) is utilized. Are there other revenue sources available that might be able to cover shortfalls?
3. Does staff have capacity to handle influx of development applications on an expedited timeline? Is there administrative capacity to monitor the program and its effectiveness?

Define program criteria. In crafting the development fee reduction/waiver and expedited development review strategies, the community must determine:

- Whether the jurisdiction reduces or waives all development impact fees or a subset of fees, and availability of other revenue sources to offset those waivers. Similarly, for expedited development review, whether projects are eligible for all review processes to be expedited or just a subset (e.g., building permits and environmental review).
- What eligibility and affordability criteria must be met to qualify for fee waiver/reduction and/or expedited development review (e.g., number of units provided at a certain AMI%, length of time that units must remain affordable for projects).
- Whether fee waivers/reductions and expedited development review be as-of-right or reviewed on case-by-case basis (note: case-by-case is less predictable for developers and demands more administrative capacity).
- How fee waiver/reduction and expedited review applies to mixed-income developments, renovations, and/or conversion of non-residential property to affordable housing.
- Whether to apply a cap on number or annual amount of fee waivers/reductions.
- Capacity to monitor and administer program to ensure that units benefitting from waiver or expedited review are actually being used as specified in the agreement.

Advantages and challenges. Potential advantages of these strategies include:

- Improves the financial feasibility of the developer's project;
- Provides more certainty in the development process; and
- Provides affordable units at a certain AMI level that might not be produced otherwise. Potential challenges of implementing a development review fee waiver or expedited process include:

- Ensuring fee subsidy/reduction amounts and expedited development review are meaningful incentives for developers;
- Limited capacity for program administration and monitoring; and
- Reduced revenue for infrastructure expenses and other public services.

Examples from other Colorado communities.

- City of Commerce City (fee waiver)
- City of Fort Collins (fee waiver and expedited permitting)
- City of Longmont

Additional resources. Information for this factsheet gathered from Local Housing Solutions and National Housing Conference websites. Additional resources to support development and implementation of the fee waiver/reduction strategy are available here:

- Local Housing Solutions, Reduced or waived fees for qualifying projects
- National Housing Conference, Common revisions to Impact Fees
- New York University, School of Law, Vicki Been, Impact Fees and Housing Affordability

Resources for expedited review processes are available here:

- Local Housing Solutions, Expedited permitting for qualifying projects
- NAHB, Creating a separate process for expedited review

Develop and adopt an inclusionary housing ordinance

Source: Colorado Department of Local Affairs, HB21-1271 Qualifying Strategy Guidance Fact Sheet.

Overview:

Inclusionary zoning (IZ) policies provide for the development of dedicated affordable housing units for low- and moderate-income households in market rate housing. IZ programs generally stipulate that developers must either rent or sell a certain proportion of the units to households at specified AMIs. Some IZ programs help offset the cost of supplying affordable units by providing incentives (i.e., density bonuses, fee waivers, reduced parking requirements). The effectiveness of inclusionary housing policies depends on development volume, housing market conditions, and key aspects of program design.

Impact:

Inclusionary zoning policies have the greatest impact in communities with a high volume of residential development.

Programs with the strongest unit-production outcomes to date share similar conditions:

- IZ program is mandatory;
- Program offers incentives, such as expedited development review, fee waivers, density bonus, parking reductions, or other zoning variances;
- Allows developers flexibility in compliance in certain circumstances, such as partnering with an affordable housing provider to satisfy the IZ obligation or building off-site affordable units;
- Has an effective compliance mechanism and ability for eligible households to apply for units as they become available; and
- Requires long-term affordability

Implementation considerations: For communities pursuing an inclusionary zoning program, the following basic steps should be considered:

Compliance with Colorado state law. The Colorado legislature passed HB-1117 in 2021 that allows communities to impose inclusionary zoning for rentals under certain conditions https://leg.colorado.gov/bills/hb21-1117.

Current housing market conditions and local capacity. IZ policies are not likely to be successful in communities experiencing minimal or no growth. In growing smaller communities, capacity to administer the program should be assessed to ensure the effort is worth the return (e.g. number of affordable units produced). In both cases, it may be a more effective policy to adopt an IZ structure that encourages payment of a fee-in-lieu that can be used by jurisdictions and affordable housing partners for unit production.

Analyze economic feasibility of the policy. An economic feasibility study should inform the policy structure including unit contribution, AMI levels, development size threshold, value of cost offset incentive, and affordability period.

Define program criteria. In crafting the strategy, the community must determine:

- Whether the program will be mandatory or voluntary;
- Options for compliance (e.g., paying linkage fee or offsite affordable housing units);
- Whether the policy applies to rental units, homes for purchase, or both;
- Minimum project threshold that triggers IZ requirements (e.g., project size in terms of number of units, new total floor area, rehabilitation or conversion of non-residential buildings to residential);
- Percentage of affordable units required in the development (e.g., between 10-20%, based on project size; sliding scales to reach lower levels of AMIs);
- Affordability targets. These targets should be informed by the economic feasibility study. Many policies are targeted at 60-80% AMI renters and 80-120% AMI homeowners;
- Length of time affordable units must remain affordable (most IZ programs require units to remain affordable for at least 30 years);
- Common offsets available include density bonuses, zoning variances, and reduction in parking requirements;
- Whether IZ policy is applied to entire community or specific neighborhoods/areas; and
- How the program would be administered and monitored.

Advantages and challenges. Potential advantages of an inclusionary zoning policy include:

- Diversifying existing housing stock and providing affordable housing in a growing market.
- Encouraging affordable housing development in low poverty and high opportunity areas.
- Enhancing economic and racial integration. Guidance on how to incorporate racial equity into inclusionary housing programs can be found here.
- Leveraging private dollars over public dollars.

Potential challenges of implementing a density bonus strategy include:

- Potential controversy/opposition (e.g., pushback against public sector regulating private development).
- Administration/capacity to monitor development compliance with policy.
- Burden on development (e.g., developers might stop building if program design is not in sync with the housing market or responsive to developer needs).
- Income targeting (e.g., potential pushback from affordable housing advocates on program not targeting very low income households).

Examples from other Colorado communities.

- City of Longmont
- City of Glenwood Springs
- Town of Basalt
- Town of Carbondale (Section 5.11)
- Town of Mt. Crested Butte

Additional resources. Information for this factsheet gathered from Local Housing Solutions and Grounded Solutions Network. Additional resources to support development and implementation of the strategy are available below.

- Local Housing Solutions
- Grounded Solutions Network
- Lincoln Institute of Land Use Policy

Allow for and Promote Affordable and Flexible Housing Types *(Three Strategies)*

Source: Colorado Department of Local Affairs, HB21-1271 Qualifying Strategy Guidance Fact Sheet.

Overview:

The following guidance document incorporates three strategies: Integrating affordable housing into planned unit developments (PUDs); granting duplexes, triplexes and other appropriate multi-family options as a use by-right; and allowing affordable housing development as a use by right. All three of these strategies would modify zoning or other related processes to increase the supply of affordable and missing middle housing types.

- PUD ordinances allow developers to bypass existing zoning requirements in exchange for satisfying negotiated development criteria. Benefits of PUDs can include more holistic development; greater diversity of mixed-use buildings and housing types; lower infrastructure costs; planned open space and community facilities; streetscape improvements; and other community enhancements. Jurisdictions can require that PUDs include affordable housing or incentivize inclusion through density bonuses, fee waivers, and infrastructure support.
- Allowing duplexes, triplexes, or other appropriate multi-family options as a use by right would help diversify the housing options available to homeowners and renters, as well as provide more naturally affordable housing options.
- Allowing affordable housing developments as a use by right provides more certainty for developers and reduces the risks that affordable housing will be stalled by neighborhood opposition.

Impact:

The impact of each of these solutions depends on program design and local housing market conditions and needs. PUDs can provide affordable housing options that otherwise wouldn't be built, more efficient site design, and lower infrastructure and maintenance costs. Allowing duplexes, triplexes, and other multi-family options can help expand the availability of more naturally occurring affordable options in high-opportunity neighborhoods, encourage residential density and walkability, and provide more housing choices for households with a diversity of needs. Allowing affordable housing developments as a use by right will help temper potential opposition and bolster the availability of housing options for lower-income residents

Implementation considerations. For communities pursuing these strategies, the following steps should be considered:

- For PUDs, determine whether the jurisdictional ordinance will mandate or incentivize the inclusion of affordable housing options in the development. If the jurisdiction wants to provide incentives, they should consider strategies such as density bonuses, fee waivers, or infrastructure support. The jurisdiction must also decide how many affordable units must be provided and at what AMI levels, and how long those units must remain affordable. For ownership units, deed-restrictions, shared equity models, and land trusts should be used to ensure that the affordability carries forward to subsequent owners.
- In addition to allowing duplexes, triplexes, etc. as a use by right, the jurisdiction should also analyze if zoning and land use regulations could impede development of these housing types. For example, setbacks, FAR, minimum lot size or parking requirements might make development financially infeasible or discourage such development. Jurisdictions should also consider providing technical assistance or administrative support to small-scale developers who will most likely build these types of units, as well as assistance to households who would benefit the most from unit construction (e.g., down payment assistance for first time homebuyers). To ensure that the units-built result in housing for permanent residents and workforce and offer some level of affordability, jurisdictions should pair such policies with affordability covenants or deed restrictions; preference policies or first rights of refusal (in initial and subsequent sales); and regulate short-term rentals and second homeownership in the units.

Define program criteria. In crafting these strategies, the community must determine:

- What levels of affordability (% of total units, AMI level, and length of affordability) must be provided in the PUD;
- Whether PUDs will include set guidelines for affordability or if these requirements will be negotiated on a case-by-case basis;
- Whether current zoning restrictions must be amended to ensure development of duplexes, triplexes, and other multi-family housing options is not impeded;
- Whether the community has administrative capacity to provide technical assistance to small-scale developers; and
- Conditions to ensure long-term affordability. If appropriate mechanisms aren't put in place, increased risk that low-income families will have fewer affordable options and/or experience displacement.

Examples from other communities.

- City of Austin, TX
- San Miguel County
- Town of Mt. Crested Butte

Develop and adopt annexation policies that promote the development of affordable housing

Overview:

Annexation policies can include mechanisms to ensure the development of affordable housing as a part of the intended development process for the ensuing parcel of land.

Other programs to consider

- Land acquisition and entitlement programs
- Develop/incentivize creative partnerships
- Review and update minimum parking requirements for new affordable housing (IHOP funding qualifying strategy)

Appendix B – Additional Funding Mechanisms to Investigate

Appendix A provides background detail and examples for programs and strategies that support the physical development of housing. Specific attention was paid to provide similar information in each program and/or strategy for comparison's sake.

- Excise Tax on STR
- Property Tax
- Sales Tax
- Innovative Fees
    - Excise tax on large homes
    - Real Estate Transfer Tax (RETT)
- General Fund line item
- Demolition Tax
- Voluntary Real Estate Transfer Tax (RETT)
- Create a housing trust fund
- Develop a service sharing agreement within the region to fund projects – public, private partnerships; management of various properties; percentage of developer fees; LIHTC; HOME; and private activity bonds for specific projects.
- Implement/update commercial linkage fees – imposed on commercial construction based on the need for additional workforce housing that the development will generate
- Update developer impact fees – based on the assessed impact of new developments on the demand for housing
- Create or partner with a community land trust
- Dedicate funding to subsidize affordable housing infrastructure costs and fees (IHOP funding qualifying strategy) - https://drive.google.com/uc?export=download&id=1zBG4lxpY5Zzpel1q0GAkZ63VBkZeIofA
- Fee for service/membership model