

**FRUITA CITY COUNCIL
SPECIAL WORKSHOP
AUGUST 30, 2022
7:45 P.M.**

CALL TO ORDER

The workshop of the Fruita City Council was called to order at 7:45 p.m. by Mayor Joel Kincaid. City Council members present were Matthew Breman, Jeannine Purser, Ken Kreie and Amy Miller. Councilors Heather O'Brien and James Williams were excused absent.

City staff present were City Manager Mike Bennett, Assistant to the City Manager Shannon Vassen, City Clerk/Finance Director Margaret Sell, Deputy City Clerk Deb Woods, Planning and Development Director Dan Caris, and City Attorney Mary Elizabeth Geiger (appearing virtually).

AGENDA ITEMS

1. HOUSING WORKSHOP

Brian Duffany and Carson Bryant with Economic & Planning Systems (EPS) provided a PowerPoint presentation of their draft Housing Funding and Program Study, the purpose of which is to find a reliable funding source dedicated to improving access to housing in Fruita, especially for the local workforce. Highlights of the presentation included:

- In 2015, a household with 1.5 earners at the median wage of \$38,000 (\$18.26/hour) could afford the median priced home in Fruita, but home prices are about \$67,000 higher than what a median wage earner can afford currently.
- It is estimated that there are approximately 1,625 households in Fruita that are cost-burdened by housing.
- Establishing a funding source is a first step in creating a program to help address housing affordability.
- It is very important to take a proactive policy response to the need for affordable housing before it becomes unmanageable.
- Existing and future needs combined for housing units are estimated at 2,530 units over the next 20 years (127 units per year).
- \$10 million in investment funding is needed annually to meet the affordability gap.
- A proposed "Community Housing Fee" would be set at \$500 per sale of residential and commercial properties within the City of Fruita and would be collected at closing with the expectation that the fee would be split between the buyer and the seller.
- Annual revenue of the "Community Housing Fee" is estimated at \$212,500.
- Other potential funding options include:
 - Lodging tax
 - Occupational Privilege tax
 - Short-term rental fee
 - Transfers from the General Fund

- Revenue will exclusively be allocated to housing programs, generally divided into supply-side and demand-side programs, which include:
 - Down payment assistance
 - Buy downs
 - Incentives for accessory dwelling units (ADUs)
 - Land banking
 - Potential for other programs to arise as needed
- Expectation for revenue use include:
 - Occupancy terms: must occupy the unit as a long-term tenant or owner
 - Employment terms: priority for people who live and work in Fruita
 - Income terms: programs will be targeted at households between 60% and 120% of median income

The Council and staff took a break at 7:35 p.m. They returned to the meeting at approximately 7:45 p.m.

Attorney Dee Wisor with the law firm of Butler Snow, LLP gave a PowerPoint presentation concerning the topics of housing and Housing Authorities. The presentation was broken down into three main categories to include:

- Financing Residential Rental Housing
- Other Local Programs for Affordable/Workforce Housing
- Housing Authority Issues

Mr. Wisor talked about the need for the Council to identify the target market and prioritize the wide range of Area Median Incomes (AMI), consider a mixture of housing programs as opposed to a single approach and make a decision as to whether to pursue implementing a fee or not. He reviewed many details of examples of residential rental housing financing through local governments, developers and other entities such as school districts and housing authorities across the state. Mr. Wisor also provided information on other programs such as:

- Down payment assistance loan – revolving fund
- Buy down program – government purchases
- Deed restriction purchase – government pays owners to accept deed restriction
- Lease to locals – provides property managers and owners with cash incentives to convert their short-term rentals into seasonal and long-term rentals
- Land banking – governments buy land to hold for future housing
- Dedicated tax for housing (e.g., short-term rental/vacation rentals tax)

Concerning Housing Authorities, Mr. Wisor reviewed the following:

- Governance-Council vs. Appointed
- Act by Resolution
- Ability to do mortgage
- Ability to provide property/sales and use tax exemption
- Low income-workforce housing

- Not subject to TABOR

Council directed staff to work Mr. Wisor to proceed with a title Board process regarding a potential community housing fee for a long-term strategy at an estimated cost of \$15,000 - \$20,000, and to bring back recommendations for discussion on shorter term strategies including the potential of land banking, working with private developers and other partner housing agencies, and by-laws for the Fruita Housing Authority to function in a limited capacity in evaluating low income tax credit proposals with the City Council sitting as the board members.

2. OTHER

City Manager Mike Bennett provided the following updates:

- **Car Barn** - removal of trailers beginning ASAP and Animal control will coordinate with Grand Valley Pets Alive with anticipated migration of cats.
- **Room switches at the Civic Center** - The Historic Society is going to move to the Rotary Room; FWorks will move out of the Independence Room and into the Historical Society room that is connected to FWorks; and Rotary will meet in the Independence Room.
- **Parks & Open Space Impact Fee Study** - study is wrapped up and it is time for our consultant to present to Council the findings, recommendation on new fee, discussion of implementation (being mindful of current inflationary issues, other increased fees to development, and affordable housing issues), and feedback from engagement with the development community. We are planning for October 4 City Council meeting, but it is a full agenda—would like to poll Council tonight on possibility of a special workshop at 5:30 prior to the 7pm Council meeting Oct. 4 to cover this? This would not be the night Council is expected to make a decision, but to receive the report from the consultant and offer any feedback or questions before wrapping up that work and determining needed next steps.
- **Building Dept. contract** - We suggested changes to Mesa County to address the transition of bringing Building Inspections in-house in the renewal of the contract. Mesa County committed to not leaving any project hanging they are already working with when we take over but does not have time in their process to make significant contract changes. We agreed to a one-year contract with the 90-day notice for ending early and will have that on the consent agenda Tuesday, Sept. 6. The contract has been reviewed by the City Attorney.
- **North Fruita Desert Master Plan Build-out** - I need to quickly update Council on the FTAC meeting recommendation from last week and timeline on fundraising and construction.
- **Solar Farm Approved by Mesa County in Fruita urban growth boundary near 19 Rd.** - Dan can answer any questions you may have on this.
- **Upcoming Council Tours**

- **LVFD Tour** - Tuesday, Sept. 6 (before Council meeting) from 5:30 – 6:30 pm, tour of Lower Valley Fire District in Fruita (meet at the Fire Station, 168 Mesa St)
- **City Shops Tour** - Tuesday, Sept. 20 (before Council meeting) from at 6:00 pm, meet at City Shops, 900 Kiefer Ave.
- **2nd Wastewater Reclamation Facility** - TBD depending on schedules of those who have yet to tour it
- **Mountain Water Properties** - TBD dependent upon weather and schedules—difficult because takes just over one hour each way and 2-3 hours of touring

3. ADJOURN

With no further business before the Council, the Mayor adjourned the meeting at 9:41 p.m.

Respectfully submitted,

Debra Woods
Deputy City Clerk