



FRUITA
COLORADO

AGENDA ITEM COVER SHEET

TO: Mayor & City Council

FROM: Dan Caris, Planning Director

DATE: December 20, 2022

AGENDA TEXT: RESOLUTION 2022-41 – A Resolution authorizing the creation of the Fruita Housing Authority.

BACKGROUND

On December 21, 2021, City Council directed staff to initiate the process to formally create a housing authority to operate within the City of Fruita, and subsequently Resolution 2022-02 was approved by the City Council on January 24, 2022, at a Special Meeting. Since this time, Council has met in numerous workshops reviewing progress of the City's contracted housing study and discussing strategies related to addressing the housing needs for a range of 30 percent – 120 percent of the area median income (AMI).

On November 22, 2022, the Council directed the staff to amend the Resolution 2022-02 to appoint the City Council as the Housing Authority Board of Commissioners and narrow the charge of the Housing Authority. Those changes are reflected in the Resolution 2022-41 and will be further expanded on with the codification of the Housing Authority By-Laws, which is scheduled for January 3, 2023.

Housing Authority. The creation of a housing authority is a statutory process that includes the following:

- (1) a petition of 25 Fruita residents stating the need for a housing authority,
- (2) specific legal noticing provisions, and
- (3) conducting a public hearing process to make certain findings.

It is important to note that the previously listed items are separate from our City Charter and Municipal Code, which means this is a different process and result than the City's typical Boards and Commissions process. Once created the Fruita Housing Authority would function as a separate entity than the City.

Petition. A petition for creation of a City of Fruita Housing Authority was submitted to the City Clerk's office on January 7, 2022, at 2:15 p.m. The City Clerk's office has compared the signatures and addresses on the petition with utility billing records of the City and records of the Mesa County Assessor's Office and confirmed that the petition was signed by twenty-five residents of the City of Fruita. The City Clerks certification has been attached and made a part of the official record.

Findings. It is important to note that certain findings need to be determined to formally establish the creation of a housing authority. Many of these findings apply specifically to the petition and legal noticing of a public hearing, so members of the public are notified to participate in the process of determining the need for a housing authority to function in the City. Resolution 2022-41 contemplates items listed under Section 1 as the parameters by which findings are determined.

Section 1.D. There is a lack of safe or sanitary dwelling accommodations in the City available to the inhabitants thereof.

Economic Planning Systems has been retained to perform the necessary analysis surrounding housing needs for the local workforce, develop housing goals/policies, and determine the relationship between housing and real estate purchases and the need for affordable/workforce housing. As a result of their work, the following information appears as justification that there is a lack of sanitary dwelling accommodations in the City for the inhabitants thereof.

The American Community Survey (ACS) publishes estimates on the number of cost-burdened owner and renter households by income level in each census tract, with the most recent estimates coming from 2019.

Table 1. Cost-Burdened Households by AMI, Fruita, 2019

Cost burden by AMI (2019)		
	Total	% Total
Renter Households		
Under 30% AMI	459	91%
30% to 60% AMI	207	94%
60% to 80% AMI	108	65%
80% to 100% AMI	0	0%
100% to 120% AMI	0	0%
Above 120% AMI	<u>0</u>	<u>0%</u>
All Renter Households	775	52%
Owner Households		
Under 30% AMI	332	71%
30% to 60% AMI	149	45%
60% to 80% AMI	182	42%
80% to 100% AMI	94	22%
100% to 120% AMI	93	22%
Above 120% AMI	<u>0</u>	<u>0%</u>
All Owner Households	850	23%
Total Cost-Burdened HHs	1,625	31%
Half of Cost-Burdened HHs under 120%	813	

Source: U.S. Census ACS 5-year; Economic & Planning Systems

As shown in **Table 1**, 775 renter households and 850 owner households in Fruita are considered cost-burdened, equating to 31 percent of all households. Cost-burdened households are concentrated at the lower end of the income distribution, with 87 percent of renter households and 54 percent of owner households below 80 percent of AMI considered cost-burdened.

Table 2. Gap Estimate by Area Median Income Level

Description	Ann. Need	Per Unit Subsidy	Total Annual gap
AMI Category			
Under 30% AMI	24	Units \$180,000	\$4,344,000
30% to 60% AMI	37	Units \$140,000	\$5,235,000
60% to 80% AMI	16	Units \$100,000	\$1,596,000
80% to 100% AMI	20	Units \$60,000	\$1,210,000
100% to 120% AMI	16	Units \$50,000	\$812,000
Over 120% AMI	13	Units \$0	\$0
Total	126	Units \$104,000	\$13,200,000

Source: Economic & Planning Systems

The investment needed to address housing needs varies by income, so estimates of per-unit subsidy and total annual gap are calibrated by AMI level, as shown in

Table 2. This does not reflect any particular housing goal; it is merely a reflection of the capital needed.

FISCAL IMPACT

There is no specific fiscal impact with acting on Resolution 2022-41 creating a housing authority to operate in the City. However, as specific housing goals and programmatic details are established, it will in most cases come with some form of financial commitment. How that is accomplished is yet to be codified or created as a part of this process. This is the first step is determining how the City and/or other organizations can assist with creating more housing options for our workforce and community at large.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

Fruita in Motion: Plan like Local 2020 Comprehensive Plan

- Fruita is committed to a land use pattern and supporting policies that promote access to housing across the income spectrum of residents (p. 2)
- Allow and encourage a diversity of housing types to fit the needs of the Fruita community and provide the diverse “funky” character that is treasured by residents (p. 39)
- Housing choices close to jobs to support labor force (p. 46, graphic)
- The availability and cost of suitable rental housing was cited [as a factor in a workforce shortage] (p. 50)
- Support flexibility in zoning and the development of diverse housing types as part of an economic sustainability strategy (p. 58)

OPTIONS AVAILABLE TO THE COUNCIL

APPROVE, DENY, OR MODIFY RESOLUTION 2022-41, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRUITA AMENDING RESOLUTION NO. 2022-02 CONCERNING APPOINTMENT OF COMMISSIONERS TO THE HOUSING AUTHORITY BOARD