



FRUITA
COLORADO

AGENDA ITEM COVER SHEET

TO: MAYOR & CITY COUNCIL

FROM: MIKE BENNETT, CITY MANAGER

DATE: JULY 27, 2021

AGENDA TEXT: AFFORDABLE HOUSING DISCUSSION

BACKGROUND

As noted in the attached Fruita Profile, which was conducted by EPS during the comprehensive plan update, and the draft of the more recent Grand Valley Housing Needs Assessment, our area, including Fruita is experiencing rapidly increasing home prices, shortages of housing in general and serious issues with affordable housing. The City's comprehensive plan adopted in February 2020, Fruita in Motion identifies goals regarding affordable housing. City Council has begun conversations regarding this topic and requested to further discuss at this workshop.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The City has already taken steps towards goals in the comprehensive plan to address *'prioritizing infill development over development at the edge of the city limits'* and to *"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."* These break down further in chapter 3 Land Use + Growth of Fruita in Motion to policies and actions that include addressing affordable housing.

PURPOSE OF WORKSHOP DISCUSSION

This will be one of many discussions on the topic of affordable housing. The purpose of this threefold.

1. To briefly discuss the definition of affordable housing. Below are the definitions provided by the U.S. Department of Housing and Urban Development (HUD). It is important for City Council to discuss and consider what affordable housing for Fruita is, but we do not anticipate this to be effective to completely define affordable housing for the Fruita community as that will naturally be adjusted in the future after the City identifies what the outcomes and strategies to achieve those outcomes are.
2. To discuss existing models and strategies for creating affordable housing in communities. Staff will give a brief overview and introduce possible strategies that would be effective for Fruita. As background on the traditional strategies, attached are two publications from the Colorado Municipal League.
3. To identify next steps, discussions, research and possible guest speakers and topics for future meetings.

Glossary of Terms to Affordable Housing

Administrative Processes & Streamlining: Contains procedures by which developers receive permission to develop affordable housing. It includes the process for obtaining zoning changes, building permits, and occupancy permits. The topic also refers to receiving approvals from each government agency involved in the development process, as well as any required public hearings or citizen meetings. It includes both the pre-construction planning activities and the review activities that occur during construction.

Reference: www.huduser.org/rbc/categories.html

Affordable Housing: Affordable housing is generally defined as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.

Reference: www.hud.gov

Building and Housing Codes: State and local ordinances that prescribe certain minimum standards for construction, rehabilitation, or occupancy of affordable housing. It also relates to the acceptance or rejection of new building designs, materials, or technology intended to reduce the cost of affordable housing.

Reference: www.huduser.org/rbc/categories.html

Fair Housing and Neighborhood Deconcentration: This category refers to state and local laws that prohibit discrimination based on race, color, religion, sex, handicap, familial status, and national origin. It also refers to actions taken by state and local governments to enforce or evade these laws.

Reference: www.huduser.org/rbc/categories.html

Fees and Dedications: This category contains state and local requirements for the payment of fees, dedication of property, or installation of infrastructure to meet the increased demand on public services that result from a particular development.

Reference: www.huduser.org/rbc/categories.html

Housing Authority: Housing authorities are public corporations with boards appointed by the local government. Their mission is to provide affordable housing to low- and moderate-income people. In addition to public housing, housing authorities also provide other types of subsidized housing.

Reference: http://www.phada.org/ha_list.php

Impact Fees: Impact fees are imposed to charge the owners of newly developed properties for the "impact" the new development will have on the community. Fees can be used for such things as transportation improvements, new parks, and expansion of schools. Impact fees are not used to maintain existing facilities, but instead are used to create new facilities in proportion to the number of new developments in the area.

Reference: www.answers.com

Inclusionary Zoning: Usually practiced in urban areas, is planning communities and developments that will provide housing to all income brackets. Inclusionary zoning ordinances often require any new housing construction to include a set percentage of affordable housing units.

The positive aspects of Inclusionary zoning include the production of affordable housing at little cost to local government, the creation of income-integrated communities, and the lessening of sprawl. Negative aspects of inclusionary zoning may include shifting the cost of providing affordable housing, segmenting the upwardly mobile poor, and inducing growth.

Reference: www.answers.com

Land Trusts: A trust created to effectuate a real estate ownership arrangement in which the trustee holds legal and equitable title to the property subject to the provisions of a trust agreement setting out the rights of the beneficiaries whose interests in the trust are declared to be personal property.

Reference: www.answers.com

Low income Housing Tax Credit: Many for-profit and nonprofit-developed rental properties use these federal income tax credits. The Washington State Housing Finance Commission allocates these credits to developers to build or fix up low-income housing. Large corporations, institutions, pension funds, and insurance companies invest in the housing as a method to gain the tax credits and reduce their income tax obligations. These apartments serve residents below 60% of median income and must accept Section 8 vouchers.

Reference: www.phada.org/ha_list.php

Market Rate Rent: The prevailing monthly cost for rental housing. It is set by the landlord without restrictions.

Reference: www.phada.org/ha_list.php

Median Income: This is a statistical number set at the level where half of all households have income above it and half below it. The U.S. Department of Housing and Urban Development Regional Economist calculates and publishes this median income data annually in the Federal Register.

Reference: www.phada.org/ha_list.php

Nonprofit Housing: Nonprofit housing is developed by nonprofit corporations with a community board of directors and mission. Most housing developed by nonprofit housing developers is affordable with rents or prices below market-rate. Income generated from the housing is put back into the mission of the organization, rather than being distributed to stockholders or individual investors as would be the case in for-profit housing.

Reference: www.phada.org/ha_list.php

Nonprofit Housing Developer: A nonprofit organization with a mission that involves the creation, preservation, renovation, operation or maintenance of affordable housing.

Reference: www.phada.org/ha_list.php

Operating Subsidy: This is a type of subsidy going to property owners to reduce the management, maintenance and utility costs of housing. It is needed for projects housing extremely low-income residents who can't afford rents covering the actual costs of housing.

Reference: www.phada.org/ha_list.php

Planning & Growth Restrictions: This refers to barriers and solutions included relate to the process of developing a comprehensive land use plan and the restrictions placed on future development based on a map of the community. The topic also covers activities such as smart growth programs, sewer and building permit moratoriums, or requirements for fiscal impact studies.

Reference: www.huduser.org/rbc/categories.html

Rent Controls: Defined as state and local government actions that restrict rent increases or service fee charges to tenants.

Reference: www.huduser.org/rbc/categories.html

Redevelopment/ Infill: This refers to the rules under which abandoned or underused property is redeveloped. This topic includes inner city redevelopment, single lot infill, and brownfields redevelopment, as well as the process for obtaining the state and local government authorization to proceed with such work.

Reference: www.huduser.org/rbc/categories.html

Section 8 Housing: Many Section 8 contracts have expired or will expire soon, and the property owners must now decide whether to renew their contract or leave the program ("opt out"). Most of these contracts are now renewed on a one-year basis. Projects with high risk of opting out typically have rents set by the Section 8 contract below the prevailing market rents for comparable units. Owners thus have an incentive to leave the program and convert their property to private market rentals.

Reference: www.huduser.org/rbc/categories.html **Section 8 Vouchers:** This federal program is administered by the local housing authority. Eligible tenants receive vouchers they can use to help them pay for apartments in the private market.

Reference: www.huduser.org/rbc/categories.html

State and Local Tax Policies: Barriers and solutions which impact housing affordability, and include laws related to property taxes, tax assessments, transfer taxes, and sales taxes on building materials. It also refers to tax abatements or concessions and homestead exemptions.

Reference: www.huduser.org/rbc/categories.html

Subsidized Housing: A generic term covering all federal, state or local government programs that reduce the cost of housing for low- and moderate-income residents. Housing can be subsidized in numerous ways—giving tenants a rent voucher, helping homebuyers with down payment assistance, reducing the interest on a mortgage, providing deferred loans to help developers acquire and develop property, giving tax credits to encourage investment in low- and moderate-income housing, authorizing tax-exempt bond authority to finance the housing, providing ongoing assistance to reduce the operating costs of housing and others. Public housing, project-based Section 8, Section 8 vouchers, tax credits, the State Housing Trust Fund, and Seattle Housing Levy programs are all examples of subsidized housing. Subsidized housing can range from apartments for families to senior housing high-rises. Subsidized simply means that rents are reduced because of a particular government program. It has nothing to do

with the quality, location or type of housing. In fact, a number of Seattle's subsidized housing developments have received local and national design awards.

Reference: http://www.phada.org/ha_list.php

Zoning, Land Development, Construction and Subdivision Regulations: Rules and regulations that affect the use of land. It also contains rules and regulations that permit an owner to divide his land into smaller tracts. These activities include barriers, such as exclusionary zoning, as well as solutions, such as bonus density zoning. It also includes private restrictions on the use of property, such as deed restrictions.

Reference: www.huduser.org/rbc/categories.html

Content
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