

John Galusha, Chairman  
Arica Andreatta, Commissioner  
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## HUERFANO COUNTY GOVERNMENT BRIEFING MEMORANDUM

**Date:** February 27, 2024  
**To:** Huerfano County Board of County Commissioners  
**From:** Carl Young, County Administrator  
**Re:** Recommended Approach to Housing

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### **Introduction**

Workforce Housing is a critical need in Huerfano County. Lack of affordable and attainable housing is driving up the cost of living and making it difficult to attract and retain employees for the County as well as other public and private employers. At the same time the County lacks the capacity to become a housing developer. This lack of capacity is administrative, financial, and operational.

In order to begin to address housing as a critical need, and respect the County's current capacity limitations, I propose that our primary focus should be on developing permanent programs, particularly revolving loan funds and a land bank, that support and incentivize private sector housing development. We should also encourage and support at least one partner with becoming a housing developer and/or an owner/operator of rental properties.

### **Strategy**

The County should incrementally develop a portfolio of revolving loan funds primarily, but not limited to, the USDA Self-Help Housing program and DOLA CDBG Housing Rehabilitation program. I would focus the Self-Help program on Huerfano County and consider expanding the Housing Rehabilitation program to the wider region.

The County owns various random lots, primarily in Walsenburg and the Unincorporated parts of the County. We have discussed selling these for years, but keep running into capacity issues. I think we can finally get this done while helping expand housing. A land banking program would build an organized way to get these properties back on the tax rolls as more than just vacant land. For larger parcels, like our Gardner Project, the land banking program could go as far as extending utilities and subdividing property to create easily buildable lots.

I am currently undecided on if it is advisable for the County to build units for sale, and perhaps that might happen on a case by case basis. In general, we should help local partners or developers do the final building and delivery of units. However, in these early stages of building a housing ecosystem, we should play a larger role with the goal of helping our local partners build their capacity. By this I mean we should take on pre-development work and cautiously consider building units.

### **Recommendation**

To execute this approach, I recommend the following steps:

1. Apply for a Strong Communities Grant to build out the Revolving Loan Fund and Land Banking programs as well as update housing related portions of the Land Use Code.

2. Apply for a More Housing Now Grant to compete pre-development planning for the Gardner project.
3. Apply for a Local Planning Capacity grant to hire staff dedicated to the operation of the County's housing program. This program also covers benefits for the staff person.

### Financial Impact

The below table shows the financial breakdown for each grant. The source of the County match for all three programs is ARPA State and Local Recovery Funds. We currently have \$200,000 obligated for Countywide Housing programs. With the approach outlined above the County could de-obligate \$100,000 of those funds and re-obligate them to County General or another project.

<b>Grant Program</b>	<b>Match Required</b>	<b>Total Project</b>	<b>Grant Funding</b>	<b>County Funding</b>
<b>Strong Communities Grant</b>	10%	\$150,000	\$135,000	\$15,000
<b>More Housing Now</b>	25%	\$150,000	\$112,500	\$37,500
<b>Local Planning Capacity</b>	20%	\$162,000	\$129,600	\$32,400
<b>Total</b>		<b>\$462,000</b>	<b>\$377,100</b>	<b>\$84,900</b>

If these programs are successful we will need start-up capital. Those funds could come from County funds, whether that be ARPA funds we choose not to de-obligate or the Asset Management Corporation. We may also apply for grants from government entities and private foundations for that startup capital. As an example, our 2019 Housing Needs Assessment included a recommendation for a Housing Improvement Revolving Loan Fund that leveraged \$50K in County resources (cash, in-kind, and fee waivers) for an additional \$550K in start-up capital.

### Future Considerations

If you decide to direct Staff to execute the recommended approach, future Board actions will likely be necessary. Beyond approving applications and, hopefully, accepting awards I believe that it will be prudent to establish a Housing Board to oversee the operation of these programs. At present, my preference is that this Board would be established once we are ready to launch the programs. However, we could also establish the Board as a steering committee to work with the consultants funded by the grants. We can have this discussion now, or if we are awarded these grants.

### More Housing Now Alternative

I want to mention that the More Housing Now grant could also be used for Rio Cucharas Inn. While my preference would be to go after a grant for either Rio Cucharas or Gardner, we can apply for both in the same round. I recommended Gardner over Rio Cucharas for two primary reasons: (1) The Gardner Project has been studied and has a preliminary feasibility study, which might make it more competitive in the grant competition; and (2) while you have not made a formal decision on Rio Cucharas, I know there is at least some inclination towards selling the property and accepting a DOLA grant to study that project would, at least in my understanding, remove that option from the table. I am open to pursuing either or both, whichever the Board decides.