



CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Planning	Bill Almquist - Community Development Director	April 5, 2022

ITEM

Second Reading and Public Hearing for Ordinance No. 2022-05: An Ordinance of the City Council for the City of Salida, Colorado Amending Chapter 16, Articles IV, VI, and XIII of the Salida Municipal Code, Regarding Inclusionary Housing, To Further Promote the Development of Workforce Housing

BACKGROUND

Salida is experiencing a housing crisis unparalleled in recent history. The area's recent popularity, esp. amongst remote workers, short-term rental investors, vacation home owners and others with the financial means to relocate to the Arkansas River Valley has contributed to home prices rising sharply. The hot real estate market and subsequent acquisitions by these groups have left significantly fewer homes available for rent or purchase by the local workforce. Meanwhile, the pace of new home construction (esp. affordable/attainable units, both for-sale and rental) has not kept up with the demand, due to a variety of factors. The crisis is both one of supply as well as affordability and has put a significant stress on many local businesses who struggle to remain fully staffed, have had to reduce operational hours or, in some cases, have closed down altogether.

The City of Salida implemented an Inclusionary Housing (IH) ordinance in late 2018 in an attempt to increase the number of new homes available and affordable to the local workforce. To date, the policy has resulted in the commitments and/or on-the-ground construction of approximately 135 affordable housing units (expected over the next few years). In late 2021/early 2022, Planning Commission engaged in four separate work sessions in which a variety of potential updates to the current IH policies were discussed. Staff, per the request of the Planning Commission and at the invite of the Chaffee County EDC, also received additional input from local developers during a developers' working group meeting on February 2nd. The topics covered during these meetings included: having IH apply to additional land use applications types; offering dimensional standards incentives for IH projects in additional zone districts; amending the option of the fee-in-lieu of built affordable units; amending the percentage of affordable units required to be built; and deed-restricting IH units for a greater diversity of income levels in order to match the existing diversity of housing needs, not just at 80% AMI and below.

In regards to the last topic—whereas the current IH code only addresses affordability at 80% Area Median Income (AMI) and below, the overall housing need (as indicated in the Chaffee County Housing Needs Analysis and other subsequent analyses and surveys) covers a much broader range of income levels. By the end of 2021, the median sales price of a home in Chaffee County was approximately \$560,000—up from approximately \$430,000 just a year prior (an increase of



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over 30%). 2022 has shown no letting up thus far. This has put market homeownership out of reach for most of our local workforce. For reference, assuming a 10% down payment, a 3-bedroom \$560,000 home would only be “affordable” (allocating no more than 30% of annual income) to households earning approximately 180% AMI (for reference, that is a 4-person household making a minimum of \$132,300/year). Anecdotal information and other data indicates that there is an acute need for rental units up to at least 100% AMI (4-person household making \$73,500), and for-sale homes up to 160% AMI (4-person household making \$117,600).

The attached draft ordinance proposes a number of amendments to the Land Use Code that are intended to strike a balance between the enormous need for permanently affordable housing units of varying types and prices and the economic realities of developing property. Some of the most significant proposed amendments include the following:

- In addition to the land use application types that already apply, IH would also apply to all condo plats, duplex conversions, and multi-family residential projects of five (5) or more units;
- The required # of affordable units in an IH project would increase from 12.5% (1 out of 8) to 16.7% (1 out of 6);
- Per the authority of HB 21-1117, fees-in-lieu of built and deed-restricted affordable units would be eliminated as an option to satisfy IH requirements, except for minor projects (fewer than 6 units) and for “fractional units”. The fees-in-lieu formula would also likely change to be consistent with the new percentages and affordability levels.
- A broader array of deed-restricted price levels (coinciding with various AMI levels) for built affordable units could be used to satisfy the IH requirements:
 - ≤80% AMI and ≤100% AMI for rental projects
 - ≤120% AMI, ≤140% AMI, and ≤160% AMI for-sale projects
- Units deed-restricted at ≤ 60% AMI in rental projects would be worth 1.5 affordable units (not 2 as is currently allowed); units deed-restricted at ≤100% AMI in for-sale projects would also be worth 1.5 affordable units.
- For larger projects requiring multiple built affordable units, specific rules intended to create a diversity of affordability levels would be employed, and the average AMI across all built units would be set for both rental and for-sale projects.



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- Dimensional standards incentives for IH projects would be expanded to include the Medium-Density Residential (R-2) zone district.
- Certain language pertaining to resale restrictions would be relocated to the deed-restrictions themselves and directed by the Chaffee Housing Authority's Community Guidelines (forthcoming).

Overall, the intent of the new policies is to expedite the construction of units that are priced appropriately (and permanently deed-restricted) for a wider swath of the local workforce, while still providing developers with some level of flexibility and profit opportunity. Fees in lieu of such units, alone, are very unlikely to help build units as quickly, nor in the same numbers, because of the time-lag between fee collection and construction, the associated acquisition of property and entitlements, and myriad other obstacles to government-built housing.

FISCAL NOTE

The overall direct fiscal impact is anticipated to be minimal. Though contributions to the Inclusionary Housing Fund (via a fee-in-lieu) may increase as additional land use application types are made applicable to IH, the requirement to build affordable units as part of certain projects will also reduce the direct financial contributions. The indirect impacts are anticipated to be positive, as they should help with the long-term sustainability of area businesses and associated sales taxes.

PLANNING COMMISSION RECOMMENDATION

Planning Commission voted unanimously (7-0) to recommend approval the ordinance with the following amendments to the original proposal:

- The Area Median Income shall be based on Colorado Housing and Finance Administration (CHFA) numbers, not HUD numbers
- No studios above 120% AMI shall be allowed to satisfy IH requirements
- No one-bedroom units above 140% AMI shall be allowed to satisfy IH requirements
- The City and/or nonprofit affordable housing developer that may be dedicated land either within a project or off-site shall be required to build the minimum number of IH units as calculated.

All of these proposed amendments have been incorporated into the draft ordinance.



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SUGGESTED MOTION

A Council person should move to “Approve, on Second Reading, Ordinance No. 2022-05 to amend Chapter 16, Articles IV, VI, and XIII of the Salida Municipal Code regarding Inclusionary Housing, to further promote the development of workforce housing.”

Attachments:

Ordinance No. 2022-05

Chaffee County Housing Continuum Table (2021)

AMI Options Sample sheet

AMI Incomes and related rent and sales prices

Proof of Publication

Public Comment

CITY OF SALIDA, COLORADO
ORDINANCE NO. 05
(Series of 2022)

**AN ORDINANCE OF THE CITY COUNCIL FOR THE CITY OF SALIDA,
COLORADO AMENDING CHAPTER 16, ARTICLES IV, VI AND XIII OF THE
SALIDA MUNICIPAL CODE, REGARDING INCLUSIONARY HOUSING, TO
FURTHER PROMOTE THE DEVELOPMENT OF WORKFORCE HOUSING**

WHEREAS, the City of Salida, Colorado (the “City”) is a statutory city, duly organized and existing under the laws of the State of Colorado; and

WHEREAS, pursuant to C.R.S. § 31-23-301 *et seq.*, the City, by and through its City Council, possesses the authority to adopt and enforce zoning regulations; and

WHEREAS, under such authority, the City Council previously adopted regulations related to inclusionary housing, codified as Chapter 16, Article XIII of the Salida Municipal Code (the “Code”); and

WHEREAS, the City Council remains committed to the promotion of inclusionary housing, such that all residents and workforce have a meaningful opportunity to afford housing in the City; and

WHEREAS, increasing the percentage of dwelling units required to be affordable housing in certain new developments furthers this imperative given the recent changes in the market; and

WHEREAS, the number of new deed-restricted affordable housing units have not kept up with the amount recommended by the 2016 Chaffee County Housing Needs Analysis, and such needs have only intensified; and

WHEREAS, the housing market, especially over the last few years, has been impacted by unprecedented forces and demand focused on mountain communities such as Salida—forces such as the prevalence of remote workers, vacation home ownership, retirees relocating from outside the area, short-term rental ownership, and other factors; and

WHEREAS, the City of Salida recognizes the need for affordable housing across a greater diversity of income levels than is currently addressed by the inclusionary housing policy; and

WHEREAS, deed-restrictions are the primary tools to ensure permanent affordability—that units will not go from affordable to unaffordable with a simple sale of property; and

WHEREAS, the Planning Commission held a public hearing on these code changes on February 28, 2022, and recommends the amendments set forth in this Ordinance; and

WHEREAS, after consideration at a public hearing held on April 5, 2022, the City Council finds it desirable and appropriate, and in the best interest of the general health, safety, and welfare of its residents, workforce, local businesses and customers to amend Chapter 16 of the Code, as it relates to the promotion of inclusionary housing in the City.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL FOR THE
CITY OF SALIDA, COLORADO AS FOLLOWS:**

Section 1. The foregoing recitals are hereby incorporated as conclusions, facts, determinations, and findings by the City Council.

Section 2. Table 16-D of the Code, entitled “Schedule of Uses,” is hereby amended to read as follows:

TABLE 16-D Schedule of Uses									
N = Not Permitted P = Permitted AC = Administrative Conditional Use C = Conditional Use AR = Administrative Review LR = Limited Impact Review MR = Major Impact Review	R-1	R-2	R-3	R-4	RMU	C-2	C-1	I	Standards¹
Residential Uses									
...									
Residential (3 - 4 units)	N	AR	AR	AR	AR	AR	AR ³	AR ³	
Residential (5 - 19 units) ***	N	LR	AR	AR	LR	AR	LR ³	LR ³	
Residential (20 or more units) ***	N	MR	MR	MR	MR	MR	MR ³	MR ³	
...									
Notes: ¹ The standards referenced herein are in addition to all other applicable standards of this Land Use Code. ² Provided that State Health Code space and sanitation requirements are met. ³ An existing dwelling can be modified or rebuilt as a matter of right provided it is in conformance with the dimensional standards of Table 16-F. ⁴ Ground floor residential uses are limited in the Central Business Economic Overlay per Section 16-5-90. * The allowed use is conditional in the SH 291 Corridor Overlay (291 CO). Refer to Section 16-5-50 regarding the SH 291 Corridor (291 CO) District. **Any site or lot where more than two (2) temporary commercial activities or vendors are proposed must receive Limited Impact Review approval for the entire site. *** See Inclusionary Housing requirements of Section 16-13-20.									

Section 3. Table 16-F of the Code, entitled “Schedule of Dimensional Standards,” is hereby amended to read as follows:

TABLE 16-F
Schedule of Dimensional Standards

Dimensional Standard	R-1	R-2	R-3	R-4	RMU	C-1	C-2	I
Min. lot size (sq. ft.)	7,500	5,625 <u>5,063⁶</u> <u>3,750⁷</u>	5,625 5,063 ⁶ 3,750 ⁷	4,000 3,600 ⁶	5,625 5,063 ⁶ 3,750 ⁷	5,625 5,063 ⁶ 3,750 ⁷	N/A	5,625
Density (Lot s.f./Min. lot area per principal dwelling unit)	3,750	3,125 <u>2,734⁶</u>	2,400 2,100 ⁶	2,400 2,100 ⁶	3,125 2,734 ⁶	2,800 2,450 ⁶	N/A	2,800
Min lot size (sq. ft.) - attached units	N/A	3,125 <u>2,812⁶</u>	2,400 2,160 ⁶	2,400 2,160 ⁶	3,125 2,812 ⁶	2,800 2,520 ⁶	N/A	2,800
Min. lot frontage	50'	37' – 6" <u>25 ft⁷</u>	37' – 6" 25 ft ⁷	37' – 6" 25 ft ⁷	37' – 6" 25 ft ⁷	37' – 6" 25 ft ⁷	No Req.	37' – 6"
Min. lot frontage – attached units	N/A	20'	15'	15'	20'	20'	N/A	20'
Max. lot coverage: structures (additive coverage total for structures and uncovered parking cannot exceed 90% except in C-2)	35%	40% <u>45%⁶</u>	45% 50% ⁶	45% 50% ⁶	45% 50% ⁶	60% 66% ⁶	100% ³	60%
...								

Notes:

- 1 If a property does not utilize the zero setback allowance, the minimum landscape area shall be ten percent (10%).
- 2 If the property adjoins a residential zone district, setbacks on the side and rear lot line shall be the same as those in the residential zone.
- 3 Existing structures are not required to meet off-street parking requirements. New structures and additions shall meet off-street parking requirements.
- 4 A covered porch may encroach into the front yard setback by twenty-five percent (25%).
- 5 If a front-loaded garage is set back at least ten (10) feet behind the primary street-facing building façade, the lot coverage between the garage entrance and the primary, street-facing building façade shall not be included in the calculation of lot coverage for uncovered parking/access.
- 6 Standards for inclusionary housing development per Section 16-13-50.
- 7 15% of the single-family lots within an inclusionary housing development may be 25 feet X 150 feet.
- 8 See Sec. 16-4-190(c) for a description of side lot line setbacks for all accessory buildings, including ADUs.

Section 4. Section 16-6-60 of the Code, concerning duplex conversion subdivisions, is hereby amended to read as follows:

Sec. 16-6-60. – Duplex conversion subdivision.

A duplex conversion subdivision is generally subject to the administrative review process established in Article III of this Chapter. The subdivision of a single lot on which an existing duplex dwelling is located or is constructed, into two (2) separate lots will be approved if all of the following conditions have been met:

...

(6) Inclusionary Housing. Duplex conversion subdivisions must meet the requirements of Article XIII, Inclusionary Housing.

Section 5. Section 16-6-100 of the Code, concerning condominiums, is hereby amended to read as follows:

Sec. 16-6-100. - Condominiums.

...

(c) Condominium plats ~~including five (5) units or greater~~ must meet the requirements of Article XIII, Inclusionary Housing.

Section 6. Section 16-13-20 of the Code, concerning general inclusionary housing requirements, is hereby amended to read as follows:

Sec. 16-13-20. - General inclusionary housing requirements.

(a) Any application brought under the annexation or planned development sections of this Code; condominium plats of ~~five (5) units or greater~~ **any size; duplex conversion subdivisions;** and minor and major subdivision sections of this Code, **as well as multi-family residential projects of five (5) or more units is are** required to include at least ~~twelve and one-half (12.5)~~ **sixteen and seven tenths (16.7)** percent of the total number of residential dwelling units as affordable dwelling units, **pursuant to requirements set forth in this Article, and** subject to the following standards:

(1) The prices for sale or rents charged for permanently affordable priced dwelling units shall not exceed a price that is affordable to a household earning ~~eighty (80) percent~~ **the applicable percentage** of Area Median Income (AMI) for Chaffee County as defined annually by the ~~United States Department of Housing and Urban Development (HUD)~~ **Colorado Housing Finance Authority (CHFA), at the time of such unit is sold or rented, and as further specified in Sections 16-13-60 and 16-13-70.**

...

(4) The proportion of required affordable units, whether for-sale or rental, shall follow the proportion of for-sale and rental market rate units. For example, if the project includes 100% for-sale units, then 100% of the required affordable units shall be for-sale units. If the project includes 50% for-sale units and 50% rental units, that same percentage of for-sale and rental affordable units shall be provided.

(e) Deed Restriction Required. No person offering an affordable dwelling unit for rent or sale

pursuant to this Article shall fail to lawfully reference in the grant deed conveying title of any such unit, and record with the County Recorder, a covenant or declaration of restrictions in a form provided and approved by the City Attorney and applicable Housing Authority. Such covenant or declaration of restrictions shall reference applicable contractual arrangements, restrictive covenants and resale restrictions as are necessary to carry out the purposes of this Article.

(g) Required Agreements. Those applicants creating residential developments under this Chapter shall enter into an inclusionary housing development agreement with the City Council. Such agreements may be part of a development agreement, annexation agreement or subdivision agreement and shall document how the applicant will meet the requirements of this Article including:

(1) Defining the inclusionary housing development including the total number of units; the total number of affordable housing units required; and the total number of affordable housing units provided; ~~and~~

(2) The application of allowed density, parking and development standards allowed for projects that provide one hundred (100) percent of the inclusionary housing requirements, as provided in Section 16-13-50; ~~and~~

(3) Design standards to assure the affordable units will be comparable to market rate units and are integrated into the development; ~~and~~

(4) The requirement that each required affordable housing unit must receive its certificate of occupancy before development of every sixth market-rate housing unit within the development, unless an alternative schedule is approved by the City; and

~~(4)~~ (5) The restrictive covenants and additional agreements, in a form acceptable to the City, as necessary to carry out the purposes of this Article.

(h) Accessory dwelling units shall not be considered inclusionary housing for the purpose of compliance with the requirements of this Article.

Section 7. Section 16-13-30 of the Code, concerning options for satisfaction of the inclusionary housing requirement, is hereby amended to read as follows:

Sec. 16-13-30. - Options for satisfaction of inclusionary housing requirement.

An applicant may seek an alternative to providing the required percentage of affordable housing under this Article by any of the following methods:

(a) Providing the Required Housing Off-Site. This may be met only through the dedication of land to the City or a qualified non-profit housing developer for the required development of such units as approved by the City, with the guarantee that the land to be dedicated will allow for, and be developed with ~~the number of required affordable housing~~ a minimum number of twenty-five percent (25%) of the total units in the subject development as affordable housing.

(b) Dedicating Land Within the Project. **Provided it is large enough and located appropriately to accommodate at least the minimum number of required affordable units,** Land within a project may be dedicated to the City or a qualified non-profit housing developer **for the required development of such units,** as approved by the City. The units to be built within the project shall be comparable to the market rate housing units in exterior finish and design to blend into the overall project.

(c) Paying a fee in lieu of providing units as defined in Section 16-13-40. **This alternative is only available if the calculation for inclusionary housing results in a fraction of a dwelling unit or if the development is for five (5) units or less.**

(d) Providing fewer units, but which are affordable to households earning sixty (60) percent or less of the AMI for Chaffee County **for rental projects, or one hundred (100) percent or less of the AMI for Chaffee County for for-sale projects.** For the purposes of this option, an affordable dwelling unit **at the above AMI levels** ~~sixty (60) percent or less AMI~~ shall equal ~~two (2)~~ **one and one half (1.5) inclusionary housing** units at **any other AMI level specified in Sections 16-13-60 and 16-13-70 below.** ~~eighty (80) percent or less AMI.~~

Section 8. Section 16-13-40 of the Code, concerning the in-lieu fee, is hereby amended to read as follows:

Sec. 16-13-40. - In-lieu fee.

If an applicant chooses to pay an in-lieu fee **is permitted and chosen** for all or part of the inclusionary housing required for the project, the fee shall be calculated as described in the City's fee schedule, established, adopted and amended by City Council from time to time, and be due ~~no later than issuance of the building permit~~ **prior to issuance of the certificate of occupancy.**

Section 9. Section 16-13-50 of the Code, concerning density, parking, and development standards for inclusionary housing developments, is hereby amended to read as follows:

Sec. 16-13-50. – Density, parking and development ~~standards~~ incentives for inclusionary housing developments.

Residential development within the zoning districts of C-1, ~~R-2~~, R-3, R-4 and RMU; and portions of a planned development with the underlying zoning districts of C-1, ~~R-2~~, R-3, R-4 and RMU; that are subject to inclusionary housing development requirements and are providing one hundred (100) percent of the required affordable housing within the development, may increase the allowed density and utilize the lowered dimensional standards stated in Table 16-F, Schedule of Dimensional Standards, within these districts and utilize the reduced parking requirements for multi-family dwellings stated in Table 16-J, Off-Street Parking Standards by Use. To ensure the integration of the affordable residential units into the development, these standards shall apply to all of the residential units **of the subject development** within parcels with the above zoning or underlying zoning, that include a minimum of ~~twelve and one-half (12.5)~~ **sixteen and seven tenths (16.7)** percent affordable housing.

Section 10. Section 16-13-60 of the Code, concerning program requirements for for-sale units, is hereby amended to read as follows:

Sec. 16-13-60. - Program requirements for for-sale units.

(a) Affordable Unit Price. The prices charged for any affordable priced dwelling units shall not exceed ~~a price that is affordable to a household earning greater than what is affordable to households earning one hundred twenty percent (120%), one hundred forty percent (140%), or one hundred sixty percent (160%)~~ eighty (80) percent of the Area Median Income (AMI) for Chaffee County. Furthermore, for-sale affordable units shall be subject to the following additional requirements:

- (1) The average sales price of all affordable housing units shall not exceed a price affordable to households earning one hundred forty percent (140%) or less of the AMI for Chaffee County; and
- (2) For projects providing multiple affordable units, and to create parity across levels of affordability, the total number of affordable units deed-restricted at one of the applicable AMI levels shall not exceed the total number of affordable units deed-restricted at any of the other applicable AMI levels by more than one unit.
- (3) Studio units above one hundred twenty percent (120%) AMI for Chaffee County and one bedroom units above one hundred forty percent (140%) AMI for Chaffee County shall not be eligible to satisfy inclusionary housing requirements.

(a) Approved Purchasers for Affordable Dwelling Units. A developer or owner shall sell to a qualified purchaser after completing a good faith marketing and selection process approved by the City and applicable Housing Authority. ~~according to the housing administrative regulations.~~

(b) Sale Restriction. No person shall sell an affordable dwelling unit except to a person that meets the income, asset and other eligibility requirements of this Article or any asset and income eligibility requirement that is included in any applicable contract, covenant or declaration of restrictions or any other agreements to which the City is a party or beneficiary.

(c) Resale Restrictions. All affordable ownership dwelling units developed under this Article shall be subject to the following resale restrictions: itemized within the deed restriction required pursuant to Section 16-13-20(e).

~~(1) Approved Purchasers. A seller of an affordable dwelling unit must select an income-eligible purchaser by a method that complies with the good faith marketing and selection process defined by the housing administrative regulations. All purchasers of affordable dwelling units shall be part of program eligible households.~~

~~(2) Resale Price. The resale price of any affordable dwelling unit shall not exceed the purchase price paid by the owner of that unit with the following exceptions:~~

~~a. Closing Costs. Customary closing costs and costs of sale, which may include customary realtor fees, as reviewed and approved by the City Administrator.~~

~~b. Permanent Capital Improvements. Consideration of eligible permanent capital~~

~~improvements installed by the seller that have been approved in advance by the City Administrator in accordance with rules or administrative guidance established by the City Administrator.~~

- ~~e. Resale Price. The resale price may include an inflationary factor or shared appreciation factor as applied to the original sale price pursuant to rules as may be established by the City Administrator to provide for such consideration. In developing rules, the City Administrator may consider the purposes of this Article, common private, nonprofit and governmental lending practices, as well as any applicable rules or guidelines issued by federal or state agencies affecting the provision or management of affordable housing. In the event that the City has not adopted rules that contemplate a particular arrangement for the use of an inflationary factor or shared appreciation factor, the City Administrator is authorized to approve a resale price formula that is consistent with the purposes of this Article, common private, nonprofit and governmental lending practices, as well as any applicable rules or guidelines issued by federal or state agencies affecting the provision or management of affordable housing.~~
- ~~(3) Special Fees. The seller of an affordable dwelling unit shall neither levy nor charge any additional fees or any finder's fee nor demand any other monetary consideration other than provided in this Article.~~
- (e) Ownership Associations. When accepting a for-sale unit as meeting the inclusionary housing obligation, the City Administrator **and/or applicable Housing Authority** will review the condominium association declarations to assess the impact on buyers of affordable units. The City Administrator **and/or applicable Housing Authority** is authorized to establish rules regarding allowable terms in condominium declarations in order to ensure that the purposes of this Article are accomplished.
- (f) Rental Restriction. The owner of an affordable unit may rent the unit to an income eligible renter by a method that complies with the administrative regulations **and/or applicable deed restriction. At no point shall such rent price exceed a price that is affordable to a household earning one hundred percent (100%) of the Area Median Income (AMI) for Chaffee County, as defined annually by CHFA.**

Section 11. Section 16-13-70 of the Code, concerning program requirements for rental units, is hereby amended to read as follows:

Sec. 16-13-70. - Program requirements for rental units.

Maximum Rent. Rents charged for ~~any~~ affordable units ~~in any one (1) development must be~~ **shall not exceed a price greater than what is** affordable to households earning ~~no more than eighty percent (80%) percent~~ **or one hundred percent (100%)** of the AMI **for Chaffee County, as defined by CHFA** ~~as approved in the agreement. Furthermore, affordable rental units shall be subject to the following additional requirements:~~

- (a) At least fifty percent (50%) of all provided units shall be rented at prices affordable to households earning eighty percent (80%) or less of the AMI for Chaffee County.**
- (b) Studio units rented above eighty percent (80%) AMI for Chaffee County shall not be eligible to satisfy inclusionary housing requirements.**

Section 12. *Severability.* The provisions of this ordinance are severable and the invalidity of any section, phrase, clause, or portion of the ordinance as determined by a court of competent jurisdiction shall not affect the validity or effectiveness of the remainder of the ordinance.

INTRODUCED ON FIRST READING on this 15th day of March, 2022, ADOPTED and ORDERED PUBLISHED IN FULL in a newspaper of general circulation by the City Council on this ____ day of _____, 2022, and set for second reading and public hearing on the 5th day of April, 2022.

INTRODUCED ON SECOND READING FINALLY ADOPTED and ORDERED PUBLISHED BY TITLE ONLY, by the City Council on this 5th day of April, 2022.

City of Salida

Mayor Dan Shore

ATTEST:

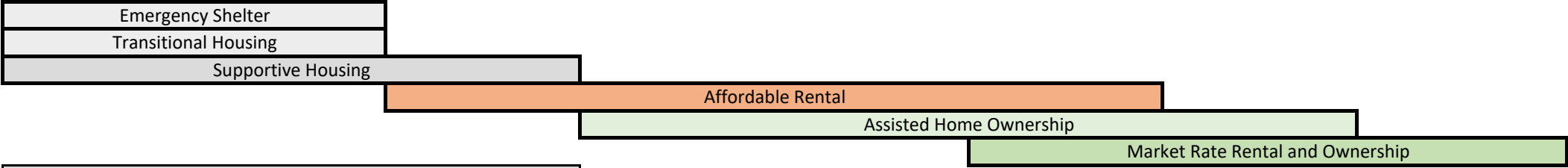
City Clerk/Deputy City Clerk

Chaffee County Housing and Income Continuum Data (2021) (CDLE)

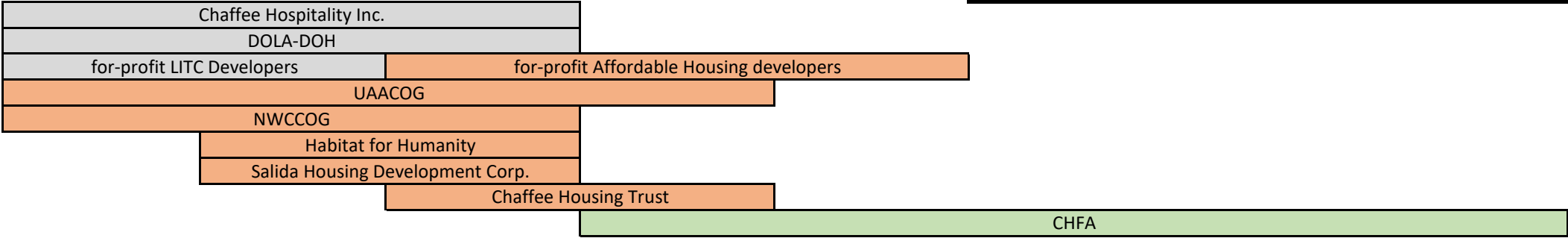
Income Level as % of AMI
Chaffee County Annual Income
Hourly wage based on 2,080
hours/year (fulltime, year-round
% of Chaffee County Workforce
Affordable Housing

Less than 30%	31 - 50%	51% - 60%	61% - 80%	81% - 100%	101% - 120%	120% - 200%	Over 200%
Less than \$15,450	\$15,451 to \$25,750	\$25,751 to \$30,900	\$30,901 to \$41,200	\$41,201 to \$51,500	\$51,501 to \$61,800	\$61,801 - \$103,000	Over \$103,000
Less than \$7.43/hr (often SSI/SSDI)	\$7.43 to \$12.38/hr (CO Min Wage =	\$12.38 to \$14.86/hr	\$14.86 to \$19.81/hr	\$19.81 to \$24.76/hr	\$24.76 to \$29.71/hr	\$29.71 to \$49.52/hr	More than \$49.52/hr
9.0%	12.9%	10.1%	16.9%	15.8%	12.3%	16.1%	0.1%
Less than \$386/mo	\$386 to \$644/mo	\$644 to \$773/mo	\$773 to \$1030/mo	\$1030 to \$1288/mo	\$1288 to \$1545/mo	\$1545 to \$2575/mo	\$2575/mo and up

Housing Type



Partners



Sources

1 - Colorado Department of

Options for Satisfying IH Affordable Unit Requirements: Rental Project

	Required # of Affordable Units	80% AMI Units \$1030/Studio \$1103/1BD \$1324/2BD \$1529/3BD	100% AMI Units ----- \$1378/1BD \$1655/2BD \$1911/3BD	
	1	X		
	2	X	X	
	3	X	X	
	4	X	X	
	5	X	X	
	6	X	X	
	7	X	X	
	8	X	X	
	Totals	4	4	
	* At least 50% of all affordable rental units provided shall be deed-restricted at ≤ 80% AMI.			
	** No studio units shall be allowed at above 80% AMI.			
	*** Units deed-restricted at ≤ 60% AMI shall be worth 1.5 required units			
	Highlights represent theoretical built units per the above requirements for a hypothetical 48-unit rental project where the required # of affordable units is 1 out of 6 (16.7%).			

Required # of Affordable Units	120% AMI Units \$237K/Stdio \$258K/1BD \$324K/2BD \$385K/3BD \$437K/4BD	140% AMI Units ---- \$313K/1BD \$389K/2BD \$460K/3BD \$522K/4BD	160% AMI Units ---- ---- \$455K/2BD \$536K/3BD \$607K/4BD
1	X	X	
2	X	X	X
3	X	X	X
4	X	X	X
5	X	X	X
6	X	X	X
7	X	X	X
8	X	X	X
Totals	3	3	2

* The average AMI price of all built affordable units shall not exceed 140% AMI; and the number of affordable units at any one AMI level shall not exceed the number of affordable units at any other AMI level by more than one unit (in order to ensure parity across the AMI levels provided).

** No studio units shall be allowed at above 120% AMI; and no 1BD units shall be allowed at above 140% AMI.

*** Units deed-restricted at $\leq 100\%$ AMI shall be worth 1.5 required units.

Highlights represent theoretical provided units per the above requirements for a hypothetical 48-unit for-sale project where the required # of affordable units is 1 out of 6 (16.7%).

2021 CHAFFEE COUNTY AREA MEDIAN INCOME (AMI)

Household size	<u>30%</u>	<u>50%</u>	<u>60%</u>	<u>80%</u>	<u>100%</u>	<u>120%</u>	<u>140%</u>	<u>160%</u>	<u>180%</u>	<u>200%</u>
1 person	\$15,450	\$25,750	\$30,900	\$41,200	\$51,500	\$61,800	\$72,100	\$82,400	\$92,700	\$103,000
1.5 person	\$16,545	\$27,575	\$33,090	\$44,120	\$55,150	\$66,180	\$77,210	\$88,240	\$99,270	\$110,300
2 person	\$17,640	\$29,400	\$35,280	\$47,040	\$58,800	\$70,560	\$82,320	\$94,080	\$105,840	\$117,600
3 person	\$19,860	\$33,100	\$39,720	\$52,960	\$66,200	\$79,440	\$92,680	\$105,920	\$119,160	\$132,400
4 person	\$22,050	\$36,750	\$44,100	\$58,800	\$73,500	\$88,200	\$102,900	\$117,600	\$132,300	\$147,000
4.5 person	\$22,935	\$38,225	\$45,870	\$61,160	\$76,450	\$91,740	\$107,030	\$122,320	\$137,610	\$152,900
5 person	\$23,820	\$39,700	\$47,640	\$63,520	\$79,400	\$95,280	\$111,160	\$127,040	\$142,920	\$158,800
6 person	\$25,590	\$42,650	\$51,180	\$68,240	\$85,300	\$102,360	\$119,420	\$136,480	\$153,540	\$170,600
7 person	\$27,360	\$45,600	\$54,720	\$72,960	\$91,200	\$109,440	\$127,680	\$145,920	\$164,160	\$182,400
8 person	\$29,130	\$48,550	\$58,260	\$77,680	\$97,100	\$116,520	\$135,940	\$155,360	\$174,780	\$194,200

MAXIMUM AFFORDABLE MONTHLY RENT (Per CHFA, inc. utilities)

	<u>30%</u>	<u>50%</u>	<u>60%</u>	<u>80%</u>	<u>100%</u>	<u>120%</u>	<u>140%</u>	<u>160%</u>	<u>180%</u>	<u>200%</u>
Studio (1 person)	\$386.25	\$643.75	\$772.50	\$1,030.00	\$1,287.50	\$1,545.00	\$1,802.50	\$2,060.00	\$2,317.50	\$2,575.00
1 bed (1.5 person)	\$413.63	\$689.38	\$827.25	\$1,103.00	\$1,378.75	\$1,654.50	\$1,930.25	\$2,206.00	\$2,481.75	\$2,757.50
2 bed (3 person)	\$496.50	\$827.50	\$993.00	\$1,324.00	\$1,655.00	\$1,986.00	\$2,317.00	\$2,648.00	\$2,979.00	\$3,310.00
3 bed (4.5 person)	\$573.38	\$955.63	\$1,146.75	\$1,529.00	\$1,911.25	\$2,293.50	\$2,675.75	\$3,058.00	\$3,440.25	\$3,822.50
4 bed (6 person)	\$639.75	\$1,066.25	\$1,279.50	\$1,706.00	\$2,132.50	\$2,559.00	\$2,985.50	\$3,412.00	\$3,838.50	\$4,265.00

MAXIMUM SALES PRICE AFFORDABILITY GUIDELINES FORMULA

≤100% Subtract \$250 from affordable monthly rents for taxes, insurance and HOA = principle & interest payment

>100% Subtract \$350 from affordable monthly rents for taxes, insurance and HOA = principle & interest payment

	<u>30%</u>	<u>50%</u>	<u>60%</u>	<u>80%</u>	<u>100%</u>	<u>120%</u>	<u>140%</u>	<u>160%</u>	<u>180%</u>	<u>200%</u>
Studio (1 person)	\$136.25	\$393.75	\$522.50	\$780.00	\$1,037.50	\$1,195.00	\$1,452.50	\$1,710.00	\$1,967.50	\$2,225.00
1 bed (1.5 person)	\$163.63	\$439.38	\$577.25	\$853.00	\$1,128.75	\$1,304.50	\$1,580.25	\$1,856.00	\$2,131.75	\$2,407.50
2 bed (3 person)	\$246.50	\$577.50	\$743.00	\$1,074.00	\$1,405.00	\$1,636.00	\$1,967.00	\$2,298.00	\$2,629.00	\$2,960.00
3 bed (4.5 person)	\$323.38	\$705.63	\$896.75	\$1,279.00	\$1,661.25	\$1,943.50	\$2,325.75	\$2,708.00	\$3,090.25	\$3,472.50
4 bed (6 person)	\$389.75	\$816.25	\$1,029.50	\$1,456.00	\$1,882.50	\$2,209.00	\$2,635.50	\$3,062.00	\$3,488.50	\$3,915.00

Use interest rate of **5.39%*** to calculate max affordable sales price, divide by .90 for a 90% LTV

*** subject to change year to year**

	<u>30%</u>	<u>50%</u>	<u>60%</u>	<u>80%</u>	<u>100%</u>	<u>120%</u>	<u>140%</u>	<u>160%</u>	<u>180%</u>	<u>200%</u>
Studio (1 person)	\$26,990.03	\$77,998.71	\$103,503.05	\$154,511.73	\$205,520.40	\$236,719.89	\$287,728.57	\$338,737.24	\$389,745.92	\$440,754.60
1 bed (1.5 person)	\$32,412.80	\$87,036.65	\$114,348.58	\$168,972.44	\$223,596.30	\$258,410.96	\$313,034.81	\$367,658.67	\$422,282.53	\$476,906.38
2 bed (3 person)	\$48,829.67	\$114,398.10	\$147,182.32	\$212,750.76	\$278,319.20	\$324,078.44	\$389,646.88	\$455,215.31	\$520,783.75	\$586,352.19
3 bed (4.5 person)	\$64,057.99	\$139,778.64	\$177,638.96	\$253,359.61	\$329,080.26	\$384,991.72	\$460,712.37	\$536,433.02	\$612,153.67	\$687,874.32
4 bed (6 person)	\$77,206.34	\$161,692.56	\$203,935.67	\$288,421.89	\$372,908.11	\$437,585.13	\$522,071.35	\$606,557.57	\$691,043.79	\$775,530.01

Effective 11/18/2021

THESE FIGURES ARE SUBJECT TO CHANGE WITHOUT NOTICE

CITY OF SALIDA, COLORADO

ORDINANCE NO. 05

(Series of 2022)

AN ORDINANCE OF THE CITY COUNCIL FOR THE CITY OF SALIDA, COLORADO AMENDING CHAPTER 16, ARTICLES IV, VI AND XIII OF THE SALIDA MUNICIPAL CODE, REGARDING INCLUSIONARY HOUSING, TO FURTHER PROMOTE THE DEVELOPMENT OF WORKFORCE HOUSING

WHEREAS, the City of Salida, Colorado (the "City") is a statutory city, duly organized and existing under the laws of the State of Colorado; and

WHEREAS, pursuant to C.R.S. § 31-23-301 *et seq.*, the City, by and through its City Council, possesses the authority to adopt and enforce zoning regulations; and

WHEREAS, under such authority, the City Council previously adopted regulations related to inclusionary housing, codified as Chapter 16, Article XIII of the Salida Municipal Code (the "Code"); and

WHEREAS, the City Council remains committed to the promotion of inclusionary housing, such that all residents and workforce have a meaningful opportunity to afford housing in the City; and

WHEREAS, increasing the percentage of dwelling units required to be affordable housing in certain new developments furthers this imperative given the recent changes in the market; and

WHEREAS, the number of new deed-restricted affordable housing units have not kept up with the amount recommended by the 2016 Chaffee County Housing Needs Analysis, and such needs have only intensified; and

WHEREAS, the housing market, especially over the last few years, has been impacted by unprecedented forces and demand focused on mountain communities such as Salida—forces such as the prevalence of remote workers, vacation home ownership, retirees relocating from outside the area, short-term rental ownership, and other factors; and

WHEREAS, the City of Salida recognizes the need for affordable housing across a greater diversity of income levels than is currently addressed by the inclusionary housing policy; and

WHEREAS, deed-restrictions are the primary tools to ensure permanent affordability—that units will not go from affordable to unaffordable with a simple sale of property; and

WHEREAS, the Planning Commission held a public hearing on these code changes on February 28, 2022, and recommends the amendments set forth in this Ordinance; and

WHEREAS, after consideration at a public hearing held on April 5, 2022, the City Council finds it desirable and appropriate, and in the best interest of the general health, safety, and welfare of its residents, workforce, local businesses, and customers to amend Chapter 16 of the Code, as it relates to inclusionary housing; and

Pages

....

REQUIREMENTS OF AFFORDABLE HOUSING.

(b) Dedicating Land Within the Project. Provided it is large enough and located appropriately to accommodate at least the minimum number of required affordable units, land within a project may be dedicated to the City or a qualified non-profit housing developer for the required development of such units, as approved by the City. The units to be built within the project shall be comparable to the market rate housing units in exterior finish and design to blend into the overall project.

(c) Paying a fee in lieu of providing units as defined in Section 16-13-40. This alternative is only available if the calculation for inclusionary housing results in a fraction of a dwelling unit or if the development is for five (5) units or less.

(d) Providing fewer units, but which are affordable to households earning sixty (60) percent or less of the AMI for Chaffee County for rental projects, or one hundred (100) percent or less of the AMI for Chaffee County for for-sale projects. For the purposes of this option, an affordable dwelling unit at the above AMI levels sixty (60) percent or less AMI shall equal two (2) one and one half (1.5) inclusionary housing units at any other AMI level specified in Sections 16-13-60 and 16-13-70 below. eighty (80) percent or less AMI.

Section 8. Section 16-13-40 of the Code, concerning the in-lieu fee, is hereby amended to read as follows:

Sec. 16-13-40. - In-lieu fee.

If an applicant chooses to pay an in-lieu fee is permitted and chosen for all or part of the inclusionary housing required for the project, the fee shall be calculated as described in the City's fee schedule, established, adopted and amended by City Council from time to time, and be due no later than issuance of the building permit prior to issuance of the certificate of occupancy.

Section 9. Section 16-13-50 of the Code, concerning density, parking, and development standards for inclusionary housing developments, is hereby amended to read as follows:

Sec. 16-13-50. - Density, parking and development standards incentives for inclusionary housing developments.

Residential development within the zoning districts of C-1, R-2, R-3, R-4 and RMU; and portions of a planned development with the underlying zoning districts of C-1, R-2, R-3, R-4 and RMU; that are subject to inclusionary housing development requirements and are providing one hundred

Section 4. Section 16-6-60 of the Code, concerning duplex conversion subdivisions, is hereby amended to read as follows:

Sec. 16-6-60. - Duplex conversion subdivision.

A duplex conversion subdivision is generally subject to the administrative review process established in Article III of this Chapter. The subdivision of a single lot on which an existing duplex dwelling is located or is constructed, into two (2) separate lots will be approved if all of the following conditions have been met:

... **(6) Inclusionary Housing. Duplex conversion subdivisions must meet the requirements of Article XIII, Inclusionary Housing.**

Section 5. Section 16-6-100 of the Code, concerning condominiums, is hereby amended to read as follows:

Sec. 16-6-100. - Condominiums.

... (c) Condominium plats including five (5) units or greater must meet the requirements of Article XIII, Inclusionary Housing.

Section 6. Section 16-13-20 of the Code, concerning general inclusionary housing requirements, is hereby amended to read as follows:

Sec. 16-13-20. - General inclusionary housing requirements.

(a) Any application brought under the annexation or planned development sections of this Code; condominium plats of five (5) units or greater any size; duplex conversion subdivisions; and minor and major subdivision sections of this Code, as well as multi-family residential projects of five (5) or more units are required to include at least twelve and one-half (12.5) sixteen and seven tenths (16.7) percent of the total number of residential dwelling units as affordable dwelling units, pursuant to requirements set forth in this Article, and subject to the following standards:

(1) The prices for sale or rents charged for permanently affordable priced dwelling units shall not exceed a price that is affordable to a household earning eighty (80) percent the applicable percentage of Area Median Income (AMI) for Chaffee County as defined annually by the United States Department of Housing and Urban Development (HUD) Colorado Housing Finance Authority (CHFA), at the time of such unit is sold or rented, and as further specified in Sections 16-13-60 and 16-13-70.

... **(4) The proportion of required affordable units, whether for-sale or rental, shall follow the proportion of for-sale and rental market rate units. For example, if the project includes 100% for-sale units, then 100% of the required affordable units shall be for-sale units. If the project includes 50% for-sale units and 50% rental units, that same percentage of for-sale and rental affordable units shall be provided.**

(e) Deed Restriction Required. No person offering an affordable dwelling unit for rent or sale pursuant to this Article shall fail to include reference to the

an inclusionary housing policy by a restriction that complies with the administrative regulations and/or applicable deed restriction. At no point shall such rent price exceed a price that is affordable to a household earning one hundred percent (100%) of the Area Median Income (AMI) for Chaffee County, as defined annually by CHFA.

Section 11. Section 16-13-70 of the Code, concerning program requirements for rental units, is hereby amended to read as follows:

Sec. 16-13-70. - Program requirements for rental units.

Maximum Rent. Rents charged for any affordable units in any one (1) development must be shall not exceed a price greater than what is affordable to households earning no more than eighty percent (80%) percent or one hundred percent (100%) of the AMI for Chaffee County, as defined by CHFA as approved in the agreement. Furthermore, affordable rental units shall be subject to the following additional requirements:

(a) At least fifty percent (50%) of all provided units shall be rented at prices affordable to households earning eighty percent (80%) or less of the AMI for Chaffee County.

(b) Studio units rented above eighty percent (80%) AMI for Chaffee County shall not be eligible to satisfy inclusionary housing requirements.

Section 12. Severability. The provisions of this ordinance are severable and the invalidity of any section, phrase, clause, or portion of the ordinance as determined by a court of competent jurisdiction shall not affect the validity or effectiveness of the remainder of the ordinance.

INTRODUCED ON FIRST READING on this 15th day of March, 2022, ADOPTED AND ORDERED PUBLISHED IN FULL in a newspaper of general circulation by the City Council on this ____ day of _____, 2022, and set for second reading and public hearing on the 5th day of April, 2022.

INTRODUCED ON SECOND READING FINALLY ADOPTED AND ORDERED PUBLISHED BY TITLE ONLY, by the City Council on this 5th day of April, 2022.

City of Salida

Mayor Dan Shore

ATTEST:

City Clerk/Deputy City Clerk

Published in The Mountain Mail March 18, 2022

CPAXLP



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March 28th, 2022

Dan Shore, Mayor
Salida City Council
448 East First Street, #112
Salida, CO 81201

Mayor Shore and City Council members,

I am unable to attend the public hearing on Tuesday, April 5th, on the proposed changes to Salida's Inclusionary Housing Ordinance. Please accept the following comments.

Since the approval of the Inclusionary Housing Ordinance 2018-14, the Chaffee Housing Trust has been able to provide eight homes affordable to 80% AMI and below (Two Rivers), with eight more going to closing in the next six weeks (River Ridge), and another six homes in fall '22 (M&3rd). Six more homes will be available sometime in the next year (West End Annexation), with six more to follow (Two Rivers Phase II). These 30+ affordable homes have all been the direct result of Salida's Inclusionary Housing Ordinance 2018-14, indicating a clear policy success that should be celebrated.

Since 2018, market conditions and housing prices have gone through a significant metamorphosis to escalating prices, low availability, and a pricing-out of not only low-income households but the "missing middle" as well. In response, Staff have prepared a thoughtful package of changes to meet the current needs, while responding to the concerns developers have voiced. The current proposal should create a shift in the provision of affordable housing that will benefit many middle income households, while keeping developers whole.

When the gavel dropped in 2018 and the Ordinance was passed, the first words I heard from a developer sitting next to me were, "That's it, that's the end of development in Salida. No one is going to build here now." Clearly that wasn't true. I suspect the same applies to this new policy, but we'll have to wait and see.



My concern is that with this policy shift, low-income households are no longer going to be beneficiaries. The new policy, for home ownership, targets households earning less than 120% to 160% AMI. There is a clear need to include these higher income ranges and if the market can provide them, that too is a policy success. But at what cost? I suspect that with these changes, developers will focus on the highest income ranges they can, and that makes perfect economic sense for their bottom line. Unfortunately there will be little incentive for developers to address the needs of households earning less than 100% AMI, nevermind 80% AMI.

CHT Homeowners earn on average 69% of Area Median Income. They are essential workforce in our community, including medical services, school teachers, carpenters, shipping delivery and school bus drivers, bookkeepers, pet groomers, and the like. If, as an unintended consequence, these local workers and people like them are excluded from home ownership opportunities, then we will likely loose them to other communities and jobs. The impact will be on local businesses who have a hard enough time hiring now. There may be more middle-income earners who realize housing stability, helping with workforce scarcity in higher paying jobs. The question is, what happens to the low-income jobs that are essential to a tourism-based economy? Without the opportunity to start building equity, to realize some appreciation, and to leverage home ownership to move from being a renter to an asset owner, how will these workers stay as an essential part of our community fabric and that small town feel we all cherish? Ordinance 2018-14 created hope for a leg up for people considered to be permanent renters (paying somebody else's mortgage). What will be the outcomes of Ordinance 2022-05?

I suspect that the Chaffee Housing Trust will be left to compete with buyers earning 120% AMI, and to do so, we'll need to bring more subsidy into play just to participate. That will make our job harder, reducing our track record of success, leaving folks who could have been homeowners to be renters in a market where rents are already way out of reach. Once again, they will be subject to "end of lease anxiety" as property owners sell to the highest bidder, or raise rents. Aspirations of housing stability and all the benefits of ownership will become unattainable for the population we have worked so hard to serve.

While I can't predict exactly what will happen as a result of Ordinance 2022-05, I do know that the CHT will need to raise more money, and will likely have less opportunity, to do what we've been successfully doing so far.

Cordially,



Read McCulloch
Executive Director

