



PLANNING COMMISSION WORK SESSION MEMO

MEETING DATE: November 22nd, 2021

AGENDA ITEM: Potential Amendments to Article XIII – Inclusionary Housing
(continued discussion on the topic)

FROM: Bill Almquist, Community Development Director

While the Inclusionary Housing Fees-in-Lieu were recently updated to more closely reflect the current market sales prices and affordability levels, there are other elements of the Article that are worthy of additional review and possible updating, especially to meet a wider range of affordability needs across the City. During the October 12th work session, Planning Commission discussed some conceptual changes to the Inclusionary Housing code proposed by staff and requested that staff bring back additional information at a later date. The proposed changes regarded several elements of the existing policy, including, but not limited to:

- Potential expansion/adjustment of qualifying Area Median Income (AMI) rates for both rental and for-sale units to meet IH unit requirements
- Inclusion of dimensional standards incentives in the Medium-Density Residential (R-2) zone

Staff provides additional information regarding rental and for-sale rates below, as well as an additional proposal regarding the potential expansion of land use application types where Inclusionary Housing would apply.

Proposed Expansion of Applicable Land Use Application Types:

Currently, Inclusionary Housing requirements apply to the following:

- Annexations
- Planned Developments
- Major Subdivisions
- Minor Subdivisions
- Condominium Plats of five (5) units or greater

These applicability standards leave out several application types that may still impact the purpose and objectives of the Inclusionary Housing code. Such examples include:

- Condominium Plats of two to four (2-4) units
- Duplex conversion subdivisions

Staff proposes the inclusion of these land use application types and suggests that the fee-in-lieu of actual built units for these application types be the same as that for minor subdivisions (50%).

New Options for Meeting IH Built Unit Requirements:

Instead of the current system in which units (both for rent and for sale) that are affordable only to households earning 80% AMI or less would qualify to satisfy the built unit requirements for Inclusionary Housing, staff is proposing a more diverse and flexible range of affordable units and differentiating between units for sale and those for rent. Staff believes such amendments would lead to more deed-restricted units actually being built, as opposed to fees-in-lieu which will require a longer lead-time until they are built, and potentially at greater costs.

Options for Satisfying IH Built Unit Requirements: Rental Project

Required # of IH Units	80% AMI Units \$1030/Studio \$1103/1BD \$1324/2BD	100% AMI Units \$1287/Studio \$1378/1BD \$1655/2BD
1	X	XX
2	X	XX
3	X	XX
4	X	XX
5	X	XX
6	X	XX
7	X	XX
8	X	XX

* At no point (after the first required IH unit) shall the number of \leq 80% AMI deed-restricted units represent less than **33%** of all the required deed-restricted units.

Highlights represent theoretical result of built units as chosen by developer

Options for Satisfying IH Built Unit Requirements: For-Sale Project

Required # of IH Units	100% AMI Units	120% AMI Units	140% AMI Units
	\$205/Stdio \$223K/1BD \$278K/2BD \$329K/3BD \$372K/4BD	\$237K/Stdio \$258K/1BD \$324K/2BD \$385K/3BD \$437K/4BD	\$288K/Stdio \$313K/1BD \$389K/2BD \$460K/3BD \$522K/4BD
1	X	XX	
2	X	XX	XXX
3	X	XX	XXX
4	X	XX	XXX
5	X	XX	XXX
6	X	XX	XXX
7	X	XX	XXX
8	X	XX	XXX

* At no point shall the number of $\leq 120\%$ AMI deed-restricted units represent less than **50%** of all the required deed-restricted units; and at no point (after the first required IH unit) shall the number of $\leq 100\%$ AMI deed-restricted units represent less than **15 %** of all the deed-restricted units.

Highlights represent theoretical result of built units as chosen by developer

Amending the 60% AMI “double-value” option:

Currently, the code gives the developer the option to provide a unit that is affordable to households earning 60% AMI or less to equal two (2) units at 80% AMI or less. Though there is certainly a need for units at this level, there are also other mechanisms (such as LITHC) that are specifically oriented towards such very-low income thresholds. Additionally, this provision provides fewer actual built units and may create certain “credit” challenges. Staff is suggesting removing this option or rewording it such that City Council may allow for such additional value per their discretion.

Medium-Density Residential (R-2) Zone District Dimensional Standards Incentives:

As discussed at the previous work session, the Inclusionary Housing development incentives currently only apply to the R-3, R-4, RMU, and C-1 zone districts. Staff is proposing the inclusion of the R-2 zone district at percentages similar to those in the other zones (approx. 10%-12.5% bonus):

- Min. lot size currently: 5,625 SF
 - Proposed: 5,063 SF with IH units provided, and up to 15% of single family lots allowable at 25'x150' (3,750 SF)
- Density currently: 3,125 SF/u
 - Proposed: 2,734 SF/u
- Min. lot size (attached units) currently: 3,125 SF
 - Proposed: 2,734 SF/u
- Min. lot frontage currently: 37.5'
 - Proposed: 25'
- Max. lot coverage for structures currently: 40%
 - Proposed: 45%

Attachments:

Chaffee County 2020 Housing Continuum and Income Levels Chart
2021 Chaffee County IH unit sales price calculator spreadsheet
Chaffee County Housing Market update (Oct. 2021)
Snapshot of Pinon Real Estate Rentals (as of 11/17/2021)

Chaffee County Income Levels - 2020

Income Level as % of AMI		Less than 30%	31 - 50%	51% - 60%	61% - 80%	81% - 100%	101% - 120%	120% - 200%	Over 200%
Chaffee County Annual Income (for a one person household)		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
Hourly wage based on 2,080 hours/year (fulltime, year-round employment)		Less than \$7.43/hr (often SSI/SSDI)	\$7.43 to \$12.38/hr (CO Min Wage = \$12.32/hr) ³	\$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
% of Chaffee County Workforce 2020 ¹		0.0%	32.7%	2.4%	19.2%	26.2%	19.0%	0.0%	0.4%
% of Chaffee County Households ²		12%	10%	23%			34%		21%
% of Chaffee County Non-family households ²		23%	23%	27%			18%		9%
Owner/Renter occupied									
Affordable Housing Expense/month (for a one person household)		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	Emergency Shelter								
	Transitional Housing								
	Supportive Housing								
		Affordable Rental							
		Assisted Home Ownership							
		Market Rate Rental and Ownership							
Partners	Chaffee Hospitality Inc.								
	DOLA-DOH								
	for-profit LITC Developers	for-profit Affordable Housing developers							
	UAACOG								
	NWCCOG								
	Habitat for Humanity								
	Salida Housing Development Corp.								
	Chaffee Housing Trust								
		CHFA							

Sources

- 1 - Colorado Department of Labor and Employment; 10/2020
 2 - US Census: American Community Survey, 2010,2015 Estimates
 3 - <https://cdle.colorado.gov/wage-and-hour-law/minimum-wage>

2021 CHAFFEE COUNTY AREA MEDIAN INCOME (AMI)

Household size	30%	50%	60%	80%	100%	120%	140%	160%	180%	200%
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 (including utilities)

	30%	50%	60%	80%	100%	120%	140%	160%	180%	200%
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

	30%	50%	60%	80%	100%	120%	140%	160%	180%	200%
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

	30%	50%	60%	80%	100%	120%	140%	160%	180%	200%
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

Local Market Update for October 2021

A Research Tool Provided by the Colorado Association of REALTORS®

Make Sure
Your Agent is a REALTOR®

Not all agents
are the same!



Chaffee County

Contact the REALTORS® of Central Colorado for more detailed local statistics or to find a REALTOR® in the area.

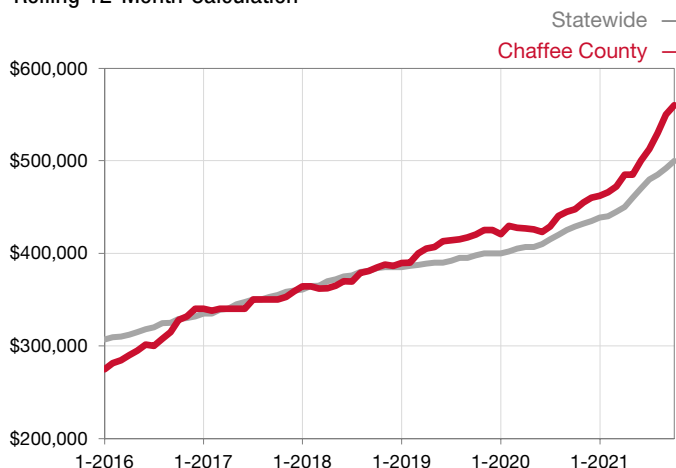
Single Family	October			Year to Date		
Key Metrics	2020	2021	Percent Change from Previous Year	Thru 10-2020	Thru 10-2021	Percent Change from Previous Year
New Listings	47	40	- 14.9%	485	494	+ 1.9%
Sold Listings	71	38	- 46.5%	408	422	+ 3.4%
Median Sales Price*	\$485,000	\$605,000	+ 24.7%	\$450,000	\$575,000	+ 27.8%
Average Sales Price*	\$542,381	\$648,341	+ 19.5%	\$496,884	\$646,330	+ 30.1%
Percent of List Price Received*	97.8%	98.8%	+ 1.0%	97.4%	99.1%	+ 1.7%
Days on Market Until Sale	86	21	- 75.6%	79	32	- 59.5%
Inventory of Homes for Sale	107	60	- 43.9%	--	--	--
Months Supply of Inventory	2.7	1.4	- 48.1%	--	--	--

* Does not account for seller concessions and/or down payment assistance. | Activity for one month can sometimes look extreme due to small sample size.

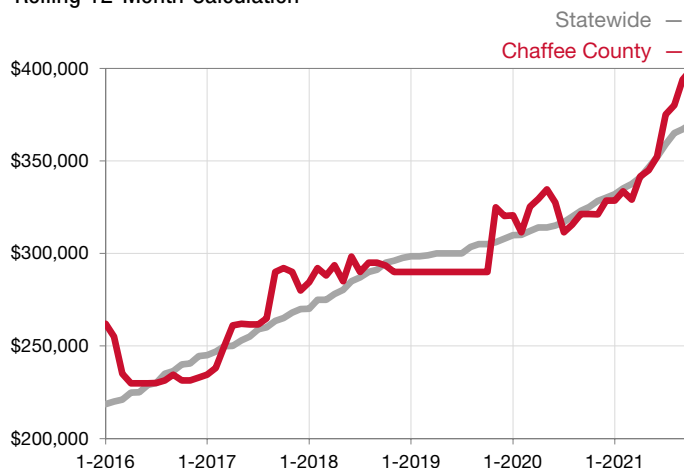
Townhouse/Condo	October			Year to Date		
Key Metrics	2020	2021	Percent Change from Previous Year	Thru 10-2020	Thru 10-2021	Percent Change from Previous Year
New Listings	0	8	--	105	90	- 14.3%
Sold Listings	13	7	- 46.2%	107	78	- 27.1%
Median Sales Price*	\$348,000	\$430,000	+ 23.6%	\$321,500	\$401,500	+ 24.9%
Average Sales Price*	\$424,931	\$461,571	+ 8.6%	\$361,654	\$434,563	+ 20.2%
Percent of List Price Received*	97.8%	100.2%	+ 2.5%	99.0%	100.5%	+ 1.5%
Days on Market Until Sale	98	9	- 90.8%	56	12	- 78.6%
Inventory of Homes for Sale	6	8	+ 33.3%	--	--	--
Months Supply of Inventory	0.6	1.0	+ 66.7%	--	--	--

* Does not account for seller concessions and/or down payment assistance. | Activity for one month can sometimes look extreme due to small sample size.

Median Sales Price – Single Family
Rolling 12-Month Calculation



Median Sales Price – Townhouse-Condo
Rolling 12-Month Calculation





\$2,400/month

Salida, CO
W. 2nd Street

3 Bed | 3 Bath | 1,738 SqFt



\$2,400/month

Salida, CO
E Street

3 Bed | 2 Bath | 1,695 SqFt



\$2,300/month

Nathrop, CO
CR 280

2 Bed | 1 Bath | 942 SqFt



\$2,200/month

Salida, CO
Old Stage Rd D

2 Bed | 2 Bath | 993 SqFt



\$2,100/month

Salida, CO
E Street

3,100 SqFt



\$2,100/month

Salida, CO
Dodge B

3 Bed | 2 Bath | 1,550 SqFt



\$2,000/month

Poncha Springs, CO
True Ave B

4 Bed | 2 Bath | 1,800 SqFt



\$2,000/month

Salida, CO
M & M Lane

3 Bed | 2 Bath | 1,542 SqFt



\$1,750/month

Salida, CO
G Street Downstairs Unit

2 Bed | 1 Bath | 1,275 SqFt



\$1,450/month

Salida, CO
E. 3rd St

1 Bed | 1 Bath | 600 SqFt

