



CITY COUNCIL ACTION FORM

DEPARTMENT Planning	PRESENTED BY Kathryn Dunleavy - Planner	DATE July 5, 2023
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ITEM

Resolution No. 2023-29 – A Resolution of the City Council for the City of Salida, Colorado Adopting the 2023-2024 Chaffee County Area Median Income (AMI) Derived Maximum Affordable Monthly Rent and Sale Prices for Inclusionary Housing Units

BACKGROUND

With this Resolution, staff is proposing that Council adopt the attached Exhibit A, 2023-2024 Chaffee County Area Median Income (AMI) Derived Maximum Affordable Monthly Rent and Sale Prices for Inclusionary Housing Units.

This will establish not only the maximum monthly rental and sales prices for those units that are deed restricted as part of the City of Salida's Inclusionary Housing requirement, but also the date that those prices are effective.

Colorado Housing and Finance Authority (CHFA) releases updated Area Median Income (AMI) data by County each year based on numbers provided by the US Department of Housing and Urban Development (HUD). Those data set the maximum monthly rental price based on the household AMI category. We use these AMI and rental numbers as a standard.

To establish maximum for-sale prices at each AMI category, staff has utilized a formula that is derived from a formula developed by the Gunnison Valley Regional Housing Authority. The formula takes the maximum monthly rental price set by CHFA as the basis of what a household can afford to pay monthly for the principal and interest. It subtracts from that monthly rental price an estimate of taxes, homeowner's insurance, and HOA dues. This amount is estimated at \$350 per month for homes priced for those making greater than 100% AMI, and \$250 per month for homes priced for those making 100% AMI or less.

The interest rate is calculated utilizing the 10-year trailing average of an FHLMC mortgage loan, with an additional 1.5% added as an affordability factor. This 1.5% accounts for fluctuations as well as costs that may be associated with mortgage insurance premiums or other factors affecting the mortgage rate that are not as prevalent in market rate home mortgages. The formula utilizes a 30-year loan with a loan-to-value ratio of .95, or 5% down payment, typical to CHFA or other assistance-based loans. Utilizing each of these factors, one can then determine the maximum sales price that is affordable to households in each AMI category using a standard amortization schedule.



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CHFA updates the AMI chart by County annually and staff updates the prices accordingly within a reasonable time frame of receiving the information from CHFA. This adoption will establish the date as of which a landlord or developer of deed-restricted housing can (if higher) or must (if lower) utilize the updated prices. CHA may establish operating procedures to determine the specific date of price establishment for deed-restricted units.

STAFF RECOMMENDATION

Staff recommends that Council approve the resolution adopting the 2023-2024 maximum monthly rental and for-sale prices for inclusionary housing units.

SUGGESTED MOTION

A Council person should move to “Approve Resolution No. 2023-29 adopting the 2023-2024 maximum monthly rental and for-sale prices for inclusionary housing units, effective July 5, 2023.”

Attachments:

Resolution No. 2023-29

Table of maximum rental and sales prices

RESOLUTION NO. 29
(Series 2023)

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF SALIDA, COLORADO
ADOPTING 2023-2024 INCLUSIONARY HOUSING SALES AND RENTAL PRICES

WHEREAS, the Salida Municipal Code (“Code”), Article XIII, establishes rules and regulations for inclusionary housing requirements; and,

WHEREAS, Section 16-13-60 of the Code defines affordable for-sale unit prices as those affordable to households earning specified percentages of the Area Median Income (AMI) for Chaffee County, as defined annually by CHFA; and,

WHEREAS, Section 16-13-70 of the Code defines affordable rental unit prices as those affordable to households earning specified percentages of the Area Median Income (AMI) for Chaffee County; and,

WHEREAS, Section 16-13-80 of the Code states: To the extent the City Administrator deems necessary, rules and regulations pertaining to this Article will be developed and approved by the City Council, and thereby maintained and enforced in order to assure that the purposes of this Article are accomplished; and,

WHEREAS, based on the Chaffee County AMI, CHFA has calculated the “Maximum Affordable Monthly Rent, Including Utilities” as 30% of a household’s income and shall be utilized for Maximum Affordable Monthly Rent Calculations; and,

WHEREAS, to ensure that the purposes of Article XIII are accomplished, the City Administration has deemed necessary the development of a formula for calculating the maximum sales prices, by AMI, utilizing the Colorado Housing and Finance Authority (CHFA) determination of AMI for Chaffee County as the basis of those prices; and,

WHEREAS, based on the Maximum Affordable Monthly Rent Calculations, a “Maximum Sales Price Affordability Guidelines Formula” has been developed by staff based on the practices of housing authorities in a similar community that accounts for the additional variables inherent in a mortgage and home ownership; and,

WHEREAS, on an annual basis these numbers shall be updated within a reasonable time frame after updated AMI information is issued by CHFA; and,

WHEREAS, an updated Maximum Affordable Monthly Rent Prices and Sale Prices for Inclusionary Housing Units shall take effect after adoption by City Council or Chaffee Housing Authority; and,

WHEREAS, Council has determined that the “2023-2024 Chaffee County Area Median Income (AMI) Derived Maximum Affordable Monthly Rent and Sale Prices for Inclusionary Housing Units” in Exhibit A, attached hereto and incorporated herein, are appropriate, desirable,

prudent, and in the best interest of the residents, customers, businesses, and taxpayers of the City; and,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO THAT:

1. The Salida City Council incorporates the foregoing recitals as its conclusions, facts, determinations and findings.
2. Effective upon approval, the City hereby adopts the 2023-2024 Chaffee County Area Median Income (AMI) Derived Maximum Affordable Monthly Rent and Sale Prices for Inclusionary Housing Units (Exhibit A).

RESOLVED, APPROVED, AND ADOPTED this 5th day of July, 2023.

CITY OF SALIDA

By: _____
Dan Shore, Mayor

[SEAL]

ATTEST: _____
City Clerk/Deputy City Clerk

Exhibit A

**2023-2024 Chaffee County Area Median Income (AMI) Derived Maximum Affordable
Monthly Rent and Sale Prices for Inclusionary Housing Units**

2023-2024 Chaffee County Area Median Income (AMI) Derived Maximum Affordable Monthly Rent and Sale Prices for Inclusionary Housing Units

MAXIMUM AFFORDABLE MONTHLY RENT PRICE

(Per Colorado Housing and Finance Authority (CHFA), includes utilities)

	<u>60%</u>	<u>80%</u>	<u>100%</u>
Studio	\$914	\$1,218	\$1,523
1 bed	\$979	\$1,305	\$1,631
2 bed	\$1,175	\$1,566	\$1,958
3 bed	\$1,358	\$1,810	\$2,263
4 bed	\$1,515	\$2,020	\$2,525

MAXIMUM AFFORDABLE SALES PRICE

	<u>100%</u>	<u>120%</u>	<u>140%</u>	<u>160%</u>
Studio	\$233,326	\$270,823	N.A.	N.A.
1 bed	\$253,266	\$294,751	\$354,573	N.A.
2 bed	\$313,087	\$366,537	\$438,322	\$510,108
3 bed	\$369,012	\$433,647	\$516,617	\$599,587
4 bed	\$417,144	\$491,405	\$584,002	\$676,599

How CHFA Affordable Monthly Rent is converted into Affordable Sales Price:

≤100% Subtract \$250 from affordable monthly rent for tax, ins. & HOA = principal & interest payment

>100% Subtract \$350 from affordable monthly rent for tax, ins. & HOA = principal & interest payment

Utilize interest rate of 5.60% and a 30-yr loan term*

Use 95% Loan-to-Value ratio, i.e. 5% down payment

**Represents 10-yr trailing avg (as of 6/1/23) of FHLMC mortgage loans, plus 1.5% affordability factor*

These figures are subject to change without notice.

Effective 7/5/2023

For Reference: CHFA 2023 CHAFFEE COUNTY AREA MEDIAN INCOME (AMI)

Household Size	60%	80%	100%	120%	140%	160%
1 person	\$36,540	\$48,720	\$60,900	\$73,080	\$85,260	\$97,440
2 person	\$41,760	\$55,680	\$69,600	\$83,520	\$97,440	\$111,360
3 person	\$46,980	\$62,640	\$78,300	\$93,960	\$109,620	\$125,280
4 person	\$52,200	\$69,600	\$87,000	\$104,400	\$121,800	\$139,200
5 person	\$56,400	\$75,200	\$94,000	\$112,800	\$131,600	\$150,400
6 person	\$60,600	\$80,800	\$101,000	\$121,200	\$141,400	\$161,600
7 person	\$64,740	\$86,320	\$107,900	\$129,480	\$151,060	\$172,640
8 person	\$68,940	\$91,920	\$114,900	\$137,880	\$160,860	\$183,840