



CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Planning	Miriam Luna Gonzalez - Management Fellow	March 1, 2022

ITEM

Resolution 2022-10, to appropriate funding to the Chaffee Housing Authority to fund incentive payments for the Open Doors program

BACKGROUND

Like many other Colorado mountain towns, the City of Salida has been experiencing a substantial workforce housing shortage. Given the existing numerous short-term rental (STR) units, the city aims to increase the number of long-term workforce units through the Open Doors program.

The City of Salida will partner with the Chaffee Housing Authority (CHA) in initiating the Open Doors program. The program will offer incentives to owners of short-term rental (STR) units, vacation homes, and other “vacant” units that are interested in converting into a long-term workforce unit. The program intends to initially enroll 10 units that will house up to 22 local workforce individuals. Interested home owners will directly apply to the program. While, interested businesses will apply to the program and their employees will be eligible to apply to be a tenant of the program. Businesses will also be required to pay an administrative fee of \$250.00 per employee per month for the term of the lease. The Chaffee Housing Authority (CHA) will serve as the master lessee. Host incentives will be paid in full at the end of the term of their lease and if a lease is broken, hosts will be pro-rated. Please see incentives table below.

	6-Month lease	9-Month lease	12-Month lease
2-Bedrooms	\$4,000	\$7,000	\$10,000
3-Bedrooms	\$5,000	\$8,000	\$12,000
4-Bedrooms	\$6,000	\$9,000	\$14,000

The program requests \$140,000 in funding to ensure that all incentives are paid in full and \$100,000 to utilize as rental guarantees, of which both will be handled by the CHA. The Chaffee Housing Authority will enter into a Memorandum of Understanding (MOU) agreement with the City of Salida. See *exhibit A*. CHA shall provide quarterly accounting, reporting and documentation to the City, regarding any and all funds paid, accepted, granted, utilized or retained related to or regarding the Program and its operations. The agreement also specifies timing to provide a review of the program’s success as well as for returns of the remaining rental guarantee funds--unless the parties agree to an amendment of such terms.

FISCAL NOTE

The program requests up to \$140,000 for host incentives for up to 10 homes.

The program requests \$100,000 upfront, to cover master lease obligations. Remaining funds will be returned at a later date.

STAFF RECOMMENDATION

Staff recommends approval to approve the Memorandum of Understanding (MOU) and to appropriate funding to the Chaffee Housing Authority to fund the Open Doors program.



CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Planning	Miriam Luna Gonzalez - Management Fellow	March 1, 2022

SUGGESTED MOTION

A council person should “move to approve Resolution 2022-10, approving the Memorandum of Understanding and to appropriate funding to the Chaffee Housing Authority to fund the Open Doors program” followed by a second.

RESOLUTION NO. 10
(Series 2022)

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF SALIDA, COLORADO
APPROVING A MEMORANDUM OF UNDERSTANDING WITH THE CHAFFEE
HOUSING AUTHORITY ESTABLISHING THE
“OPEN DOORS” LONG-TERM RENTAL INCENTIVE PROGRAM

WHEREAS, the City of Salida (“City”) and its City Council (“Council”) recognize that the community is experiencing a severe workforce housing shortage, and that short-term rentals continue to exacerbate pricing and availability in the local housing market and,

WHEREAS, the City believes the conversion of short-term rental (STR) units, vacation homes, and other “vacant” homes into a long-term units will temporarily alleviate the workforce housing crisis; and,

WHEREAS, the City intends to provide incentives to property owners who convert their residential units into long-term rentals for the City’s workforce; and,

WHEREAS, the City commits funding to establish and financially support this Open Doors Long-Term Rental Incentive Program; and,

WHEREAS, the City wishes to enter into a Memorandum of Understanding with the Chaffee Housing Authority to memorialize the collaborative relationship and to clarify the duties of each party as it relates to the establishment, funding, management and operation of the Open Doors Long-Term Rental Incentive Program.

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

Section 1. The Salida City Council incorporates the foregoing recitals as its conclusions, facts, determinations and findings.

Section 2. The Salida City Council hereby formally adopts and approves the Open Doors Long-Term Rental Incentive Program Memorandum of Understanding (MOU) with the Chaffee Housing Authority, attached hereto as Exhibit A.

Section 3. The Salida City Council authorizes the Mayor to execute Memorandum of Understanding (MOU) with the Chaffee Housing Authority, attached hereto as Exhibit A, and additionally authorizes the City to execute all applicable documents associated with the Program or necessary to formalize such approval.

RESOLVED, APPROVED, AND ADOPTED this 1st day of March, 2022.

CITY OF SALIDA

By: _____
Dan Shore, Mayor

[SEAL]

ATTEST: _____
City Clerk/Deputy City Clerk

Exhibit A
Open Doors Memorandum of Understanding

“OPEN DOORS” LONG-TERM RENTAL INCENTIVE PROGRAM
MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made with an effective date of March 1, 2022, by and between the CITY OF SALIDA, a Colorado statutory municipal corporation (the “City”), and the CHAFFEE HOUSING AUTHORITY, a Colorado multijurisdictional housing authority (“CHA”), (collectively the “Parties”).

RECITALS

WHEREAS, the City and CHA recognize that the region is experiencing a severe workforce housing shortage, and that the conversion of housing units to short-term rentals and vacation homes continue to exacerbate pricing and availability in the local housing market; and

WHEREAS, the City and CHA believe the conversion of short-term rental units, vacation homes, and other “vacant” homes into long-term housing units will help temporarily alleviate the workforce housing crisis; and

WHEREAS, the City wishes to provide incentives to property owners who convert their existing short-term rental and vacation home units into long-term rentals for the City’s workforce; and

WHEREAS, the City commits funding to establish and financially support this Open Doors Long-Term Rental Incentive Program (“Program”); and

WHEREAS, CHA commits to managing the Program on the City’s behalf; and

WHEREAS, the City and CHA wish to enter into this Memorandum of Understanding (“MOU”) to memorialize the Parties’ collaborative relationship and understanding, and to clarify the duties of each Party, as well as to set forth all terms and conditions between the Parties.

NOW, THEREFORE, the Parties set forth and memorialize their mutual understandings as follows:

1. Purpose and Description. The intent of the Program is to enroll available housing units for long-term rentals for a minimum of six (6) month terms. Interested Salida-area businesses will apply to the Program and their employees will be eligible to apply to be a tenant in the Program. If chosen, participating employers will pay a fee to CHA in the amount of Two Hundred Fifty Dollars (\$250.00) per month per employee. Monetary incentives will then be paid to the property owner hosts at the end of the lease, for their participation in the Program, based upon the length of the lease and number of bedrooms per unit.

2. Term. This MOU shall remain in effect throughout the duration of the Open Doors’ Long-Term Rental Incentive Program, subject to annual appropriations by the Salida City Council, or until this MOU is cancelled by mutual written agreement of the Parties.

3. Specific Obligations. The Parties have agreed to provide or facilitate the following components of the Program, and to comply with the additional terms under this MOU as follows:

A. For the duration of the Program, the **City** shall:

- i. Fund the Program, by submitting payment to CHA up to One Hundred Forty Thousand Dollars (\$140,000.00), as invoiced and when requested by CHA for incentive payments to Program hosts; and
- ii. Submit to CHA an additional One Hundred Thousand Dollars (\$100,000.00) allocation by March 31, 2022, which CHA shall set aside in a distinct and designated account or fund, and utilize exclusively for the purpose of rental guarantees, which shall include costs such as: a tenant failing to pay rent; a tenant late in paying rent; and damage to the rental property. The use and reimbursement of said funds shall be clearly documented and accounted for by CHA, which shall be shared with the City on a quarterly basis. By September 30, 2022, the City and CHA shall review this allocation, to determine efficacy of the program and discuss the most appropriate use of these funds for the remainder of the Program's master leasing period. By June 30, 2023, after the end of the first cycle of the Program, CHA shall return to the City that portion of this allocated \$100,000 which has been unutilized for the purpose of rental guarantees.

B. For the duration of the Program, **CHA** shall:

- i. Manage and operate the Program on the City's behalf;
- ii. Serve as master lessee in the long-term rental lease agreements;
- iii. Determine and manage eligibility and qualifications of the workforce tenants;
- iv. Determine eligibility of property owner host units;
- v. Negotiate rent levels for the units with the property owner hosts;
- vi. Manage administrative fees paid by the local businesses for their workforce who are tenants in the Program;
- vii. Ensure payment to the property owner hosts for the per-term incentive paid to the host at the end of the lease; and
- viii. Provide quarterly accounting to the City, as provided for in Section 3.A.ii. and Section 5 of this MOU.

C. Upon written notice of the cancellation of this MOU and/or upon the expiration, termination or suspension of the Program, **CHA** shall:

- i. Return any and all excess and unused funds to the City which were provided to CHA pursuant to Section 3.A.i, Section 3.A.ii, this MOU, or granted to CHA by the City for purposes of the Program within thirty (30) days.

4. Lease and other Legal Agreements. The master lease agreement, sublease agreement and any other legal agreements entered into pursuant to this Program shall be approved, as to form, by the City Attorney, before utilization and execution of same.

5. Reporting. CHA shall provide quarterly accounting, reporting and documentation to the City, regarding any and all funds paid, accepted, granted, utilized or retained related to or regarding the Program and its operations. The City and CHA will evaluate the effectiveness of this arrangement and of the Program at least annually. The Parties will provide each other with any pertinent details regarding the programming, surveys and feedback taken or received. The Parties will have a meeting at least annually to discuss the relationship, success, strengths and weaknesses of the Program, and what role each Party will take in subsequent years, if applicable.

6. No Third-Party Beneficiaries. None of the provisions in this MOU shall give or allow any claim, benefit, or right of action by any person or entity other than the Parties.

7. No Personal Liability of Elected Officials and Officers. No individual who is either a director, councilperson, and/or officer of the CHA or the City shall be subject to personal liability to any person or entity in connection with the performance or non-performance based upon any of the understandings of the Parties hereunder.

8. Indemnification. To the extent permitted by law, CHA shall indemnify and hold harmless the City, its officers, employers, and agents, from any cost, loss and expense, including reasonable attorney's fees, arising out of any liability or claim of liability for injury or damage to person or property resulting directly or indirectly from CHA's management and operation of the Program.

9. Counterpart Execution. This MOU may be executed in one or more counterparts, each of which shall constitute an original, but all of which, when taken together shall constitute a single MOU. For purposes of recording, if executed in counterpart the only duplicate pages submitted for recording shall be the page upon which the signatures appear.

10. Entire Understanding. This MOU contains the entire understanding between the Parties with respect to the matters set forth herein, and all prior agreements or understandings with respect to the subject matter hereof are deemed merged herein.

IN WITNESS WHEREOF, the undersigned have executed this MOU to be effective as of the day and year written above, and acknowledge and accept the terms and conditions herein.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

CITY OF SALIDA

ATTEST

By: _____
Mayor Dan Shore

By: _____
City Clerk Erin Kelley

CHAFFEE HOUSING AUTHORITY

ATTEST

By: _____

By: _____
Secretary