



CITY COUNCIL ACTION FORM

DEPARTMENT	PRESENTED BY	DATE
Planning	Bill Almquist - Community Development Director	May 17, 2022

ITEM

Resolution No. 2022-21: A Resolution of the City Council for the City of Salida, Colorado Amending the 2022 Fee Schedules

BACKGROUND

Per Section 16-13-30 of the Salida Municipal Code, a developer may satisfy the requirement for providing Inclusionary Housing units by paying a fee-in-lieu of built housing *only if* the development proposes five (5) units or less *or* if the calculation for built Inclusionary Housing units results in a fractional portion above a whole unit. City Council approved the most recent Inclusionary Housing fee-in-lieu adjustment in February of 2022 via Resolution No. 2022-04 (\$20.51/SF for for-sale units and \$3.00/SF for rental units in projects with 5 or more units). However, with the passage of the most recent Inclusionary Housing policies (via Ordinance 2022-05), the basis of some of the fee-in-lieu calculations have changed. Additionally, new Income and Rent Limit numbers for 2022 have been released by the Colorado Housing and Finance Authority (CHFA) and the year-to-date median sales price for all residential units in Chaffee County has risen approximately \$62,000 (to approximately \$619,000) since the last analysis—all factors which can have significant effects on the fee calculation.

The proposed fee in-lieu for for-sale units has been determined by the delta between the year-to-date median sales price for all residential units in Chaffee County and the maximum calculated sales price of a 3-bedroom home for a household making 100% AMI, based on numbers provided by CHFA. This number is then multiplied by 1/6 (the required built IH unit quotient) and then further divided by 1650, the average square footage of a newly built home in Salida over the last few years, to determine the per square-foot fee. Although the result of this newest calculation (\$20.10/SF for for-sale units) is not considerably different from the existing fee, the calculation more accurately reflects the current policy and market conditions, and therefore staff felt it was appropriate to make these changes now to allow for consistent and accurate analyses down the line. No additional data regarding median rental unit rates has come available since the last update, and therefore no changes to that fee-in-lieu are currently proposed.

One other change that is being proposed for the IH fee schedule regards minor subdivisions. Under the existing fee schedule, minor subdivisions are charged only 50% of the fee that is paid in annexations, planned developments, major subdivisions and the like. Staff proposes doing away with such a reduction. Staff asserts that such a discount is disproportionate and may have some unintended adverse impacts on the creation of additional affordable housing. Since the fee is



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charged on a per square-foot basis, any developer can already choose to reduce such Inclusionary Housing fees by building smaller unit(s). By eliminating the discount, the proportionate contribution to affordable housing funds are equalized. As always, developers can of course avoid paying a fee-in-lieu entirely by building and deed-restricting the required number of Inclusionary Housing units.*

*It should be noted that staff had previously discussed with Planning Commission a “graduated” fee-in-lieu schedule for projects smaller than 6 units. However, after further analysis, it was determined that such a schedule offered numerous “loopholes” and would be extremely burdensome to track administratively versus one flat per square-foot fee.

FISCAL NOTE

Given the rather insignificant reduction in the proposed fee, there should be limited fiscal impact on the Inclusionary Housing fund in the short-run. In the long run, the equalization of the fee-in-lieu over all applicable development types is anticipated to contribute modest additional funds towards affordable housing.

STAFF RECOMMENDATION

Staff recommends that the updated fees-in-lieu of constructed Inclusionary Housing units, as codified in the City of Salida fee schedule, be approved by Council.

SUGGESTED MOTION

A Council person should move to “Approve Resolution No. 2022-21 Amending the 2022 Fee Schedules.”

Attachments:

Resolution No. 2022-21

2022 Fee Schedule as amended

Central Colorado Realtors report on median home values through April 2022

Calculation sheet for new IH fee-in-lieu

RESOLUTION NO. 21
(Series 2022)

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF SALIDA, COLORADO
AMENDING THE 2022 FEE SCHEDULES

WHEREAS, the Salida Municipal Code (“Code”) establishes rules and regulations for the operations of the City of Salida (“City”) and provides for the establishment of fees for various City services throughout the Code; and,

WHEREAS, the City relies upon fees to provide many services to its customers and citizens; and,

WHEREAS, fees associated with the services provided by the City require adjustment from time to time to account for the increase in the costs to provide such services, as well as for the implementation of new services and regulations, or applicable amendments to the Code; and,

WHEREAS, on April 5, 2022, the City Council adopted Ordinance 2022-05 amending Chapter 16 of the Salida Municipal Code in regards to Inclusionary Housing; and

WHEREAS, the Inclusionary Housing amendment adjusted the proportion of deed-restricted units required in various land use application and development types; and

WHEREAS, the affordability levels targeted by said amendment address a range of income levels identified as housing challenged locally; and

WHEREAS, fees-in-lieu for for-sale units were previously calculated from the difference between the median sales price for all residential units in Chaffee County and the calculated sales price for a two-bedroom affordable unit at up to 80% area median income (AMI) in Chaffee County; and

WHEREAS, it has been determined that utilizing a calculated sales price for a three-bedroom affordable unit at up to 100% AMI in Chaffee County is more in line with the realities of both development and housing needs; and

WHEREAS, the Colorado Housing and Finance Authority (CHFA) has recently released its latest 2022 Income and Rent Limits from which said sales prices are calculated; and

WHEREAS, since the previous Inclusionary Housing fee-in-lieu update adopted via City Resolution No. 2022-04 (using YTD sales data through December 2021), the median sales price for all residential units in Chaffee County has increased by over \$62,000 (using YTD sales data through April 2022); and,

WHEREAS, no additional data has been collected regarding median rental unit rates in Chaffee County since the last Inclusionary Housing fee-in-lieu update, and therefore no changes to the Inclusionary Housing fee-in-lieu for rental units are currently proposed; and

WHEREAS, Council has determined the amended Inclusionary Housing fees-in-lieu, as included in Exhibit A, attached hereto and incorporated herein and included as part of the City's overall Fee Schedules, are appropriate as an option for the satisfaction of the Code's Inclusionary Housing requirements.

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. This resolution and accompanying amended Inclusionary Housing fees-in-lieu are intended to supersede all previous Inclusionary Housing fees-in-lieu adopted by the City Council.
3. Effective upon approval, the City hereby adopts the amended Inclusionary Housing fees-in-lieu (attached hereto as Exhibit A) as part of the overall 2022 City of Salida Fee Schedules.

RESOLVED, APPROVED, AND ADOPTED this 17th day of May, 2022.

CITY OF SALIDA

By: _____
Dan Shore, Mayor

[SEAL]

ATTEST: _____
City Clerk/Deputy City Clerk

Exhibit A
2022 Inclusionary Housing
Updated In-Lieu Fees



Inclusionary Housing In-Lieu Fees:

Inclusionary housing requirements apply to Annexations, Planned Developments, Minor and Major Subdivisions, Condominium Plats, Duplex Conversion Subdivisions, and Multi-Family rental projects of five (5) or more units. The in-lieu fee option is only available for the fractional portion above the number of inclusionary housing units required to be built and deed-restricted in a development and where the total number of proposed built primary units in a development is five (5) or less.

If an applicant opts to pay an in-lieu fee to satisfy the inclusionary housing requirement as permitted by Sec. 16-13-30 of the Salida Municipal Code, the fees shall be calculated as described here, based upon the date of building permit application submittal, and shall be due no later than issuance of the certificate of occupancy for each unit:

- (a) The in-lieu fee for each for-sale unit within the applicable development shall be:

\$20.10 per square foot of the principal unit (excluding garages)

- (b) The in-lieu fee for each unit within a multi-family rental project of five (5) or more units under single ownership and on the same lot (whether attached or not) shall be:

\$3.00 per square foot of the rental unit (excluding garages)*

*Should such a unit be converted to a saleable unit (via subdivision, condominiumization, etc.), the applicant shall be responsible for paying the difference between the rental unit in-lieu fee originally paid and the for-sale unit in-lieu fee applicable at the time of such conversion, unless the requisite number of inclusionary housing units are then deed-restricted.

Local Market Update for April 2022

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.

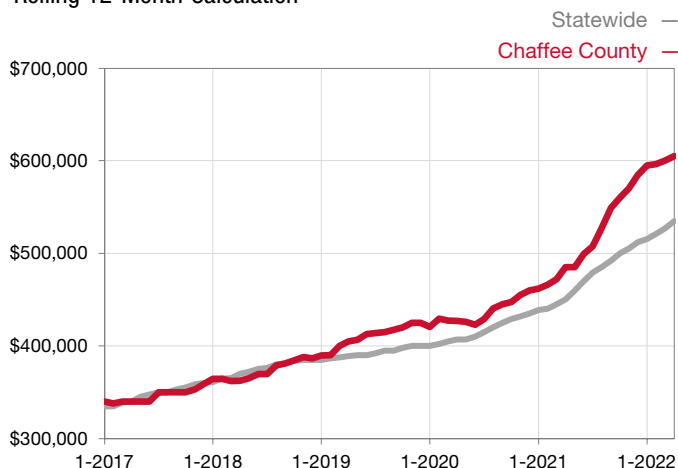
Single Family	April			Year to Date		
Key Metrics	2021	2022	Percent Change from Previous Year	Thru 04-2021	Thru 04-2022	Percent Change from Previous Year
New Listings	51	65	+ 27.5%	165	181	+ 9.7%
Sold Listings	44	37	- 15.9%	149	121	- 18.8%
Median Sales Price*	\$584,000	\$745,000	+ 27.6%	\$530,000	\$647,000	+ 22.1%
Average Sales Price*	\$709,943	\$959,558	+ 35.2%	\$644,915	\$764,050	+ 18.5%
Percent of List Price Received*	98.3%	99.4%	+ 1.1%	98.3%	99.4%	+ 1.1%
Days on Market Until Sale	51	58	+ 13.7%	48	36	- 25.0%
Inventory of Homes for Sale	56	73	+ 30.4%	--	--	--
Months Supply of Inventory	1.2	1.9	+ 58.3%	--	--	--

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

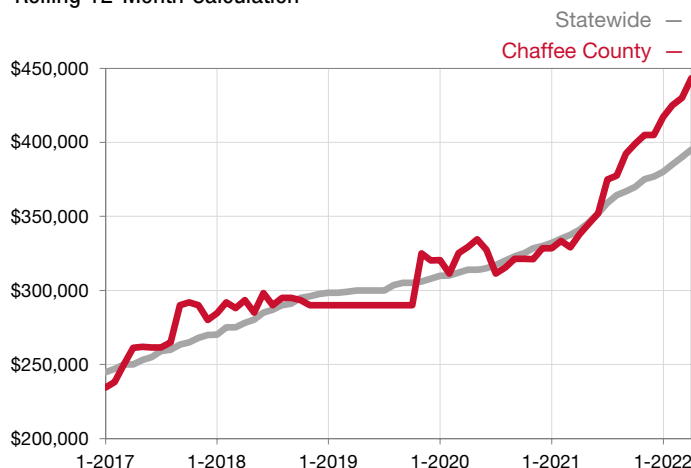
Townhouse/Condo	April			Year to Date		
Key Metrics	2021	2022	Percent Change from Previous Year	Thru 04-2021	Thru 04-2022	Percent Change from Previous Year
New Listings	12	11	- 8.3%	43	31	- 27.9%
Sold Listings	11	8	- 27.3%	37	26	- 29.7%
Median Sales Price*	\$375,000	\$536,250	+ 43.0%	\$359,000	\$489,500	+ 36.4%
Average Sales Price*	\$405,777	\$534,852	+ 31.8%	\$372,817	\$516,714	+ 38.6%
Percent of List Price Received*	99.1%	100.0%	+ 0.9%	101.4%	99.9%	- 1.5%
Days on Market Until Sale	19	59	+ 210.5%	9	33	+ 266.7%
Inventory of Homes for Sale	9	13	+ 44.4%	--	--	--
Months Supply of Inventory	0.9	2.0	+ 122.2%	--	--	--

* 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



SALIDA INCLUSIONARY HOUSING FEE CALCULATOR

Project	Total No. of Units	No. of IH units required	Units of IH Provided in Project	Median Home Value*	IH Price for 3BD Home @ 100% AMI**	Affordability Gap (D-E)	Per Unit	Per SF of market units	Per Market Unit Charge:		
									If Units are 1650 SF	If Units are 1200 SF	If Units are 2000 SF
For projects <6 units/lots and for partial IH units	6	1	0	\$ 619,143	\$ 420,144	\$ 198,999	\$ 33,167	\$ 20.10	\$ 33,167	\$ 24,121	\$ 40,202
* All home types sold in Chaffee County, per Realtors of Central Colorado (thru March 2021) ** Using 2022 HUD/CHFA data (calculated \$250/mo. credit for taxes, insurance, etc. removed from price for consistency)											