



## CITY COUNCIL WORK SESSION MEMO

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**MEETING DATE:** July 20<sup>th</sup>, 2021

**AGENDA ITEM:** “Open Doors” Emergency Housing Program

**FROM:** Bill Almquist, Community Development Director

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Salida, like many Colorado mountain towns, is experiencing an unprecedented housing crisis that has resulted in skyrocketing sales prices and a significant shortage of residential units available and/or affordable to the local workforce. Employers throughout the city are expressing their concerns about ability to remain in business due to the labor shortage related to available and secure housing.

Staff is interested in initiating a program through the Chaffee Housing Authority, funded by the City of Salida, to provide longer-term housing options for the city’s workforce. This program would target short-term rental owners, second home owners, and others to “open their hearts and minds” to the housing emergency so that they might “open their doors” to members of our workforce who need housing immediately. This program is meant to be a temporary “bridge” to a point in the future (hopefully not much more than a couple years) when we have a more adequate supply of affordable/attainable rental units for the entire local workforce.

A draft framework of the program is attached in greater detail below.

Staff appreciates the input of Council on such potential changes/recommendations.

### Attachments

- Draft “Open Doors” Emergency Housing Program Outline and Framework

# DRAFT “Open Doors” Emergency Housing Program

## Outline and Framework:

**Program Summary/Snapshot:** Finding local longer-term housing options for employees of City of Salida employers via (mostly) unoccupied second homes, current short-term rentals (STRs) or STR wait-listers, and owner-occupants with spare bedroom(s) and additional space (inc. unoccupied ADUs).

### How It Would Work:

- Homeowner agrees to rent out home (or bedroom in occupied home) for minimum 3-month lease term (preferably 6, 9, or 12 months). Homeowner works with property management firm (either their own or partner(s) chosen by City/CHA) to set parameters, including monthly rent (up to a max of 120% AMI), maximum number of occupants(?), pet requirements, etc.
- Target would be just 10 homes to start with in 2021, with ability to expand based upon popularity/success, workload, funding, etc.
- Employers apply to program and provide list of employees (either current or new hire) who need housing, along with their personal info—contact info, household size, max rent amount, lease duration required, pets, etc.
- Lottery and/or weighted system to choose first beneficiaries (stratified according to household size, other requirements)
- Program administrator/Intern conducts background/credit checks on eligible/chosen applicants
- Program administrator/Intern (and CHA members?) match employees with specific homes based on homeowner parameters and personal info. (Home inspection required prior to occupancy). Rent level is identified and agreed upon (up to max. of 120% AMI).
- Lease is administered directly through property management firm, including any required check-ups, other required property management.
- CHA co-signs on lease agreement, helping to guarantee rent payment and property damage protection. (Penalties apply to lessee, including potential eviction, if rent/damages not paid). Deposit paid by CHA if necessary (see below). City provides financial backing through Recovery Funds for unpaid rent, property damage, etc.
- Payment comes directly from chosen tenants to property management firm.
- Employers of chosen tenants pay % of rent (or flat fee per employee, per month) towards Program Administration? Inclusionary Housing Fund? Property management fee? Conversion bonus?
- Homeowner is paid “conversion bonus” (by City) according to duration of lease (must show they were not long-term renting before, or they had STR license and were intending to STR). One bonus per home, not per tenant. Payable upfront? at end of term? First half/second half?
  - **3 month lease** = \$1000 bonus (\$500 if shared living space with owner) Additional \$500 each for months 4 and 5 (\$250 each month if shared living space).
  - **6 month lease** = \$2500 bonus (\$1250 if shared living space with owner) Additional \$500 each for months 7 and 8 (\$250 each month if shared living space).
  - **9 month lease** = \$5000 bonus (\$2500 if shared living space with owner) Additional \$500 each for months 10 and 11 (\$250 each month if shared living space).
  - **12 month lease** = \$7500 bonus (\$3750 if shared living space with owner)

**Program Administration:** CHA with assistance of City of Salida

**Other Possible Relevant Players:** County, CCCF, EDC, Employers, SBA, Chamber of Commerce, SBA, Property Management Firm(s), UAACOG, ...

**Marketing:** Reaching out to STR license holders, part-time resident/second home owners, and owner-occupants with space via direct correspondence with STR licensees and wait-listers, press releases, utility bills, newspaper and radio ads, Facebook pages, City website, etc. CHA's Community Engagement Committee could take the lead on this. Focus on the fact that Salida/Chaffee County could look very different if housing crisis worsens because businesses of all types could start shutting down for lack of employees who can find housing. Could be disaster for local economy and your favorite local spots could be gone (cite Mountain Migration report). Describe how this is meant to be a "bridge" program until rental housing supply can catch up with the need (hopefully within a couple years). Have local employers and employees be the spokespeople/faces of the program (and the crisis). Must market to employers and employees, as well as homeowners.

**Other Aspects to be Considered:**

- Program Administrator (Intern) initially paid for by City, for first 6(?) months, until popularity/success of program is determined, then transition to other staff (to be paid by County, BV, Salida, or other sources).
- Individuals not associated with a participating employer can sign up and be placed as available
- Additional services by property management firm billed to Program Administrator and paid by City, as necessary.
- City, CHA, EDC, Chamber, SBA, etc. can all reach out to individual business owners for participation
- Hopefully property management firm(s) would be willing to cut a deal on services for units that take part in this program.
- CHA's Rental Deposit Guarantee Program could play a role - CHA provides a promissory note to the landlord guaranteeing CHA has the full security deposit (up to \$2000) in the bank, and the tenant pays CHA over the term of the lease.
- City Attorney to make sure we are not running afoul of any Fair Housing Act requirements