



CITY COUNCIL ACTION FORM

DEPARTMENT Planning	PRESENTED BY Kathryn Dunleavy - Planner	DATE May 7, 2024
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ITEM

Resolution No. 2024-32: A Resolution of the City Council for the City of Salida, Colorado Amending the 2024 Fee Schedule

BACKGROUND

With this Resolution, staff is proposing to update the Inclusionary Housing (IH) Fee-in-lieu (FIL) on the 2024 Adopted Fee Schedule for for-sale units. No change is proposed to the IH FIL for multi-family rental units. The City Council requested periodic updates to the IH FIL to account for changes between median market rate home sales prices and the price of for-sale homes deemed affordable to our workforce by our IH policy. Staff has been updating this figure on an approximately semi-annual basis.

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) or fewer units or if the calculation for built Inclusionary Housing units results in a fractional portion above a whole unit.

Historically, the fee-in-lieu has been determined by looking at the difference between the median sales price of a 3-bedroom home compared to the maximum affordable sales price of that same home for a household making 100% AMI. As the Inclusionary Housing ordinance has been modified since its initial implementation, staff is recommending that it is time to update this formula to better reflect the intent of the Inclusionary Housing ordinance today. Staff recommends updating it to focus on the target AMI range of for-sale homes; therefore, the proposed fee-in-lieu utilizes the maximum affordable sales price of a 3-bedroom home priced for a household making 130% AMI (i.e. the average AMI targeted by IH) as the basis for the FIL, rather than the previously utilized 100% AMI. This causes the FIL to decrease, since the difference between a market rate home and one affordable to a 130% AMI household is less than the difference between a market rate home and one affordable to a 100% AMI household.

Using the above formula, and the median sales price data for the prior 6 months (from October 2023 through March 2024, the most recent data available), this amendment to the fee schedule proposes the For-Sale Inclusionary Housing fee-in-lieu to be set at **\$13.59** per square foot.



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SALIDA INCLUSIONARY HOUSING FEE CALCULATOR								
	A	B	C	D	E	F	G	H
Project	Total No. of Units	No. of IH units required	Units of IH Provided in Project	Median Home Value*	IH Price for 3BD Home @ 130% AMI	Affordability Gap of One Unit (D-E)	Affordability Gap on a Per Unit Basis (F x 1/6)	Affordability Gap on a Per Square Foot Basis (G divided by 1650 (Avg SF))
For projects <6 units/lots and for partial IH units	6	1	0	\$ 642,620	\$ 508,046	\$ 134,574	\$ 22,429	\$ 13.59
* All home types sold in Chaffee County, per Realtors of Central Colorado, prior 6 mos. (Oct 2023 though Mar 2024)								

Secondly, staff recommends a modification to how the FIL is applied. Council has asked staff to look at the financial impact of this FIL on proposed development. To that end, staff proposes applying the FIL on a sliding scale.

- 5 new units/lots created, or remainder of 5 = .9 FIL/SF (= \$12.23 / SF for each unit based on the new FIL)
- 4 new units/lots created, or remainder of 4 = .8 FIL/SF (= \$10.87 / SF for each unit based on the new FIL)
- 3 new units/lots created, or remainder of 3 = .7 FIL/SF (= \$9.51 / SF for each unit based on the new FIL)
- 2 new units/lots created, or remainder of 2 = .6 FIL/SF (= \$8.15 / SF for each unit based on the new FIL)
- 1 new unit/lot created, or remainder of 1 = .5 FIL/SF (= \$6.80 / SF for each unit based on the new FIL)

This scale would be applied to both small developments of 5 units or less, as well as to the fractional portion of a larger development (for example, a development of 28 units would be required to build and deed-restrict 6 IH units and pay an FIL for the remaining 4 units at 80% of the FIL).

FISCAL NOTE

The IH FIL is one of the funding sources for the City’s Affordable Housing Fund. The proposed revision to the FIL will decrease the amount of funds collected per unit. While this does represent a sizable decrease from the current FIL, the intent is to make it more feasible for smaller developments to move forward. It is possible that the decreased amount per unit will be made up for by an increased number units paying the FIL by small projects that move forward.

STAFF RECOMMENDATION

Staff recommends that the updated City of Salida Fee Schedule be approved by City Council.



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SUGGESTED MOTION

A Council person should move to “Approve Resolution No. 2024-32 amending the 2024 Fee Schedule.”

Attachments:

Resolution No. 2024-32

2024 IH Fee-In-Lieu portion of the Fee Schedule