



## CITY COUNCIL ACTION FORM

<b>DEPARTMENT</b> Planning	<b>PRESENTED BY</b> Kathryn Dunleavy - Planner	<b>DATE</b> May 7, 2024
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### **ITEM**

Resolution No. 2024-31 – A Resolution of the City Council for the City of Salida, Colorado Adopting the 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, 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 2024 maximum monthly rental and for-sale prices for inclusionary housing units.

### **SUGGESTED MOTION**

A Council person should move to “Approve Resolution No. 2024-31 adopting the 2024 maximum monthly rental and for-sale prices for inclusionary housing units, effective May 7,2024.”

#### Attachments:

Resolution No. 2024-31

Table of AMI’s, maximum rental and sales prices