

Roadmap to Affordable Housing 2019-2025

Pagosa Springs & Archuleta County



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INTRODUCTION

Pagosa Housing Partners (PHP) was hired on July 5th, 2018 to create a long-term comprehensive action plan for the Town of Pagosa Springs. The Archuleta County Housing Needs Assessment Study, done by Economic Planning Systems in December 2017 and the work of the Housing Advisory Group serve as the basis from which to develop this plan. Additionally, PHP conducted a survey to members of the community, and engaged other government, nonprofits, and private citizens to participate in the roadmap presented here.

The focus of this plan is around creating housing choices for a wide range of residents in the community. Increasing housing choices has widespread benefits for the local economy.



WILLIFORD, LLC

land use & affordable housing

Pagosa Housing Partners and Williford Housing LLC produced this plan.

RECENT HISTORY OF THE HOUSING EFFORT

During the 1970s and 1980s, the small rural community of Pagosa Springs was discovered. Developers grew the community using the “recreational communities” model. Over the next four decades, the population of Archuleta County doubled, and then doubled again, from about 2,500 (1972) to about 12,500 residents (2007). Much of the housing development was aimed at second-home owners and retirees, and the local economy grew, based around tourism and a flourishing construction/real estate industry.

Local governments first became concerned about housing affordability issues in the late 1990s, and subsequently the County Community Plan (2000), Town Comprehensive Plan (2006), and the County Strategic Plan (2007) identified ‘workforce housing’ as a critical issue, leading up to a jointly-funded 2008 Archuleta County Housing Needs Assessment. But the Great Recession — and the resulting drop in local real estate values — resulted in a slowdown of focus and funding for the housing issue.

Between 2008 and 2014, numerous single-family homes in the county went into foreclosure and some were purchased by investors at bottom-of-the-market prices. During that same period, vacation rental websites like AirBnB.com and HomeAway.com attracted many property owners, and a thriving vacation rental market developed, with more than 600 properties listed in Archuleta County on the VRBO.com website in 2017. During that same period, very little new housing was constructed in the community to meet the growing demand for rental housing and the needs of local residents seeking to buy.

The Town of Pagosa Springs and the Archuleta Board of County Commissioners agreed in 2016 to jointly fund an update to the 2008 housing study, and also convened a group of local volunteers as the ‘Archuleta County Housing Workgroup.’ The work group studied various facets of the housing crisis and delivered a set of reports to the BOCC and Town Council in September 2016. In 2017, staff, elected officials and volunteers attended the Community Builders Housing Institute, and identified a need to hire housing specific expertise to create a housing plan and implement specific housing projects. Economic and Planning Systems also issued an updated housing needs report.

EXECUTIVE SUMMARY

Local governments, non-profits, community members, faith organizations and concerned residents have come together to respond to the shortage of housing choices in the community. Pagosa Housing Partners has been the lead agency in facilitating these conversations and creating this plan.

The plan sets a goal of creating 100 affordable homes for sale and for rent by 2025, and provides the principles that will guide the work. The plan envisions a need for numerous partnerships and collaborations, and spells out basic roles and responsibilities.

- PHP – advocacy, outreach, policy guidance, and catalyzing partnerships for homeownership and mixed-use development opportunities
- Local residents – providing feedback, participation, and assisting in supporting neighbors, friends, and relatives to attain more affordable housing choices
- Local faith organizations and human services non-profits – linking clients with resources, feedback on plans and strategies, and funding and policy advocacy
- ACHA – rental housing management and catalyzing new rental affordable development
- Local Government – land use code updates, funding, and partnering in provision of land and incentives
- Employers – assisting in funding, outreach, and partnering on new rental and ownership opportunities

The plan provides key action steps, with timing and responsibilities assigned. The action steps draw from a diverse array of incentives, regulations, funding, and partnerships tailored to be responsive to conditions in the Pagosa Springs/Archuleta County area. Public/private partnerships are considered to be one of the key tools and an inventory of appropriate land and funding opportunities for those partnerships is also included in the plan. Please direct any questions or feedback regarding the plan to comment.php@gmail.com.

DEFINITIONS AND ACRONYMS

Definitions and acronyms for widely used housing terms will give perspective to this plan. Often the term “affordable housing” has been synonymous with very low and low income. This, however, only covers one segment of the housing population facing housing issues. Pagosa Springs and Archuleta County are primarily tourism-based economies. Over recent years there has been an influx of retirees, nonresident owners, short-term rental investments, and workforce residents putting pressure on the availability and cost of the limited housing inventory. The difference between what is affordable for residents making local wages and the rising cost of housing available in the market puts pressure on moderate and middle-income residents as well. The term “affordable” needs to be expanded to include residents that cannot “afford” to live in the community. This plan utilizes the definitions and acronyms below.

PHP – Pagosa Housing Partners

ACHA – Archuleta County Housing Authority

ADU – Accessory Dwelling Unit

AMI – Area Median Income

LIHTC – Low-Income Housing Tax Credit

OZ – Opportunity Zone

Income Levels -According to the most recent 2018 data from the Colorado Housing and Finance Authority (CHFA), the area median income (AMI) for Archuleta County was **\$53,900 for a family of 2**. The Incomes addressed in this plan are defined as:

- Very Low Income is up to 30% AMI = \$16,170 year and under
- Low Income is 31 - 60% AMI = maxing at \$32,340 per year
- Moderate Income is 61 - 80% AMI = maxing at \$43,120 per year
- Middle Income is 81-120% AMI = maxing at \$64,680 per year

Affordable Housing – When rent or mortgage payments equal no more than 30% of gross household income regardless of the level of income of the occupants. Both the State and Federal governments determine this 30% figure as an acceptable standard of housing ratio to income.

Missing Middle – An income group between 80%-120% AMI often reflecting a housing category that is forgotten because there are limited government support programs to subsidize the housing and incomes are below what is needed to obtain banking loans commensurate with to rising housing prices. This range equates to incomes between \$43,920 (80%) - \$64,680 (120%).

Deed Restricted Housing – Rental units or homes that have long-term restrictions related to income, employment, resale price caps and/or occupancy limits. These restrictions are imposed through deeds recorded against the property, but may also be placed on properties through financing agreement and other types of covenants.

Workforce Housing – Housing that is deed restricted and must be occupied by at least one local employee.

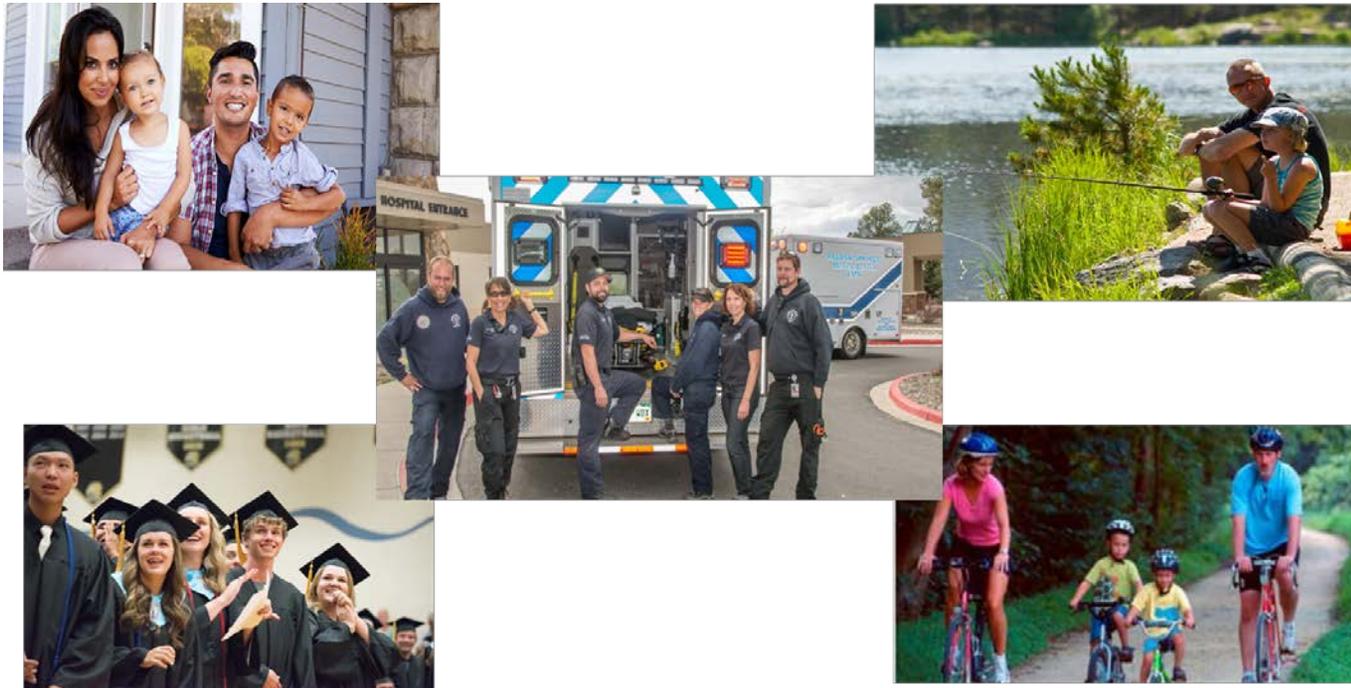
GOALS AND GUIDING PRINCIPLES

The 2017 Archuleta Housing Assessment determined the need for 118 rental housing units and noted that 80% of homes sold were only affordable to households above 120% AMI. These figures represent gaps in the market at that time; given the current rise in home prices and rents over the recent year these gaps have likely increased. A survey was conducted to ask residents about their individual needs as a complement to the assessment to provide more ground-based data. The survey confirmed the Assessment's data and provided additional clarity to what is needed within the community. The following goals and guiding principles are recommended in order to begin addressing the needs in the community:

- **Collaboration and Engagement** - The Town of Pagosa Springs, Archuleta County, ACHA and PHP to join in adopting a common goal to create 100 affordable housing units by 2025. The goal is to create a mix of affordable choices with approximately 60 rentals and 40 new homes to own to support the needs of the community.
- **Focus** - Creating affordable rental housing for households ranging from 0 – 120% AMI and homeownership for first time homebuyers in the 80-120 missing middle.
- **Programs** - Provide programs to support renters and first-time homebuyers by connecting resources and tools in order to be prepared for housing opportunities within the community.
- **Partnerships** – Government, businesses, and non-profit agencies are key catalysts to address affordable housing needs.
 - Strong partnerships with private sector investors are needed to make progress toward the goals of this Plan.
 - By the same token, government and nonprofit financial support and staff capacity is limited; efforts should be prioritized on projects that the private sector will not address on its own.
 - A key to building these strong relationships and partnerships is being proactive, flexible, and open to opportunity.
 - Seek partnerships with other established non-profits and government agencies such as HomesFund, Habitat for Humanity, and Archuleta County Housing Authority.
 - Business involvement in helping to continually offer solutions to the problem will be important on a long-term basis.
- **Diversity** - While survey respondents overwhelmingly desire single-family homes, the goal is to support a range of housing types to meet the diversity of needs in the community. A diversity of housing types will help to create more affordable price points, be

responsive to locals' phases in life, and help to support other community goals such as walkable neighborhoods and efficient use of limited land.

- **Deed Restrictions** - The homes created through public/private partnerships will be long term deed restricted for year-round residents.
- **Community Engagement** - The community plays a key role in the overall success for housing projects. Through continual communication of the need, status, and timelines of both short and long-term projects serves to provide feedback and gain support and involvement.
- **Supporting Each Other** - All residents in the community deserve housing quality and affordable choices.



SUMMARY OF NEED

“Positive impact economically and quality of life”
“A healthier, happier community with a healthy workforce; attract new business”
Gainstorming session Oct. 1, 2018

EPS conducted a survey in their Housing Assessment. The surveyed participants were local business owners and service providers who were asked questions related to the impact of housing on their local business and services. In August, PHP conducted an additional survey asking local residents to detail their housing needs. This survey highlighted a concern about the vitality of the community over the long term. The number one concern of respondents was housing is too expensive with 54% having housing expenses over the 30% income ratio per housing standard guidelines and over 42% of those are above 50% expense levels. Another stark data point was that 38% of the respondents indicated they were considering or have decided to move out of the community. A majority of respondents

indicated housing costs were the primary reason, followed closely by job opportunities.

Within the workforce respondents 48% were under 60% AMI, while 52% were over, largely falling under 120% AMI. Home size needed generally fell in the one- and two-bedroom categories. Current housing availability as of this report is reflected in the chart below. As shown, inventory is extremely limited in both the rental and home ownership categories.

Home Ownership

The available housing options for home ownership meeting the criteria for affordable housing options with a price point under \$270,000, which is affordable to a two-person household at 120% AMI.

Housing Type	Number Available in Archuleta County	Number Available in Town of Pagosa Springs
Condo	7	0
Manufactured/Mobile	9	0
Modular	2	0
Stick	20	2

Rental

Available rental properties reflect a zero-inventory for all rental properties contacted. The chart below reflects the wait list for low-income rentals, which continue to be filled at 100% capacity.

Rental Properties	Available Inventory	Waitlist
Hickory Ridge	0	0
Lakeview Estates	0	17
Archuleta County	0	1 Bedroom - 25
		2 Bedroom - 13
		3 Bedroom - 10
		4 Bedroom 5
		Elderly - 14
Bristol Cone	0	27

Notes: 1) Inventory is as of early November. 2) Residents potentially on multiple waitlist.

Lack of housing options creates limited business growth, unhealthy population segments, restricted or reduced quality of services for citizens and guests, and a void of opportunity for younger generations wanting to establish roots in the community.

- 90% of local business respondents believe that the housing problem today is worse or substantially worse than in the past
 - 49% believe that the service industry faces the greatest need as it relates to housing employees; 24% said education, medical and related professional services.
 - Employers were asked how the availability of suitable housing impacts recruitment and retention efforts; 49% responded “substantially”
- Archuleta County Housing Needs Study 2017

Limited business development reduces the tax base for local government, while not providing job opportunities for its residents. Pagosa Springs will not have the ability to attract medium size companies to relocate to the area without housing options for their employees.

The Colorado Department of Health has shown a direct correlation between affordable housing and health. In households across the state families forgo food and medications in order to pay rent. The cost of housing shows an increase in the level of illness, missed work and education scores in children.

“We won’t have a livable community, fewer jobs, fewer workers, poorer schools and medical care”

The ability to supply quality medical care, education and protective services to the community is greatly impacted by high rents or lack of entry level housing options. Tourism feeds the basic economy, but it also strains it with the need for more community services.

Housing effects the overall age and diversity of the community. Young people out of high school are needing, or wanting, to move away because they can’t get started in a place of their own. The middle age ranges from the survey showed it is the largest segment of the population most likely considering leaving. The majority can’t find a starter home to raise their families and are being priced out. As the community ages, by attracting more retirees, greater resources for medical support and aging-in-place options are required.

As the community changes, housing affordability and options play a key role. Attracting and retaining people who will play a vital role in the social and economic life of the town and county, and who can afford to live here, will create a stronger community.

“Develop an effective (measurable), affordable and inclusive housing program; keep young adults here and provide programs that create opportunities for people to “graduate” housing choices”





ACTION PLAN

This Plan will comprehensively address workforce-housing needs through a combination of strategies on a near, mid and long-term basis. In this chapter, the summary of proposed timeline, responsibilities and tasks is provided. As each initiative commences the team will establish a comprehensive scope of work and project plan.

Overall, the strategies PHP recommends are:

- Utilize Town and County owned land for potential housing development.
- Offer incentives and develop policies to expand the diversity of housing choices available for local residents and workforce.
- Create opportunities and prepare renters and homebuyers for success.
- Retain and transition non-conforming homes to legal, safe status.
- Engage employers, nonprofits and community in workforce housing solutions.
- Require affordable and workforce housing to be produced as part of new residential developments as the community grows.

Details regarding the tools recommended in the next five years are included in the Tools chapter.



		Lead	2019				2020				2021			
Near Term			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
LIHTC Partnership - ACHA Hot Springs Blvd Site														
	Select a development partner	ACHA/County	█											
	Complete design and land use	ACHA/Dev Partner/TOPS	█	█										
	Apply for LIHTC	Dev Partner		█	█									
	Assemble finance	Dev Partner					█	█	█	█				
	Construct	Dev Partner					█	█	█	█	█	█	█	█
	Lease-up	Dev Partner/ACHA									█	█	█	█
Missing Middle Homeownership - Bell Tower, Hot Springs Blvd Site and others														
	Explore feasibility	PHP	█	█	█									
	Seek Development Partner(s)	PHP					█	█	█	█	█	█	█	█
For Sale Deed Restriction and Guidelines														
	Generate initial draft	PHP					█	█	█	█				
	Get feedback from community, realtors, electeds	PHP with Town/County					█	█	█	█				
	Revise and submit for adoption	PHP												
	Monitoring of Deed Restricted Properties	PHP									█	█	█	█
Align Fee Waivers and Reimbursements														
	Convene all jurisdictions, sign off on goals	PHP				█								
	Conduct outreach and legal review	PHP, fee assessors					█	█	█					
	"Pathway to compliance" for Aspen Springs	PHP, County, Public Health									█	█	█	█
	Present recommendations for adoption	PHP, fee assessors									█	█	█	█
Short-Term Rentals														
	Track baseline inventory	Town/County	█	█	█	█	█	█	█	█	█	█	█	█
	Explore dedicating a portion of fees to housing	County					█	█	█	█	█	█	█	█
	Form stakeholder committee re: excise tax	PHP												
Flexible Development Standards														
	Conduct focus groups to define scope/opportunity	PHP with Town/County					█							
	Develop recommended changes	PHP with Town/County						█	█	█				
	Conduct outreach on proposed changes	PHP with Town/County									█			
RoomConnect														
	Develop program details	PHP	█	█	█	█	█	█	█	█	█	█	█	█
	Pilot	PHP												
Renter Education														
	Develop program details	PHP					█							
	Pilot	PHP									█	█	█	█
Homebuyer Education and Down Payment Assistance														
	Expand programing in Pagosa/Archuleta	Homes Fund	█	█	█	█	█	█	█	█	█	█	█	█
Include Housing In Planning of Public Land and Facilities Siting														
	Create Vision/Guiding Principles	Town/County/PHP												
	Understand desired densities	Town/County/PHP												
	Conduct Feasibility	Town/County/PHP												
	Seek Development Partner(s)	Town/County/PHP												
	Select partner	Town/County/PHP												
	Entitlement and finance	Town/County/PHP												
	Construct	Town/County/PHP												
Accessory Dwelling Units														
	Program updates/tweaks	Town/County/PHP	█	█	█	█	█	█	█	█	█	█	█	█
Community Outreach														
	Per outreach plan	PHP	█	█	█	█	█	█	█	█	█	█	█	█

} Ongoing, opportunity driven

		Lead	2022				2023				2024			
Mid - Long term			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employer Participation in Housing Solutions														
	Master lease, employer purchase, other tools	PHP/Chamber												
Align Long Term Plans, Regs, and Policies with Workforce Housing Goals														
	Determine process	Town/County/PHP												
	Hire consultant team	Town/County/PHP												
	Conduct outreach	Town/County/PHP												
	Recommend/adopt	Town/County/PHP												
Inclusionary Zoning														
	Assess Market Conditions and Political Will	Town/County/PHP												
Annexation Policy														
	Assess Market Conditions and Political Will	Town/County/PHP												
Commercial and Residential Linkage														
	Assess Market Conditions and Political Will	Town/County/PHP												
Community Outreach		PHP	Ongoing											
Purchase Land for Housing		PHP/ACHA	Ongoing, opportunity driven											
Public Private Partnerships		PHP/ACHA	Ongoing, opportunity driven											

ROLES AND RESPONSIBILITIES

“Local governments have historically regulated residential development undertaken by the private sector. A shift occurs when the market is not providing housing affordable for local residents, with towns and counties becoming directly involved in development. This dynamic has occurred across mountain communities over the past several decades. Shifting from regulation/oversight to developing and managing housing programs often poses challenges.” – Gunnison Valley Housing Needs Assessment 2016, Rees Consulting

Anticipate the following agencies responding to these changing roles and challenges by taking on following responsibilities:

			
<p style="text-align: center;">Lead</p> <p>Health, safety, land use, building permits, fees, long-range planning and zoning in Town of Pagosa Springs</p>	<p style="text-align: center;">Lead</p> <p>Community outreach Develop Buyer and Rental Deed Restrictions, RoomConnect, Rental and Buyer Education For Sale Deed Restriction Monitoring</p>	<p style="text-align: center;">Lead</p> <p>Health, safety, land use, building permits, fees, long range planning and zoning in unincorporated Archuleta County</p>	<p style="text-align: center;">Lead</p> <p>Rental Property Management LIHTC New Rental Housing Implementation of rental deed restrictions and guidelines</p>
<p style="text-align: center;">Support</p> <p>With funding, land, and technical expertise in land use policy</p>	<p style="text-align: center;">Support</p> <p>Public and private partnerships to catalyze missing middle options Land use, fees, and other policy updates</p>	<p style="text-align: center;">Support</p> <p>With funding, land, and technical expertise in land use policy</p>	<p style="text-align: center;">Support</p> <p>Development and implementation of rental deed restrictions and guidelines</p>

TOOLS

Community stakeholders reviewed, discussed and prioritized the following tools at a workshop in Pagosa Springs on October 1, 2018. This workshop built upon ideas and momentum established at the Community Builders Housing Institute in Glenwood Springs in 2017. The tools are prioritized and recommended based on extensive conversations between HAC, PHP, ACHA, other community stakeholders and Williford Housing LLC.



INCENTIVES

- Zoning for Affordability
- Density Bonus
- Fee Reimbursement or Waiver
- Accessory Dwelling Units



DEVELOPMENT REGULATIONS

- Short-term Rental Oversight
- Deed Restriction Policy
- Align Regulations with Housing Goals
- Inclusionary Zoning
- Annexation Policy
- Building Code Review



FUNDING

- Taxes
- LIHTC
- CDOH funding
- Private Donations/Grants
- Fees
- Opportunity Zones



PUBLIC-PRIVATE PARTNERSHIPS

- Housing development Project
- Home Repair/Rehabilitation
- Education Programs
- Employer-Assisted Housing
- RoomConnect Program
- Conversion of Short-term Rentals in to Long-Term
- Home Buyer Assistance

Tools described in the following document describe the action, timeline and complexity. Complexity is shown in the form of low, medium and higher-level hanging fruit.



Green Apple signifies simple, straightforward interactions and minimal resources



Yellow signifies a more intermediate need for navigation, research and interdepartmental resources



Red signifies longer-term and more complex development of the action item



Housing Development through Public Private Partnerships

Goal: Create private/public housing projects for investment.

Considerations:	
In General	Pagosa Springs and Archuleta County Specific
<p>Housing partnerships are a valuable tool to help build housing that is not currently provided by the private sector alone.</p> <p>Outside land donation, local funding and/or waiver of development related fees catalyze investment. In some cases, if combined with retail, a reduction or short-term waiver of sales taxes.</p> <p>Taking advantage of the new Opportunity Zone tax incentive could create an immediate inflow of investment and produce long-term changes in the community.</p>	<p>Opportunity Zone Area and Enterprise Zone Areas are reflected on page 22.</p> <p>The opportunity for a public private partnership to develop rental housing with LIHTC also follows within this category, but is addressed on page 23.</p> <p>Further site-specific opportunities are addressed in the Land chapter.</p>

Action Steps	Responsibility	Timeline	Complexity
Determine available land options	Town of Pagosa Springs	Next 30-60 days	
Create program hierarchy for contact and information flow for new projects	PHP, Town Staff, Economic Development, County Staff	60-120 days	
Complete prospectus and present	Economic Development Coordinator	30-60 days	
Purchase of land by investor/donation of property	Developer/Town	TBD	
Project design	Developer/Investor, PHP, Town	TBD	
RFP if needed	Town Staff		
Educate key stakeholders and public on Opportunity Zone	PHP, CDC	2019	



Specific Private Investment Partnerships for Tax Incentives

Goal: Develop housing choices with private sector investors using the Enterprise and Opportunity zones in Pagosa Springs.

Considerations:	Pagosa Springs/Archuleta County Specific
In General:	
<p>The recent new Federal Tax law of 2017 included a tax incentive for investment in rural communities. This economic and community development tax incentive program provides new impetus for private investors to support distressed communities through private equity investments in businesses and real estate ventures.</p> <p>Timing to maximum investment tax incentive is December 31, 2019, although investments after this time still have value.</p>	<p>See page 22 for mapped area in blue for Pagosa Springs and Archuleta County.</p>

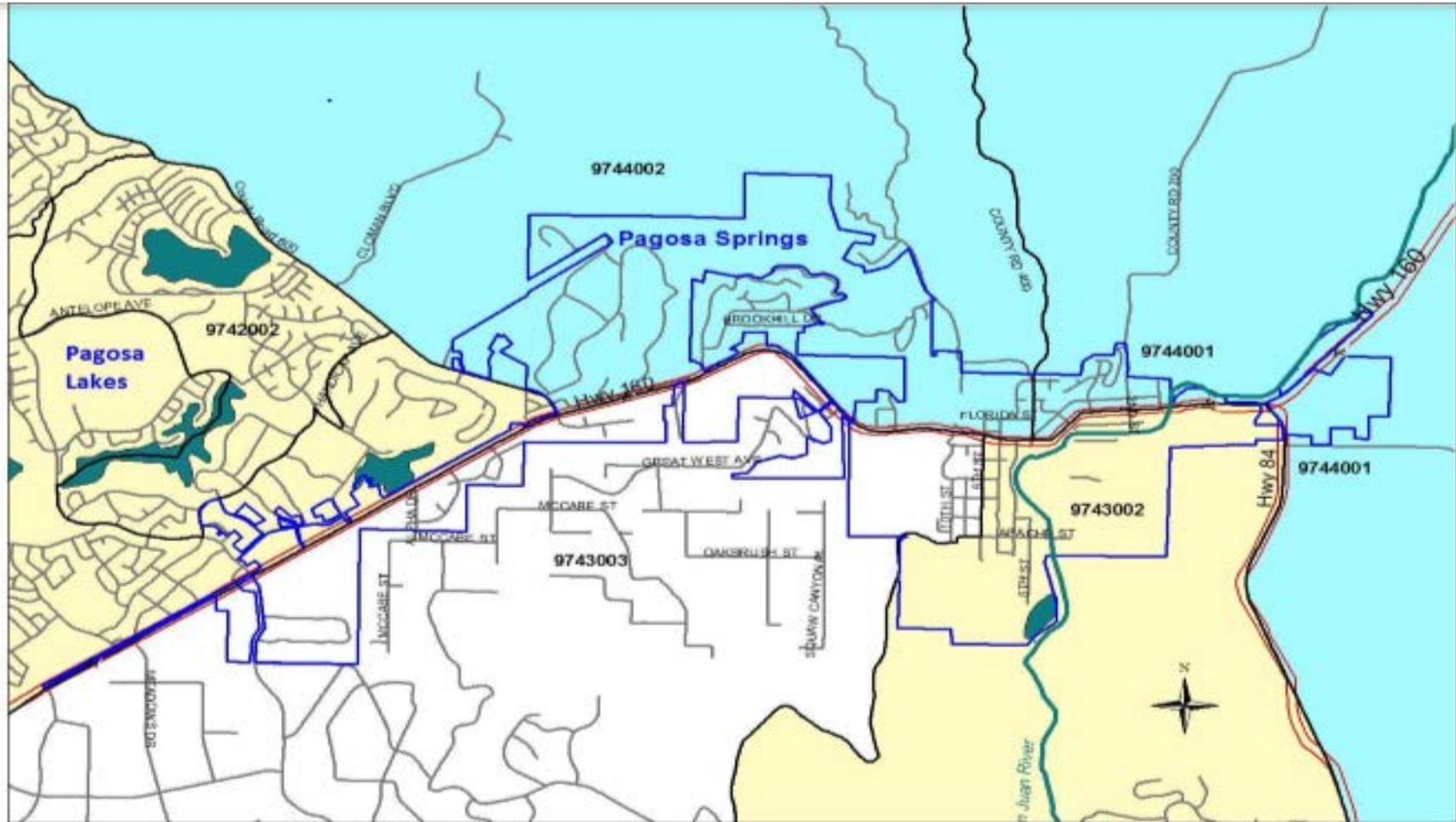
Action Steps	Responsibility	Timeline	Complexity
Develop Opportunity Zone Prospectus	Economic Development Coordinator	30-60 days	
Create a list of properties within the area and a description of parcel and potential project types	PHP and local realtors	60- 90 days	
Communicate with local realtors individually and at Board of Realtors meetings as needed.	PHP and Town and County staff	60-90 days	
Develop a central communication link for potential investments	PHP, Town and County staff	On-going	

Opportunity Zones were created in the 2017 Tax Reform Bill. While it has been in place for almost a year, many of the regulations are just being fine-tuned. Opportunity Funds are a new class of investment tools that are specifically designed to encourage investment in rural and low-income urban communities. This mode of investment allows private investors to defer their capital gains over an eight-year period by investing in specific areas called Opportunity Zones. This investment tool, whether looking to invest in a business looking to expand or development of a new housing project, is designated by the investor on their federal taxes. Their investment must stay in the project and must be used to expand and further develop the business or property, within 30 months. After 5 years the initial tax burden is reduced by 10% and after 7 years the rolled-over capital gains is reduced by 15%. After 10 years any capital gains are tax-free. The benefits of the program are likely to significantly increase the yields for many equity investors. Unless extended by congress, the date to enter into the program to receive maximum benefit for the investor is December 31, 2019.

Segments north of Hwy 160, east of Piedra (CR600) continuing to east of Hwy 84 (see map) in Archuleta County has been designated as an Opportunity Zone. Designing a detailed housing project that is investable by that date should be a high priority. The potential for opportunity zone investment is very high based on the community's ability to be prepared in order to take advantage of this type of funding.



Opportunity Zone



Archuleta County - Pagosa Springs Area Enlarged Enterprise Zones (EZ) and Opportunity Zones (OZ)

Information Services
 c:\gis\data\enterprise zones\enterprise zone update 2015\incentive Zones 2018
 Draft 9-1-18

- Census Block Groups EZ Eligible
- Census Block Groups OZ Eligible
- Municipal Boundary



Low Income Housing Tax Credit (LIHTC)

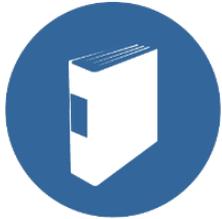
Goal: Use this powerful financing tool to help address the need for affordable rentals.

Considerations:	
In General,	Pagosa Springs/Archuleta Specific
<p>This state and federal resource generates investments from outside the community to make rental housing for households below 80% AMI feasible. LIHTC investments typically cover from 30-90% of the cost to build for rental housing.</p> <p>LIHTC is the dominant financial tool to build rental housing for lower income households in the United States. For the State of Colorado, Colorado Housing and Finance Authority is responsible for allocating the credits. Proposed projects most meet rigorous thresholds and some types of credit are highly competitive (9% and State).</p>	<p>Pagosa Springs and Archuleta County have only received one allocation of LIHTC in the past: Hickory Ridge in 2010. Both the <i>2017 Housing Needs Assessment</i> by EPS and the Pagosa Housing Partners Community Survey identified a large unmet need for rental housing serving households below 60% AMI. The LIHTC would be a strong tool to assist the community in meeting that need.</p> <p>Archuleta County Housing Authority has been leading an effort to secure land, conduct preliminary feasibility and select a development partner for 35-40 units to be built using the LIHTC. The County Commissioners voted 3-0 in favor of granting ACHA a 99-Year Land Lease on 2.5 acres on the east side of Hot Springs Blvd.</p>

Action Steps	Responsibility	Timeline	Complexity
Assemble project team, including developer, architect, contractor and other consultants.	ACHA	Next 60 days	
Conduct community outreach.	ACHA and PHP	Next 90 days	
Complete preliminary design.	ACHA and Development Team	By February 2019	
Secure zoning approval.	ACHA and Development Team	By April 2019	
Establish legal description of the property for 99-year lease.	ACHA and Development Team	By April 2019	

Action Steps	Responsibility	Timeline	Complexity
Complete project market study.	Prior and Associates	By May 2019	
Secure local support from business, non-profit, and community stakeholders.	ACHA and Development Team	By May 2019	
Refine designs and secure preliminary contractor price estimates.	ACHA and Development Team	By May 2019	
Apply for 9% LIHTC and State Division of Housing Funds.	ACHA and Development Team	June 3, 2019	





Deed Restriction Policy

Goal: Investment of public resources to create workforce and affordable housing should be protected for the long-term benefit of the community through deed restrictions. If ACHA is successful in securing a LIHTC, project, Colorado Housing and Finance Authority will put land use and rental deed restriction policies in place. Future projects for homeownership when developed will need a detailed deed restriction to ensure longevity.

Recommended Core Components of Deed Restrictions for Homeownership

Pagosa Housing Partners will lead the creation of deed restrictions and program guidelines for homeownership. Long term compliance management and monitoring of homeownership deed restrictions may be a responsibility of PHP, ACHA, or another entity.

Program details require community alignment and input to appropriately implement this overall program. The management of the program, process and detailed rules or actions needs to be defined prior to program implementation. Deed restrictions should be consistent across the Town and County for ease of long-term management, and greater fairness and transparency for the consumer. Best practices from other communities, recommended for Pagosa Springs and Archuleta County are as follows;

Qualifications	Owner Occupied.
	Must have been working in Archuleta County for the 12 months prior, or have been employed in the community prior to retirement.
	Owner must currently be working 30 hours per week in Archuleta County, or have been employed in the community prior to retirement.
	Must meet the requirements to obtain financing.
	Must meet residency requirements.
	Required to participate in home ownership education.
Property Use	No business activity allowed in the home unless prior approval by the housing guidelines.
	Rental of extra room allowed however contingent on workforce housing guidelines and approval of housing managing entity.
	No vacation rental of the property.
	Number of rooms not to exceed household by more than 1 extra room.
	Buyer required to adhere to housing guidelines along with property code requirements.

Sale of Property	Must be re-sold to a qualified workforce person.
	Sale price of the property to be sale cost of property plus (percentage to be determined) annual appreciation (capital improvement).
	Sale of property to have specific guidelines on market availability to all residents meeting deed restriction requirements.
Compliance	Owner to provide appropriate documentation and attest to meeting housing requirements.
	Inspections may be required to validate compliance.
	Identified violations will be written in writing to the owner. The owner will have a specified number of days to correct the compliance violation.
	Any non-compliance remedies will result in a breach in the agreement corrective actions to be enforced to be outlined in the housing guidelines.
	Buyer recommended to participate in a new home owner education program.
Financing	Buyers typically utilize conventional for below market mortgages to purchase deed restricted properties.
	Debt to Income ratio typically does not exceed 42% (financer to outline specific requirements).
	First time home buyer mortgage assistance through HomesFund.

Action Steps	Responsibility	Timeline	Complexity
Draft policy for deed restrictions for new build homeownership.	PHP and Town and County Staff, PLPOA	2019	
Draft policy for deed restrictions for new rentals.	ACHA, County Staff, PHP, Town Staff	2019	
Conduct outreach with potential housing buyers/tenants, realtors, and developers.	PHP	2020-2025	
Monitor new development and ongoing sales.	PHP within Town development	2021-2025	



Short -Term Rental Management

Goal: Provide a structured program for short-term rentals which promotes the health and welfare of the community. Balance visitor needs with preservation of workforce housing. These policies should be predictable and easy to navigate for landlords, visitors, town and county staff.

Considerations:	
In General,	Pagosa Springs/Archuleta Specific
<p>Best practices for managing short term rentals are still emerging.</p> <p>Other communities are using:</p> <ul style="list-style-type: none"> • Licensing requirements, • Tracking services and ensuring all units are paying local sales/lodging tax, • Excise tax through a local ballot initiative, • Local fees (most be used to cover administrative costs) • Caps on number of short-term rentals allowed in certain zones or block faces, • Annual health and safety inspections • Incentives for conversion to long-term rental through property management and rent guarantees and renter education program 	<p>Similar to other communities in the mountain west with strong tourism, short-term rentals have seen rapid increases in Pagosa Springs/Archuleta County in the past five years.</p> <p>Both Archuleta County and Town of Pagosa Springs and Archuleta County recently put in place a fee for short-term rental licensing, and have stepped up efforts to monitor compliance and payment of sales and lodging tax.</p>

Action Steps	Responsibility	Timeline	Complexity
Form a stakeholder committee to explore the potential for ballot initiative to include a 3% excise tax on short-term rentals creating a long-term revenue stream for affordable housing.	PHP, Town and County	2020	
Create a single, consistent policy for Town and County	Town and County	TBD	



Align Regulations with Housing Needs and Goals

Goal: Review and update land use codes to ensure consistency between Town and County and alignment with long-term desired outcomes, including location and type of housing needed and desired by the local workforce.

Considerations:	
In General,	Pagosa Springs/Archuleta Specific
<p>Land use codes shape housing outcomes for communities. Many land use codes have not been revised in years or decades and no-longer support community goals and desired outcomes.</p> <p>Many communities have eliminated the need for a minimum square foot requirement as long as all building codes are met.</p> <p>Many communities have adopted Section Q of the 2018 Land Use Code allowing for smaller homes.</p> <p>Durango permits tiny homes on wheels within the town in mobile home parks. They conduct electrical and sewer hookup inspections.</p>	<p>The Housing Advisory Board that convened at Community Builders Housing Institute identified updating and aligning land use regulations as an important long-term goal. The current Collaborative Report was completed in 2011 and is in need of an update or replacement.</p> <p>The community has a real opportunity to expand housing by simply adopting these policies.</p> <p>PLPOA currently allowing Tiny Homes on wheels in the mobile home park. Required 450 sq. ft or above.</p>

Action Steps	Responsibility	Timeline	Complexity
Determine a team and process for update or replacement of the Collaborative Report.	Town Manager, County Administrator, and senior planning staff	2021	
Conduct public process and community engagement; study where anticipated growth would occur along with the character of the new growth.	Led by Town and County, with broad community outreach	2021-2022	
Adopt 2015 International Residential Code for County	Board of County Commissioners & Planning Department	2019	
Adopt Appendix Q Tiny Homes in the 2018 IBC, allowing for smaller units less than 425 square feet.	PHP, Town, PLPOA,SJBH, County and both planning departments	2020	
Consider more flexible permitting within mobile home parks	Town, County, Planning Departments, PLPOA	2019	



Accessory Dwelling Units

Goal: Increase infill development and the number of smaller rental units available by allowing/encouraging accessory dwelling.

Considerations:

In General,	Pagosa Springs/Archuleta Specific
ADUs provide an income source ADUs provide additional housing choices	Pagosa Springs allows ADUs, but very few homeowners currently seek permits Archuleta – allows 2 housing units per property of 3 acres or more

Action Steps	Responsibility	Timeline	Complexity
Conduct outreach to understand lack of participation in the program. Design program fixes or increase community awareness of the opportunity.	PHP, with guidance from Town Staff	2019- 2020	
Create a policy to allow for ADUs on less than 3 acres within the County.	County and staff	2019	



M. Krylenger's backyard detached ADU, Richmond neighborhood, Portland, OR
[Photo courtesy of Zilim Scott and accessorydwelling.org.]



Fee Waivers and Taxes Liens

Goal: Reduce the cost of workforce housing by “right-sizing” fees and exempting qualified housing (typically deed restricted). Create greater consistency and alignment between town and county with a recommendation that any permanently deed restricted housing that furthers the goals of this plan (serving below 120% AMI for homeownership and below 80% AMI for rental) receive full waiver of the following fees.

Considerations:	
In General,	Pagosa Springs/Archuleta Specific
<p>Local governments impose a wide variety of fees on new housing and remodels. These fees may include water/sewer taps, plan check, building permit, and impact fees for items such as parks, schools, fire, and transportation.</p> <p>Fee waivers and reimbursements are a method for local governments to demonstrate their commitment to affordable and workforce housing. Waived, delayed, scaled and/or financed fees can also be beneficial.</p>	<p>Fees associated with new housing development are not consistent between the Town and the County and do not have a proportionate scale to encourage smaller or affordable housing design.</p> <p>County has recently been approached regarding creating a waiver program for distressed areas in the county.</p> <p>Housing advocates in the community have been seeking to create a consistent, predictable process for fee waivers and reimbursements.</p>

Define criteria that qualify for waived or reduced fees, and clarify the process for qualifying and the ongoing commitment to affordability. Evaluate cost, draft guidelines.	PHP, town and county staff, PAWSD, SJBH, community members at large	2019	
Waive back taxes on Chris Mountain Village II section to allow property to be released for new deed-restricted homes.	County and PLPOA	2019	
Create a Local or Private Improvement District for Chris Mountain Village II and Pagosa Vista.	County	2019	



Flexible Development Standard

Goal: To reduce regulatory barriers and increase the economic feasibility when development of workforce housing is proposed.

Considerations:	
In General,	Pagosa Springs and Archuleta Specific
<p>Flexible development standards generally mean that in exchange for providing workforce housing, developers may receive reductions in parking, setbacks, open space, height limits, road widths, etc. Some communities have onerous requirements around exterior finishes such as stone or brick, or minimum lot or home sizes that restrict and add expense to development.</p> <p>Common code problems include requiring too much parking, dis-allowing housing types that make efficient use of space such as duplexes townhouses, dis-allowing affordable housing in commercial zones, and having too much land that is zoned low density residential, where building streets and extending water and sewer becomes prohibitive.</p> <p>Quality, compatibility, safety and neighborhood impacts should be considered when seeking to update or create flexibility in code standards.</p>	<p>TOPS and Archuleta County could conduct code revision studies to better understand how current development standards are supporting or inhibiting the development of workforce housing.</p> <p>A code review and update may be helpful for development in general: making development more financially feasible and responsive to current market conditions. Or, revised standards could be targeted specifically to workforce housing. In either case, it is important to balance the original reason for the standard (safety, livability, capability) with the new desired outcomes. Engaging neighbors, realtors, contractors and developers can help to inform this balance.</p>

Action Steps	Responsibility	Timeline	Complexity
Conduct focus groups or interviews with planners and developers to understand the extent to which codes could become more flexible.	PHP/Town/County	Q1 - 2021	
Conduct local process or hire a consultant to recommend changes.	PHP/Town/County	Q2 and Q3 - 2021	
Conduct outreach to gain feedback from employers, community residents, realtors and developers on proposed changes; assess if correct balance has been attained.	PHP/Town/County	Q4 2021	
Adopt revisions	Town/County	By December 2021	

Chris Mountain Village 2 (red) and **Pagosa Vista** (yellow) are underutilized subdivisions having approximately 90 lots combined within the PLPOA. Water and sewer were installed but the developer went bankrupt before electric was put in place. There were no developer guarantees at the time. Lots cannot be sold at this time due to high back taxes from the County, PLPOA, and PAWDS fees. Besides the electric being a major obstacle for these subdivisions, the following restrictions apply to each lot. Each parcel is subject to the R-I-90 Single Family classification, meaning that a Developer cannot sub-divide the lots nor construct multi-family housing units. Mobile homes are not allowed and the minimum living space requirement for a one-story home is 1,000 sq. ft.

Waiving these taxes and fees should be a strong consideration as the likelihood of collection is remote. If taxes and fees are waived property ownership would need to be relinquished and said property should be deed-restricted for future development. Manufactured homes should be considered in order to maintain affordability and meet the living restrictions above.

Even though the two subdivisions have utility concerns and restrictions, they offer a tremendous opportunity for large-scale housing development. Creation of a Local or Public Improvement District facilitated by the County would enhance the opportunity for large grants from the USDA and future development for missing middle opportunities. Both are near shopping, hospital, and other mid-range homes making duplex, triplex and single-family homes a very affordable option.





Support residents desire to stay in their homes and come into compliance

Goal: Make housing safe and affordable.

There is a segment of the population that lives in non-conforming housing situations including structures built without permits, and/or without legally conforming septic systems. Many of these residents have extremely limited resources and cannot afford to bring their property into compliance. Risk of losing their housing through compliance enforcement is a serious stressor on already vulnerable households. This program would support bringing homes into compliance and allow residents to stay in their homes to work and raise their families while completing home repairs or finishing of utilities to specific sites.

Considerations:	
In General,	Pagosa Springs/Archuleta Specific
Communities provide assistance with programs and grants to help cover the cost of septic systems, home repairs, heating evaluations etc.	Many individuals within the area live in poverty or just on the edge.
Advisory Group to assist with questions or problems in a specific area relating to building concerns.	Habitat for Humanity has a small home fix up program.

Action Steps	Responsibility	Timeline	Complexity
Apply for grants to expand Home Fix-Up Programs addressing handicap, weatherization, and septic system installation. Assist in the expansion of Habitat for Humanity to handle more home fix up projects	Habitat for Humanity and PHP	Continuous	
Create Website Awareness of existing programs and radio or other information events.	PHP	Continuous	
Create a Community Advisory Group to work in tandem on issues Create Trash Clean-up program for distressed areas with free dump fees for residents that obtain a building permit.	Local advocates, County and Community Advisory Group	Continuous	
Add large trash bins in clean up areas. Recruit volunteers.	County	2019	



Preparing Buyers and Renters for Success

Goal: The programs outlined here are designed to provide local residents increased access to housing, and success in their housing choices.

Considerations:	
In General,	Pagosa Springs and Archuleta Specific
<p>Direct information serves the public awareness.</p> <p>Public education on programs available is a successful tool to creating successful homeownership and renter success.</p>	<p>Establishing and or expanding four program areas going forward:</p> <ul style="list-style-type: none"> ● RoomConnect ● Renter’s Education ● First-time Homebuyer Education ● Down Payment Assistance <p>Use existing media sources: Sun, Pagosa Daily Post, Radio Website presence –building and expanding existing website of ACHA and PHP.</p>

Action Steps	Responsibility	Timeline	Complexity
RoomConnect Program to create renter/owner database.	PHP	By April 2019 Continuous	
Develop Renter Education Program.	PHP and ACHA	By April 2019 – continuous	
Expand Homebuyer education classes locally Promotion of program locally	HomesFund PHP	6 months prior to beginning of new home construction 2019 on website and community outreach programs	

RoomConnect

RoomConnect is a mutual living arrangement where two or more unrelated people share a home. Homeowners (Home providers) who own a residence with one or more bedrooms are matched with persons seeking housing (Home seekers). This is a data base service that details available properties and those looking for short or longer-term housing for a more affordable price. All contracts are mutually drawn up according to specific living expectations, perhaps reduced rent for help around the house, or shared payments for house overheads. The two parties are responsible for determining final matches and all parameters.

How it Works

Screening Process

- Face-to-Face Interviews
- Background checks
- Home Assessments

Match Referrals

- Matching Database
- Advisory Assistance and Living Agreements

Ongoing Support

- Follow up with both parties after 6 months

Benefits

Home Seekers

- Safe rental option
- Affordable Rent
- Companionship
- Support Structure
- Long or Short -Term Housing Solutions

Home Owners

- Generate Income
- Save Money
- Companionship
- Support Structure
- For Older Providers offers aging in place

Community

- Utilizes existing housing stock
- Neighborhood stabilization
- Property maintenance
- Foreclosure prevention

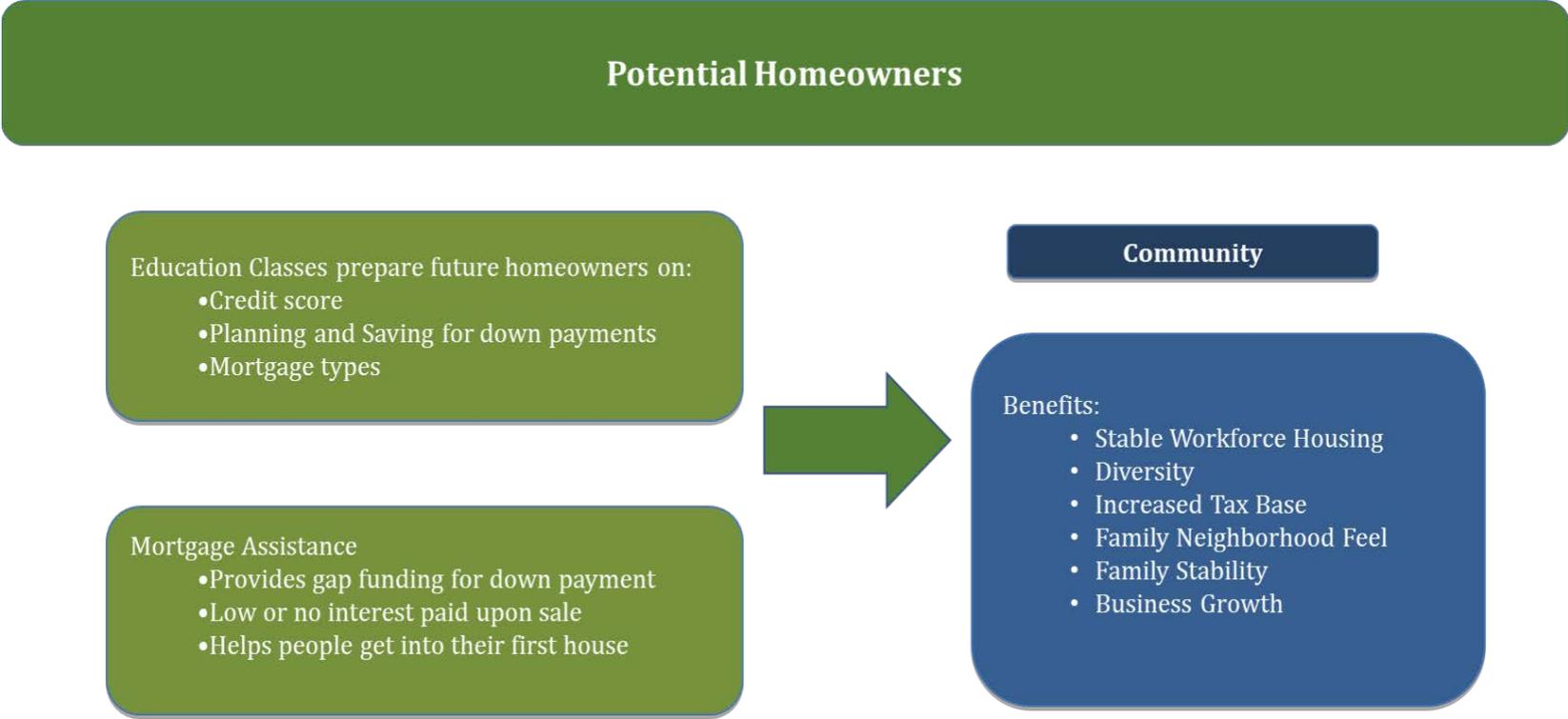
Renter Education

A renter education class would better inform residents on how to be a better renter. During the community discussions regarding short-term rentals many owners' express difficulty in getting quality renters long-term. In some cases, this was a key negative and reason to move to the short-term rental (STR) market. Creating a class showing the expectations and responsibilities of renting could help convert some of the current STR owners into a more favorable opinion of long-term renting. For renters this class could be listed as a benefit on their application and increase their preparedness for entry into longer term options. This program could be started quickly and prepare individuals and owners to help transition the rental market and bring more balance into the system.



First-time Homebuyer Education and Down Payment Assistance

HomesFund is currently conducting homebuyer education classes available in Durango. Two years prior to a finished housing development it would be proactive to implement a homebuyer’s education class schedule to prepare residents for successful entry into home purchase here in Pagosa. Classes include information on how to understand a credit score, raise the credit score, how to budget and select the right loan. HomesFund also has a mortgage assistance program where up to \$15,000 can be loaned for a down payment to qualified residents in order to fund the gap between qualification and the cost of the home. This program will be critical for first-time homebuyers in the missing middle-income range and currently has opportunities available for qualified buyers that are not being utilized. Awareness and promotion of this program can help residents immediately.





Community Engagement

Goal: Inform, connect and engage the community in housing issues and solutions.
 PHP will continue to build the community outreach program through the following methods:

Considerations:	
In General,	Pagosa Springs and Archuleta Specific
Community engagement makes for the most successful projects. Direct information serves the public awareness. Creating two-way dialog provides input and new ideas. Public education on programs available is a successful tool to creating housing program engagement	CommunityTalk Use existing media sources: Sun, Pagosa Daily Post, Radio Website presence –building and expanding existing website of ACHA and PHP.

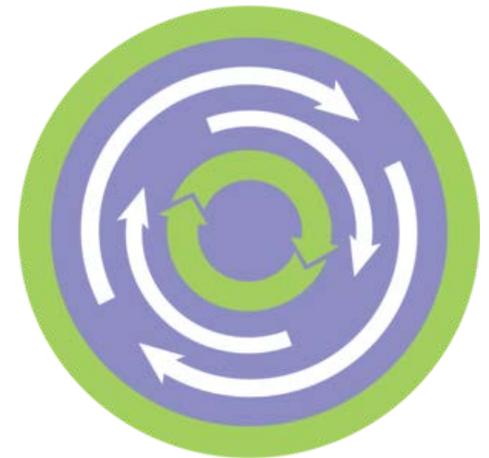
Action Steps	Responsibility	Timeline	Complexity
CommunityTalk – develop schedule- Location/Speakers/Advertising.	PHP	March - ongoing	
Expand Website-Articles /Projects/Stories	PHP and ACHA	Continuous	
Develop campaign for long-term funding.	PHP, Town, County	2020	
Work with local nonprofits to promote activities related to housing	PHP and nonprofits	Ongoing	
Work with local small and large employers to create housing opportunities	PHP and businesses	On-going	

CommunityTalk

Increase community participation and move from one-way to multi-way dialogue via a CommunityTalk Program.

This is a casual, group conversation about all aspects in affordable housing. This is meant to be informational and create dialog with any and all interested community members. The group will meet monthly at a local restaurant or service organization from 5:00 -6:15 to discuss certain specific topics, such as:

- How affordable Housing effects Education – Teacher and Linda Reed
- RoomConnect Program- Outline program Joanne and Lynne
- How Affordable housing effects health - Nurse or tech person and Rhonda Webb
- Nonprofit Guest– Habitat for Humanity
- How affordable housing effects business – Employee and local business owner
- How affordable housing effects services- Police Chief and firefighter
- Update on LIHTC progress - ACHA
- Nonprofit Guest– Justice Ministries
- Creating better Renters - Renter Education discussion - Lynne
- How diversity creates community growth- Diversity Panel
- How can tourism support affordable housing?
- Creating better towns – Willa Williford or another speaker
- Aging in place – programs and design ideas
- Why do I care and how can I help?
- Guest Nonprofit – Veterans for Veterans
- What’s the Plan? – Dialog about Town’s affordable housing progress- James Dickhoff and Cindy Schultz





FUNDING



Operations Funding for PHP

Goal: To provide short-term and long-term funding for implementation of this plan.

Considerations:	
In General,	Pagosa Springs /Archuleta Specific
<ul style="list-style-type: none"> • Funding will be a critical component of moving the initiatives forward proposed in the plan. • Staffing, programs, and physical sticks and bricks of housing all require funds; consistency of funding will be important to maintaining momentum. • Short-term funding is important over the next year while long-term opportunities are explored. • Partnerships can help bring multiple types of funding together. • Grants for specific programs could supplement existing sources • Most State and Federal funding for housing is scarce, competitive, and highly restricted in its use. This should not prevent us from pursuing these sources; there is the need to pursue local options simultaneously. 	<ul style="list-style-type: none"> • Town of Pagosa Springs contracted \$50,000 in 2018 to PHP to develop this plan. • Archuleta County provided ACHA with \$50,000 in 2018 to begin the development of a LIHTC project. • Alternate Funding Sources could be exploring a percentage of the Town’s Lodger’s Tax. Requires extensive collaboration with those impacted, an awareness campaign and ultimately a vote by the community. • Excise Tax of 3-5% on Short-term rentals in both the Town and County. • ½ of the yearly registration fee for short-term rental applications was designated to go housing choices.

Action Steps	Responsibility	Timeline	Complexity
Commit \$50,000 for next 9 months to one year to PHP for administration of plan	Town of Pagosa Springs	January 1, 2019	
Create a designated funding line item in both the Town and County budgets for housing	Town and County	2019	
Apply for Grants for Outreach Programs	PHP	March– end of year	

LONG-TERM FUNDING OPPORTUNITIES

SHORT-TERM RENTAL PERMIT FEE

The County recently increased their permitting fee structure for short-term rental applications to \$400.00, with a yearly renewal rate of \$400.00. This fee goes entirely to the maintenance and monitoring of the program. The Town recently increased their yearly application permit fee to \$400.00 also, but has a renewal fee of \$200.00. The Town however, has designated ½ of both the initial application and the renewal fees to a dedicated housing choices fund within their budget. This will provide a long-term revenue stream for future housing projects. Because these adjustments were recently done, only a few months ago, it is recommended that both the Town and County continue as is. But a consistent policy for both the Town and County would be easier for everyone to understand. It is recommended that the County look to designating half of their incoming short-term rental fee revenue to a housing fund within the overall budget. As administration fees are reexamined over the next year, potentially a reduction of renewal fees by the County and a modest increase by the town could bring equity to the programs and financial support for housing within the budget.

EXCISE TAX OF 3%

A specific excise tax on short-term rentals can help to level the playing field between short-term rentals and hotels. Hotels pay commercial property taxes, which are three times higher than the residential property taxes paid by residential real estate (and short-term rentals) in Colorado. Exploring whether this idea can be used as a long-term funding tool down the road is recommended. As an example, Crested Butte has done this.

LODGER'S TAX

In November of 1988 the County implemented a Lodging Tax of 1.9% and subsequently the Town in 1989 of 4.9%. Visitors coming pay this tax; it is a self-collected tax implemented by hotel and short-term rentals. This program has been well managed and has been very successful at marketing the area to attract tourism to the community. As tourism grows so do the need for additional quality services, and accordingly the need for housing for all economic levels.

The correlation between increased tourism and the need for businesses to retain quality workers to support that increase is obvious. In an attempt to support tourism growth, while supplying adequate resources for housing, the recommendation to use 5% of the funds generated by the Town's Lodging Tax for designation to housing choices. The County, at this time is not allowed to divert funds from their Lodging Tax, until the State legislature takes up the issue. The Town's portion of the Lodging Tax for this year is estimated to be \$650,000. This 5% per year increase to the housing choices fund (approximately \$32,000 and proportionally rising as tourism rises) would provide an ongoing stream of funds for operating costs dedicated to advocating quality and affordable housing choices. This should not be seen as a punitive step against expanded tourism, but a way to ensure enhancement of the tourism experience. This diversion of a portion of the Lodging Tax is controversial and would require discussions with those paying the Lodging Tax currently and the community at large, as the residents of Pagosa Springs would be required a vote on this change.

PROJECT AND PROGRAM SPECIFIC FUNDING

GRANTS

These funding sources are restricted to physical development, education and renovation projects. These are primarily grant Funders represented at the Rural Philanthropy Days Conference, as well as a long list of Funders represented in the Colorado Grant Guide. Grants available are related to septic systems, extended Habitat services and classes and programs outlined in this plan, such as Renter Education, Homebuyer education and the RoomConnect Program. General operational funds are limited in availability.

LIHTC

The Low-Income Housing Tax Credit is the predominant funding source for affordable rental housing in Colorado and across the country. This funding source can generate 30-90% of the cost to build housing for households below 80% AMI. Additional detail is provided in the tools chapter.

INCLUSIONARY HOUSING

As described in the Tools chapter, Inclusionary Housing can be both a regulatory tool to increase affordable/workforce housing supply, as well as a method for generating funds when developers elect to comply through a cash payment. This tool is recommended for consideration in 2022 -2025.

DIVISION OF LOCAL AFFAIRS – Housing Division

Colorado Department of Local Affairs provides a number of funding sources for housing developments and renovations. These funds must be used for activities that benefit low and moderate-income persons. Eligible uses of funds include acquisition, design/engineering, construction, rehabilitation or installation of public improvements or public facilities. The State accepts applications monthly.

COMMUNITY RESOURCES and HOUSING DEVELOPMENT CORPORATATION (CRHDC) – CRHDC has had success building “workforce” (80% AMI) homeownership in the past using the USDA RD Mutual Self-Help Program. Then this program is layered with HUD SHOP funds to help with land acquisition and infrastructure buildout. CRHDC been trying to offer a “contractor build” program which would offer to build the home for the homebuyer and then encourage the buyer use the USDA RD 502 Direct or 502 Guaranteed Mortgage Product. The 502 Direct product is zero money down, includes a construction loan, and then the interest rate is subsidized by USDA RD; you must be 80% AMI or below to qualify. The 502 Guaranteed Mortgage Product is also zero money down, but does not include a construction loan and the interest rate is subsidized by USDA RD, for this product you can be up to 120% AMI. Further research and applicability to the Town of Pagosa Springs and Archuleta County is required.

LAND DEVELOPMENT

Over the next five years, securing additional land for housing should be a part of the ongoing plan. As publicly owned sites are evaluated for various uses, the following criteria should be used to prioritize land for housing:

1. Location/proximity to jobs and services/appropriateness for housing
2. Presence of infrastructure – water, sewer, roads
3. Ownership/willing partner
4. Environmental concerns, topography, and build-ability
5. Zoning
6. Demographics and need

On October 1, 2018, PHP and workshop attendees reviewed the property analysis done by the Glenwood Group and refined the analysis of publicly owned land with housing development potential using the above criteria. The following properties are currently considered the best options for development because most have utilities, are located near areas of employment, and are buildable. Further planning and due diligence efforts will be required however. The opportunities below were prioritized based on the most recent information.

Currently, the County owned property on Hot Springs Boulevard and the Bell Tower owned by the Town are the most development ready sites. Hot Springs Blvd is moving forward with a LIHTC application for 2019. These sites also have the opportunity to accommodate public facilities and/or missing middle for sale housing. Over the next year creating an overall plan for the Lagoons property that has a portion set aside for a housing development should be a high consideration.



Conceptual sketch provided by Ainslie Kincross, PHD AIA

	HS BLVD	Bell Tower	Lagoon/Yamaguchi Annex	Trujillo - Town
Appr. Acres	4.7	< 1	22	6
Utilities	Yes	Yes	Yes	Yes
Ownership	AC	TOPS	TOPS	TOPS
Zoning	Public/quasi-public	Pubic/Mixed Use	Open space and Parks	R-12 (12 DU**/acre)
Other Notes	County/ ACHA 99-year lease for 2.5 acres	Opportunity for mixed use	2 acres are out of Flood Plain; Environmental issues. Town considering future sale, recreation complex with school; housing potential? Community planning process needed.	Possible public works or multifamily site? Challenging slopes
Priority level for housing	High	High	Medium	Medium

	Vista Blvd	Cloman Annex	Skyrocket	Trujillo - Dakota Springs
Appr. Acres	37	28	7.5	52
Utilities	Yes	No	No	No
Ownership	ASD	AC	AC	ASD
Zoning	PUD	AG/Ranching	Commercial	Low density - 6 DU**/acre
Other Notes	Located in County	BLM deeded to County as open space, needs research	CDOT access permit required	School doesn't seem feasible; would residential be different?
Priority level for housing	Medium	Low	Low	Low

** DU - Dwelling Unit

YAMAGUCHI ANNEX- LAGOONS

The North Yamaguchi/ Lagoon Property has been in discussion for a number of public uses including parks and recreation fields. PHP would like to see a portion of the site considered for development of triplex, duplex and single-family homes, to be planned in coordination with the overall design plan for the 27 acres. The northeast corner is centrally located to parks, school, river access, and downtown. Letter of map revision with FEMA is currently underway.



- The site needs community outreach and master planning.
- Keep the ability to serve a diverse mix of locally employed households with income below 120% AMI on the table.
- Town of Pagosa Springs to retain long-term ownership
- After initial investment, have the project be financially self-sufficient over time.
- Long-term asset to the community.
- Create a warm neighborhood feel complementary to surrounding neighborhoods
- Focus on a preliminary mix of for-sale deed restricted housing 20 - Two-bedroom units/homes; 10 single bedroom units and a mix of rental for higher incomes. Supporting the survey of the types of residences needed in the housing survey.
- Assess opportunities to include market rate housing to support the cost of deed-restricted units.

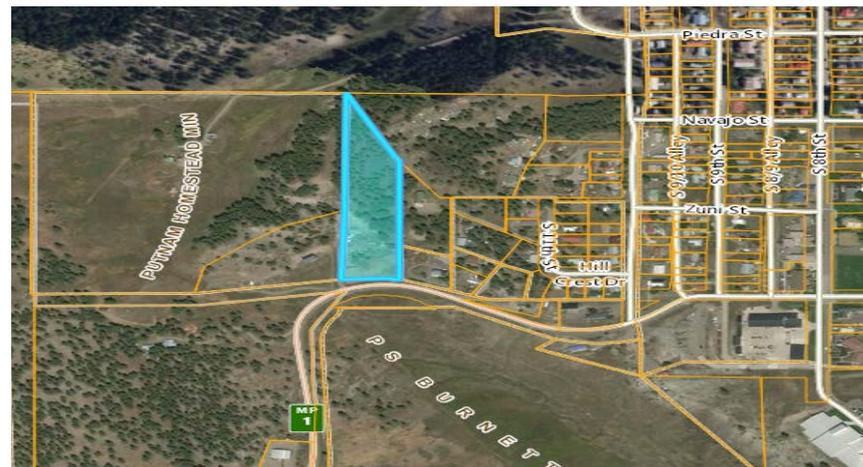
LOMA/4th



Loma and N. 4th St is an infill housing project opportunity that could begin quickly. The property has some terrain concerns for a large portion of the Town owned site (shown in purple); the lower southern corner of the town property could be combined with an adjacent privately owned property on Loma. If combined approximately 12-16 units could be built. Donation of Town land and/or impact fee adjustments could entice a small local developer. This property is in the Opportunity Zone.

TRUJILLO ROAD PARCEL, TOWN

This property has been considered for apartments, public works, and other affordable housing. Access to this property resides on the outskirts of town and is out of the close walkable proximity of Town of Pagosa Springs and the site has some steep slopes. Adjacent to the Town's property is a privately-owned parcel that could be combined to provide room for an apartment style complex.



VISTA, SCHOOL DISTRICT



This parcel was donated to the Archuleta School District with the intention of building a future school, if needed. It is a sizable property of 37 acres. Building multifamily teacher housing could be attractive to a developer while still maintaining enough property for a future school.



LONGER TERM TOOLS

From time to time, the local community should re-evaluate if additional tools should be added to the housing strategy toolbox. The first two tools are identified for consideration in five to seven years. The other tools shown may be considered at that time, or further in the future.



Inclusionary Housing

Goal: Engage all new housing developments in contributing to workforce and local housing solutions.

Considerations:	
In General	Pagosa Springs/Archuleta Specific
<p>A percentage of residential units in new subdivisions/PUD's are required to be deed restricted as affordable/workforce/community housing. The upside from market rates homes supports lower cost units.</p> <p>Multiple forms of compliance are often available including units built on site, units built off site, cash in lieu, or donations of land or housing. This tool is only effective if new subdivisions/PUD's are developed. There must be demand for high-end homes to offset the cost of the workforce homes. The tool can be helpful in catalyzing creative public/private partnerships and housing solutions, but can't be so onerous as to halt housing production entirely.</p> <p>Best practices include reviewing outcomes in peer communities and consulting with local builders and developers to craft an effective policy.</p>	<p>Pagosa Springs/Archuleta do not have inclusionary housing, but might consider it a policy tool in the future.</p>

Action Steps	Responsibility	Timeline	Complexity
Assess market conditions and political will.	Town Council, Town Manager, County Commissioners, County Administrator,	2022 -2025	



Annexation Policy

Goal: New areas being annexed into the Town provide affordable/workforce housing to further goals of inclusivity and diverse housing types and price points.

Considerations:	
In General	Pagosa/Archuleta Specific
<p>Towns evaluate proposals for annexation based on certain criteria from the State and the level of “community benefit” the annexation would provide in exchange for the privilege of Town services.</p> <p>Annexation agreements are typically heavily negotiated, and communities may set the bar high on inclusion of affordable housing. For example, typical annexations in Breckenridge have been 80-100% affordable, and in Boulder have been 45-55% affordable. This tool is policy based. Municipalities have discretion in negotiations.</p>	<p>Pagosa Springs has extensive land that may someday be ripe for annexation. Setting an annexation policy that identifies affordable and workforce housing as a community benefit could assist in those negotiations.</p>

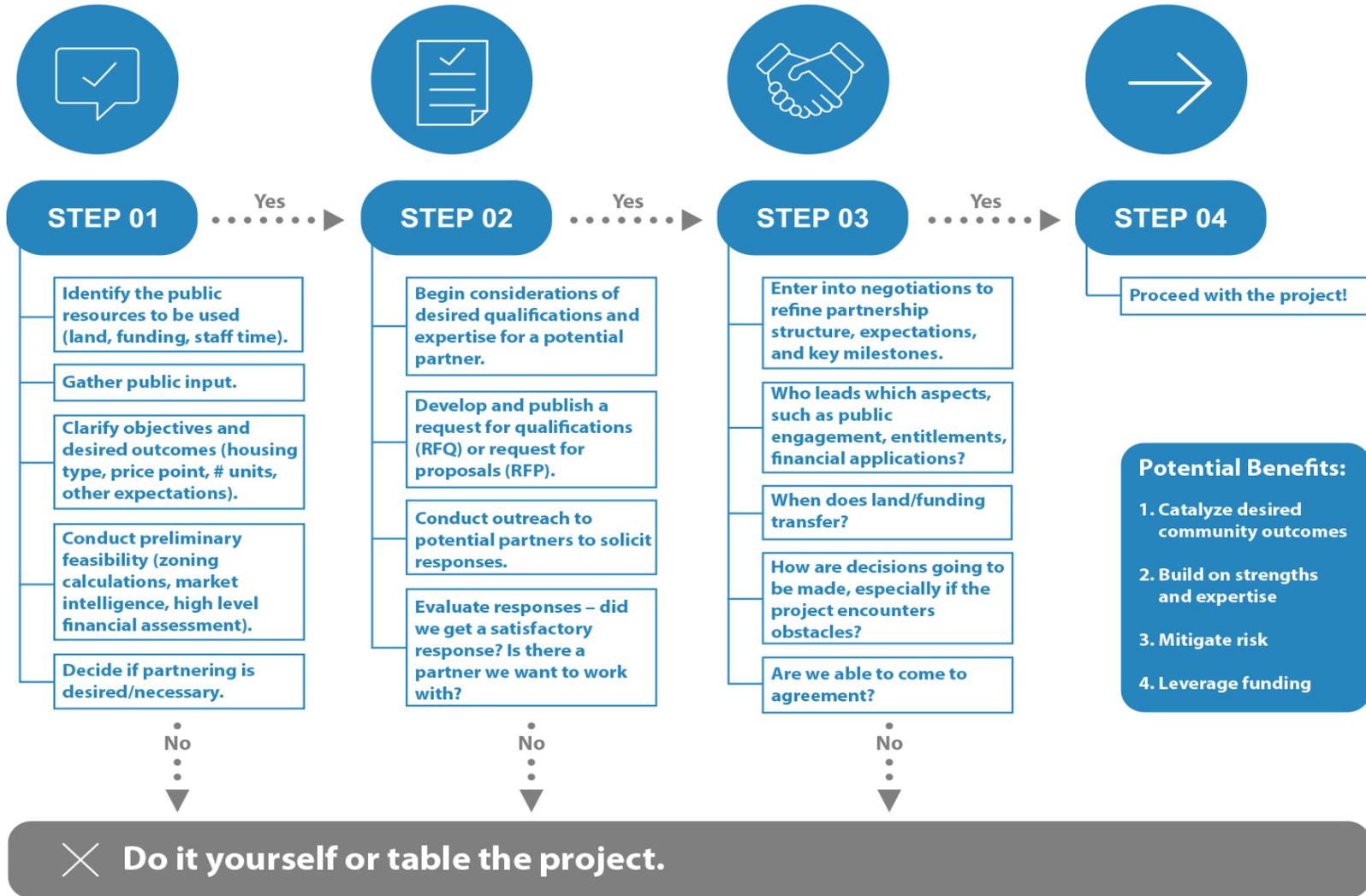
Action Steps	Responsible	Timeline	Complexity
Assess market conditions and political will.	Town Council, Town Manager.	2022 -2025	



Partnerships and Nonprofit Initiatives

Tools	Definition	Ownership or Rental
Land Banking	Acquiring land through purchase or USFS trades for eventual housing development when specific project is known.	Both
Co-op or Co-Housing	Common ownership and management of purpose-built communities. Co-op ownership can be used to share large homes by multiple employees.	Ownership
Community Land Trusts	Community nonprofit owns land, develops housing and provides long-term oversight for permanent affordability through leases. Challenging to create self-sufficient operating budget.	Ownership
Senior Housing	High density, smaller, low maintenance units designed for retiring employees.	Rental Ownership Possible
Housing Rehabilitation and Weatherization	Repairing, updating, enlarging, improving energy efficiency, and providing handicapped accessibility, typically with Federal or State grants. Staff/time intensive.	Ownership Rental possible
Acquisition of Market Units	Usually involves buying down units with public funds. Deed restrictions imposed for permanent affordability.	Both
First month rent/Deposit Assistance	Having enough money for first month rent and security deposit can pose a barrier for lower income renters. Creating a program to support renters by providing a revolving loan or security deposit guarantee could be helpful.	Rental

PUBLIC/PRIVATE PARTNERSHIPS





Funding

Tools	Definition	Ownership or Rental
Impact Fees/Linkage	A fee directly linked to the need for housing generated by new development through jobs created. Nexus required. Fees imposed on a per-unit, as opposed to per square foot, basis is a disincentive to smaller unit development.	Both
Taxes dedicated for housing	Sales, property, lodging, real estate transfer, excise tax. Voter approval required in most states. Revenue stream can be used for most housing-related activities. Recent ballot initiatives have had mixed results. Approval requires extensive public education.	Both
Tax Increment Financing	Allocation of new property and/or sales tax in defined districts.	Both
Debt Financing with Favorable Terms	Low interest loans, tax exempt bonds, certificates of participation and other forms of development financing available to housing authorities, cities, counties and some nonprofits.	Both Mostly rental
Section 8 Rent Subsidies	Project-based and tenant-choice vouchers that pay difference between market rents and 30% of household income. Not frequently used in mountain towns - few rentals are available at HUD Fair Market Rents and few vouchers are available.	Rental

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Anissa Lucero - ACHA
Clifford Lucero - ACHA Board
John Egan - ACHA Board
Commissioner Michael Whiting - ACHA Board
Ray Finney - ACHA Board
Carol Koegel- Archuleta Housing Inc.
Andrew Atchley
Bill Hudson - Journalist, Community Activist, PHP Webmaster
Cynda Green - Journalist, Community Activist
Liz Alley - Justice Ministries Staff
Neil Umali - Justice Ministries Director
Peter Adams - Town Planning Department Chair
Blue Lindner - Realtor
Shellie Hogue - Pagosa Housing Partners Board Chair-Realtor
Sharon Crump - Pagosa Housing Partners Board- Realtor
Sandy Freeman - Pagosa Housing Partners Board
Larry Ash - Pagosa Housing Partners Board
Rhonda Webb - PHP Board & Pagosa Medical Center CEO

Mayor Don Volger
Mayor Pro-tem David Schanzenbaker
Councilwoman Nichole DeMarco
Councilman Tracy Bunning
Councilman Matt deGraaf
Councilwoman Madeline Bergon
Councilman Matt DeGuise
Linda Reed - Superintendent of Archuleta School District
Mary Jo Coulehan - Director Pagosa Chamber of Commerce
John Shepard - Archuleta County Planning Manager
Greg Schulte - Archuleta County Administrator
Jason Cox - CDC and Business owner
Sherri Dugdale - SJBH Health Protection Director
Brian Devine SJBH Water Quality Program Manager
Yvonne Wilcox - Gainstorming CEO
Ainslie Kincross - Architect, Community Activist
Pastor Mark - Amazing Grace Church
Gordon McIver - Secretary PAWSD
Christa Laos - Community Activist
Barbara Swindlehurst - Habitat for Humanity Board
Valerie Hargis - Executive Director Habitat for Humanity
Joanne Whitney - Pagosa Housing Partners - Data Management
Lynne Vickerstaff- Pagosa Housing Partners - Executive Dir.
Willa Williford - Williford Housing Inc.