

La Plata County, Colorado Housing Action Plan: 2013-2017

Prepared by Werwath Associates

**Sponsored by:
Regional Housing Alliance of La Plata County &
La Plata Homes Fund**

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HOUSING ACTION PLAN FOR 2013-2017

In the spring of 2012, the boards of directors of the Regional Housing Alliance of La Plata County (RHA) and La Plata Homes Fund directed their shared staff to produce a new, five-year Housing Action Plan. A previous housing plan was completed by RHA in 2007, focused primarily on RHA activities. This plan endeavors to be inclusive of all planned efforts to make housing more affordable in La Plata County.

In August, 2012, La Plata Homes Fund obtained grant funding for this effort and entered into a contract with Werwath Associates to conduct a market assessment and analysis of the most critical needs for housing affordable to low- and moderate-income residents of La Plata County. This study was intended to inform the public and to lay the groundwork for the new Housing Action Plan. Public meetings on the Housing Needs Study and a preliminary draft of this Housing Plan were held in December, 2012, and January, 2013. Input at those meetings informed this final version of the Housing Action Plan.

Definition of Affordable and Attainable Housing

For purposes of this plan, “affordable housing” is defined as rental, for-sale, and supportive housing affordable to households with incomes at or below 80% of area median income (AMI)—typically described as low-income. “Attainable housing” is defined as rental and for-sale housing affordable to households with incomes higher than that, but below 125% of AMI, typically described as moderate-income.

AMIs are used as benchmarks for housing affordability in La Plata County to determine income eligibility. All states and many local governments have adopted AMIs as benchmarks for housing plans and programs because federal funds are major resources for affordable housing.

Analysis of Critical Housing Needs in La Plata County

The Housing Needs Study identified the following critical needs from analysis of data from the 2010 Census and other sources. For details, see the Housing Needs Study.

Below-market-rate rental housing - Three out of five renter households with incomes under 50% AMI are paying over 30% of their incomes for housing costs (a widely accepted standard for lack of affordability). The vacancy rate in subsidized rental housing was an exceptionally low 1% in 2012. These factors indicate a need for construction of below-market-rate apartments with some (or all) rents from approximately \$400 to \$900 per month, to add to the current stock of 700 subsidized apartments in the county. Currently, development of affordable rental housing using the federal Low Income Housing Tax Credit appears to be financially feasible in La Plata County (Durango in particular) though awards are highly competitive. Nearly 170 households benefit from federally-funded rent subsidies, but the need for these far outstrips the supply.

Figure 1: Incomes, affordable rents and home prices

	30% AMI	50% AMI	80% AMI	125% AMI
Annual income, family of 3	\$16,008	\$26,680	\$53,400	\$83,375
Affordable rent	\$400	\$834	\$1,335	\$2,084
Affordable home price	N/A	\$137,000	\$233,000	\$396,000
Median rent in county	\$934			
Median sale price in county	\$339,500			
2012 data – See Appendix D for more details. Also see companion "Housing Needs Study" for methods of determining affordability.				

Market-rate rental housing - Rents in general are rising and vacancy rates are falling, while construction of multifamily housing nearly ground to a halt starting with the recession that began in 2007, reportedly because of high land costs and difficulties in obtaining bank financing. All of these factors indicate a difficult-to-meet need for more construction of rental housing in all price ranges.

Homes for sale - During the recent recession, home prices dropped and the supply of homes on the market increased, but now the supply of affordable homes is drying up. Current trends indicate that new household formation and in-migration will outpace housing construction by at least 150 homes a year – further squeezing the available housing supply and putting upward pressure on rents and sale prices. For families with incomes below 80% AMI wanting to become homeowners, there is a particular need for homes priced under \$200,000—these are in very short supply. Unless construction of moderate-priced homes accelerates, homes priced under \$300,000 will soon be in short supply near places of employment, and even moderate-income families will likely have a hard time finding homes they can afford.

Issues with financing condo purchases. There is still an ample supply of affordable condos on the market, but none of the condo properties presently qualify for fixed-rate, 30-year financing due to the tightening of lending rules. Creating new financing mechanisms to overcome this obstacle would significantly alleviate the supply problem and could help spark new construction.

Needs of special populations - A July, 2012 survey identified 146 homeless people from La Plata County, including ex-offenders, substance abusers, veterans, young adults, and people with chronic mental illness or other disabilities. Organizations that assist homeless people see a need for much more “supportive” housing, through attached programs that link residents to employment, skills-improvement, medical care, and other services that are crucial to becoming self-sufficient. Most of the residents have incomes from 10% to 30% of AMI, requiring exceptionally low rents or rent subsidies and ongoing grant funding to provide needed services.

Issues with the existing housing stock - Hundreds of homes in the county occupied by low-income families (particularly older mobile homes) need major repair and energy conservation improvements.

Guiding Principles of This Plan

The principles guiding this plan are as follows, based on the needs study and input from community members.

1. Members of the workforce of La Plata County—from service workers to executives—deserve decent, affordable places to live within reasonable proximity to their workplaces.
2. The future economic development and prosperity in La Plata County depends upon having an adequate stock of homes and rental units available to residents at all income levels.
3. The lowest-income residents of the county who are homeless, disabled, or have other acute special needs deserve a hand up in the form of decent, modest shelter with services provided that enable residents to become as self-sufficient as possible.

4. In order to conserve our open space and energy resources, new affordable housing should be built near employment centers, at densities that reduce cost and conserve land, and in accordance with green building standards. Existing housing should be retrofitted to be more energy-efficient.

Summary of Strategies and Objectives

This Housing Action Plan identifies five major strategies to be carried out over the next five years. Listed under each strategy is a summary of specific objectives for the years 2013-2017. See Appendix B for more details regarding implementation.

1. Increase and preserve the supply of affordable housing in La Plata County by achieving these objectives over the next five years:
 - 1.1. Build at least 150 affordable rental apartments using federal tax incentives and subsidies. These apartments should target households with incomes from 30% to 60% of AMI, ideally with a quarter of the total targeted to households with incomes at or below 30% of AMI.
 - 1.2. Encourage for-profit builders and nonprofits to construct at least 500 market-rate and below-market priced homes affordable to low- and moderate-income households, through various sources of support for new home construction (see Appendix B for details). At least 16 homes will be built by nonprofit agencies for families with incomes between 30% and 60% of AMI.
 - 1.3. Complete major repairs on 35 substandard homes in La Plata County (100 in the five-county region) using state and federal funds. Explore ways to serve residents of mobile homes who have high needs but do not qualify under existing programs.
 - 1.4. Build 25 modest apartments with attached supportive services such as job training, mental healthcare, and counseling services for recently homeless individuals and families, disabled people, and others with acute special needs. These 25 units can be transitional, meaning households will eventually move into other affordable or market-rate housing, or permanently supportive housing for households with disabilities and other conditions making it likely that they will need subsidized supportive housing on a permanent or long-term basis.
2. Make existing homes and apartments more affordable and livable by achieving these objectives:
 - 2.1. Help at least 200 low- and moderate-income families (from 50% to 125% of AMI) buy homes by providing intensive pre-purchase counseling, homebuyer classes, and mortgage subsidies.
 - 2.2. Assist at least two affordable rental properties (serving tenants up to 60% of AMI) obtain financing for preservation and upgrades.
 - 2.3. Make energy improvements on 85 homes in the county (250 in the region) owned or rented by low-income families, using various grants.
 - 2.4. Provide 35 households in the county (100 in the region) with heating equipment in emergencies where no heat sources are available.
 - 2.5. Obtain 50 new federal rent subsidies, with a priority for extremely low-income individuals and families with acute special needs.

3. Amend local government land use policies and regulations. Specific objectives:
 - 3.1. Support local policies enabling construction of more densely-built housing, based on well-defined criteria to reduce costs and conserve open space.
 - 3.2. Allow more accessory dwelling units to be created and/or grandfathered.
 - 3.3. Consider adopting codes to require new homes to meet higher energy conservation standards.
 - 3.4. Ask local governments to implement fee waivers for housing affordable to households with incomes at or below 80% of median income who are experiencing the most severe shortages of affordable housing. This could be done by offsetting fees with general fund money, by sponsoring grants, or through a combination of revenue sources.
 - 3.5. Develop new, more flexible parking standards for affordable housing built in Durango.
4. Assure financial and organizational capacity. To carry out the goals of this plan, local governments, the Regional Housing Alliance, nonprofit housing organizations and for-profit housing developers will need to do the following:
 - 4.1. Assure that inclusionary housing policies of the City of Durango and La Plata County result in more affordable housing, as intended. Review uses of fee-in-lieu funds every two years.
 - 4.2. Assist nonprofits and for-profits sponsoring new projects in competing for access to funds and tax incentives made available statewide by the State of Colorado and other agencies. Provide technical assistance to obtain and properly use these resources.
 - 4.3. Actively pursue the necessary operating support funding from foundations and individual givers (nonprofits, on an individual basis) and enable organizations to coordinate with each other to eliminate the duplication of services.
 - 4.4. Monitor and encourage progress on achieving the plan goals through the establishment of a La Plata County Housing Task Force made up of local nonprofits and the RHA. The task force should aim to increase output and improve efficiency through mutual support and avoiding duplication of services.
5. Develop new financing mechanisms. Public input on an early draft of this Housing Needs Study resulted in the following objectives:
 - 5.1. Explore with one or more local banks the potential for offering fixed-rate, 30-year loans for purchases of condos that are in stable, affordable communities and do not presently qualify for conventional or government-insured loans.
 - 5.2. Explore mechanisms to reduce infrastructure costs in the South Durango Sanitation District and along La Posta Road.

- 5.3. Explore new funding sources for Habitat for Humanity's mortgages that it provides to its low-income clients for the construction and permanent financing of Habitat homes.
- 5.4. Explore with the City of Durango the potential for issuing general obligation bonds to help offset the city's high land cost by funding first mortgages for rental housing at low interest rates.

Appendix A: Individuals Who Provided Input for the Action Plan

The consultants who drafted this plan gratefully acknowledge the following individuals, who participated in review meetings or were interviewed in December, 2012.

Jeanette Abella, Southwest Center for Independence
Bob Allen, Allen & Associates
Greg Behn, Bank of Colorado
Herb Brodsky, Community Development Corporation
Julie Cooley, First National Bank
Travis Craig, Vectra Bank
Gregg Dubit, 4CORE
Lon Erwin, Habitat for Humanity
Lisa Govreau, ReMax
Sebastian Hartley, Keller Williams
Frank Heimer, Southwest Transitions
Greg Hoch, City of Durango
Nicol Killian, City of Durango
Shannon Kunkel, Coldwell Banker
Sarada Leavenworth, Volunteers of America,
Durango Community Shelter
Suzi Loether, Vectra Bank
Jennifer Lopez, Regional Housing Alliance; La Plata Homes Fund
Craig McCormack, Volunteers of America,
Durango Community Shelter
Pam Moore, Regional Housing Alliance; La Plata Homes Fund
John Ralph, The Wells Group
Lisa Reed, Southwest Mortgage
Andy Roach, Bank of Colorado
Elizabeth Salkind, Housing Solutions for the Southwest
Lora Sholes, Housing Solutions for the Southwest
Trish Simonton, Coldwell Banker
Rachel Taylor-Saghie, Habitat for Humanity
Doug Wallis, Habitat for Humanity
Roger Zalneraitis, La Plata Economic Alliance

Appendix B: Detailed Implementation Plan

Strategy 1: Increase and Preserve the Supply of Affordable Housing

5- Yr. Objectives	Action Items
<p>1.1. Build 150 affordable rental units</p>	<p><u>Goal:</u> Over five years, build at least 150 energy-efficient, affordable rental units, targeting households with incomes from 30% to 60% of area median income (AMI), with 25% affordable at or below 30% AMI. (For illustrations of AMIs and corresponding affordable rents and sale prices, see Appendix D.)</p> <p><u>Implementers:</u> Regional for-profit or nonprofit developers assisted by RHA and the Homes Fund.</p> <p><u>Considerations:</u> Market data and input from special needs housing providers indicates a critical need for making some apartments available for recently homeless residents and other extremely low-income people with special needs.</p>
<p>1.2. Create 500 homes affordable to low/moderate-income buyers</p>	<p><u>Goal:</u> Add at least 500 homes to the housing stock over five years, priced at \$350,000 and under, affordable to households from 30% to 125% AMI. See related objectives pertaining to homebuyer financing and regulations under Strategies 2 and 3. Market-rate builders will provide most of the homes. At least 16 homes built by Habitat for Humanity will be targeted to households with incomes from 30% to 60% of AMI.</p> <p><u>Implementers:</u> Homebuilders and nonprofits</p> <p><u>Considerations:</u> Nonprofits such as Habitat for Humanity, RHA, Housing Solutions for the Southwest, the Homes Fund and possibly others will play a crucial role in assisting lower-income buyers by constructing low-cost homes (Habitat) and helping them to obtain mortgage loans and low-cost second mortgages (RHA and Homes Fund). Subsidized renters will be a high-priority targeted market for below-market-rate homes, to provide them with a ladder to homeownership and asset building. A coalition effort of housing advocates could aid in gaining public approvals for proposals by builders for constructing low-moderate priced homes. The homebuyer assistance programs of nonprofits (see Objective 2.1) can increase demand and financial viability for new, market-rate home developments that include lower-priced homes. Ways to reduce costs of development and infrastructure are listed under Strategies 3 and 5.</p>
<p>1.3. Complete major repairs on 50 substandard homes</p>	<p><u>Goal:</u> Over five years, obtain grants to enable the repair of 100 substandard homes in the five-county region (approximately 1/3 in La Plata County) for low and moderate income families under a low-interest loan program using state funds.</p> <p><u>Implementers:</u> Housing Solutions of the Southwest</p> <p><u>Considerations:</u> The level of effort is subject to funding availability to assist households that cannot obtain or afford home repair loans or equity loans. Funding will be sought for health and safety repairs to older mobile homes that are not eligible for funding under current state programs.</p>

**1.4. Build 25
“supportive
housing”
apartments,
renovate 5**

Goal: Over five years, build 25 apartments in La Plata County with attached “self-sufficiency” services, for individuals and families who have been recently homeless or have other special needs, with a focus on people with incomes at or below 30% of AMI. Renovate 5 transitional units owned and operated by Housing Solutions.

Possible implementers: Volunteers of America, Housing Solutions, and Southwest Transitions, assisted by RHA and the Homes Fund.

Considerations: Projects typically have to be 100% grant funded and have a reasonably reliable stream of future grants for case managers to connect residents to existing services. Residents pay minimal rent, so building operating costs typically have to be subsidized. Federally funded “project-based” rent subsidies are the ideal source to help fund ongoing operations.

Strategy 2: Make Existing and New Homes More Affordable

5-Yr. Objectives	Action Items
2.1. Help 200 low/moderate income families buy existing homes	<p><u>Goal:</u> Over 5 years, provide pre-purchase counseling and homebuyer education to enable home purchases by 200 families in the county with incomes at or below 125% of AMI. For households with incomes at or below 80% of AMI, provide an estimated 100 low-cost 1st and 2nd mortgage loans in conjunction with banks' first mortgage financing.</p> <p><u>Implementers:</u> RHA, Homes Fund, Habitat for Humanity of La Plata County, Housing Solutions for the Southwest</p> <p><u>Considerations:</u> This requires coordination among these three organizations, lenders, and real estate brokers, as well as significant capital to make the second mortgage loans (such as federal grants provided by the Colorado Division of Housing (DOH), as well as low-cost capital from lenders). Education and/or counseling will have to be provided to many more households (about 650) to reach this goal, due to predictable delays and impediments for households qualifying for financing. Subsidized renters will be a key targeted market for home purchase assistance programs, to provide them with a ladder to homeownership and asset-building.</p>
2.2. Upgrade two affordable rental properties	<p><u>Goal:</u> Complete rehabilitation of at least two existing subsidized rental properties using federal Low Income Housing Tax Credits or other federal funding.</p> <p><u>Implementer:</u> Current private, for-profit owner, possibly with assistance from the Homes Fund.</p> <p><u>Considerations:</u> The owner is presently preparing funding applications for these older properties, which require rehab and energy efficiency upgrades.</p>
2.3. Make energy improvements on 250 homes owned by low-income residents	<p><u>Goal:</u> Over five years, weatherize and make other energy improvements to 250 homes in the five-county region (approximately 1/3 in La Plata County), primarily occupied by households with incomes at or below 50% of AMI, in order to conserve energy and household funds.</p> <p><u>Implementers:</u> Housing Resources of Western Colorado, Housing Solutions</p> <p><u>Considerations:</u> Production rises and falls with available federal and state funding. Having good capacity to use the available funds may give La Plata County a competitive advantage</p>
2.4. Provide new heating equipment to 100 households	<p><u>Goal:</u> Provide 100 households in the five-county region (approximately 1/3 in La Plata County) with emergency repair and replacement of heat sources in situations where households have no heat.</p> <p><u>Implementer:</u> Housing Solutions for the Southwest</p>
2.5 Obtain at least 50 new federal rent subsidies	<p><u>Goal:</u> Over 5 years, obtain at least 50 additional rent subsidies for families, individuals and people with special needs, primarily for those with incomes at or below 30% of area median income.</p> <p><u>Implementers:</u> Southwest Center for Independence, Housing Solutions, and possibly other organizations, to be assisted by RHA and the Homes Fund.</p> <p><u>Considerations:</u> With federal budgets tightening, achieving this goal will take extraordinary efforts, working with DOH and other government agencies.</p>

Strategy 3: Amend Local Government Land Use Policies and Regulations

Strategies	Action Items
3.1 Encourage the construction of more densely-built housing	<p><u>Goal:</u> Support local policies enabling construction of more densely-built housing, based on well-defined criteria to reduce costs and conserve open space.</p> <p><u>Considerations:</u> These changes and those proposed below are most likely to occur if a working group of builders, land developers, nonprofits, open space advocates, and other interested parties create and support a legislative agenda.</p>
3.2 Allow more accessory dwelling units to be created and/or grandfathered	<p><u>Goal:</u> Encourage the creation and preservation of accessory dwelling units—typically adjunct units to single-family homes.</p> <p><u>Considerations:</u> Input received during public meetings on the Housing Needs Study indicated that such policies can increase the supply of lower-cost housing, particularly in Durango. From a practical standpoint, any such changes in ordinances may have to include variations for districts, types of housing, etc.</p>
3.3 Consider adopting more effective energy codes for new housing construction	<p><u>Goal:</u> Assure that new housing meets higher energy and other “green” standards, such as standards that tend to improve the health of residents through such means as improved indoor air quality and the construction of more “walkable” single- and multi-family communities.</p> <p><u>Considerations:</u> More strict standards will increase the upfront costs of construction while lowering monthly housing costs and providing other benefits. Striking a balance requires careful study and definition of new standards.</p>
3.4 Implement fee waivers for affordable housing	<p><u>Goal:</u> Encourage local governments to adopt fee waivers, deferrals, or subsidies of fees for housing affordable to residents with incomes at or below 80% of AMI.</p> <p><u>Considerations:</u> Suggestions were made that these provisions apply to a much broader spectrum of housing, affordable up to 125% of AMI. However, in an era of government austerity, a more limited, targeted goal has been set.</p>
3.5 Allow flexible parking standards for affordable rental housing in Durango	<p><u>Goal:</u> Develop new, more flexible parking standards for affordable housing built in Durango.</p> <p><u>Considerations:</u> The City of Durango Planning Department has expressed an interest in adopting a new set of rules or guidelines to adjust parking requirements for projects with residents who will have less than average car ownership.</p>

Strategy 4: Assure Financial and Organizational Capacity

Strategies	Action Items
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4.1 Assure that City and County inclusionary policies result in more affordable housing, as intended	<p><u>Goal:</u> Assure that inclusionary housing policies of the City of Durango and La Plata County are effectively administered and result in the intended increases in affordable housing opportunities for residents. Use proposed Housing Task Force (see Objective 4.5) to provide input on the best uses for these funds on a bi-annual basis.</p> <p><u>Implementers:</u> RHA, the City of Durango, and La Plata County.</p> <p><u>Considerations:</u> Durango’s Fair Share policy is poised to result in a significant land donation from Twin Buttes, yet financing the new community’s infrastructure remains an obstacle. RHA should continue to follow the Fair Share ordinance’s direction that requirements be adjusted to reflect market realities (such as all-time low interest rates), so as not to overburden builders and market-rate homebuyers. A total of nearly \$386,000 remains in a County fee-in-lieu account that was funded by Durango Mountain Resort. These remaining fees are restricted to DMR employees and have proved difficult to spend due to market conditions and the structure of the original agreement. Consider amending the DMR agreement to better serve a range of affordable housing programs, with set-asides for DMR employees.</p>
4.2 Obtain necessary capital for new projects	<p><u>Goal:</u> Assist nonprofits and for-profits sponsoring new projects in competing for access to funds and tax incentives made available statewide by the State of Colorado and other agencies. Provide technical assistance to obtain and properly use these resources.</p> <p><u>Implementers:</u> RHA, La Plata Homes Fund</p> <p><u>Considerations:</u> The continuation, and in some cases expansion, of nonprofits’ operating funds are both crucial to their success in carrying out their parts of this plan. In implementing this plan, nonprofits should coordinate with each other for mutual support and to avoid the duplication of services.</p>
4.3 Obtain sufficient private funding of nonprofits’ operating costs	<p><u>Goal:</u> Actively pursue the necessary operating support funding from foundations and individual givers (nonprofits, on an individual basis) and enables organizations to coordinate with each other to eliminate the duplication of services.</p> <p><u>Implementers:</u> All nonprofit housing organizations operating in the county</p> <p><u>Considerations:</u> The continuation, and in some cases expansion, of nonprofits’ operating funds are both crucial to their success in carrying out their parts of this plan.</p>
4.4 Create a task force of nonprofit housing organizations to monitor progress with this plan	<p><u>Goal:</u> Monitor and encourage progress on achieving the plan goals through the establishment of a La Plata County Housing Task Force made up of local nonprofits and the RHA.</p> <p><u>Implementers:</u> All nonprofit housing organizations working in La Plata County, with administrative support from RHA.</p> <p><u>Considerations:</u> The task force should aim to increase output and improve efficiency through mutual support and avoiding duplication of services.</p>

Strategy 5: Develop New Financing Mechanisms

Objectives	Action Items
5.1 Solve the problem of condo financing	<p><u>Goal:</u> Explore with one or more local banks the potential for offering fixed-rate, 30-year loans for purchases of condos that are in stable, affordable communities and do not presently qualify for conventional or government-insured loans.</p> <p><u>Implementers:</u> RHA and the Homes Fund have agreed to explore this with local banks during the first half of 2013.</p> <p><u>Considerations:</u> During public input sessions, this idea was explored. The concept was for RHA and the Homes Fund to provide a 20% second mortgage as a risk-sharing mechanism to encourage lenders to provide first mortgages, which they would then need to keep “in portfolio” for a period of time rather than sell. RHA and the Homes Fund would need additional sources of capital, since the “20%” second mortgages would be larger than their average loans.</p>
5.2 Explore mechanisms to reduce infrastructure costs in the South Durango Sanitation District and along La Posta Road.	<p><u>Goal:</u> The City of Durango is encouraged to explore ways to remedy the exceptionally high fees for using the South Durango Sanitation District. Likewise, the City is encouraged to explore tax-increment financing (TIF) to fund new infrastructure that would open up buildable land near La Posta Road.</p> <p><u>Implementers:</u> The City of Durango and/or La Plata County.</p> <p><u>Considerations:</u> Refinancing and/or providing public funds for the Sanitation District’s facilities could substantially reduce fees. A TIF for La Posta Road would enable the City to bond for infrastructure extensions at very low interest rates, and pay off the bonds with part of the extra increment of new taxes paid.</p>
5.3 Identify new funding sources for Habitat for Humanity mortgages	<p><u>Goal:</u> To achieve its home construction and sales objectives in this plan, Habitat needs to expand its sources of capital to fund mortgage loans to its low-income clients (less than 60% AMI), which fund construction and are paid back over 30 years at a 0% rate.</p> <p><u>Considerations:</u> Local lenders may be able to offer some creative solutions.</p>
5.4 Offset the problem of high land costs for affordable rental housing by using general obligation bonds	<p><u>Goal:</u> Explore with the City of Durango the potential for issuing general obligation bonds to help offset the city’s high land cost by funding first mortgages for rental housing at low interest rates.</p> <p><u>Considerations:</u> This strategy would fit well with the development of affordable rental housing using the federal Low-Income Housing Tax Credits, as indicated in Objective 1.1 above. Current general obligation bonds rates are approximately 3.5%, while market-rate mortgage funding for such projects typically is at a rate of 5.5%. If the city were willing to issue such bonds, they could be paid back from rental revenue. The savings in interest costs would allow a project to take on a larger mortgage, thus offsetting to some extent Durango’s high land costs.</p>

Appendix C – Benchmarks for Measuring Progress

The table below reflects objectives for additions to the stock of lower-cost housing and other programs that assist low- and moderate income individuals and families. This summarizes key goals of this Housing Action Plan and is intended to serve as key benchmarks for monitoring progress versus the Action Plan goals.

Success Measures for Key Activities

Affordable Housing Activities	Sponsor	Five-Year Goal	Target Area
HOMEOWNERSHIP PROGRAMS			
Build and sell new low-moderate-priced homes	Builders	500	County
Low-cost homes built, sold, financed	Habitat for Humanity	16	County
Substandard homes repaired	Housing Solutions	35	County
Homes weatherized and receiving energy retrofits	Housing Resources, Housing Solutions	85	County
Homes receiving heating assistance (crisis intervention program)	Housing Resources, Housing Solutions	150	5 counties
Households completing pre-counseling and/or homebuyer education classes	RHA, Homes Fund	650	County
Households completing pre-purchase counseling only	Housing Solutions	30	County
Home purchases assisted with loans, counseling and/or education	RHA, Homes Fund	200	County
Homeowners receiving assistance with foreclosures	Housing Solutions	400	5 Counties
Households receiving other housing counseling	Housing Solutions	350	5 Counties
RENTAL/SPECIAL NEEDS PROGRAMS			
Land donations to Durango's Fair Share program (yielding this estimated number of rental units)	Builders, City of Durango	50	Durango
Build affordable rental apartments	For-profits, nonprofits TBD, Homes Fund assisting	150	County
Build new supportive housing units	TBD	25	County
Repair existing transitional units	Housing Solutions	5	Durango
Obtain new federal rent subsidies	Housing Solutions, SW Center for Independence, others	50	County

Continuum of Activities and Implementers by Income Groups

Income Groups To Serve*	Activities	Implementers
81%-125% of AMI \$54,000 to \$83,000/year	Build market-rate homes and rentals	For-profit builders/Housing Solutions
	Provide some discount-priced homes	Builders in Fair Share program
	Encourage construction with flexibility on rules and fee waivers	Local governments
	Homebuyer counseling and education	RHA, Homes Fund
50%-80% AMI \$33,000 to \$54,000/year	Build homes/rentals for high end of this bracket	Builders
	Build rentals for the low end of this bracket	Tax Credit developers assisted by Homes Fund
	Build homes for low-end of this bracket	Habitat for Humanity
	2 nd mortgage loans for homebuyers	RHA, Homes Fund
	Homebuyer counseling and education	RHA, Homes Fund
	Homebuyer counseling only	Housing Solutions
	Provide some discount-priced homes	Builders in Fair Share program
30%-50% AMI \$16,000 to \$33,000/year	Build very affordable homes	Habitat for Humanity
	Build very affordable rentals	Tax Credit Developers Assisted by Homes Fund
	Weatherize and retrofit homes, including emergency heating assistance	Housing Resources, Housing Solutions
	Repair homes	Housing Solutions
	Homebuyer counseling only	Housing Solutions
	Homebuyer counseling and education	RHA, Homes Fund
Under 30% AMI \$0-\$16,000/year	Build transitional and supportive housing	Developer to be determined Assistance from Homes Fund
	Build very affordable rentals	Tax Credit developers assisted by Homes Fund
	Repair existing transitional housing	Housing Solutions
	Weatherize homes	Housing Resources, Housing Solutions
	Repair homes	Housing Resources, Housing Solutions
	Obtain more federal rent subsidies	Housing Solutions, SW Center for Independence, others

*Above are ranges of area median incomes (AMIs). Shown as illustrations are incomes of three-person households (2012 data from HUD, rounded).

Appendix D: Illustration of Area Median Income (AMI) Levels With Corresponding Affordable Rents and Sale Prices

“AMI” refers to percentages of area median income as updated annually by the U.S. Department of Housing and Urban Development. The selected AMIs levels are referred to in the text of this plan. AMIs are widely used to determine affordable rents and sales prices, as well as eligibility. **AMIs for 2012 are used in order to match the data in the Housing Needs Study.**

Figure 1. Incomes by HUD AMI Levels for County, by Household Sizes

% of Median	Number of Persons in Household:					
	1	2	3	4	5	6
30%	\$15,570	\$17,790	\$20,010	\$22,230	\$24,030	\$25,800
50%	\$25,950	\$29,650	\$33,350	\$37,050	\$40,050	\$43,000
60%	\$31,140	\$35,580	\$40,020	\$44,460	\$48,060	\$51,600
80%	\$41,550	\$47,450	\$53,400	\$59,300	\$64,050	\$68,800
100%	\$51,900	\$59,300	\$66,700	\$74,100	\$80,100	\$86,000
125%	\$64,875	\$74,125	\$83,375	\$92,625	\$100,125	\$107,500

Figure 2. Affordable Monthly Rent at 30% of Income

% of Median	Number of Persons in Household:					
	1	2	3	4	5	6
30%	\$389	\$445	\$500	\$556	\$601	\$645
50%	\$649	\$741	\$834	\$926	\$1,001	\$1,075
60%	\$779	\$890	\$1,001	\$1,112	\$1,202	\$1,290
80%	\$1,039	\$1,186	\$1,335	\$1,483	\$1,601	\$1,720
100%	\$1,298	\$1,483	\$1,668	\$1,853	\$2,003	\$2,150
125%	\$1,622	\$1,853	\$2,084	\$2,316	\$2,503	\$2,688

Figure 3. Affordable Home Sales Price (Approximate*)

% of Median	Number of Persons in Household:					
	1	2	3	4	5	6
30%	\$66,173	\$75,608	\$85,043	\$94,478	\$102,128	\$109,650
50%	\$110,288	\$126,013	\$141,738	\$157,463	\$170,213	\$182,750
60%	\$132,345	\$151,215	\$170,085	\$188,955	\$204,255	\$219,300
80%	\$176,588	\$201,663	\$226,950	\$252,025	\$272,213	\$292,400
100%	\$220,575	\$252,025	\$283,475	\$314,925	\$340,425	\$365,500
125%	\$275,719	\$315,031	\$354,344	\$393,656	\$425,531	\$456,875

* Assumes that an affordable price = annual income times a factor of 4.25

Appendix E: Glossary of Technical Terms

Area Median Income (AMI) - A term used by some federal programs to describe published income standards for various areas of the country that are used as benchmarks for determining households' eligibility for federally-funded programs. For example, home buyers assisted with HOME or CDBG funds generally must have incomes at or below 80 percent of area median income. AMIs are calculated and published annually by HUD. "Median" means that half of all households in the area are estimated to have more than this amount of income and half less than this amount.

Community Development Block Grants (CDBG) - This is a HUD (federal) program that provides grants to cities and states to undertake community development efforts. Affordable housing is a common use, and many cities subcontract with nonprofits to run the programs. Generally rural areas and cities smaller than 50,000 population must apply on a competitive basis annually or bi-annually to a state government agency administering the Small Cities CDBG program.

Conventional Financing - In the affordable housing sector, a term often used to refer to any loan made with non-subsidy sources. Among private, single-family lenders, a term to describe a loan that is made with a minimum 20 percent down payment and conventional underwriting criteria—a maximum 80 percent loan-to-value ratio and maximum 28/36 underwriting ratios.

Deferred Payment Second Mortgage Loan - A loan on which no repayment is due until sale or some other point in the future. The interest rate is usually 0%. In some "shared equity" second mortgage loan programs, the borrower must repay the principle and a share of the equity appreciation at the time of resale. These loans are usually made by a public or nonprofit agency to a lower income home buyer or a developer of low-income housing. Sometimes called a "deferred payment loan," a "DPL," or "soft second mortgage." In some states, the term "deed of trust" is used in place of "mortgage"—with the same meaning.

First Mortgage Loan - For a home purchase or a real estate project, usually the largest loan and one that gives the lender the most security. In case of foreclosure and sale, the first mortgage lender gets their money before any other lender is paid off. Also called a "first deed of trust" loan in some states.

HOME Program - The HOME Investment Partnership Program is a HUD program that grants housing subsidy funds on a formulaic basis to cities and states. Smaller cities must apply to states for funding. Typical uses are deferred payment second mortgages (see above) for home purchases, home repair loans and grants, financing for building affordable housing, and rent subsidies. The program requires local nonfederal matching funds. HOME will fund reasonable developer fees and administrative costs of programs (up to certain limits).

Homebuyer Counseling – One-on-one counseling provided to prospective homebuyers to assist with deciding whether to buy, qualifying for mortgage financing, and navigating the home purchase process. See "Prequalification."

Homebuyer Education - Workshops conducted for groups of prospective homebuyers. Participants receive training on the pros and cons of buying a home, credit issues, the home search, mortgage financing, special financing (if available), the loan closing, home maintenance, and other responsibilities of homeownership.

HUD - The U.S. Dept. of Housing and Urban Development, which is a major source of grants to states and local communities for affordable housing and community development activities.

Infill Housing - New homes or apartments built on smaller tracts of land, often in older neighborhoods, urban renewal areas, or inner cities.

Low-income Household - As widely defined by governmental and nonprofit organizations, a household with an income at or below 80 percent of area median income. See "Area Median Income."

Low Income Housing Tax Credits - A federal tax incentive program managed by state-level housing agencies, which provides generous tax incentives to equity investors and thus greatly reduces the amount of mortgage debt and mortgage payments. In exchange, the project owners agree to restrict rents and incomes (in brackets that can range from 30% to 60% AMI). The restrictions last for at least 15 years. Currently, this is the primary governmental subsidy program for affordable rental housing construction. In Colorado, the allocations of tax credits are managed by the Colorado Housing and Finance Authority.

Median Income - See "Area Median Income."

Moderate-income Household - As widely defined by governmental and nonprofit organizations, a household with an income between 80 percent and a higher percentage of the area median income (varying from 110% to 125% of area median income, depending on the governmental program involved or local definitions). See "Area Median Income."

Mortgage Loan - A loan secured by a mortgage deed, meaning the property owner has agreed to give the property to the lender if monthly payments are not made, so the property can be sold to pay off the loan. First deed of trust loan means the same thing.

Prequalification - The process of assisting a home buyer in determining if they qualify for conventional and/or subsidy loans. This typically involves a credit check, verifying income and asset information, and evaluating debt, income, and credit information in relation to lender underwriting standards. The process typically determines: 1) if a borrower has good enough credit to borrow, and 2) approximately how much can be borrowed at certain interest rates and loan terms.

Rent Subsidies - Term typically used to describe HUD's Housing Choice Voucher, Section 8 and similar programs, which subsidize the rent of low-income tenants in privately owned apartments and are typically administered by local nonprofit or public housing organizations. Generally tenants pay 30 percent of income for rent and utilities and HUD pays the rest directly to the landlord.

Second Mortgage Loan - See "Deferred Payment Second Mortgage" for brief descriptions of special products used with affordable home purchase loans.

Soft Second Mortgage - See "Deferred Payment Second Mortgage."

Special Needs Housing - A loosely defined term for affordable, low-rent, or no-rent residential facilities for people with special medical problems, the homeless, or people enrolled in self-sufficiency programs. In the broadest sense, it includes emergency shelters, long-term shelters, transitional housing, half-way houses, and group homes.

Subsidy - In housing, the term can have several meanings, such as: (a) below-market-rate financing or grants provided to lower the monthly debt service on an individual home (low interest second mortgage loans are one example); (b) equity investments based on the Low-Income Housing Tax Credit; and (c) rent subsidies given to landlords to reduce rents paid by tenants.

Supportive housing - Special needs housing (see above) in which tenants are provided with supportive services such as counseling to address personal or family problems, medical care, and job training/placement assistance.

Tax Credits - See "Low Income Housing Tax Credits".

Transitional Housing - A loosely defined term covering a number of housing facilities that serve the formerly homeless, people trying to get off welfare, or people released from institutions. Usually the term of stay is restricted to one to two years. The most common form is apartments or shared living facilities for the formerly homeless or single female parents with children. When treatment and supervision is involved, a facility is usually called a halfway house or group home.

Underwriting - The process of evaluating a loan application to determine if it meets credit standards and any other special requirements (as with special loan products for low-income borrowers). The underwriting process determines whether or not a loan will be approved, and on what terms and conditions.

Vouchers - Also known as Housing Vouchers. See "Rent Subsidies."