

Introduction

This Affordable Housing Action Plan is intended to guide the work of the newly-formed Ouray County Multi-Jurisdictional Housing Authority and the cooperative, coordinated efforts of the City of Ouray, Town of Ridgway and Ouray County.

This Plan represents the next step in a process that started with the inclusion of objectives in the Master Plans of all three jurisdictions calling for efforts to provide affordable housing. In 2002, both municipalities signed intergovernmental agreements with Ouray County specifying that these homes and other residential development should be located in established urban areas. In 2008, the three jurisdictions collaboratively formed a county-wide housing authority to address housing needs, and obtained grant funding for a comprehensive assessment of those needs, which was published later that year. A more detailed chronology of the path leading to this Action Plan is included in the appendix.

This document consists of five sections:

- I. Update of Housing Needs
- II. Policies and Guiding Principles
- III. Goals and Objectives
- IV. Priority Strategies
- V. Implementation and Administration

I. Housing Needs Updated

The November 2008 Ouray County Housing Needs Assessment concluded that 149 additional units were needed to address existing or catch-up demand for affordable housing. This conclusion was based on surveys conducted the previous year. Of the 149 units needed, 39 were the result of unfilled jobs and 110 were generated by in commuters who want to move into Ouray County where their jobs are located.

Since the publication of the study, economic conditions have dramatically changed. Construction activity has largely come to a halt. The unemployment rate has risen a full percentage point and no longer signals that Ouray County is a labor shortage area. Help wanted notices in the newspaper have sharply declined. Homes that have not sold are being offered for rent, greatly increasing rental availability. Residents are having difficulty obtaining enough work locally and are finding it increasingly necessary to commute to Telluride for jobs. Most construction workers are unemployed, or underemployed. Though hard data are not available, the decline in jobs has also led to a decline in in-commuting. Casual observations suggest that jobs are no longer unfilled. Because of these recent factors influencing housing

demand, fewer units are now needed to address existing demand. Housing needs should be revisited upon publication of 2010 Census data to adjust estimates of existing demand.

The Housing Needs Assessment projected that job growth by the year 2015 would generate demand for 881 additional housing units. It estimated that the private market would affordably address all but 20% to 30% of this workforce-related housing demand leaving between 174 and 264 units that would need to be developed through public efforts to keep-up with demand.

The recent recession that Ouray County along with the rest of the country and much of the world has entered make these job projections high. Trending has shown, however, that Ouray County's economy has historically rebounded from recessionary periods faster than the rest of the nation and the state as a whole. While job growth will likely be flat for a year or two, by 2015, new jobs should generate demand for approximately 470 units, which equates to about 53% of the Needs Assessment estimate of 881.

Housing prices have not significantly declined despite the steep drop in the number of sales. The median price of single-family homes sold in 2008 was about 6% lower than the median in 2007. The number sold dropped from 131 to 57. Sales of lower-priced units increased, however. The number of condominiums and townhomes grew from 15 in 2007 to 26 in 2008, and the number of mobile homes sold increased from two to seven in the same time period.

Home prices remain beyond the reach of many local residents. As of mid January, the median price for the 195 homes listed for sale (single family, condos/townhomes and mobile homes) was \$495,000, with an average of over \$690,000. Of these listings, only 11 or 5.6% were at prices affordable for households with incomes at 120% AMI. Prices may drop further but it appears that the private market will address only about 40% of the demand, not 70% to 80% as projected by the Housing Needs Assessment. It now appears that the Housing Authority and cooperating jurisdictions will face a "keep-up" demand not served by the private market for approximately 270 units by 2015.

II. Policies and Guiding Principles

Sustainability

Sustainability is a critical premise of this Action Plan. Sustainability in housing is to be achieved by:

- "Green" designs with energy-efficient appliances, alternative energy sources, non-toxic building materials, solar orientation, and high R-value insulation and windows, which improves long-term affordability and a healthier living environment.
- Compact developments, which reduce the amount of land converted into residential use, minimize resources consumed in infrastructure construction and maintenance, lower water consumption, and enhance sense of neighborhood.

- Location of housing in population centers in proximity to jobs where infrastructure and services are available.

Primary/Second Home Relationship

The use of residential units in Ouray County has been shifting with an increase in the percentage of homes used as second/vacation properties. Continuation of this shift is not desirable as it would drive housing prices even further above levels affordable for local wage earners and lead to undesirable conditions including loss of the sense of community and neighborhood vitality with homes that sit empty much of the year. An interim report funded by the Telluride Foundation on a collaborative research effort of the Harvard Graduate School of Design and MIT projected second home growth in Ouray County will average 7.2% per year over the next 20 years. This would be more than double the rate of growth anticipated for primary homes, and would outpace second home development in San Miguel County (4.4% per year). The economic benefits of residential construction and part-time residents are recognized yet further shift in the relationship between primary and second homes should be minimized.

Jobs/Housing Relationship

The growth in housing for employees should at least match the rate of growth in employment-generating uses, including commercial establishments and public facilities. While the absolute number of commuters may increase under this policy, the percentage of the workforce housed in Ouray County should be held constant at about 80%. With the anticipated increase in seniors as “baby boomers” reach retirement age, it will take proportionately more units to maintain this relationship. The overall rate of growth in housing will need to exceed the rate of growth in job-generating uses for the relationship between workforce housing and jobs to be maintained. The current rate of 1 occupied home per 1.4 employees will shift, approaching closer to a 1:1 relationship.

Priorities and Targeting

- *Workforce Housing* -- Affordable housing efforts should focus initially on providing units designed for the workforce but with recognition that the retiree population will grow at a disproportionately high rate for at least the next 15 years, and that housing specifically designed for seniors could be a key component of a comprehensive approach. The top priority is the development of homes designed and priced for essential employees including teachers, health care providers and emergency responders.
- *Family Housing* -- Ouray County and its communities are family oriented. This characteristic should be maintained into the future as growth occurs. To preserve this demographic trait, about 70% of new units intended for occupancy as primary

residences should accommodate families and about 30% should be designed for singles, with the recognition that it is more affordable and desirable for units developed for single homeowners to have two bedrooms.

- *Income Mix* - The diversity of the county's population should be preserved with an income distribution that reflects the desire for growth in housing opportunities for moderate- and middle-income households, which includes most essential employees, relative to other income groups. The desired mix is roughly one-third for low-income households ($\leq 80\%$ AMI), one-third moderate/middle income (81% to 150% AMI) and one-third upper income (151% AMI and greater). The Housing Authority's efforts will focus on households with incomes equal to or less than 120% AMI, based on current housing prices and the assumption that the private market will address the housing needs of households with higher incomes. This assumption should be revisited as prices change, and will likely need to be increased over time.
- *Owner/Renter Mix* – Both homeownership and rental opportunities are needed. To maintain the existing relationship into the future, about 75% of homes built for occupancy by residents should be for sale and about 25% should be for rent.

Location

In accordance with a long-standing policy for residential development embodied in intergovernmental agreements in 2002, and reiterated in the 2009 county-wide RPI/Theobald Study Group recommendations, higher density growth is to be directed toward the incorporated communities and their Urban Growth Boundaries where urban services and infrastructure are available. Production of affordable housing should occur primarily in the towns where it is sustainable, preserving the rural character of the county. Income segregation with only the rich being able to enjoy the county's rural lifestyle and the poor concentrated in town is not desired, however.

Despite policies, development is occurring in the unincorporated area of the county at a faster rate than in the towns -- 59% of residential building permits issued from 2000 through 2007 were for homes in unincorporated Ouray County. This development activity generates demand for workforce housing both in the initial construction and in the ongoing operation and maintenance of the homes. Opportunities to include sustainable workforce housing in ways that would not negatively impact the county's rural character, should be considered.

Given Colona's distance to Ouray and proximity to Montrose, its lack of water and wastewater systems, and the lack of a public transit system connecting Colona with employment centers, it is not a desirable location for the development of housing to serve Ouray County's workforce at this time. If the necessary infrastructure is provided in the future, the development it enables should include affordable housing so that the resulting housing demand does not impact housing needs in the rest of Ouray County. If high-density development on private lands in

Colona or elsewhere in unincorporated Ouray County is proposed, a substantial affordable housing component should be included.

Unit Types and Density

Single-family homes and duplexes are the most compatible with the existing character of development within the county and towns. Greater diversity in unit types and sizes is needed, however, to achieve affordable price levels. Relatively high density is also needed to make housing affordable. New subdivisions within the towns should allow for mixed density including opportunities for development of multi-family units at densities of 12 - 18 units per acre. Increased density will enable clustering of homes within new development, a recommendation called for by the RPI/Theobald Study Group.

Mixed-use developments with multi-family units located above or behind retail and office space are desirable as a way to provide high-density housing without significantly impacting the amount of land available and suitable for commercial uses. Accessory dwelling units that can be developed on existing lots and in new subdivisions are also desired.

High density is not available in the unincorporated areas of Ouray County where development is mostly limited to one unit per six acres or one per 35 acres, nor is it desired. Accessory or similar dwellings that provide housing in proportion to the demand generated in the nearby vicinity are desirable. Appropriate standards and guidelines should be established for these accessory units to insure affordability and maximize rental opportunities in the county. Opportunities to produce single-family homes affordable for middle-income residents through minor up zoning in new rural subdivisions are also desired.

Responsibility

Responsibility for housing should be broadly shared in the community with a mechanism for the general public to provide financial support. New residential development should pay its own way and should be held responsible for providing affordable housing to sustain the county's communities and its economy. Because of the high property taxes paid by commercial properties, and because commercial uses are so vital to the towns and county, commercial developers will be required to provide or fund housing for only a small portion of the housing demand generated by development. Neither of the towns nor the county is in a position to significantly subsidize housing efforts through general fund revenues in the immediate future but will continue to provide administrative support and sponsor grants as available. Development of public/institutional uses which generate employment and the resulting need for affordable housing, like schools, churches and government agencies, should also address a portion of the housing demand generated.

III. Goals and Objectives

This Plan herein establishes distinct goals for affordable housing units to address both existing needs (catch-up) and needs that will arise in the future as growth occurs (keep-up).

- By 2015, up to 50 affordable housing units should be developed or preserved to address catch-up needs. This goal takes into account the uncertainty of current demand given the change in the economy since the 2008 Needs Assessment and resource availability. It is approximate and should be revisited mid way through the period upon release of 2010 Census data.
- Also by 2015, strategies focused on new development should provide 160 affordable housing units that would keep up with approximately 60% of the new demand that is unlikely to be addressed by the free market. Real estate prices and job growth for this period are uncertain, however, necessitating that this goal also be revisited as conditions change.

Applying the policies in the previous section of this document on income targeting and location translates into a total goal for the development or preservation of 210 affordable housing units by 2015 as shown on the following table.

Goals by Type, Income and Area

Income	Low	Moderate/Middle	Upper
AMI	0 – 80% AMI	81% - 150% AMI	151%+AMI
Desired Mix	1/3	1/3	1/3
Catch-Up Goal			
50 units by 2012	25	25	Market
Keep-Up Goal			
160 units by 2015	80	80	Market
Total	105	105	Market
Ridgway – 55%	58	58	
Ouray – 28%	29	29	
Ouray County – 17%	18	18	

Based on a combination of factors include opportunity and demand, approximately 55% of affordable housing should be developed in Ridgway, 28% in Ouray and 17% in Ouray County. Given the level of residential development that has been occurring with unincorporated areas, the County should be able to generate funds from this development to provide support for construction of affordable housing within the towns. In other words, while the goals is for only

17% of the affordable housing units to be located within unincorporated areas, the County should be responsible for a larger share.

IV. Action Plan

To address existing and future housing needs throughout Ouray County, a comprehensive Action Plan has been developed that calls for the implementation of 12 different types of strategies by 2015. These strategies are aimed at simultaneously addressing both catch-up and keep-up needs while broadly sharing the responsibility for affordable housing.

Given the uncertain economic times and the changes that have occurred since the 2008 Housing Needs Assessment, quantitative objectives for the development of additional units to meet existing or catch-up needs have not been set. This Action Plan does not ignore existing housing needs but rather outlines a pragmatic approach that focuses immediately on improvements to the existing housing inventory and postpones plans for unit development until market indicators suggest that new construction would be prudent and feasible.

The current lull in development activity provides the time for staff and stakeholders to develop, and elected officials to consider and adopt, regulations aimed at keeping up with housing needs as growth occurs. In accordance with the policy that development pay its own way, this Action Plan calls for the adoption of measures now that will insure that affordable housing demand generated by new development is at least partially provided by that development. Since no new units would be built through these methods until such time as growth occurs, waiting for market conditions to stabilize before enacting the requirements is not necessary or appropriate.

The following pages contain a summary of each strategy recommended for implementation by 2015.

Rehabilitation and Weatherization - 2009

Providing assistance for weatherization and rehabilitation of units is an immediate priority to address high utility costs, unsafe surroundings, the potential for overcrowding and dissatisfaction due to disrepair and substandard or less than desirable living conditions. Assistance for this work in the form of energy audits, grants and low-interest loans is now available through five different coordinating agencies stretching from Durango to Grand Junction. None of the agencies have offices in Ouray County, however, making it potentially confusing and complicated for residents to take advantage of the assistance available. To remedy this situation and make weatherization and rehabilitation funding more accessible to the County's residents, the following steps are recommended:

1. Provide staff support for coordination and administration;

2. Identify, confirm and develop a relationship with all existing support services, providers and key stakeholders currently involved in providing these services for Ouray County
3. Develop a specific action plan outlining the scope, initiation, implementation and monitoring of weatherization and rehabilitation programs
4. Identify financial partners for grant and loan administration, including local lending institutions, the Governor's Energy Office, local utility providers and others
5. Identify or develop specific standards for home inspection, insulation, construction/rehabilitation and other services necessary for successful program implementation and solicit qualified providers for these services
6. Initially target efforts to households qualified for LEAP assistance given funding limitations but expand to serve up to 120/150% AMI as opportunities are identified.
7. Rehab at least 21 units in total by 2015 with roughly seven in each jurisdiction.

Annexation Policy -- 2009

Through policies and practices that the municipalities of Ouray and Ridgway can apply to the annexation of land, new development can be required to address not only the impacts that it directly generates but can be used to improve conditions that currently exist in the communities, including a shortage in the availability of affordably priced housing. Communities often hold development proposed on property that must be annexed to higher standards than projects proposed for land already within municipal limits. Drafting and adoption of a policy for future annexations should be pursued immediately while neither town has an application before them for consideration. To do so, the following actions are recommended:

- The desire to halt the shift from primary to second homes should be taken into consideration when setting the policy with potentially a Resident Occupied (RO – no income or price caps) deed restriction for a portion of the units.
- The ability to use annexations as a means for addressing existing or catch-up needs should be considered and the number of affordable units required should be higher than if imposed under IZ and linkage requirements for in-town parcels.

Inclusionary Zoning (IZ) – 2009/ 2010

Inclusionary zoning is the imposition of a requirement on new subdivisions or PUD's that a portion of all new units be affordable for a targeted group, typically moderate- and middle-income households in the communities in Colorado that have adopted IZ. Research on IZ programs in urban areas across the country has shown that the higher the income level served, the more units produced. The most effective IZ programs have been complemented by development incentives. Recommendations for adoption of IZ requirements are as follows:

- All three jurisdictions should impose the same requirement of 20% though terms and applicability could vary.

- Methods for satisfying the requirements should be flexible although building units on site is generally preferred, and could vary by jurisdiction.
- Placement of a permanent voluntary transfer assessment (RETA) on subsequent sales of free market units should be allowed in exchange for a partial reduce in the percentage of affordable units required (in Eagle County, their 35% IZ requirement is reduced to 30% in exchange for a 1% RETA).
- IZ should be used to primarily provide homeownership opportunities for moderate and middle income households (81% - 150% AMI).
- IZ should be enacted in 2009/ 2010 before additional subdivision applications are received.

Development Incentives – 2010

Incentives are an important strategy for use with IZ and linkage requirements. They are the “carrots” that can make development of affordable housing a win/win experience. Given variations in code requirements, lot sizes, densities and development opportunities, incentives should vary among the jurisdictions in Ouray County. For all three:

- Incentives should be put into place simultaneously with IZ and linkage requirements;
- Stakeholders including developers and property owners should be involved in their structure.
- Increased density with high utilization should be allowed for affordable housing, as a means to reduce development costs and promote sustainable land use.

In Ridgway, incentives should include:

- a. Deferral, Reduction or Waiver of Building Permit and Plan Review Fees
- b. Deferral, Reduction or Waiver of Excise Taxes (Excise tax calls for payment of \$1500 per new residential units created, enacted at subdivision - n/a to new building permits but due at subdivision)
- c. Density Bonuses
- d. Expedited Development and Permit Review
- e. Flexible Development and Design Standards (lot size and coverage, street frontage, etc.)

In Ouray, requirements are likely to be similar to Ridgway based on incentives previously offered.

In Ouray County, a minor density bonus should be considered for single-family subdivisions on small acreage, providing rural homeownership opportunities for moderate/middle income families. For example, where one unit per 6 acres is allowed, the ratio could be dropped to 1 per 5 acres if the additional unit(s) is deed restricted. To make this palatable and feasible, open space requirements shall be maintained at levels consistent with the land use code. This effort should be pursued after other affordable housing efforts have established a track record, possibly 2012.

Residential Linkage - 2010

Residential linkage is a requirement that the construction of new homes contributes to the provision of affordable housing based on the demand that new residential development and the resulting permanent on-site jobs generate for housing. The requirement can be formula driven where affordable units are required (typically a fraction for single-family homes but more for condominium projects) with a fee in lieu, or as an impact fee as was done and upheld in Gunnison County. Recommendations for residential linkage are as follows:

- All three jurisdictions in Ouray County should adopt an identical residential linkage requirement, in 2009 while construction activity is minimal;
- The mitigation rate should start out low for small units (5% or about \$.05 per square foot) and escalate with unit size (45% or \$4.00 per square foot), stepping up significantly for the large homes being built in unincorporated areas;
- Options should be offered for ways to meet the requirement including payment of a fee, construction of units on or off site, and placement of a permanent voluntary transfer assessment (RETA) on subsequent sales of the free market units;
- The program should address the housing needs of low-income households (\leq 80% AMI) to partially keep-up with housing demand generated by future residential growth;
- The program should primarily be used to produce affordable rental housing. Possible uses for the funds include subsidizing the development of tax credit apartments to achieve the quality and design desired, and the cost of ADU incentives.
- A housing support study should be prepared that includes a sample of homeowner surveys to establish residential job generation rates and a reasonable link between residential development and the requirements.

Based upon a series of assumptions about future residential development, a linkage program as proposed would generate total revenue of approximately \$1 million by 2015 providing subsidy for the development of seven units. While subject to refinement, examples of the approximate fee for specific free-market units are provided on the following page.

Residential Linkage Examples

Unit Size (SF)	800	1200	1700	2000	2500	5000	7500
Jobs per unit	0.1	0.14	1.14	2.14	0.19	0.46	0.85
Housing demand	0.059	0.082	0.671	1.259	0.112	0.271	0.500
Mitigation rate	5%	10%	12%	15%	20%	35%	45%
Units required	0.003	0.008	0.080	0.189	0.022	0.095	0.225
Fee required	\$399	\$1,118	\$10,921	\$25,626	\$3,034	\$12,853	\$30,536
Fee per Sq Ft	\$0.50	\$0.93	\$6.42	\$12.81	\$1.21	\$2.57	\$4.07

Commercial Linkage – 2010

Commercial linkage is a requirement similar to residential linkage for addressing keep-up needs – it is based on the jobs created by new development and the resulting demand generated for affordable housing. It requires developers of new commercial space (does not apply to existing businesses or existing space) to provide or fund a portion of the affordable housing for which need is generated, usually by building it on site in mixed-use projects. Structuring the requirement as an impact fee also appears to be allowable based on the Gunnison County decision. Recommendations for commercial linkage are as follows:

- Ridgway and Ouray should adopt similar commercial linkage requirements; the requirements for commercial development in the unincorporated county should be more stringent to encourage job growth within the municipalities.
- The requirement should be based on only 5% of the estimated housing demand or impact generated by development in recognition of the importance of commercial uses to sustainability.
- The program should encourage on-site development of units but allow fees in lieu and off site development of affordable housing as options for compliance, based on community benefits, opportunities to utilize and leverage revenue, location and site attributes.
- Affordable housing provided on site should primarily be for moderate/middle households (average of 100% AMI).
- A housing support study should establish the link between commercial development and the requirements imposed.

A commercial linkage program as proposed would generate 3.4 units or \$340,000 in fees by 2015 through a fee of roughly \$7.00 per square foot on the construction of new commercial/industrial space.

Homeownership Counseling and Mortgage Assistance – 2009/2010

As units are built or become available for sale to moderate- and middle-income employee households, potential buyers will need assistance in order to qualify to purchase the homes. Homebuyer education classes alone will not be sufficient. Personalized credit counseling and down payment or other forms of financial assistance like a shared equity injection are needed.

- OCHA should hire or contract with someone experienced at moving moderate income households into homeownership.
- A system for Ouray County residents to access down payment assistance through the Delta Housing Authority should be established.
- A grant application should be submitted to the Colorado Housing Division for a down payment assistance allocation.
- A pipeline should be established for accessing CHFA down payment assistance.
- Local mortgage lenders should be involved in the OCHA-initiated effort.

Revisiting Catch-Up Needs – 2011

Next year, the economy and housing market conditions may be sufficiently stabilized to determine the housing needs that still exist and to set quantitative objectives for addressing these catch-up needs. Information should be obtained from multiple sources and compared to the 2008 Needs Assessment to calculate changes and gaps. The specific information that should be obtained and considered includes:

- Unemployment rates and job numbers from the Colorado Department of Labor and Employment;
- Regional study with San Miguel County
- Data from the Census Bureau on housing and commuting
- MLS listings for home prices and availability

- County Assessor data for sales in the prior year to determine if prices are stable or declining.

ADU Incentives – 2010/11

Offering incentives for the development of accessory dwelling units (ADU's) could address both catch-up needs and keep-up needs. In Ouray and Ridgway, possible incentives include:

- Deferral of waivers of tap fees; evaluation of programs in Ridgway and Ouray with possible modification and replication in the County.
- Using linkage fees and IZ fees in lieu to subsidize construction costs with permanent covenant on long-term rental occupancy.

The County does not have tap fees to waive/defer but could allow the construction of accessory units as a means for meeting IZ requirements to offer. Other opportunities for the County include:

- Increase maximum size of ADUs to 1000 sf
- Eliminate requirement for proximity to primary residential unit
- Close the employee housing loop hole in the land use code
- Waive building permit fee for ADU if permitted simultaneously with primary residence

Low Income Housing Tax Credit Apartments - 2012

Tax credits are available on a competitive basis from the Colorado Housing and Finance Authority (CHFA) for apartment projects that target households with incomes no greater than 60% AMI. Housing authorities, non-profit organizations (like Mercy Housing and the Denver Archdiocese) and private developers can all utilize the credits. Credits are often used to finance development of rental units by public/private partnerships. While development of an apartment complex would not be appropriate in rural Ouray County, opportunities exist in both Ouray and Ridgway. Recommendations include:

- The City of Ouray should set aside town-owned land suitable for the development of at least 10 apartment units and partner with a developer for design and eventual construction.
- Ouray County should consider the feasibility of using some or all of a County-owned parcel in within the city of Ouray for future apartment development.

- The Town of Ridgway should explore opportunities for partnering with a private or non-profit developer for construction of a small apartment project (up to 20 units) perhaps through dedication of future linkage fees to subsidize the development.
- Partnerships should be preferred over strictly private tax credit developments because the additional public subsidies could improve the quality of construction, reduce the number of units needed to be feasible, and influence their location and density. Opportunities may also exist to “package” a site in Ridgway and Ouray so that a single developer could construct both and enjoy some economy of scale.
- Green building or energy-efficiency objectives should be incorporated into the LIHTC development (as well as all affordable housing units); OCHA should research resources whereby energy efficiency improvements are incorporated into the design and construction of buildings and financed over time.
- Construction should not be pursued immediately, however, since numerous rentals are now available. While most of these units are homes listed for sale with rents above levels that are affordable for low-income employees, the glut might result in a lowering of rents if allowed to prolong. Also, given economic conditions, new apartments might not be marketable at this time. Partnerships should be formed by 2011 when the timeline for construction dependent upon economic conditions at that time.

Use Tax - 2015

A tax on construction materials purchased outside of Ouray County (usually Montrose) could be used for affordable housing, if approved by voters. The tax could be levied by either or all of the jurisdictions, or by the OCHA. If the housing authority also assesses a sales tax along with the use tax, it could then charge an impact fee of \$2.00 per square foot on all new construction. Summit County is the only jurisdiction to approve this tax/fee combination allowed by CRS 29-1-204.5. Reasons to consider a use tax for affordable housing include:

- A tax could provide an income stream for the housing authority that could be used for a variety of purposes including construction, land acquisition/banking, acquisition and buy down of existing units and administration.
- A use tax could pave the way for an impact fee, if a sales tax is also levied.
- Without a use tax, local businesses that sell construction materials are at a disadvantage since Montrose stores are not required to charge a sales tax on materials shipped into Ouray County; it is assumed that a use tax will eventually be passed to address this disparity and housing would be an appropriate beneficiary of the proceeds.

Board Development – 2009 – 2015

Board members need education in and exposure to affordable housing efforts elsewhere. In order to help guide the policies and operations of the housing authority, especially in light of limited resources to devote to staff, they must be knowledgeable about the powers of housing authorities, residential design and development, market conditions, housing needs and financing. Ways to develop the Board's expertise include:

- Memberships in the Colorado Housing and the National Association of Housing and Rehabilitation Officials (NAHRO);
- Attendance at the annual Housing Colorado NOW conference;
- Presentations to the Board by representatives of the Colorado Division of Housing and the Colorado Housing and Finance Authority (CHFA).

V. Administration

Multi-disciplined expertise and extensive time will be needed to implement the strategies called for in this Action Plan. The most efficient and cost effective method for providing this expertise is through the centralization and coordination of housing programs county wide by the housing authority. Through the Authority, an incremental approach to development of administrative capacity is recommended to:

- Minimize start-up costs with increases in administrative expenditures as funds become available through fees and program income associated with IZ, inclusionary zoning, rehab and weatherization grants and loans;
- Reach a goal of financial independence from the municipalities and county through revenue generation and cost containment;
- Leverage local funds to pursue state and federal funding opportunities;
- Develop in-county capacity to administer programs; extensive reliance on regional agencies for program funding and service delivery is not desired long term.

This Plan recommends that all three jurisdictions allocate \$----- in 2010 to the OCHA to put administrative systems into place and launch revenue-producing strategies. Furthermore, each jurisdiction should provide --- hours of staff assistance to the effort in 2009 and 2010 on code

drafting, supporting the establishment of a coordinated housing rehab and weatherization program, grant writing and general organizational development.

A three-phase incremental approach to administration is recommended with a 2-year start-up period followed by a 5-year growth period reaching sustaining levels by 2015. Each task associated with these phases has been identified. In most cases, tasks will carry forward – they are not one-time jobs. As planned, the Housing Authority will be accountable for the entire list of tasks by 2015, and will be responsible for them on an ongoing basis thereafter.

Start-Up Phase (2009 – 2010)

Organizational Development Tasks

- Obtain insurance, possibly in the short-term through the Town of Ridgway's CIRSA policy with the objective of carrying an insurance policy specific to the Authority by 2010
- Amend Multi-jurisdictional IGA to provide for an independent Authority not subject solely to fee-for-service parameters as is currently defined but rather to create a sustaining, stand-alone entity; obtain Bond Attorney review for TABOR constraints, amending as applicable
- Develop and execute IGA's/agency agreements with regional organizations through which financial assistance and services are to be obtained
- Put a financial management/accounting system into place with separate accounts for each fee-generating program
- Establish fee collection system
- Support Board meetings – packets, public notices, minutes
- Create and take lead on public relations
- Set up and maintain a web site
- Develop 2010 budget requests for each jurisdiction

Program Implementation

- Coordinate with the three jurisdictions on final design and drafting of code language for IZ, linkage requirements and incentives
- Draft deed restrictions and restrictive covenants including mechanism for keeping rents affordable and for controlling occupancy of accessory dwellings.
- Write and administer grant applications
- Write guidelines for developers and administrative procedures for the sale and rental of affordable units.
- Establish unit tracking system – address, date approved, CO date, # bdrms, sq ft, initial sales price, resale prices, AMI target, # occupants
- Support rehab/weatherization with coordination among funding agencies, public outreach and home inspections

- Provide counseling to residents in need of housing assistance; serve as a clearinghouse for all housing services
- Annually update incomes, prices and fee in lieu amounts

Growth Phase -- Additional Responsibilities (2011 – 2015)

- Review development applications to determine compliance with IZ and linkage requirements
- Negotiate compliance alternatives – on site, off site, fees in lieu, land in lieu
- Qualify applicants
- Conduct lotteries if needed
- Administer deed restrictions; calculate resale prices
- Manage revenues, report to funding agencies
- Form partnerships for tax credit apartment projects on public land
- Periodically update Action Plan; prioritize allocation of funds

Sustainable Operations – Long Term

- Develop senior housing
- Monitor IZ/linkage/incentive effectiveness; make modifications as needed
- Comply with quarterly and annual reporting requirements from various funding agencies – HUD, Colorado Div. of Housing, CHFA
- Monitor key community/housing metrics on regular basis; update housing needs assessment as appropriate
- Manage/maintain properties
- Negotiate for the purchase of land as opportunities become available

Timeline Summarized

	Strategy Implementation	Administrative Tasks
2009	Rehabilitation & Weatherization Annexation Policies Homeownership Counseling and Mortgage Assistance	IGA's; Insurance Grant applications Financial management system Fee collection system Public relations; web site Set up rehab program
2010	Inclusionary Zoning Development Incentives Commercial Linkage Residential Linkage	Code drafting – IZ & linkage Deed restrictions Development of guidelines Unit tracking system Update incomes, prices, fees in lieu
2010/11	ADU Incentives Needs Updating	Clearinghouse for housing assistance Development review/negotiation Applicant qualification/selection
2012	Tax Credit Apartments	Partnership development
2015+	Use Tax	Senior housing development Program monitoring Compliance reporting Negotiate land acquisition