



**To:** Ridgway Town Council and Planning Commission  
**From:** Jen Coates, Town Manager  
**Date:** January 25<sup>th</sup>, 2016  
**RE:** Joint Meeting – Affordable Housing

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This information is intended to provide a brief history, resources and ideas for the discussion of affordable housing. It is not complete or exhaustive, but a starting point for a large conversation.

This paper is organized into 3 sections:

- I. Background Information
- II. Opportunities and Considerations
- III. Supporting Documents and Resources

## **I. Background Information**

1997 – Accessory Dwelling Units ordinance adopted by the Ridgway Town Council to promote affordable housing in Town (including tap fee waivers, reduced monthly utility charges)

2001 – River Park PUD Agreement executed, establishing 10 dwelling units within River Park to be affordable to families who ear equal to or less than 80% of the Area Median Income for the Ridgway area; included are deed restrictions with a re-sale price appreciation limit, income and residency requirements; restrictions sunset after 10 years of continuous occupied ownership

2007/2008 – Ouray County Multi-Jurisdictional Housing Authority (OCHA) formed (Ouray County, City of Ouray, Town of Ridgway) *“to encourage and support a coordinated effort to provide housing that is affordable to residents of their respective jurisdictions in a manner that will preserve the regional community”*; OCHA is a 5-member volunteer board with no revenues and no staff

2008 – Planned Unit Development Regulations amended by the Town Council allowing *“additional residential units if it determines that by so doing, significant public benefits will be provided which might not otherwise be available, such as significant affordable housing, public open space, public recreational amenities or off site public infrastructure improvements.”*

2008 – Ouray County Housing Needs Assessment – Economic and Planning Systems (EPS)

2009 – Weatherized 40 homes in Ouray County to increase comfort and reduce utility costs through partnership of Southwest Conservation Corps and Housing Solutions for the Southwest

2009 – Down Payment Assistance and Critical Home Repair Partnership established with the Delta Housing Authority



- 2009 – Community Survey showing support for affordable housing initiatives and investments
- 2009 – Affordable Housing Action Plan developed for the OCHA to guide the multi-jurisdictional work and update housing needs for Ouray County
- 2009 – Housing Market Study completed for Luckenbill-Drayton & Associates LLC (*exploring the feasibility of a Low-Income Housing Tax Credit Development in Ridgway for apartment rental units*)
- 2010 – Alternative Futures of the Telluride Region Published (Telluride Foundation) – indicating future housing demand directed to the Ridgway area
- 2011 – Ouray County and San Miguel County Needs Assessment completed (RRC Associates and Rees Consulting, Inc.)
- 2012 – Ridgway Land Use Plan adopted, including Goal 3: Housing - *Encourage a diversity of housing opportunities that meet a range of income levels, and complement the Town's existing character and heritage.*
- 2015 – First Expirations of River Park Deed Restrictions removing previously restricted single family homes to free-market pricing and reducing the overall inventory of affordable housing in Ridgway
- 2015 – Affordable Housing Framework presented by OCHA to Ouray County governments to provide a framework for governments, developers and the community to understand needs and desires for affordable housing
- 2015/ 2016 – Habitat For Humanity assumes Critical Home Repair Program from the Delta Housing Authority and seeks partnership with the Town of Ridgway on this program and also support for Habitat Home Construction in Ridgway
- 2016 – Affordable Housing Initiatives prioritized by Ridgway Town Council and Planning Commission
- 2016 – Space to Create Program presented by the State of Colorado as a partnership program to plan and construct Affordable Live/Work spaces.



## II. Opportunities and Considerations

*This is a summary of prior recommendations and ideas from a decade of affordable housing studies, analyses, recommendations and action items. Additional detail is provided in the next Section III.*

### Policy Directives

1. Update Annexation Policy
2. Create an Inclusionary Zoning Policy
3. Review Town Code for Updates: Accessory Dwelling Regulations, Manufactured, Mobile and Tiny Homes
4. Update Energy Code and Green Building Standards

### Revenue Generation

1. Use Tax – tax on construction materials purchased outside of Ouray County to help fund affordable housing generation; requires an election
2. Residential Linkage Requirements
3. Commercial Linkage Requirements

### Development Incentives

1. Finalize OCHA Affordable Housing Framework/ Guidelines
2. Purchase property
3. Design and Purchase Accessory Dwelling Architectural Drawings
4. Review Town Code for Updates: Accessory Dwelling Regulations, Manufactured, Mobile and Tiny Homes

### Development Partnerships

1. OCHA Board Development/ SMRHA Partnership
2. Space to Create Program
3. Private Developers - Identify Property Owners for Partnerships
4. Low Income Housing Tax Credit Project (LIHTC)
5. Habitat for Humanity

### Rehabilitation, Weatherization and Home Repairs

1. Habitat for Humanity – Critical Home Repair Program
2. Homeownership Counseling and Mortgage Assistance



### III. Supporting Documents and Resources

#### 2008 Ouray County Housing Needs Assessment (EPS)

##### **Estimate of Housing Need**

There are two components of mitigating housing affordability needs in a community – those units in a recommended program defined to help the community ‘catch-up’ with existing demand, and those defined as needed to ‘keep up’ with future demand for affordable housing.

##### **‘Catch Up’**

The quantity of units for helping Ouray County catch up with existing affordable housing demand are defined by unfilled positions and a portion of workers that commute. In total, units for an estimated 149 households would suffice the demand to help Ouray County catch up with its existing demand for affordable housing

##### **‘Keep Up’**

The quantity of units that would help the County keep up with its future demands are defined by the number of households generated by future employment growth. This results in a ‘Keep-Up’ demand for approximately 176 to 264 households. Note that this rate is conservative, as it is based on 2006 data, and that the 20 to 30 percent should be considered a minimum until updated.

##### **Affordability**

Low income households comprise 40 percent of all households in the County (the total from zero to 80 percent of AMI). Very low income households are 20 to 25 percent of all households. HUD defines “low income” household as those earning 80 percent or less of the median income. “Very low income” households are those earning less than 50 percent of the median income.

A widely used standard for housing affordability is that a household should not spend more than 30 percent of monthly gross income on rent or mortgage payments before taxes, utilities and other expenses. This measurement is called cost burden, defined as a household spending more than 30 percent of its income on housing.

##### **Ownership Affordability**

35 percent of households paid 30 percent or more of their incomes on housing in 2007. According to the Household Survey, approximately 5 percent of households spend more than 50 percent of their incomes on housing.

##### **Renter Affordability**

According to data collected in the Household Survey, approximately 28 percent of all renter households were cost burdened in 2007. Approximately 9 percent of renters were paying more than 50 percent of their income in rent in 2007.



## 2009 Community Survey for Land Use Update

[http://www.town.ridgway.co.us/org\\_docs\\_2010/2009\\_Survey\\_Results\\_Final\\_Report\\_Abbreviated\\_.pdf](http://www.town.ridgway.co.us/org_docs_2010/2009_Survey_Results_Final_Report_Abbreviated_.pdf)

Community Responses to Housing Questions:

Q44. There is significant support for mixed-use developments (86%, 295).

Q45. 62% (211) of respondents agree increased density in new developments and re-development to generate affordable housing is a good thing. There appears to be decent agreement between Town residents and non-residents although slightly more Ouray County residents (67% vs. 59%) prefer increased density in the Town, with 32% (52) of Ridgway residents and 42% (15) of residents outside of Ouray County disagreeing with increasing densities for affordable housing.

Q46. Nearly 42% (141) of respondents support increasing the maximum ADU size from 600 to 800 square feet. 27% (93) feel the existing limit of 600 sf is fine and 22% (73) have no opinion. – *The Town increased the ADU square footage to 800 in 2010.*

Q47. Increased square footages and reduced building fees were noted as the incentives most likely to encourage ADU development, although 115 respondents (38%) indicated they would never build an ADU. 33% (50) of Ridgway residents indicated they would never build an ADU.

Q48. A significant number (86%, 290) indicated they would take advantage of energy conservation programs or incentives if they were reasonable and available.

Q49. Town-developed and joint venture projects (75%, 252 agree, 22%, 73 disagree) and multi-family housing in new developments (74%, 247 agree, 24%, 79 disagree) received the most and strongest support. Apartment units are also generally supported (70%, 231 agree, 28%, 91 disagree). 62% (211) disagreed (35%, 118 agreed) with allowing more manufactured housing to facilitate affordability.



## 2009 Affordable Housing Action Plan

[http://www.town.ridgway.co.us/rha/Final\\_Affordable\\_Housing\\_Action\\_Plan\\_22\\_June\\_2009.pdf](http://www.town.ridgway.co.us/rha/Final_Affordable_Housing_Action_Plan_22_June_2009.pdf)

Recommends 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.

1. Rehabilitation and Weatherization Programs
2. Update Annexation Policy
3. Homeownership Counseling and Mortgage Assistance
4. Inclusionary Zoning
5. Development Incentives
6. Residential Linkage Requirements
7. Commercial Linkage Requirements
8. Update Needs/ Revisit Goals
9. ADU Incentives
10. LIHTC Apartment Project
11. Use Tax
12. Board Development



## 2009 Alternative Futures Study

[http://www.town.ridgway.co.us/org\\_docs\\_2010/Telluride\\_Alternative\\_Futures\\_Web\\_Report\\_May2010.pdf](http://www.town.ridgway.co.us/org_docs_2010/Telluride_Alternative_Futures_Web_Report_May2010.pdf)

In the high growth scenario, under existing regulations and zoning, the great majority of the region's private developable land will be built upon within the next 20 years. Under the assumptions of the low growth scenario under existing regulations, within about 40 years all private developable land in the region will be built upon. Telluride and Mountain Village are reaching the limits of their developable land, and as a result are exporting demand for housing to other parts of the region. As the region continues to develop, more people will demand more services, especially the many more people who are living in unincorporated parts of the Counties.

The consequences of scarcity of developable land are today being felt as increasing land values cascade through the region. The alternative futures show that land values will continue to rise in Ridgway and Norwood, causing displacement of full-time residents who find themselves priced out of these towns. When Norwood and Ridgway become too expensive, many full time residents will move into more remote and unincorporated parts of the region.

Increased commuting distances and travel times will bring about personal hardship and financial costs for workers. Loss of full time residents will have social consequences in the region's communities. Costs incurred by local government to provide infrastructure and public services to sprawling low density development will rise disproportionately.

Without significant intervention, the use of private vehicles in the region will continue to grow causing greatly increased traffic congestion. The traffic problem in Telluride and throughout the region cannot be solved if traffic continues to be composed chiefly of private vehicles. Therefore, it is essential that the Telluride region design and implement an affordable, frequent and efficient public transportation system to serve both residents and visitors. Local rezoning decisions, particularly for residential development, should take into account access to public transport.

Finally, and most importantly, the critical issues facing the Telluride region must be recognized as regional in nature. Location of new housing, transportation, the provision of services and protection of the environment are at their core regional issues.

Furthermore, actions to deal with these issues must be carried out over periods of time that are much longer than the electoral cycle. While the various towns and counties have legal rights and responsibilities, the most important issues are long-term and regional. Because of its outstanding natural attractiveness, its reliance on potentially fickle tourism, and its vulnerability to poorly coordinated development decisions, the potential risks to the Telluride region are particularly acute.



If the Telluride region is to succeed in managing itself efficiently and effectively, it must establish ways to coordinate planning and policy decisions across the many jurisdictions in the region. This study demonstrates that the pressures which have been building over recent decades will continue to increase, with serious and potentially harmful impacts. At the same time, the window of opportunity to influence the future is closing as the private land supply continues toward “buildout”.

There are significant needs and consequent actions which should be taken immediately. There is a clear need for greater technical cooperation among the region’s towns and counties. There is inadequate coordination in the ways by which data are defined, collected and maintained by the various jurisdictions and there are no shared data management technologies. Without these it is and will continue to be extremely difficult to understand what is actually happening in the Telluride Region.

There is an obvious need to increase greatly the regional coordination of planning efforts among the towns and counties, and also to coordinate with the several public agencies which control large amounts of land in the Telluride Region. This applies especially to regional issues such as planning for public transportation and new roads, visual management and ecological policies, and other issues not included in this study such as water supply, sewage treatment and the organization of services such as health care. The critical need for improved coordination will require new, innovative and publicly acceptable institutions for making coordinated decisions. The implementation of regional planning policies will require political, legal and financial mechanisms which go beyond the current ways of “getting things done” in the Telluride Region.





## 2011 Ouray County and San Miguel County Needs Assessment

[http://www.town.ridgway.co.us/regional\\_housing\\_authority/2011\\_OC\\_SMC\\_HousingNeedsAssesmt.pdf](http://www.town.ridgway.co.us/regional_housing_authority/2011_OC_SMC_HousingNeedsAssesmt.pdf)

These 12 recommendations have not been prioritized. The individual jurisdictions, either separately or as a region, should develop priorities or determine a plan of action for the next five years.

1. Affordable Housing Database -- A comprehensive database should be developed to monitor and manage the large and increasing inventory of deed/occupancy-restricted units in San Miguel County.
2. Regional Housing Authority – The San Miguel Regional Housing Authority should be expanded to also serve Ouray County, where the housing authority is not staffed and has no resources.
3. Deed Restriction for Ouray County – To avoid the administrative complexities and confusion created in San Miguel County, a single deed restriction should be drafted for use throughout Ouray County.
4. Emergency Housing Assistance – The loss of jobs, reduction in income, doubling of households receiving food stamps and utility assistance, and the sharp increase in foreclosures all suggest the need for emergency housing assistance.
5. Housing Rehabilitation – Households throughout the region and especially in Ouray County could benefit from a housing rehabilitation program that results in the reduction of utility costs. It should serve renters as well as owners.
6. Rental Development – The Telluride region needs additional rental units.
7. Regional Approach to Development – The jurisdictions in the two-county region and especially in the Telluride area should take market conditions throughout the region into account when planning the development of new units.
8. Mortgage Availability – The number of lenders willing to provide mortgages for deed-restricted units and the loan products they offer should be monitored to insure that mortgage availability is adequate.
9. Public Relations and Information Sharing – There are so many “flavors” of deed restrictions in San Miguel County that potential buyers cannot readily assess the options they might have. The various deed restrictions should be succinctly summarized so that the public can understand the major differences and long-term ramifications.
10. Changes to Guidelines and Deed Restrictions – Mountain Village, San Miguel County and Telluride should revisit their affordable housing guidelines and deed restrictions. Revisions and procedural changes should be considered to reduce the number of variances being processed.



11. Ties with Economic Development – Since housing that is affordable for the labor force is a key ingredient of a sustainable economy, housing and economic development organizations should work together. With shared goals, solutions could be developed with funding sources that are specifically for this purpose, such as HUD’s new Rural Innovation Fund.

12. Ouray County Master Plan Update -- Work on the 2008 Ouray County Strategic Housing Plan revealed that policies are not in place for the development of affordable housing in the county. The current master plan is 15 years old.



## 2011 Ridgway Land Use Plan

[http://www.town.ridgway.co.us/land\\_use\\_task\\_force/finals/120131\\_ADOPTED\\_Ridgway\\_LandUse\\_Plan\\_reduced.pdf](http://www.town.ridgway.co.us/land_use_task_force/finals/120131_ADOPTED_Ridgway_LandUse_Plan_reduced.pdf)

**GOAL 3: HOUSING** - *Encourage a diversity of housing opportunities that meet a range of income levels, and complement the Town's existing character and heritage.*

### Policies:

Encourage new developments to include a variety of housing sizes, types and prices.

Allow for the construction of a variety of residential building forms that respond to the need for affordable housing while maintaining neighborhood compatibility.

Encourage context-appropriate, non-traditional housing and adjunct housing such as live/work housing, garage or garden apartments, and caretaker units.

Where desirable, continue the establishment of small ranches and large-lot neighborhoods, similar to those already found within the UGB.

Encourage innovative building practices and materials (e.g., straw-bale) when such methods would increase energy efficiency, ease green house gas emissions, and reduce home costs.

In all new neighborhoods, emphasize the importance of public spaces and walkability, to promote a high quality of life connecting all areas of Town.

### Action items:

Encourage the development of a variety housing sizes, types and prices through defined density bonuses, fee waivers or other incentives such that development understands the needs of the community for affordable housing

Evaluate existing single family home design standards and compare to the built environment over the last 10 years to bring the standards current to meet today's objectives.

Maintain and update the Prescriptive Energy Code and Green Building Standard for all forms of residential construction.

Study recent innovations in modular home construction and revise land use code to allow appropriate forms.

Participate in the Community Development Block Grant Rehabilitation and Down-Payment Assistance programs through the Delta Housing Authority and State of Colorado Division of Housing.

Develop standard plans and specifications for accessory dwellings and include in building permit application packets.

Participate in the Ouray County Housing Authority partnership, and collaborate with the San Miguel Regional Housing Authority to understand home affordability needs and demands and work to realize the goals and action items in the 2009 Ouray County Action Plan and the 2011 Regional Housing Needs Assessment.



## 2016 Habitat for Humanity Critical Home Repair Program

Jan 2016 email from Heather Zeilman, Development Director for Habitat for Humanity of the San Juans

The Critical Home Repair program exists for the benefit of low and moderate income homeowners.

This program is for homeowners in (jurisdiction chosen) who earn less than 80% of the median income in Ouray County.

Income limits are specific to each county, and are updated annually through the State of Colorado.

If Town puts in \$1000, we would match it make the fund \$2000. This will be given on a first come, first served basis. It can serve one family or several depending on costs of repair projects. If you have other sponsors that would like to contribute, we are only limited by the sponsorship level.

The goal is to give the homeowner the highest quality work for the lowest cost. To achieve this, the bidding protocol is often flexible and informal. Homeowner input and participation is encouraged throughout the process. Contractor's bids may reflect various options. Once the best materials and methods are determined, the contractor is selected; the contract and specifications are finalized and signed.

### Loan Information:

- Property must have at least 1 deficient structural component or related health and/or safety hazard present to apply for funds
- The applicant must occupy the property and be listed on the deed in order to qualify.
- Program requires a \$200 down payment towards a 0-4% interest rate affordable payback plan depending on approved credit.
- Inspection, consulting and construction management are provided at no cost to homeowner.
- Homeowner and/or HFHSJ selects contractors & collects 3 bids prior to construction.
- Loan is secured through a Promissory Note and Deed of Trust.

Some examples of repairs could include hot water heater, flooring, ADA ramps, energy efficiency projects like windows, weather stripping, furnace replacement, updated wiring etc. This program is not designed for cosmetic upgrades.

Our recommendation would be that the Town donate the \$1000 to our Critical Home Repair fund, and we would continue to roll the loan payback into that fund to pay for subsequent critical home repair projects.



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**2016 Space to Create**  
*See Separate White Paper.*

The End.