



**Silverton Housing Authority
Director Report**

Department: Housing
Head of Department: Anne Chase
Date of SHA Board meeting: 9/9/2024

For immediate Trustee consideration:
 Adoption of the Silverton Affordable Housing Guidelines.
 Review of Anvil Townhomes Market Study.

Regular Meetings & Communication:

- Weekly Region 9 Housing Leads Check In
- Weekly Housing Check-In w/ Gloria weekly
- Weekly TOS Staff meeting.
- 6/27 Western Spaces Market Study Kickoff
- 6/28 Fading West Development Project Call.
- 7/10 Fading West Development Project Call.
- 7/23 SJDA Board Meeting.
- 7/29 Housing Colorado Southwest Stakeholder Outreach and Engagement.
- 7/30 Fading West Development Project Call.
- 8/2 Meeting with citizen.
- 8/8 Meeting with Chris Lopez -CHFA
- 8/8 Meeting with citizen.
- 8/14 Housing Staff Meeting.
- 8/14 Fading West Development Project Call.
- 8/15 DOLA Housing Peer Exchange Webinar.
- 8/19 Call with Mountain Studio Architects.
- 8/28 Housing Solutions of the Southwest Board Meeting.
- 9/5 Western Spaces Market Study Project Wrap.
- 9/5 Fading West Development Project Meeting.
- 9/5 Zanoni Conceptual Plan Proforma Review.

Top on the TO DO list:

- Determining and applying for financing sources for Anvil Townhome Development.
- Implementing Silverton Affordable Housing Guidelines
- Completing SHA Website.
- Applying for CHFA Direct Effects for ADU Stock Plans.

<p>Grants (applications, updates, awards):</p> <ul style="list-style-type: none"> • No update on acceptance to DOH TA from DOH. • Executed Services Agreement for Boxcar Predevelopment Engineering RFQ on 9/3/2024 with SGM Inc. • IHOI, LPC, EIAF, HDG grant quarterly reports due 10/30. • CHFA SHIP – Zanoni conceptual plans nearing completion. 	<p>Upcoming Issues:</p> <ul style="list-style-type: none"> • Application to DOH for Anvil Townhomes. • SHA Budget Development. • Finalizing Zanoni Parcel land conveyance from TOS to SHA. • Applying for CHFA Direct Effects funding for ADU Stock Plans.
<p>Notable completed tasks:</p> <ul style="list-style-type: none"> • SHA website up and running! Will continue to build and improve, but it is functional. • San Juan County conveyed Anvil Lots 15, 16, and 17 to the Silverton Housing Authority on 8/28. • Executed Services Agreement for Boxcar Predevelopment Engineering RFQ on 9/3/2024 with SGM Inc. • Western Spaces LLC. Completed Anvil Townhome Market Study. • Established the SHA Email List 	<p>Ongoing Project Updates:</p> <p>Boxcar Apartment pre-development engineering RFQ closed 6/3. Coordinating with the Community Development Director with EPA and contractors for site clean-up.</p> <p>SJDA Anvil Single Family: House #3 closed 8/28. House #4 walls up, trusses en route.</p> <p>COSIPA Website for SHA: Site is almost built – launch will be announced via the SHA Email List.</p> <p>Building Better Places Action Plan: <i>Recently Completed Tasks:</i> SHA Website. <i>In-Progress Tasks:</i> Affordable Housing “Pattern Book” / ADU Stock plans. <i>Delayed Tasks:</i> Presenting possible funding mechanisms to the SHA board, getting SHA on the finance committee agenda.</p> <p>CHFA Small Scale Housing Technical Assistance: Zanoni Parcel: Update coming....</p>
<p>Learning/ Professional Development:</p> <ul style="list-style-type: none"> • 7/29 Housing Colorado Southwest Stakeholders Outreach & Engagement in Durango. • Accepted into the first cohort of the Executive Certificate in Affordable Housing from Denver University. Orientation is September 20-22nd in Denver. • Monthly DOLA Housing Peer Exchange webinar. • Attended HomesFund Homebuyer Education Class 8/3/24. 	



AGENDA MEMO

SUBJECT: Adoption of Silverton Affordable Housing Guidelines
 MEETING DATE: 9/9/2024
 STAFF CONTACT: Anne Chase

Overview:

As the Silverton Housing Authority establishes itself and plans for future affordable housing developments, it is important to adopt and implement Affordable Housing Guidelines. These Guidelines are guiding documents that ensure the fair administration and regulation of affordable housing programs. The adoption of these Guidelines will serve several purposes.

1. **Providing Clarity and Transparency:** Well-defined guidelines provide clarity and transparency for both Staff, Board, and residents. This helps prevent misunderstandings and disputes by clearly outlining eligibility criteria, application process, and owner/tenant responsibilities.
2. **Promoting Fairness:** Clear and consistent policies promote fairness in the allocation of housing resources. The goal is to ensure that all eligible residents have an opportunity to benefit from affordable housing programs.
3. **Ensuring Compliance:** Affordable housing usually involves substantial public and private investment. It is in the best interest of the Silverton Housing Authority and the community that it serves to maintain the long-term affordability, and ensure units are being used as intended to protect the public investment.
4. **Enhancing Efficiency:** Standardized procedures and policies streamline the administration of affordable housing programs.
5. **Guiding Future Development:** The guidelines will serve as a roadmap for future affordable housing developments and programs. Guidelines will help ensure new projects/programs align with the authority's mission and objectives, and that they meet the needs of the community.

8/12/2024 SHA Work Session Recap and Revision Overview

The following sections were edited by Staff per SHA Board direction:

1. **Mission & Vision statements of the Silverton Housing Authority.**
 - a. Drafted statements during the Work Session. Staff has revised and included in the 2nd Draft included in this packet.
2. Defined "Quality" as a qualifier for "affordable housing."
3. **General Affordable Housing Program Goals – Section 102:**
 - a. Board directed Staff to create a goal that encompasses educational programming. Staff added Section 102.3.
4. **Qualification Standards – Section 103:**
 - a. Employment Standard – 103.2.A:

- i. Employment Hours – Edited the requirement to work for a business licensed in San Juan County a minimum of “forty hours per month” to be “forty hours per month on an annual average.”
 - ii. Qualified Volunteer – Staff edited the definition of Qualified Volunteer to include the names of organizations that serve San Juan County residents.
 - iii. Employment Standard remains in this version – do not believe it is in conflict with C.R.S. 24-34-502.
- b. Property Ownership Standard -103.2.C:
- i. Board gave direction to research and inquire other communities’ Affordable Housing Guidelines Property Ownership Standards. Below are the findings:
 - 1. **GVRHA:** No ownership of developed residential property allowed - if so, must be sold by the time applicant closes on new deed restricted residence.
 - 2. **Pagosa:** Same as GVRHA.
 - 3. **Rural Homes** (Ouray & Ridgway): no ownership of Improved Residential Property within a 150-mile radius from the Housing Unit. There is a grace period for an applicant to sell other Improved Residential Property they own within 1 year.
 - 4. **Telluride:** Commercial, developed, undeveloped outside of San Miguel, Ouray, and Dolores counties permitted. Ownership of developed residential property within said boundaries must sell, unless it is used for Affordable housing needs.
 - ii. Staff made the following updates to the section based on Board comments:

“Ownership by any member of a [Household](#) of a property outside the boundaries of San Juan County that is a Commercial Property or [Undeveloped Residential Property](#) or is [Developed Residential Property](#) **is not permitted**.

Ownership by any member of a Household of a property within the boundaries of San Juan County that is Commercial Property or Undeveloped Residential Property **is permitted** and does not require an Exception.

Ownership by any member of a Household of Developed Residential Property within the boundaries of San Juan County is restricted as follows....”
- c. Net Assets Standard – 103.2.D:
- i. Board gave direction to set the Net Assets Standard to “not exceed eighty percent (80%) of the Original Purchase Price of the Housing Unit.”

5. Lottery Procedure – Section 105

- a. Board gave direction to update the Lottery procedure to anonymize lottery entries and do a manual drawing of the entries rather than a number generator. Staff made the requested edits.

6. Conflict of Interest – Section 111.8

- a. Staff added a Conflict of Interest policy to Section 111: General Miscellaneous Provisions.

7. “Subcommittee” changed to “TOS Board of Adjustments.”

Suggested Motion or Direction:

Motion: Motion to adopt the Silverton Affordable Housing Guidelines.

Or

Direction: Direction to make (insert desired edits/changes).



RESOLUTION NO. 2024-01

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE TOWN OF SILVERTON
BOARD ADOPTING THE *SILVERTON AFFORDABLE HOUSING GUIDELINES***

WHEREAS, the Silverton Housing Authority is a municipal housing authority governed by the Town of Silverton elected Board of Trustees (the “Board”) and incorporated under Colorado State Statutes (C.R.S.) § 29-4-204; and

WHEREAS, the *Silverton Affordable Housing Guidelines* were created to be used as guiding documents to ensure the fair administration and regulation of the Silverton Housing Authority’s affordable housing programs; and

WHEREAS, the Silverton Housing Authority Board of Directors desires to adopt this document to provide clarity and transparency for staff, the Board, and residents; and

WHEREAS, the Silverton Housing Authority Board desires to adopt this document to promote fairness to ensure eligible citizens have an opportunity to benefit from affordable housing programs; and

WHEREAS, the Silverton Housing Authority Board desires to adopt this document to ensure affordable housing units are used as intended; and

WHEREAS, the Silverton Housing Authority Board desires to adopt this document to standardize procedures and policies of the administration of affordable housing programs;

**NOW THEREFORE, BE IT HEREBY RESOLVED BY THE SILVERTON
HOUSING AUTHORITY BOARD OF DIRECTORS THAT:**

Section 1: This Resolution adopts the *Silverton Affordable Housing Guidelines*, attached as Exhibit A, to serve as a roadmap for future affordable housing development and programs.

Section 2: This Resolution shall be effective as of the date and time of its adoption by the Silverton Housing Board of Directors.

THIS RESOLUTION was approved and adopted the 9th day of September, 2024 by the Housing Authority Board of Directors of the Town of Silverton, Colorado.

SILVERTON HOUSING AUTHORITY:

Dayna Kranker, Mayor (SHA Chair)

ATTEST:

Melina Marks Lanis, Town Clerk (SHA Appointed Secretary)



SILVERTON AFFORDABLE HOUSING GUIDELINES

Adopted **09/09/2024**



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DEFINITIONS

Affordable Housing - Any Housing Unit restricted to sale or rental at a specified price to a Qualified Household meeting the Income Level requirements of the Deed Restriction.

Affordable Housing Program or Housing Program – The set of regulations which apply to a specific Affordable Housing Unit within a specific project or development. Unless specifically excluded, all Housing Programs are subject to the regulations of these Guidelines.

Affordable Housing Unit – A Deed Restricted property that is subject to these Guidelines and any additional covenants that may run with the land.

Applicant – A Household that has submitted the required application for Qualification as a renter, tenant, occupant or buyer of an Affordable Housing Unit, for inclusion in a housing Lottery, or for Exceptions, Appeals or Grievances under these Guidelines.

Application – A formal request submitted by an Applicant to the Silverton Housing Authority in the format provided and required by the Silverton Housing Authority within a designated Application Period for a specific Housing Unit within a Housing Program, or, an application for a Leave of Absence, Exception, Appeal, or Grievance.

Application Period – A timeframe within which the Silverton Housing Authority accepts Applications for specific Housing Units or Housing Programs. See [Section 105.3: Lottery Procedure](#).

Area Median Income (AMI) - A metric that represents the midpoint of the income distribution in a specific area, usually a county or municipality, established by the U.S. Department of Housing and Urban Development (HUD). Also referred to as Income Level. See [Appendix A](#).

Assets – Anything owned which has tangible, intangible, commercial, or exchange value. Assets consist of specific property or claims against others, in contrast to obligations due others. For the purposes of these Guidelines, Assets are real or personal property including without limitation retirement accounts, education accounts, patents and causes of action, stock in a corporation or interest in any other type of business entity, interest in the estate of a decedent, property of a person, association, corporation, or estate that is applicable or subject to the payment of debts, and funds on property held in a living trust or any similar entity or interest where the person has management rights or the ability to apply the Assets to the payment of debts. Assets are evaluated at current Fair Market Value, not accounting book value.

Gross Assets - All Assets combined of all Household members, including children.

Net Assets - Household Gross Assets less the Household Gross Liabilities.

Compliance Check - Periodic verification of ongoing Qualification to own or occupy an Affordable Housing Unit. See Section 108.10: Deed Monitoring.

Deed Restriction – A contract prepared by SHA Staff in coordination with the Town legal counsel and entered between SHA, the Town and the Owner, or buyer of real property identifying and burdening the conditions of use, occupancy, and sale of the property in accordance with these Guidelines, which may not be altered without the written consent of all parties.

Developed Residential Property – Property that contains at least one (1) dwelling unit as defined in the Silverton Municipal Code.

Exception - A variance from these Guidelines granted through the Exception Procedure set forth in Section 109.2. See also Appeal and Grievance definitions in Section 109.

Fair Market Value – The price at which bona fide non-distress sales have been consummated for Assets of like type, quality, and quantity in a particular market.

Fixture – 1) A tangible item which previously was personal property and has been attached or installed on land or a structure thereon in such a way as to become a part of the real property; 2) Any non-portable lighting device built in or attached securely to the structure; or 3) The permanent parts of a plumbing system and fixtures.

Gross Income – The sum of all wages, salaries, profits, interest payments, rents, and other forms of earnings, before any deduction or taxes, also referred to as “income.”

Guidelines – These Silverton Affordable Housing Guidelines or specific provisions thereof as context requires, adopted by the Silverton Housing Authority and the Town of Silverton as may be required, and amended from time to time, that provide definitions, standards and procedures to be applied to specific Affordable Housing Units and Programs.

Household – All owners and/or tenants, their immediate family and any parties who will be occupying the Housing Unit, excluding guests.

HUD – Abbreviation of the U.S. Department of Housing and Urban Development.

Immediate Family – The Qualified Employee and the spouse of the Qualified Employee and their Dependents, siblings, parents and/or children, all of whom may be related either biologically, by marriage, by civil union and/or by legal adoption, and regardless of age. Immediate Family also includes: a minor for whom the Qualified Employee or the Spouse of the Qualified Employee becomes the legal foster parent. Such children shall be treated as biological children and have the same Immediate Family status, regardless of age.

Income Eligibility Level – The standard of Household Gross Income as defined by the Area Median Income that applies to a particular Affordable Housing Unit or Housing Program. See [Appendix A: Income Eligibility Levels](#).

Joint Tenancy - Ownership of real estate between two or more parties who have been named in one conveyance as joint Tenants. Upon the death of one Tenant, surviving joint Tenant(s) have the right of survivorship.

Leave of Absence – An Exception from the requirement that a Qualified Household maintain the Affordable Housing Unit in question as its Primary place of Residence granted according to the [Section 106.1.A1](#).

Liabilities - Financial obligations owed through the transfer of money, Assets, goods or services.

Gross Liabilities – The Household's total amount owed to other persons or entities including loans, liens, mortgages, accounts payable, and other financial obligations as defined by generally accepted accounting practice.

Luxury Items – Luxury Items are non-essential appliances, fixtures or upgrades. See [Appendix E: Permitted Capital Improvements](#).

Local Workforce – A Household with a member currently employed by a business located and licensed in San Juan County a minimum of forty (40) hours a month on an annual average. Additional entries are dependent on length of employment seen in [Section 103.5](#).

Lottery – A process with an outcome that is governed by chance for the selection of Qualified Applicants to have the opportunity to purchase or rent a Housing Unit enrolled in the lottery.

Maximum Rental Rate – The maximum amount per month including utilities that a Qualified Household may be charged when leasing an Affordable Housing Unit.

Maximum Sale Price (MSP) – The maximum amount that an Affordable Housing Unit may be sold for to a Qualified Owner. Unless otherwise defined in the Deed Restriction covering the unit, the Maximum Sale price is determined according to [Section 107.4: Maximum Sale Price Calculation](#).

Notice of Violation – A formal written notice from the Town of the SHA to an Affordable Housing Unit Owner or Tenant who is in violation of provisions of the Deed Restriction for the Affordable Housing Unit or the provisions of the Silverton Affordable Housing Guidelines.

Option to Purchase – A legal document signed by the mortgagee, and where applicable a co-signer, acknowledging the provisions of the Deed Restriction and granting a right to the Town or SHA to purchase the Affordable Housing Unit in a foreclosure under certain conditions.

Original Purchase Price (OPP) – The price paid for the Affordable Housing Unit by the current Owner(s) and used as a basis to determine the Maximum Sale Price. The OPP is recorded in the Deed Restriction attached to each Affordable Housing Unit.

Owner –An individual or individuals who have a legal right to a property by deed, Tenancy In Common, Joint Tenancy or Tenancy in Entirety or other relationship and who have a proprietary interest in a property. Owners are subject to these Guidelines. See [Section 106: Ownership Standards](#).

Owner-Occupied – At least one Qualified Owner holding title occupies the property as their Primary Residence.

Permitted Capital Improvements - Unless otherwise defined in the Deed Restriction for an Affordable Housing Unit, a Permitted Capital Improvement is any Fixture or improvement ***approved by SHA Staff prior to erection, construction or installation*** that is not a Luxury Item and is erected, constructed or installed as a permanent improvement to real property or non-recurring expenses for physical improvement that provide a long-term upgrade or improvement to the Deed Restricted Affordable Housing Unit. See [Appendix E](#).

Policy Statement – A directive formally adopted by the SHA Board to clarify and aid in the application and enforcement of these Guidelines.

Primary Residence – A Household's sole and exclusive place of residence.

Priority – Specific requirements of Applicants that earn Applicants additional entries into the lottery (see [Section 103](#), and [Appendix C](#)).

Qualification – An Applicant, Household, Owner, or Tenant that meets the and the standards set forth in [Section 103](#) and the requirements of the Deed Restrictions of the Housing Units and Housing Program being applied for or enrolled in.

Qualified Disabled – A person with disability as is defined in 42 US Code § 12102.

Qualified Retired – A person sixty-five (65) years or older who is a member of a Household who has a verifiable history of employment in San Juan County for the ten (10) years immediately prior to retiring to receive Priority entries that otherwise require employment. See [Appendix C: Lottery Point System](#).

Quality – A Housing Unit that is up to the Town of Silverton Municipal Code standards

Qualified Employee / Employed – A person employed by a business licensed in San Juan County and is compensated for such work on an hourly, weekly, monthly or commission basis or any combination of such compensation and works for said business for a minimum of forty (40) hours per month on an annualized average. See [103.2 Employment Standard](#).

Qualified Volunteer - A person who verifiably performs work locally for one or more of the following non-profit and community organizations for which no monetary or other material compensation is received for a minimum of forty (40) hours per month: Silverton Medical Rescue, Silverton San Juan Fire and Rescue Authority, Silverton Creative District, San Juan Development Association, Silverton Chamber of Commerce, San Juan County Historical Society, Silverton Singletrack Society, Town of Silverton, San Juan County, Silverton Public Library, Silverton Farmers Market, San Juan County Public Health Service, Silverton School District, Silverton Family Learning Center, Silverton Senior Center, KSJC 92-5 FM L.P. Community Radio, Mountain Studies Institute, Silverton Skijoring, San Juan Mountains Association, A Theatre Group, Silverton Community Radio, Silverton Film Office, Silverton Snowmobile Club. Qualified Volunteer hours are eligible for the Employment Standard and for the Vital Workforce Priority Qualification, and excluded from the Local Workforce Priority Qualification – See Priority Matrix.

Resident – A person who has maintained verifiable residency in San Juan County for twelve (12) months in the past (24) months immediately prior to application.

Sale – For purposes of the Guidelines, the exchange of an Affordable Housing Unit for an agreed amount of money or other consideration in which title to the Affordable Housing Unit is Transferred in whole or in part to a new Qualified Owner.

Silverton Housing Authority (SHA) – The Silverton Housing Authority of the Town of Silverton, referred herein as SHA. As used in these Guidelines, SHA may also mean the SHA Board of Directors, the TOS Board of Adjustments, or SHA Staff as the context requires.

SHA Board – The Board of Directors of the Silverton Housing Authority.

SHA Staff – The person or persons who the Silverton Housing Authority or its designee employs for the purpose of administering and enforcing these Guidelines.

TOS Board of Adjustments – A committee comprised of a subset of members of the SHA Board and Town Council appointed to oversee and administer these Guidelines in instances when a decision could be Appealed to the Silverton Housing Authority Board. Also responsible for Zoning matters in the Town of Silverton.

Tenancy in Common – Co-ownership in which an individual holds an undivided interest in real property as if they were sole Owner.

Tenancy in the Entirety – A special Joint Tenancy between two (2) lawfully married individuals which places all title to property (real or personal) into the marital unit, with both spouses having an equal, undivided interest in the whole property.

Tenant – A person who has temporary use and occupancy of real property owned by another and subject to these Guidelines. See Section 106.2: Rental Procedure.

Town – The Town of Silverton, Colorado – municipality.

Transfer – Any transaction, conveyance, settlement, disposition, assignment, or event which introduces a new ownership interest in a Housing Unit or changes the percentage of current ownership interest in a Housing Unit.

Undeveloped Residential Property – Vacant property which allows residential uses as the principal use and uses accessory thereto, as defined in the Silverton Municipal Code Chapter 16 Zoning.

Vacant Property – a home that is no longer occupied as a principal residence by the Qualified Owner or Tenant for a period of 90 consecutive days without a SHA approved Leave of Absence.

Vital Workforce – Any Household with a member employed, or can provide a letter of intent to hire by San Juan County, Town of Silverton, Silverton School, Silverton Family Learning Center, Silverton Medical Rescue, OR any household with a member who has volunteered for Silverton Fire Department or Silverton Medical Rescue a minimum of forty (40) hours a month for twelve (12) of the previous fourteen (14) months immediately prior to Application. Receives additional entries into the Lottery per Section 103.5 Priority Entry Matrix.

MISSION AND VISION STATEMENTS

The Silverton Housing Authority’s mission is to advocate, promote, plan, and provide the long-term supply of quality affordable housing to support equitable access to housing in the Town of Silverton.

SHA Mission Statement Adopted 09/09/2024

Our vision is to support the quality of life and economic vitality of the unique community of Silverton by increasing housing choices, opportunities, and education for residents.

SHA Vision Statement Adopted 09/09/2024

Section 101: PURPOSE & APPLICABILITY

101.1 The purpose of the Silverton Affordable Housing Guidelines is to provide consistent governance of the development of, admission to and occupancy of Deed Restricted Affordable Housing Units throughout San Juan County.

101.2 These Affordable Housing Guidelines are used to:

- Review Land Use Applications
- Establish Affordable Housing Income Categories
- Establish Affordable Housing Rental Rates
- Establish Affordable Housing Sales Prices

- Establish Criteria for Qualifying and Occupancy of Units
- Provide Information and Process for Developing Affordable Housing
- Provide Information on Monitoring and Compliance

- 101.3** These Affordable Housing Guidelines will remain in effect until such time as the Board of Directors for the Silverton Housing Authority approve new or amended Guidelines.
- 101.4** Each Housing Program is also subject to provisions that are unique to that program.
- 101.5** Every Sale or rental of a Housing Unit is initially subject to the Guidelines in effect at the time of Sale or rental. Subsequently, Owners and Tenants are expressly subject to the Guidelines in effect as amended during their ownership or lease.
- 101.6** SHA Staff is charged with administration and enforcement of the Guidelines. To provide SHA Staff with clarification of intent of provisions of these Guidelines, Policy Statements may be adopted by resolution of the SHA Board at a properly noticed public meeting.
- 101.7** These rules have binding effects on all individuals and courts and run with a Housing Unit in perpetuity in accordance with the recorded Deed Restriction. In addition to any remedy provided by law for enforcement of the Deed Restriction and these Guidelines, SHA Board is authorized to establish fees or penalties for violations (see Appendix D).
- 101.8** **DISCLAIMER:** The Silverton Housing Authority expressly disclaims any and all warranties, express or implied, including without limitation fitness for a particular purpose with respect to the provision of Housing Units. Silverton Housing Authority does not represent, warrant or promise to construct, finance or otherwise produce, in whole or in part, any Housing Units pursuant to these Guidelines or under any other programs. No Applicant may rely upon any promise implied or expressed that Housing Units shall be constructed, financed or otherwise produced, in whole or in part, by the Silverton Housing Authority. In no event shall Silverton Housing Authority be liable to any Applicant for any direct, indirect, incidental, punitive, or consequential damage of any kind whatsoever, including without limitation lost profits, lost sales, lost business, lost opportunity, lost information, lost or wasted time. None of the information contained in these guidelines constitutes an offer to sell or the solicitation of an offer to buy a Housing Unit.
- 101.9** **Fair Housing** – The Silverton Housing Authority shall fully comply with all Federal, State and local nondiscrimination laws; the Americans with Disabilities Act; and, to the extent applicable, the U.S. Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.

Pursuant to the Fair Housing Act and public policy, SHA shall not discriminate on the basis of race, creed, color, sex, sexual orientation, gender identity, religion, national or ethnic origin, familial status, or disability in the lease, sale, use or occupancy of a Unit. Section 24-34-502(1) of the Colorado Revised Statutes prohibits source of income discrimination and requires a non-exempt landlord to accept any lawful and verifiable source of money paid directly, indirectly, or on behalf of a person, including income derived from any lawful profession or occupation and income or rental payments derived from any government or private assistance, grant, or loan program.

To further its commitment to full compliance with applicable civil rights laws, SHA will provide Federal/State/local information to Applicants/tenants under this Policy regarding tenant rights and any recourse available to them if they believe they may be victims of discrimination. Such information will be made available with the Application, and all applicable Fair Housing Information and Discrimination Complaint Forms will be made available at the SHA office and website. In addition, all written information and advertisements will contain the appropriate Equal Opportunity language and logo.

SHA will assist any applicant or tenant that believes they have suffered illegal discrimination by providing them copies of the appropriate housing discrimination forms. SHA will also assist them in completing the forms if requested and will provide them with the address of the nearest HUD office of Fair Housing and Equal Opportunity.

In addition to Federal civil rights laws as outlined above, SHA will comply with regulations including but not limited to: the Fair Housing Act Amendments of 1988; Title VI of the Civil Rights Act of 1964; Age Discrimination Act of 1975; Section 504 of the Rehabilitation Act of 1973; Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity; Executive Order 13166 – Limited English Proficiency; Violence Against Women and Justice Department Reauthorization Act of 2013.

- 101.10 Fraud Warning** – Signatures on documents submitted to SHA constitute verification that all information provided is true and accurate. If any such information provided is determined to be false or non-verifiable, such person may be disqualified by SHA and referred to law enforcement for investigation and/or prosecution. Disqualified persons may be denied future participation in SHA Programs. Mortgage fraud may be referred to the FBI for investigation.

Section 102: GENERAL AFFORDABLE HOUSING PROGRAM GOALS

This Section lays out the general Affordable Housing Program Goals of the Silverton Housing Authority and the Town of Silverton.

- 102.1** The primary goal of the Affordable Housing Programs is to provide Quality, Affordable Housing for residents and their families who make a living primarily from Presence Required Employment. This is accomplished by regulating and restricting occupancy of Housing Units to Qualified Households and Ownership to Qualified Owners.
- 102.2** Ensure ongoing affordability of Housing Units. Most Housing Units are subject to price and appreciation limits for sale, resale and/or rental. These limitations are intended to ensure affordability for both the current Household and for the long-term affordability of the Housing Unit.
- 102.3** Enhance residents' knowledge, understanding, and access to information about housing-related matters through targeted educational programs. The objective of educational programming is to empower residents across the housing continuum to make informed decisions, access resources, and achieve and maintain safe and healthy living environments.

Section 103: QUALIFICATION STANDARDS

103.1 There are two (2) levels of evaluation to determine the Qualification of Applicants for the purchase, initial, or continued occupancy of Housing Units known as Qualification and Priority.

Qualification refers to the most general requirements for all Housing Programs and includes both Initial Qualification Standards and Continuing Qualification Standards per the applicable Housing Program. A Qualified Owner, Qualified Household, or Qualified Tenant must maintain Qualified status for the duration of ownership or rental of a Housing Unit. Failure to maintain Qualification will require vacation or Sale of the Housing Unit (see Section 108.10).

Priority refers to specific requirements that earn Applicants additional entries into the Lottery based on type of employment, or disability and retirement status, as applicable. See Appendix C for Priority Point Matrix and Section 103.3.

103.2 Household Initial Qualification Standards

A. “Qualified Household” Defined- Qualified Households must:

1. Meet the Employment Standard;
2. Meet the Income Level Standard;
3. Meet the Property Ownership Standard;
4. Meet the Net Assets Standard; and
5. Meet the Minimum Household Size Standard.

B. Employment Standard

1. **Ownership** – At least one member of a Household who will hold title to a Housing Unit must demonstrate and be verified as a Qualified Employee by demonstrating and verifying Employment by a business licensed in San Juan County which amount includes a minimum of forty (40) hours per month on an annual average, or can provide a letter of intent to hire from employer and a commitment to work one thousand four hundred (1,400) during the following twelve (12) months from the time of Application. Verification of hiring and employment will be conducted before the Sale of Housing Units.
2. **Rental and/or Occupancy** – Each person applying to rent or occupy a room in a Housing Unit or, at least one member of each Tenant Household if occupying the entire Unit must be a Qualified Employee, which requires a minimum of forty (40) hours per month, or provide verifiable documentation of intent to work one thousand four hundred (1,400) during the following twelve (12) months from application, or a lesser amount commensurate with the term

of the proposed lease (e.g. seven hundred (700) hours for a six (6) month lease.

3. Exemptions –

- i. Members of an Applicant Household who have been determined by SHA to be Qualified Retired or Qualified Disabled and those who are Immediate Family of a Qualified Employee in the Household are exempt from the Employment Standard.
- ii. Households with a member who will hold title to a Housing Unit or be a tenant of a rental unit that can demonstrate and be verified as a Qualified Volunteer who has volunteered forty (40) hours per month for at least twelve (12) of the sixteen (16) months immediately prior to submission of an application are exempt from the Employment Standard.

C. Income-Level Standard

1. Income-Level Standards are subject to the Housing Program and Deed-Restrictions associated with each Housing Unit. Income Levels for San Juan County are posted in Appendix A and are updated annually, usually in the Spring.
2. These Guidelines identify categories of income levels for Households for the purpose of establishing Original Purchase Prices, rental rates, and Housing Program specific Qualifications for Affordable Housing Units. These categories correspond to income levels by Household size provided by the US Department of Housing and Urban Development (HUD) and the Colorado Housing and Finance Authority (CHFA) known as the Area Median Income (AMI) for San Juan County on an annual basis. The SHA will post the annual AMIs on the SHA website and administratively update these Guidelines when made available by CHFA every spring. Area Median Income for San Juan County are found in Appendix A. All Sales, Qualification, Lotteries, and Programs are subject to the Income Levels of the most recently adopted version of these Guidelines at the time of Sale, Qualification, and Lottery drawing.

3. INCOME CATEGORIES

Very-Low Income Limit	≤ 50% AMI
Low Income Limit	≥ 51% ≥ 80% AMI
Moderate Income Limit	≥ 81% ≥ 100% AMI
Middle Income Limit	≥ 101% ≥ 120% AMI
Upper Income Limit	≥ 121% ≥ 140% AMI

4. **Exclusion from Income** – An Applicant may apply to SHA Staff for an exclusion to an Applicant’s Household Income for verifiable student loan debt, verifiable necessary medical expenses, paid childcare expenses, and verifiable education, healthcare, and/or retirement account contributions from the prior twelve (12) months. Exclusions being requested require SHA Staff verification. In determining whether an account contribution is eligible for such an exclusion, SHA Staff, the TOS Board of Adjustments, or the SHA Board, as appropriate, will consider the criteria as set forth in Section 103.2E.3. Student loan debt must be related to post-high-school studies (trade school, undergraduate, or graduate degree) from an accredited institution. A combined maximum of ten thousand dollars (\$10,000) of the above expenses or contributions per Household may be excluded from income.

D. Property Ownership Standard

1. For purposes of this Section, “Ownership by any member of a Household” means ownership interest in any form, direct or indirect, including without limitation ownership or membership in a business or entity that owns real property, or a Leasehold Interest in real property for longer than a period of one (1) year. A Household may not circumvent this Section by declaring indirect or non-controlling interest in real property subject to this Section.
2. Ownership by any member of a Household of a property outside the boundaries of San Juan County that is a Commercial Property or Undeveloped Residential Property or is Developed Residential Property is not permitted.
3. Ownership by any member of a Household of a property within the boundaries of San Juan County that is Commercial Property or Undeveloped Residential Property is permitted and does not require an Exception.
4. Ownership by any member of a Household of Developed Residential Property within the boundaries of San Juan County is restricted as follows:
 - i. **If the residential property is deed restricted as affordable**, the Household is required to enter into a contractual agreement with the Silverton Housing Authority, or its designee, setting forth the terms of the agreement to sell the other residential property. The Household is required to be under contract to sell the property within four (4) months and close the Sale within six (6) months of taking title to the Housing Unit being applied for.
 - ii. **If the property is any other form of Developed Residential Property**, the Household is required to:

- a. Sell the other property under the terms of Section 103.2.E.4.i;
OR
- b. Apply for and be granted an Exception according to the Exception Procedure in [Section 109.2](#) for consideration of the terms under which ownership of other Developed Residential Property will be allowed.
 - (1) In determining the terms under which ownership of other Developed Residential Property will be allowed, the TOS Board of Adjustments or SHA Board, as appropriate, shall take into consideration the location of the other Developed Residential Property, the current Affordable Housing needs in the, and the practicality of requiring the other property to be leased to a Qualified Household.
 - (2) It is the stated intent of SHA to only allow ownership of other Developed Residential Property within the boundaries of San Juan County if the Household demonstrates a commitment to utilizing the property to meet local or regional Affordable housing needs.
 - (3) Exceptions granted for ownership of Developed Residential Property in San Juan County will require the Household to enter into a contractual agreement with the Silverton Housing Authority or its designee that provides for rental of the other property to a Qualified Household under the rental procedures in [Section 106.2](#). The property must be leased beginning no more than ninety (90) days after purchase of the Housing Unit or other property and be continuously leased, reasonable turnover and maintenance time excepted, so long as the Household owns the Housing Unit. If the property remains vacant or out of lease for more than thirty (30) consecutive days, SHA may give notice requiring the Owners to sell either the Housing Unit or the other Developed Residential Property within one (1) year of the date of notice, and will impose daily penalties for non-compliance (see [Appendix D](#)).
 - (4) The Fair Market Value of any interest in real property owned by any member of a Household will be taken into consideration when determining whether the Household

exceeds the limitations of [Section 103.2E Net Assets Standard](#).

E. Net Assets Standard

1. Household Net Assets shall not exceed eighty percent (80%) the Original Purchase Price of the Housing Unit. As defined, Assets of all members of a Household, including children, must be included in the determination of a Household's Net Assets.
2. A one-time gift of up to thirty percent (30%) of the Original Purchase Price used only as a down payment for the purchase of a Housing Unit will be considered an asset and not income for the purposes of initial Qualification.
3. **Exclusion from Assets** – An Applicant may apply to SHA Staff for an exclusion or partial exclusion to Assets for money held in verifiable education, healthcare, and retirement accounts. In determining whether an account is eligible for such an exclusion, the reviewing body, as appropriate, shall consider whether the holder or beneficiary of the account would be penalized for early withdrawals for any reason, or whether withdrawals without penalty are restricted to withdrawals for qualified retirement, medical, or educational expenses. It is the intent of this Section to only allow exclusions for accounts functionally equivalent to a 401(k), 401(a), Roth IRA retirement account, 529 education account, or a Health Savings Account established while an Applicant was enrolled in a high deductible health plan.
4. **Disposition of Assets** – Any member of a Household who has assigned, conveyed, transferred or otherwise disposed of Assets within the last two (2) years without receiving Fair Market Value for the Assets to qualify under these Guidelines shall render the Household ineligible.

- F. Minimum Household Size Standard** – To be eligible to purchase or occupy a Housing Unit, the total number of people in a Household must meet or exceed the following Minimum Household Sizes. For Households qualifying to purchase a Housing Unit, Tenants will not count towards meeting the Minimum Household Size unless granted an Exception pursuant to [Section 109.2](#), and may be required to rent a room to attain and maintain the Minimum Household Size for Qualification. If an Applicant Household is pregnant at the time of Application, or if a Qualified Owner or Tenant become pregnant during occupancy of a Housing Unit, the pregnant person shall constitute as two (2) people for the purpose of calculating Household Size.

Unit Type	Minimum Household Size	Maximum Household Size
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1 Bedroom/Studio	1 person	3 person
2 Bedroom	2 persons	4 persons
3 Bedroom	3 persons	6 persons
4 Bedroom	4 persons	8 persons

*This chart does not guarantee houses will be built or available in all listed types.

103.3 Priority Qualification

- A. Vital Workforce:** Any Household with a member Employed, or can provide a letter of intent to hire by San Juan County, Town of Silverton, Silverton School, Silverton Family Learning Center, Silverton Medical Rescue, OR any household with a member who has volunteered for Silverton Fire Department or Silverton Medical Rescue a minimum of forty (40) hours a month on an annual average in the immediate year prior to the Application Period. *To qualify for Priority entries for Vital Workforce, Applicant's employer must submit a completed Employment Verification Form to the SHA as specified in the application packet.*
- B. Local Workforce:** Any Household with a member currently Employed by a business located and licensed in San Juan County. Additional entries are dependent on length of employment seen in [Section 103.5](#). Qualified volunteer hours are not permitted for the purposes of Priority Qualification. *To qualify for priority entries for Employee in San Juan County, Applicant's employer must submit a completed Employment Verification Form to the SHA as specified in the application packet.*
- C. Qualified Disabled or Qualified Retired Resident of San Juan County:** Applicants who are Qualified Retired or Qualified Disabled. Additional entries are dependent on length of residency in San Juan County seen in [Section 103.5](#). *To qualify for the Priority entries for Qualified Disabled/Retired in San Juan County, the Applicant must complete the residential history within the application packet and show proof of retirement or unemployment based on the required documentation in Section 104.3C.*

103.4 Priority Stipulations

- A. For two (2) or more applicants per application:**
1. Maximum of three (3) additional entries per Application.
 2. Employment and Residence history for Priority qualifications may be applied only to the person in the Household that has worked, or when applicable, lived in San Juan County the longest.

103.5 Priority Entry Matrix

The Priority Qualifications and Additional Entries are displayed in the table below:

Priority Qualification	Sum of Monthly Employment in the Immediate Last 5 Years	Additional Entries
<u>Vital Workforce</u>		+3 entries
<u>Local Workforce</u>	24-60 months (2-5 years)	+2 entries
	61+ months (5+ years)	+3 entries
<u>Qualified Retired and Qualified Disabled Residency in San Juan County</u>	24+ months (2+ years)	+ 2 entry

103.6 Lawful Presence Standard

Lawful Presence Standards differ between Housing Programs based on funding sources associated with the project. Funding sources will be disclosed in the Application Informational Packet to be given to each prospective Applicant.

A. Federally Funded Projects:

1. Properties funded by Federal funds, lawful presence in the United States is required. A Residency Declaration form will be included in the Application Informational Packet.

B. State Funded Projects:

1. Properties funded by State funding, lawful presence is not required pursuant to CRS §24-76.5-103.

103.7 Criminal Background Check

SHA Staff may required a criminal background check to determine Qualification for Housing Program. Housing Programs and Applications will specify the types of convictions that disqualify an Applicant.

103.8 Grounds for Denial

- A. SHA is not required or obligated to Qualify or assist Applicants who:
1. Do not meet any one or more of the eligibility criteria;
 2. Do not supply information or documentation required by the Application process;
 3. Breach any agreement made between the Applicant and SHA;
 4. Any material misstatement of fact or deliberate fraud by the members of an Applicant Household in connection with any information submitted to SHA shall be cause for denial, removal from program, and will prohibited from reapplying, individually or as a member of a Household, for Lotteries for a period of three (3) years;
 5. Have failed to respond to a written request for information or a request to declare their continued interest in the program;
 6. Have a history of not meeting financial obligations, especially rent; provided, however, that if a landlord or SHA uses rental history or credit history as criteria in consideration of an application, they shall not consider any rental history or credit history beyond seven (7) years immediately preceding the closing date of the Application Period;
 7. Do not have the ability to maintain (with assistance) their housing in a decent and safe condition where such habits could adversely affect the health, safety, or welfare of other tenants;
 8. Have a history of criminal convictions by any household member involving crimes of physical violence against persons or property and any other criminal convictions including drug-related criminal convictions that would adversely affect the health, safety, or well being of other tenants or Staff or cause damage to the property; provided that if SHA, or landlord, uses criminal history as a criterion in consideration of an application, they shall not consider an arrest record of a prospective tenant from any time or conviction of a prospective tenant that occurred more than five years before the closing date of the Application Period; except that a landlord/SHA may consider any criminal conviction record or deferred judgement relating to:
 - i. The unlawful distribution, manufacturing, dispensing, or sale of a material, compound, mixture, or preparation that contains methamphetamine, as described in Section 18-18-405 of the Colorado Revised Statutes;
 - ii. The unlawful possession of materials to make methamphetamine and amphetamine, as described in Section 18-18-412.5 of the Colorado Revised Statutes;

- iii. Any offense that required the prospective tenant / Owner to register as a sex offender pursuant to Section 16-22-103 of the Colorado Revised Statutes; or
 - iv. Any offence described in Part 1 or Part 6 of Article 3 of Title 18 of the Colorado Revised Statutes;
9. Have a history of disturbing neighbors or destruction of property;
 10. Currently owes rent or other amounts to any housing authority in connection with their public housing or Housing Choice Voucher programs;
 11. Have committed fraud, bribery or any other corruption in connection with any Federal housing assistance program or SHA Program, including the intentional misrepresentation of information related to their housing application or benefits derived there from;
 12. Are illegally using a controlled substance or are abusing alcohol in a way that may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents. SHA may waive this requirement if:
 - i. The person demonstrates to SHA's satisfaction that the person is no longer engaging in drug-related criminal activity or abuse of alcohol;
 - ii. Has successfully completed a supervised drug or alcohol rehabilitation program;
 - iii. Has otherwise been rehabilitated successfully; or
 - iv. Is participating in a supervised drug or alcohol rehabilitation program;
 13. Have engaged in or threatened abusive or violent behavior towards any SHA Staff, SHA Board, or residents of Housing Program. Such behavior would include using profane, racially or sexually abusive language;
 14. Have a Household member who is currently a registered sex offender.
 15. **Denied for Life:** If any Household member has been convicted of manufacturing or producing methamphetamine on assisted housing premises;
 16. **Denied for Life:** Has a lifetime registration under a State sex offender registration program.

B. Denial Procedure –

- i. Applicants will be notified of denial for Lottery drawing, also referred to as disqualification, in writing and will include the reason(s) for denial.

- ii. Applicants will have the right to Appeal decision and will be provided [Section 109.3 Appeal Procedure](#) information.
- iii. SHA's exercising of the Denial Procedure due to findings of Applicant ineligibility will not violate the rights of persons with Disabilities. If an applicant claims that their failure to respond to a request for information or updates was caused by a Disability, SHA Staff will verify that there is in fact a Disability and the Disability caused the failure to respond, and may provide a [Reasonable Accommodation](#) per [Section 109.6](#).

Section 104: HOUSEHOLD INCOME VERIFICATION

The following standards are applicable to the [Initial Qualification](#) of [Applicants](#) for ownership or rental of [Affordable Housing Units](#).

104.1 **Income Testing and Income Calculation** - Income testing refers to the verification of the annual [Household](#) income of an [Applicant](#), either a prospective purchaser or [Tenant](#) who wishes to qualify for a [Deed Restricted](#) unit. Income testing shall only be done at the time of [Qualification](#) for initial purchase or initial occupancy of the unit, and at every subsequent [Transfer](#) of occupancy of the [Deed Restricted](#) unit.

104.2 [Household](#) income should be calculated using a standard method for all prospective purchasers and tenants of [Affordable Housing](#) restricted to a certain [Income Category](#). These [Guidelines](#) require [SHA Staff](#) to use the Colorado Division of Housing's standard method of calculating income. The current standard is Part 5 of section 24 CFR 5.609 of the Code of Federal Regulations.

104.3 The [SHA](#) may request the following documentation including without limitation the following purposes: to calculate [Household](#) income, verify [Priority Qualification](#), verify [Qualification](#) for the applicable [Standards](#).

A. Persons employed by others:

- Most recent 2 years complete personal federal tax returns
- Most recent 2 years W-2s from all employers
- Most recent 2 consecutive paystubs from all employers
- Employer Verification of Employment

B. Persons with some kind of self-employment:

- Most recent 2 years complete personal federal tax returns
- Most recent 2 years W-2s from all employers
- Employer verification of employment
- Most recent 2 years business tax returns:
 - Partnership-K-1 and 1065

S-Corporation-K-1 and 1120S
Corporation – 1120 (including W-2's and most recent paystubs)

C. Persons with unearned income:

Most recent 'award letter' stating the monthly or annual Gross Income received (SSI, SSDI, VA Benefits, Unemployment, etc.)

D. Persons newly employed and/or with no previous tax return:

Evidence of income to be earned (employment contract, written verification from new employer of income to be earned, etc).

Most recent consecutive business and personal bank statements from start of business.

E. Under certain circumstances the SHA may require other, non-traditional forms of documentation to accurately calculate gross household income.

104.5 SHA may require third-party verification of employment and income records for self-employed Applicants at initial Qualification and during Compliance Checks.

104.6 SHA may, at the Applicant's expense, require outside accounting expertise to evaluate the reasonability of the Applicant's or Household's representations of income and Assets. It shall be the burden of the Applicant to provide all required information for verification of Qualification, and any missing or incomplete information or documentation, or information that cannot be verified, shall be construed against the Applicant and may be grounds for denial.

Section 105: LOTTERY PROCEDURE

105.1 SHA Staff administers Lotteries subject to the provisions of this document established to create an orderly and fair process for offering Housing Units for Sale and rent to Qualified Households and give priority entries to Qualified Households with Priority status detailed below.

105.2 Lottery results are not subject to Appeals.

105.3 Lottery Procedure -

A. Opening and Announcement of Lottery Information –

1. Notice of the date, time, and location at which Applications will be accepted shall be published as a "Legal Notice" in a newspaper of general circulation in the Silverton Standard at least twenty-one (21) days prior to the close of an

Application Period, through Town of Silverton and Silverton Housing Authority communication channels, and on the Silverton Housing Authority website.

2. Applications and information shall be available online on the Silverton Housing Authority website concurrent with the publication of the Legal Notice.

B. Lottery Application Requirements -

1. Qualified Households interested in purchasing or renting a Housing Unit must submit a complete Application to SHA within the Application Period. No late or incomplete Applications will be accepted. Previous and upcoming Application Periods will be posted on the SHA website.
2. Applicant must submit, but not limited to, the following items per Application instructions by the published deadline:
 - i. if applying for ownership: a mortgage pre-qualification letter that considers income from all Household members over eighteen (18) years of age;
 - ii. a sworn statement including without limitation the following certifications:
 - a. the facts contained in the application are true and correct to the best of the Applicant's knowledge; and
 - b. the Applicant has been given the standard Application information packet by SHA Staff; and
 - c. the Applicant, on the basis of the application presented, believes that they Applicant Household qualifies to own or occupy the Housing Unit in question according to the Deed Restriction, these Guidelines, the governing Housing Program and all other applicable procedures, rules, and regulations;
3. Applications submitted without the requisite submissions from each member of the Applicant Household will be deemed incomplete and will render the entire Household ineligible for the Lottery.
4. SHA Staff shall only accept Lottery Applications during the Application Period and by the method specified in the Legal Notice. If submission of Application is permitted by mail to PO 250 Silverton, CO 81433, mailed Applications are considered received in the proper Application Period if postmarked at least two (2) days prior to the last day of the Application Period and received within two (2) business days after the application period closes. SHA is not responsible for delays in the delivery of mail. Incomplete or late Applications will not be

processed for Qualification and will render the entire Household ineligible for the Lottery.

5. After Application Period has ended, SHA Staff shall review all complete Applications timely received and inform the Applicant Household of its Qualification status for the Lottery no later than fourteen (14) days after the closure of the Application Period.
6. Exceptions shall be requested with the submittal of the Applicant's Application, following the Exception Procedure in Section 109.2.
7. Appeals and Grievances for Qualification Status must be submitted following the Appeal Procedure in Section 109.3 and Grievance Procedure in Section 109.4. Appeals and Grievances must be submitted in writing to SHA within twenty (20) calendar days of the decision or determination being appealed.

C. Weighted Lottery Process –

1. **Entering the Lottery:** After the end of the Application Period, notification of Qualification status has been communicated to Applicants per 105.3.B.6.5., and completion of Appeal hearings, if any, a list of Qualified Households will be assigned a Lottery entries. **Each Qualified Household will receive one (1) Lottery entry.** Priority Entries are assigned as additional entries as explained in Section 105.7 Priority Entry Matrix. Entries will be assigned as raffle ticket numbers.
2. **Lottery Drawing:**
 - i. The Lottery Drawing must be conducted at a duly noticed public meeting, pursuant to Section 105.3.A.
 - ii. The SHA appointed secretary shall review assigned entry numbers as they are entered into the Lottery.
 - iii. An independent San Juan County resident with no direct stake in the lottery outcome shall draw the lottery entries.
 - iv. Once an Applicant's entry is drawn, if any further instances of that Applicant's entries drawn are recorded but ignored in establishing the Lottery order results. Once all entries have been drawn, the drawing shall conclude. The order in which Applicant entries are drawn in the lottery will determine the order in which Applicants are contacted to purchase the Housing Units offered in the Lottery.
 - v. Lottery results are emailed to Applicants no later than fourteen (14) days after the Lottery drawing. SHA Staff will contact Applicants in Lottery rank order.

3. **Organization of the Lottery Result List** - The Lottery Result List will be maintained in accordance with the following guidelines:
 - i. The Application will be a permanent file;
 - ii. All applications will be maintained in order of the Lottery Results;
 - iii. Any contacts between SHA Staff and the Applicant will be documented in the Applicant file.
 - iv. The Lottery Results List will be a public record on the SHA Website.

4. **Lottery List Enactment** - When a Housing Unit appears to be within four (4) months of closing, the Household will be directed to complete and submit verification documents. SHA Staff are required to calculate the Income Level of the Lottery ranked Applicants prior to Sale or occupancy of Housing Unit. Failure to meet the Income-Level required for the Housing Unit as verified by SHA Staff or provide complete, timely, and accurate financial information, the Applicant will be removed from the program and the next-ranked Household will move up the Lottery ranking.

Section 106: OWNERSHIP, USE, OCCUPANCY

The primary intent of Affordable Housing Programs is to provide decent, Affordable Housing for local residents. Deed Restrictions on Affordable Housing Units require that the home be Owner-Occupied as a Primary Residence for the owner. Deed Restrictions may allow for a Qualified non-owner, a Tenant, to fulfill the Primary Residence requirement of the home.

106.1 Ownership Standards – Affordable Housing Units for Ownership according to these Guidelines and the Unit's Deed Restriction require the Unit to serve as the Primary Residence of the Qualified Owner, or in some circumstances stated in Section 106.2, a Qualified Tenant.

A. Continuing Residency Standard – Qualified Households must occupy their Housing Unit for at least eight (8) of every twelve (12) months on a rolling twelve (12) month basis.

1. **Leave of Absence** - Households who will not occupy their Housing Unit for any period in excess of four (4) months must apply for a Leave of Absence as follows:
 - i. Leaves of Absence for a period of one (1) year or less will be considered and may be approved or denied by SHA Staff as an Administrative Exception pursuant to Section 109.5.

- ii. Leaves of Absence for any period of time longer than one (1) year, and any extension to a Leave of Absence previously granted by SHA Staff, must be granted by the SHA reviewing body through the Exception Process in Section 109.1.
 - iii. Leaves of Absences will not be granted for periods in excess of two (2) years at a time.
2. Leaves of Absence will be conditioned upon rental of the Housing Unit during the absence to a Qualified Household at the established Maximum Rental Rate or a rate established by the SHA Board following the Rental Procedure in Section 106.2.
 3. Applications for a Leave of Absence must provide clear and convincing evidence showing both a bona fide reason or leaving and a commitment to re-occupy the Housing Unit.

106.2 Rental Procedure: In cases where rental of a Housing Unit is permitted or required, the following applies:

A. Tenant Households –

1. SHA Staff must certify the Qualification of a Tenant prior to the occupancy and/or the signing of a lease. Tenants must meet the Household Qualification Standards of the Unit in question prior to the execution of a lease.
2. Tenants must meet the Household Qualification Standards upon each lease renewal.
3. Tenants must use the Unit as their Primary Residence throughout the entirety of the lease agreement.

B. Landlords –

1. Landlords must obtain certification of Qualification of all Tenants from SHA Staff prior to execution of a lease with the Tenants and prior to the occupancy by Tenants.
2. Landlords must execute a written lease with Tenants and must provide a copy of the lease to SHA within five (5) business days of execution.
3. Landlords are subject to a penalty for each day of Tenant's occupancy without proof of Qualification, and for each day late submitting an executed lease to SHA (see Appendix D).

C. Leases – Occupancy of a Housing Unit by any person other than a Qualified Owner must be a Qualified Household and must be memorialized by a written lease.

1. Leases must include:
 - i. Reference to applicable provisions of the Deed Restriction including without limitation restrictions on rental rates (see Appendix B);
 - ii. A provision stating that it is a material violation of the lease for the Tenant Household to fail to meet or maintain the Qualification Standards and Continuing Residency Standard. Landlords shall promptly enforce this material term of the lease, including initiating an action of Forcible Entry and Detainer when appropriate. Notice of lease violation and/or termination shall follow all requirements of the Colorado Forcible Entry and Detainer Statutes, C.R.S. § 13-40-101, *et. seq.* as may be amended.
 - iii. A provision stating that the landlord must deliver written notice to Tenants and to SHA a minimum of thirty (30) days prior to lease expiration should Landlord choose not to renew the lease.
 - iv. A provision stating that no subleases are permitted.
2. Leases shall not include:
 - i. A provision stating that the Tenant maintain employment with the Landlord or any other specified person or business as a material term of the lease. This prohibition does not preclude landlord from nonrenewing a lease upon expiration, subject to the noticing requirements for nonrenewal as set forth in Section 106.2.C.3.iii, or terminating the lease for other reasons or no reason provided all requirements for notice of the same have been met pursuant to C.R.S. § 13-40-101, *et. seq.* as may be amended.
 - ii. Any provision which would contradict these Guidelines.
3. The lease term must be a minimum of six (6) months and may not exceed twenty-four (24) months.
4. Copies of the executed lease must be filed with SHA within five (5) business days of execution. Late fees will be enforced according to Appendix D.
5. **Lease Renewal** - At lease renewal the Maximum Rental Rate (See Appendix B) will be adjusted up or down to comply with the current Guidelines.

Section 107: INITIAL SALE AND RESALE OF UNITS

- 107.1 Initial Sale** – The initial sale of all Housing Units must occur in accordance with the applicable Lottery or other Applicant selection procedures as determined by the SHA or Town and may vary depending on the specific Housing Program under which the Housing Units were created.

107.2 Resale – Sellers are required to consult with SHA Staff prior to offering a Housing Unit for Sale for the purpose of obtaining the most current information about the applicable Guidelines and processes, and to verify to Maximum Sale Price and other applicable provisions of the Deed Restriction affecting the Sale.

107.3 Resale Procedures – Unless otherwise limited or required by the Deed Restriction or the governing Housing Program, options for selling Housing Units are as follows:

A. SHA Ownership Lottery per Section 105:

1. If a SHA Ownership Lottery is unsuccessful for the resale of a Unit, Direct Sale or listing with a real estate broker licensed to do business in the State of Colorado provided that:
 - i. the chosen buyer is a Qualified Owner approved by SHA prior to closing; and
 - ii. seller's real estate commissions are borne exclusively by the seller and are not passed on to the buyer.

107.4 Maximum Sale Price – The Maximum Sale Price of a Housing Unit is calculated by SHA Staff according to the Housing Unit's Deed Restriction. In no case shall a Housing Unit be sold for more than the Maximum Sale Price. The contracted sale price shall be the only exchange of value between parties to any Sale, and buyer and seller must execute a sworn statement affirming that the contracted sale price is the only exchange of value in the Sale. Any exchange of value outside the contracted sale price shall invalidate the Sale and may result in additional civil and criminal penalties.

A. Minimum Standards for Maximum Sale Price- The Owner, buyer and SHA must work together in addressing the repairs necessary to bring a Housing Unit to Minimum Standards for Maximum Resale Price. The Minimum Standards for a Sale at Maximum Resale Price include but are not limited to:

- Clean, odor-free interior;
- Carpets professionally steamed withing seven (7) days prior to closing, and are less than seven (7) years old;
- Appliances present, clean and in good working order;
- Surface scratches, marks, holes in doors, floors, walls, woodwork, cabinets, countertops, other than normal wear and tear, repaired;
- Walls in good repair and paint-ready;
- Windows and window locks in good repair, and broken panes replaces;
- Window screens in place and in good repair;
- Doors and door locks in good repair and working keys for all locks;
- Light Fixtures, outlets, switches secure and in working order;
- No apparent plumbing leaks;
- Tile grout in good repair, mold free and clean;

- No apparent roof leaks (if home is single family); and
- No apparent safety hazards.

B. Mitigation of Repairs – SHA Staff will perform a limited cursory inspection to assess Minimum Standards only. This inspection is not a substitute for a professional inspection, and SHA strongly encourages all buyers to obtain a professional inspection which may detect health and safety issues and reveal unpermitted or defective work on the Housing Unit. If SHA Staff determines that the Housing Unit does not meet Minimum Standards for Maximum Sale Price, or if a professional inspection reveals health and safety issues needing to be addressed:

1. The seller must completed identified repairs to meet Minimum Standards prior to closing; or
2. The buyer must agree in writing to complete the identified repairs by a date certain, with one of the following documented at closing:
 - i. A reduction in sales price to cover the cost of repairs; or
 - ii. A credit from seller to buyer sufficient to cover the cost of repairs; or
 - iii. Funds placed in escrow by seller in an amount sufficient to ensure satisfactory repairs, the balance of which will be returned to the seller after verified completion of repairs.

C. To be considered in the calculation of the Maximum Sale Price, Permitted Capital Improvements must be pre-approved by SHA Staff or the SHA Board as appropriate (see Appendix E).

107.5 Disclosure of Relevant Contracts and Information – Both buyer and seller of any Housing Unit must sign a release allowing SHA to obtain copies of all documents relevant to the Sale and must disclose all relevant information known to them. All financial information will remain confidential except as noted in Section 104.4.

A. Relevant documents include without limitation:

1. the sales contract for the Housing Unit;
2. the buyer's application for financing and related documentation; and
3. title and escrow documents related to the Sale.

B. If applicable, sellers must inform buyers of any proposed or pending increases in homeowners' association dues, as well as any proposed or pending assessments.

107.6 Notification Required- Written notice to SHA of any pending change in financing or ownership interest in a Housing Unit is required, including, but not limited to a refinance, or an ownership change as might happen in a divorce proceeding or in the event of a

death of an Owner. Failure to timely notify SHA is considered a material breach of the Deed Restriction and a violation of the Guidelines and is subject to a Notification Required Penalty for each day the failure to notify persists.

- A. A Notice of Intent to Sell a Housing Unit must be submitted to the SHA at least sixty (60) days prior to the Sale on notice forms available from the SHA.
- B. Notice of any Transfer or change in ownership interest in a Housing Unit must be given at least thirty (30) days after the change in ownership interest, and will require execution and recording of a new Deed Restriction concurrent with the Transfer or change, and may require execution and recording of a new Option to Purchase.
- C. Notice of financing or refinancing of a Housing Unit must be given at least thirty (30) days prior to the closing of the loan, and may necessitate execution and recording of a new Option to Purchase and Deed Restriction at closing.

107.7 Independent Legal Counsel – All sellers and buyer of Housing Units are advised to consult independent legal counsel at their own expense regarding the examination of title and all contracts, agreements, restrictions, and title documents.

107.9 Title Company – Title documents involved in the closing of Housing Units are unique and technical, and buyers are advised to use title companies and escrow agents experienced in such Sales. Mistakes in closing documents are easily made and difficult to correct. Sellers must authorize SHA to review the conveyance documents prior to closing, however SHA shall not be responsible for any mistakes contained therein.

107.10 Deed Restrictions – SHA Staff in coordination with SHA legal counsel shall prepare Deed Restrictions and Options to Purchase pursuant to [Section 108](#).

Section 108: DEED RESTRICTIONS

108.1 A Deed Restriction must be executed prior to and recorded concurrent with each Sale, change in ownership, or transfer in ownership of a Housing Unit, and may be necessary for any refinance, finance, or transfer by other means. Original executed and recorded Deed Restrictions are retained by SHA. Provisions herein regarding the form of Deed Restrictions cover some but not all significant policies. Sellers and buyers are advised to consult these Guidelines and the Deed Restriction for the Housing Unit recorded with the San Juan County Clerk and Recorder which is the principal controlling document to ascertain specific provisions governing the Housing Unit.

108.2 Deed Restrictions shall specify:

- A. The Original Purchase Price (“OPP”). Each Sale of a Housing Unit generates a new OPP. Transfer in ownership by other means or refinance of a Housing Unit does not necessarily change the OPP.

- B. The Maximum Rental Rate. If applicable and not otherwise governed by these Guidelines, the Maximum Rental Rate shall be stated including provisions for any increases.
- C. The designated Income Eligibility Level, if applicable.
- D. The following method of calculating the Maximum Sale Price (“MSP”) if applicable:
1. An increase of the OPP of three percent (3%) per year from the date of purchase to the date of Owner’s Notice Intent to Sell (compounded annually and prorated at the rate of .25 percent (0.25%) per each whole month of any part of a year);
 2. PLUS, the costs of Permitted Capital Improvements, not to exceed five percent (5%) of the OPP provided that:
 - i. Improvements are approved by SHA Staff prior to the commencement of any work or installation, as explained in Appendix E;
 - ii. Proof of homeowners’ association approval, if applicable, is provided to SHA prior to commencement of work;
 - iii. Improvements are property permitted and inspected by the Town Building Official if applicable; and
 - iv. Paid invoices and documentation of improvements are submitted to SHA upon completion.
 3. PLUS, the costs of Permitted Capital Improvements exceeding five percent (5%) of the OPP provided that the improvements have been pre-approved by the SHA Board or TOS Board of Adjustments through the Exception Procedure in Section 109.2. In no case shall Permitted Capital Improvements exceed ten percent (10%) of the OPP. The impact of Exception requests and of any previously approved Maximum Sale Price increased to the Housing Unit will be assessed by SHA when considering any Exception under this Section to ensure continued affordability for Households with respect to this Housing Unit’s targeted Income Eligibility Level;
 4. LESS the depreciation on Permitted Capital Improvements pursuant to the Marshall & Swift Depreciation Guidelines;
 5. PLUS, any other costs allowed by SHA or Town pursuant to policies in effect on the date of the Notice of Intent to Sell.
- E. A statement indicating that SHA does not guarantee an Owner’s ability to sell a Housing Unit for its Maximum Sale Price or rent a Housing Unit for its Maximum Rental Rate as applicable.

- F. The requirements for use of a portion of Housing Unit for an office of a Home Occupation as defined in the Municipal Code, as amended, or its successor document, is provided to SHA if applicable;
1. Homeowners' association approval of the office or Home Occupation is filed with SHA if applicable;
 2. That the business holds a current Town of Silverton business license; and
 3. That the business holds current Town of Silverton sales and excise tax licenses and timely reports and remits such taxes if applicable.
- 108.3** Violation of covenants, conditions or terms of the Deed Restriction shall also be a violation of these Guidelines whether or not a corollary provision exists.
- 108.4** Deed Restrictions shall include a provision requiring, at SHA's option, conveyance of an interest in the Housing Unit to SHA (or similar agency acceptable to SHA) meeting the requirements of C.R.S. § 38-12-301 for rent control. SHA may in its sole discretion accept or reject any proposed conveyance of interest pursuant to this Section, and may designate and require conveyance of which interest is best suited to maintain this purpose of rent control under these Guidelines. Such interest may include without limitation:
- A. A fractional undivided ownership or trustee interest in the Housing Unit provided that SHA is indemnified against any and all liability by reason of its interest in the Housing Unit including any and all tax obligations; or
 - B. A lease to SHA of the Housing Unit with authorization to SHA to sublet pursuant to these Guidelines, provided that SHA assumes no liability by reason thereof.
- 108.5** An Option to Purchase shall be granted by the lender to SHA and/or the Town to redeem the Housing Unit in the event of default by purchasing the unit from the holder of the trustee's deed at the redemption price plus reasonable costs of the holder.
- 108.6** The Deed Restriction shall be binding on all Owners, successors and assigns including any holder of a deed in lieu of foreclosure.
- 108.7** The Deed Restriction, Option to Purchase, and any amendments thereto must be recorded in the property records of San Juan County. The original executed and recorded documents must be returned to and retained by the SHA.
- 108.8** Deed Restrictions may not be transferred off a Housing Unit unless permitted by the governing Housing Program. Transfers require the express consent of the SHA Board which must find that the General Affordable Housing Program Goals are met by such Transfer, and such Transfer promotes the provision of Affordable Housing.
- 108.9** No modification or amendment to the Deed Restriction shall be effective unless agreed to in writing by SHA and any other beneficiary.
- 108.10** **Deed Monitoring** - To verify compliance with Deed Restrictions and these Guidelines, SHA will conduct regular Compliance Checks, and may initiate Compliance Checks to investigate complaints or reports of non-compliance. Households must submit all

necessary paperwork to verify that they remain in compliance with the Deed Restrictions within twenty-one (21) days of a written notice of Compliance Check or a penalty will be assessed (see [Appendix D](#)). It shall be the burden of the Household to provide all required information for compliance, and any missing or incomplete information or documentation, or information that cannot be verified, shall be construed against the Household and may be grounds for a finding of non-compliance.

- 108.11** Deed Restrictions shall include a provision requiring Owners to maintain Homeowner's Insurance, pursuant to [Section 110.8: Obligation to Maintain Homeowner's Insurance](#).

Section 109: EXCEPTIONS, APPEALS AND GRIEVANCES & REASONABLE ACCOMMODATION

109.1 Definitions

- A. **Exceptions** – Except as otherwise prohibited herein, a request for an Exception to provisions of these Guidelines may be appropriate when an Applicant understands and acknowledges the requirements of the Guidelines and believes that there exists a legitimate and compelling reason why they should be exempt from or allowed a modification to the requirements.
1. Exceptions to the Guidelines may be granted on a case-by-case basis, provided the reviewing body finds that granting such Exception promotes the provision of Affordable Housing and supports [Section 102: General Affordable Housing Program Goals](#).
- B. **Appeals** – An appeal is appropriate when an Applicant understands and acknowledges the requirements of these Guidelines and believes that provisions of the Guidelines have been applied incorrectly by SHA Staff, the TOS Board of Adjustments, or the SHA Board.
- C. **Grievances** – A Grievance is any dispute that any person may have with the SHA regarding an action or failure to act in accordance with the individual's rights, duties, welfare, or status. A Grievance may be presented directly to the SHA Board under the procedures in [Section 109.4](#).

109.2 Exception Procedure

- A. Exception requests must be submitted in writing to SHA on forms available from SHA. Complete Exceptions applications include:
1. The name, mailing and email address, and telephone number of the Applicant(s) and of Applicant's representative, if applicable;
 2. A narrative:
 - i. identifying the specific provision(s) or requirement(s) for which the Exception is being requested;
 - ii. detailing the particular ground(s) upon which the Exception is based;

- iii. describing the action or remedy requested; and
- iv. addressing the Standards for Review of Exception Applications as set forth in Section 109.2.C applicable to the requested action or remedy.

3. The Exception fee (See [Appendix D](#)).

B. Process – All requests for Exceptions will be reviewed by [SHA Staff](#) for completeness and addressed administratively pursuant to [Section 109.5](#).

- 1. Prior to [TOS Board of Adjustments](#) consideration, [SHA Staff](#) will prepare and distribute to the [TOS Board of Adjustments](#) and Applicant(s) a written report analyzing anticipated impacts of the Exception and will include said report in meeting materials for the public hearing. SHA Staff may include a recommendation to TOS Board of Adjustments based on these impacts.
- 2. Following a hearing by TOS Board of Adjustments, the TOS Board of Adjustments decision may be appealed to the SHA Board pursuant to [Section 109.2 Appeals Procedure](#).
- 3. Exceptions forwarded to the [SHA Board](#) will be heard at the next regularly scheduled meeting, unless not possible due to noticing requirements.

C. Standards for Review of Exception Applications – Applicants seeking an Exception must demonstrate to the satisfaction of the reviewing body that granting the Exception would:

- 1. meet [General Affordable Housing Program Goals](#); and
- 2. meet one or more of the following additional review standards:
 - i. Promotes greater affordability by:
 - a. decreasing the long-term operating and maintenance costs of the [Housing Unit](#) in question;
 - b. enabling the [Applicant](#) to take advantage of a financing opportunity that would not otherwise be available; or
 - c. protecting the long-term affordability of the [Housing Unit](#) through price control or other means.
 - ii. Demonstrates or recognizes the long-term commitment of the [Applicant](#) to residency, employment, and community involvement within the Town of Silverton Town Limits;
 - iii. Provides housing for a critical community need;
 - iv. Increases square footage or increases livability or durability in materials, finishes, [Fixtures](#) or appliances (which do not include [Luxury Items](#) or

items which significantly exceed standards set in recent SHA constructed Housing Units);

- v. Creates living space for additional member of the Household without compromising the affordability for the Housing Unit's targeted Income Eligibility Level;
- vi. Enables the Qualified Household to own and occupy a Housing Unit more suitable to the Household's needs;
- vii. Furthers currently adopted Town of Silverton Goals and Objectives related to Affordable Housing; or
- viii. Enables the Qualified Household to respond to life circumstances that arise beyond the reasonable control of the Household (such as the need to care for a retired or Disabled Household member).

D. Exceptions shall not be granted:

- 1. for any provision of these Guidelines if an Applicant is under a Notice of Violation;
- 2. for income to exceed the Income Eligibility Level limit for Transfer, purchase or rental of a Housing Unit, or for exclusion from income to exceed ten-thousand dollars (\$10,000) pursuant to Section 103.2C.4.
- 3. for an unqualified co-borrower or co-signor unless title is vested 100% in the Qualified Household;
- 4. for Permitted Capital Improvements in excess of five percent (5%) of OPP, if commencement of any work or installation has already begun or is complete; or
- 5. to increase the total debt secured by a Housing Unit in excess of the OPP.

E. Encouraged are Exception requests for:

- 1. The requirement that a Housing Unit sell by Lottery if:
 - i. the Qualified Owners of two (2) different Housing Units wish to sell to one another resulting in more appropriate housing for both Owners, for example, due to changes in Household size (i.e. a Housing Unit swap);
 - ii. a Qualified Owner wishes to convey to their child their Housing Unit which would otherwise be required to sell by Lottery, provided that the child's Household has been certified by SHA as a Qualified Owner for the Housing Unit; or

- iii. a Qualified Owner of a Housing Unit identifies another Housing unit due to be sold by Lottery better suited to their needs provided that the such buyer:
 - a. is deemed a Qualified Owner for purchase of the Housing Unit better suited to their needs; and
 - b. agrees in turn to sell their current Housing Unit by Lottery.
- iv. Guideline requirements not otherwise prohibited for an Exception that might facilitate creative solutions for the development of additional or improvement of existing Affordable Housing, or the advancement of the Town's Affordable Housing goals.

109.3 Appeal Procedure

- A. Appeals must be submitted in writing to SHA on forms available from SHA within twenty (20) calendar days of the decision or determination being appealed and must include:
 - 1. The name, mailing and email address, and telephone number of the appellant(s) and of appellant's representative, if applicable;
 - 2. A narrative:
 - i. identifying the specific determination being appealed;
 - ii. establishing the particular ground(s) upon which the appeal is based; and
 - iii. describing the action or remedy requested; and
 - 3. The Appeal fee (See Appendix D).
- B. **Process** – Appeal applications will be reviewed by SHA Staff for completeness and complete submissions will be forwarded to either the TOS Board of Adjustments or the SHA Board, as appropriate.
 - 1. **If an appeal concerns a matter that has not yet been reviewed** by the TOS Board of Adjustments (e.g. a SHA Staff determination), the appeal shall be heard by the TOS Board of Adjustments. Determinations by the TOS Board of Adjustments may be timely appealed to the SHA Board, and if not timely appealed, shall become binding under Section 109.3B.7.
 - 2. **If an appeal concerns a matter that has already been considered and ruled** upon by the TOS Board of Adjustments (e.g. an Exception or an appeal determination by the TOS Board of Adjustments), the appeal shall be heard by the SHA Board. Determinations by the SHA Board shall be final and binding under Section 109.3B.7.
 - 3. Appeals shall be heard at the next regularly scheduled meeting following the submittal of a complete application unless noticing requirements cannot be met

or additional time is required to prepare an appeal record. In such cases, the appeal shall be heard as soon thereafter possible.

4. Hearings shall be fair and provide for the basic safeguards of due process, including notice and an opportunity to be heard in a timely, and reasonable manner.
5. The opportunity to examine all relevant documents, records, and regulations must be accommodated. Any document not made available after written request may be relied upon at the hearing. Parties to an appeal have the right to be represented by counsel at their own expense.
6. Hearing shall be conducted by a "Hearing Officer" who shall be a designated member of the TOS Board of Adjustments or SHA Board as appropriate.
 - i. In the event a party fails to appear at the hearing, the hearing body may make a determination to continue the hearing, or a determination based upon the evidence submitted.
 - ii. The hearing shall be recorded and oral or documentary evidence may be received without strict compliance with the Colorado Rules of Evidence.
 - iii. The right to cross-examine shall be at the discretion of the Hearing Officer and may be regulated as the Hearing Officer deems necessary for a fair hearing.
7. **Binding Determination** - The SHA Board or TOS Board of Adjustments, as appropriate, shall provide a final determination with findings to support the determination. Unless timely appealed, the determination shall be binding, and the SHA shall take all actions necessary to carry out or enforce the decision.

109.4 **Grievance Procedure**

A. Grievances must be submitted in writing to SHA and must include:

1. The name, mailing and email address, and telephone number of the complainant(s) and of complainant's representative, if applicable;
2. The particular ground(s) upon which the grievance is based;
3. The action or remedy requested; and
3. The Grievance fee (See Appendix D).

B. Process – The hearing process shall be as presented in Section 109.3B.

109.5 Administrative Exceptions- The SHA Board and TOS Board of Adjustments grants SHA Staff the authority to approve specific Exceptions, with or without conditions as deemed appropriate by SHA Staff, to be noticed on the Consent Calendar at the SHA Regular Meeting immediately following SHA Staff approval. SHA Staff, in making its decision, shall follow all procedures and apply all criteria set forth in Section 109.2,

and may refer a matter to the TOS Board of Adjustments if, in SHA Staff sole discretion, deemed more appropriate. Administrative Exceptions are authorized for:

- A. Approval of Exceptions for use of a co-borrower or co-signer for unconventional lending after Town legal counsel review of documents to be recorded pursuant to [Section 110.7](#).
- B. Approval of Exceptions for Leaves of Absences for a period of one (1) year or less pursuant to [Section 106.1A.1](#).

109.6 Reasonable Accommodation

Sometimes people with disabilities may need a reasonable accommodation in order to take full advantage of the SHA Housing Programs and related services. When such accommodations are granted, they do not confer special treatment or advantage for the person with the Disability; rather, they make the program accessible to them in a way that would otherwise not be possible due to their disability. This section clarifies how to request accommodation, and the procedure SHA will follow in determining whether it is reasonable to provide a requested accommodation. Because Disabilities are not always apparent, SHA will ensure that all Applicants and tenants are aware of the opportunity to request Reasonable Accommodations.

A. Communications – Notifications of Compliance Checks, inspection, appointment, or eviction will include information about requesting a Reasonable Accommodation. Any notification requesting action by the Applicant, Tenant, or Owner will include information about requesting a Reasonable Accommodation. Any decision denying a request of a Reasonable Accommodation will be in writing and will include instructions on how to request an Appeal of the decision.

B. Consideration of Granting the Accommodation:

1. Is the requestor a person with disabilities? The Fair Housing definition used for this purpose is:

“A person with a physical or mental impairment that substantially limits one or more major life activities, has a record of such an impairment, or is regarded as having such an impairment (The disability may not be apparent to others).”
- 42 US Code 12101.

If the disability is apparent or already documented, the answer to this question is yes. If the disability is not apparent or documented, SHA will obtain reasonable verification that the person is a person with a disability. Verification shall not include requests for medical records or require an individual to disclose a diagnosis.

2. Is the requested accommodation related to the disability? If it is apparent that the request is related to the apparent or documented disability, the answer to this question is yes. If it is not apparent, SHA will obtain documentation that the

requested accommodation is needed due to the disability. SHA Will not inquire as to the nature of the disability.

3. Is the requested accommodation reasonable? In order to be determined reasonable, the accommodation must meet two criteria:
 - i. Would the accommodation constitute a fundamental alteration? SHA's business is housing. If the request would alter the fundamental business that SHA conducts, that would not be reasonable.
 - ii. Would the requested accommodation create an undue financial hardship or administrative burden? If the cost would be an undue burden, SHA may request meeting with the individual to investigate and consider equally effective alternatives.
4. Generally, the individual knows best what it is they need; however, SHA retains the right to be shown how the requested accommodation enables the individual to access or use SHA's programs or services.

If more than one accommodation is equally effective in providing access to SHA's programs or services, SHA retains the right to select the most efficient or economic choice.

The cost necessary to carry out approved requests will be borne by SHA if there is no one else willing to pay for the modifications.

If the tenant requests as a Reasonable Accommodation that would enable a tenant to materially violate essential lease terms will not be approved, i.e. allowing nonpayment of rent, destruction of property, disturbing the peaceful enjoyment of others, etc.

- C. Reviewing and granting of Reasonable Accommodations will be conducted pursuant to Section 111.9: Administrative Procedures.

Section 110: LENDERS, LOANS AND INSURANCE

110.1 Purpose – This Section is intended to facilitate the financing of Housing Units while meeting the following goals:

- A. Protect the public investment and regulatory integrity of the Town's overall Affordable Housing Programs in the short and long term.
- B. Minimize financial and other risks to the Town's overall Affordable Housing Program by prohibiting excessive debt or other obligations from being secured by Housing Units.
- C. Minimize the financial risk to Owners of Housing Units.
- D. Increase the potential financing opportunities for Applicants and Owners.

- 110.2 Lenders and Mortgages** – Borrowers are restricted to either conventional or governmental guaranteed mortgages with a fixed rate from commercial banking and lending institutions authorized to engage in mortgage lending practices in the State of Colorado. All other mortgages will require an Exception prior to purchase of a Housing Unit (see Section 109.2).
- 110.3 Notification Required** – Notification to SHA as set forth in Section 107.6 is required for any changes in financing or ownership of a Housing Unit. An Owner failing to notify SHA is subject to a Notification Required Penalty for each day the failure to notify persists (see Appendix D), and such violation is grounds for loss of Qualification status for the entire Household.
- 110.4 Option to Purchase** – Lenders who are beneficiaries of any Deed of Trust executed in connection with the Sale of a Housing Unit must sign an Option to Purchase acknowledging the provisions of the Deed Restriction and granting a right to the Town or the SHA to purchase the Housing Unit in a foreclosure.
- 110.5 Total Debt** - Owners shall not incur debt, judgments, liens or other obligations secured by the Housing Unit and in no event shall any obligation be secured by the Housing Unit.
- 110.6 Refinance** – Owners must notify the SHA immediately when refinance of a mortgage is anticipated and must fully cooperate in securing the required signatures for a new Option to Purchase and also for a new Deed Restriction if required. Owners must also verify that their Household remains a Qualified Household prior to closing on a refinance. An Owner failing to timely notify the SHA is subject to a Notification Required Penalty for each day the failure to notify persists (see Appendix D), and such violation is grounds for loss of Qualification status for the entire Household (see Section 107.6).
- 110.7 Co-borrower or Co-signer** - Co-borrowers or co-signers who are not part of the Qualified Household must be approved through the Administrative Exception Procedure (see Section 109.5). Approved co-borrowers and co-signors must execute a separate agreement requiring Sale of the Housing Unit in the event the Qualified Owner becomes unqualified, is in default under its Deed Restriction or the Guidelines, or is otherwise required to sell the Housing Unit. Co-signers and co-borrowers may not occupy the Housing Unit unless Qualified by the SHA.
- 110.8 Obligation to Maintain Homeowner’s Insurance** - The cost to build Affordable Housing Units is often greater than the sales price due to the use of public and private subsidies. Because of this, Owners shall maintain at all times full replacement cost coverage for the Housing Unit through an insurance provider licensed with and compliant with the Colorado Department of Regulatory Agencies which will repair or replace the Housing Unit in the event of damage or destruction. Owners are encouraged to verify whether coverage under any applicable master condominium insurance policy is sufficient to meet this requirement. Failure to maintain adequate homeowner’s insurance shall be considered a violation of these Guidelines and material breach of the Deed Restriction.

Section 111: GENERAL MISCELLANEOUS PROVISIONS

111.1 **Legislative History - Silverton Affordable Housing Guidelines adopted XX/XX/XXXX.**

The history of the amended, consolidated and reenacted Guidelines is as follows:

[Future amendments, consolidated and reenacted Guidelines will be listed here].

111.2 **Amendments** – These Guidelines shall be reviewed at least every two (2) years by the TOS Board of Adjustments and any changes will be recommended to the Board of Trustees and SHA Board for adoption.

111.3 Non-administrative amendments to these Guidelines shall be made according to the following procedure:

- A. Proposed amendments must be presented by SHA Staff to the TOS Board of Adjustments for consideration and recommendation to the Board of Trustees and SHA Board. The TOS Board of Adjustments must consider such amendments in a timely manner and if recommending adoption, must report to the Board of Trustees and the SHA Board its findings.
- B. The Board of Trustees and the SHA Board shall timely consider the TOS Board of Adjustments' findings and recommendations at a public hearing, and must adopt, adopt with amendments, or deny any proposed amendments at such hearing. Amendments shall be adopted by written resolution(s) of the SHA Board.

111.4 Updates to the Area Median Income, Initial Sales Price, and Rental Affordability Standards will be made administratively by SHA Staff annually upon release of HUD updates based on the methodology in place.

111.5 Amendments to methodologies used in the calculation of Area Median Incomes, Original Purchase Prices, and Rental Affordability Standards may be requested by the Planning Director, Building Inspector, or SHA Staff and may be approved by the TOS Board of Adjustments or recommended for consideration of the Board of Trustees and the SHA Board pursuant to Section 111.3.

111.6 – Administrative Procedures

- A. **Reasonable Accommodation** - SHA Staff shall administer these Guidelines and SHA's Affordable Housing Programs in compliance with all reasonable accommodation standards, including without limitation the Americans with Disabilities Act. See [Section 109.6 Reasonable Accommodations](#). Staff may require SHA Board review and direction for granting and administering reasonable accommodations.
- B. **Assignment of Administrative Responsibilities** – The SHA and/or the Town shall have the right to contract with any qualified person or entity for the purpose

of administering these Guidelines. The contract for administration shall provide for oversight by the Town, including access to applicable records and the ability to conduct an audit of administrative procedures.

111.7 – Privacy Statement

All personal and financial information provided to SHA will be kept strictly confidential, except as follows:

- A. Signed contracts between the Applicant or Household and SHA or the Town including without limitation Contract to Purchase a Housing Unit, all recorded documents including Deed Restrictions, and any document that would customarily be a matter of public record in the applicable jurisdiction;
- B. The names and Lottery rankings of all Applicants who have participated in any Lottery held per Section 105;
- C. Any record that a court of competent jurisdiction rules must be released under the Colorado Open Records Act, C.R.S. § 24-72-200.1 *et seq.*;
- D. Personal and private information to the extent SHA determines the information is necessary for its deliberation of a request for an Exception or for a Grievance or Appeal at a public hearing, or for consideration during a violation hearing.

111.8 – Conflict of Interest

No employee or official of the Silverton Housing Authority, nor the Town of Silverton Administrator shall participate in a transaction, contract, activity, or service of the Silverton Housing Authority which has a direct or predictable effect on their financial interests or the financial interests of a close relative. A close relative is defined as within first, second, and third degree of consanguinity (blood) (1st: Parent, Child, 2nd: Grandparent, Brother/Sister, Grandchild, 3rd: Great Grandparent, Aunt/Uncle, Niece/Nephew, Great Grandchild) or the first or second degree of affinity (marriage) (1st: Spouse, 2nd: Parent-in-Law, Daughter/Son-in-Law).

- A. **Disclosure Requirements** - Any employee or official of the Silverton Housing Authority, or the Town of Silverton Administrator, who becomes aware of a potential Conflict of Interest must disclose it in writing to the Board of the Silverton Housing Authority before participating in the relevant transaction, contract, activity, or service.
- B. **Recusal Process** - In the event of a disclosed or identified Conflict of Interest, the individual must recuse themselves from any discussions, decisions, or actions related to the matter. The recusal must be documented, and alternative arrangements should be made to ensure the integrity of the decision-making process.

- C. **Consequences of Non-Compliance** – Failure to comply with this Conflict of Interest policy may result in disciplinary action, up to and including termination of employment, and may be subject to legal consequences as provided by applicable laws and regulations.

APPENDIX

Appendix A: Area Median Income Eligibility Limits

Area Median Income (AMI) is determined by the US Department of Housing and Urban Development (HUD) “Very Low Income,” (50% of the Area Median Income) figures for San Juan County, Colorado, for 1-, 2-, 3-, and 4-person Households. The Colorado Housing and Finance Authority extrapolates the HUD “Very Low Income” figures to Household up to eight (8) persons and to span 20%-160% AMI. SHA uses CHFA Annual Colorado Income Limits and Maximum Rents to govern all Affordable Housing Units subject to these Guidelines. AMI Limits are updated annually in the spring. SHA Staff shall administratively update the tables below as the annual income limits are released by CHFA.

Table 1. San Juan County Area Median Income as of April 8, 2024.

Household Size	30%	40%	50%	60%	80%	100%	120%	130%	140%
1 Person	\$19,800	\$26,400	\$33,000	\$39,600	\$52,800	\$66,000	\$79,200	\$85,800	\$92,400
2 Person	\$22,620	\$30,160	\$37,700	\$45,240	\$60,320	\$75,400	\$90,480	\$98,020	\$105,560
3 Person	\$25,440	\$33,920	\$42,400	\$50,880	\$67,840	\$84,800	\$101,760	\$110,240	\$118,720
4 Person	\$28,260	\$37,680	\$47,100	\$56,520	\$75,360	\$94,200	\$113,040	\$122,460	\$131,880
5 Person	\$30,540	\$40,720	\$50,900	\$61,080	\$81,440	\$101,800	\$122,160	\$132,340	\$142,520
6 Person	\$32,790	\$43,720	\$54,650	\$65,580	\$87,440	\$109,300	\$131,160	\$142,090	\$153,020
7 Person	\$35,070	\$46,760	\$58,450	\$70,140	\$93,520	\$116,900	\$140,280	\$151,970	\$163,660
8 Person	\$37,320	\$49,760	\$62,200	\$74,640	\$99,520	\$124,400	\$149,280	\$161,720	\$174,160

Appendix B: Original Purchase Prices and Maximum Rental Rates

Sale and rental prices are based on affordability by AMI target percentages for San Juan County as adjusted for the number of Bedrooms per unit.

It is generally accepted in the affordable housing field that housing is affordable if either:

1. the total rent and utilities, or
2. the total of mortgage payment, insurance, taxes and HOA dues is not more than thirty percent (30%) of the Household's Monthly Gross Income. This 30% standard forms the basis for Housing Unit rents and sale prices.

Maximum Affordable Rent Rates in San Juan County 2024.

Payment of utilities is included in the rent rate.

<u>Unit Size</u>	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>80%</u>	<u>100%</u>	<u>120%</u>	<u>130%</u>	<u>140%</u>
0 Bdrm	\$495	\$660	\$825	\$990	\$1,320	\$1,650	\$1,980	\$2,145	\$2,310
1 Bdrm	\$530	\$707	\$883	\$1,060	\$1,414	\$1,767	\$2,121	\$2,297	\$2,474
2 Bdrm	\$636	\$848	\$1,060	\$1,272	\$1,696	\$2,120	\$2,544	\$2,756	\$2,968
3 Bdrm	\$735	\$980	\$1,225	\$1,470	\$1,960	\$2,450	\$2,940	\$3,185	\$3,430
4 Bdrm	\$819	\$1,093	\$1,366	\$1,639	\$2,186	\$2,732	\$3,279	\$3,552	\$3,825

Original Purchase Price Standards in San Juan County 2024.

(Assumes 6.95% interest and 30-year term limit)

<u>Unit Size</u>	<u>80%</u>	<u>100%</u>	<u>120%</u>	<u>140%</u>
1 BR	\$169,385	\$220,420	\$271,455	\$332,209
2 BR	\$210,245	\$271,455	\$332,720	\$393,985
3 BR	\$248,442	\$319,202	\$390,119	\$461,036

Appendix C: Lottery Point System

Priority Definitions:

- A. Vital Workforce:** Any Household with a member Employed, or can provide a letter of intent to hire by San Juan County, Town of Silverton, Silverton School, Silverton Family Learning Center, Silverton Medical Rescue, OR any household with a member who has volunteered for Silverton Fire Department or Silverton Medical Rescue a minimum of forty (40) hours a month on an annual average in the immediate year prior to the Application Period. *To qualify for Priority entries for Vital Workforce, Applicant's employer must submit a completed Employment Verification Form to the SHA as specified in the application packet.*
- B. Local Workforce:** Any Household with a member currently Employed by a business located and licensed in San Juan County. Additional entries are dependent on length of employment seen in [Section 103.5](#). Qualified volunteer hours are not permitted for the purposes of Priority Qualification. *To qualify for priority entries for Employee in San Juan County, Applicant's employer must submit a completed Employment Verification Form to the SHA as specified in the application packet.*
- C. Qualified Disabled or Qualified Retired Resident of San Juan County:** Applicants who are Qualified Retired or Qualified Disabled. Additional entries are dependent on length of residency in San Juan County seen in [Section 103.5](#). *To qualify for the Priority entries for Qualified Disabled/Retired in San Juan County, the Applicant must complete the residential history within the application packet and show proof of retirement or unemployment based on the required documentation in Section 104.3C.*

Priority Stipulations

A. For two (2) or more applicants per application:

1. Maximum of three (3) additional entries per Application.
2. Employment and Residence history for Priority qualifications may be applied only to the person in the Household that has worked, or when applicable, lived in San Juan County the longest.

Priority Scoring Matrix

Priority Qualification	Sum of Monthly Employment in Last 5 Years	Additional Entries
<u>Vital Workforce</u>		+3 entries
<u>Local Workforce</u>	24-60 months (2-5 years)	+2 entries
	61+ months (5+ years)	+3 entries
<u>Qualified Retired and Qualified Disabled Residency in San Juan County</u>	24+ months (2+ years)	+ 2 entry

Appendix D: Fee and Penalty Schedule

Fees:

Application Fee	\$25.00
Exception Fee	\$35.00
Appeal Fee	\$35.00
Grievance Fee	\$50.00
Inspection Fee	\$250.00

Penalties:

Compliance Late Penalty	\$20.00/day
Failure to Confirm Tenant Qualification or Submit Tenant Lease	\$20.00/day
Notification Required Penalty	\$20.00/day

Appendix E: Permitted Capital Improvements

SHA does not wish to discourage Owner improvements to Housing Units, but has a strong interest in maintaining the long-term affordability and targeted Income Eligibility Level of each unit and thus cannot allow Owners to recover costs upon Sale for unnecessary or personal-choice driven improvements. In determining whether an improvement is a Permitted Capital Improvement or a Luxury Item, SHA Staff shall consider:

- Whether the improvement is necessary to extend the life of the Housing Unit or preserve the health and safety of occupants;
- The age and condition of the item to be replaced, and whether current condition was caused by normal wear and tear or the negligence of the Owner or any occupant, with useful life and depreciation as determined by the Marshall & Swift depreciation guidelines;
- Whether the improvement will provide increased water or energy efficiency savings;
- Whether the improvement shows a high degree of customization or personal preference, or if the improvement is sufficiently standard or neutral to be acceptable to a subsequent purchaser; and
- Whether allowing a full or partial increase in Maximum Sale Price for the improvement would make the Housing Unit unaffordable for the established Income Eligibility Level.

Some improvements may qualify in part as a Permitted Capital Improvement and in part as a Luxury Item based upon the criteria above, and thus be subject to only partial recovery of depreciable expenses:

Example 1: Replacement of furnace or water heater after it has reached the end of its useful life, regardless of the energy efficiency of the new model – 100% Permitted Capital Improvement.

Example 2: Replacement of furnace or water heater 50% into its useful life with a significantly more energy efficient model – 100% Permitted Capital Improvement.

Example 3: Replacement of laminate kitchen counters with neutral, durable, builder-grade quartz 0-100% Permitted Capital Improvement depending upon age and condition of laminate kitchen counters and current Maximum Sale Price with respect to Income Eligibility Level limit.

Example 4: Replacement of carpet after tenant destroyed it 30% into its useful life – 30% Permitted Capital Improvement.

Example 5: Installation of a built-in microwave where none previously existed – 100% Permitted Capital Improvement.

Example 6: Installation of steam shower – 0% Permitted Capital Improvement.

Unless an emergency warrants immediate action, all improvements desirous of being a Permitted Capital Improvement must be approved by SHA Staff prior to construction or installation. Owners are encouraged to discuss their renovation/replacement plans with SHA Staff so Owners are aware of the limitations that will be placed on cost recovery. Permitted Capital Improvements 0-4.9% of the OPP may be approved by SHA Staff, Permitted Capital Improvements 5-10% of the OPP must be approved by the TOS Board of Adjustments or Board through an Exception. Permitted Capital Improvements in excess of 10% of the OPP are not prohibited but are not fully recoverable and will only be added to MSP up to 10% of OPP allowed.

Only the actual out-of-pocket expenses of an Owner may be added to MSP as Permitted Capital Improvement. Fair market labor costs may be authorized to constitute up to fifty percent (50%) of the Permitted Capital Improvements. Grant funds credited towards an improvement are not eligible to be added to MSP.



AGENDA MEMO

SUBJECT: Anvil Townhomes Market Demand Study
MEETING DATE: 9/9/2024
STAFF CONTACT: Anne Chase

Overview / History:

The Silverton Housing Authority is pursuing the development of 8 units for sale in the Anvil Mountain Subdivision. The original scope of the Anvil Multi-Family Development RFP was up to 12 units with some being dedicated for rental, but no financing opportunities for a small scale affordable rental programs have been identified.

Project History:

- RFP posted 3/12/2024 - 4/16/2024
- SHA Board awarded RFP to Fading West Development on 6/10/2023 SHA Meeting and entered a predevelopment agreement with Fading West Development to determine project financial feasibility.
- San Juan County conveyed Lots 16 and 17 to SHA on 8/28/2024 for this project, Lot 15 included in the transfer.
- Currently: Applying for funding to subsidize the project to achieve desired levels of affordability.
 - DOLA Division of Housing upcoming funding deadline: December 2, 2024. Application requires a Market Study for the proposed project.

Market Study:

Staff was given direction by SHA Board on 6/10/2024 to request funding for the Market Study from the SJC Board of County Commissioners. Staff requested and was granted \$4,900 from SJC. Staff pursued additional sources of funding for the market study from CHFA. CHFA awarded \$3,900 to SHA for project with \$1,000 match from SJC.

SHA signed authorization to proceed to Western Spaces LLC. On 6/13/2024 to begin project. Final draft delivered from Western Spaces LLC to Staff on 8/30/2024. Final draft attached in this packet.

Motion or Direction:

Information only.

Market Demand Study

Anvil Multifamily Development

Prepared for the Silverton Housing Authority

Thursday, August 29th 2024

Prepared by Western
Spaces, LLC



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Background and Objectives

The Silverton Housing Authority, in partnership with Fading West Development, is working to address the critical need for workforce housing in Silverton, CO with the development of the Anvil Mountain Subdivision. The development includes 12 units to be developed across three four-plex buildings. Of these, 4 units will be designated for rent and 8 for sale. The project targets various income levels, ensuring affordability for households earning 80% to 140% of the Area Median Income (AMI).

The primary objective of this study is to determine the spectrum of demand for workforce housing at the Anvil site and to inform a program that effectively addresses this demand. This study aims to provide supporting data for unit mix, pricing, and capture rates, ensuring that the development is strategically aligned with the housing needs of the community. For this analysis, the primary market area (PMA) is defined as San Juan County.

The methodology for this market demand study encompasses an analysis of:

- **Demographic Data:** Reviewing population changes and household composition.
- **Economic Data:** Examining local employment trends and income levels.
- **Housing Market Data:** Assessing current housing inventory, rental and for sale market conditions, and recent developments.
- **Demand Estimate:** Apply a capture rate of 15%, 20% and 25% to all income bands (expressed as AMI) for households below 140% AMI.

The study focuses on Silverton, CO, a small, remote town characterized by its seasonal economy and tourism-driven industry. Silverton's unique geographic and economic conditions pose challenges and opportunities for workforce housing. The town's housing market is marked by high vacancy rates for seasonal use and a limited supply of affordable rental and for sale units.

Overview of the Selected Site

The initial phase of the Anvil Mountain Subdivision included the construction of 8 modular sections, resulting in 12 apartment units. These units are currently serving the community by providing much-needed rental housing options. The first phase was made possible through a combination of grants and in-kind assistance totaling over \$2.1 million, with contributions from the EPA, the Colorado Department of Local Affairs, the Colorado Brownfields Foundation, the Colorado Department of Health and Environment, the Colorado Department of Transportation, and the Bureau of Land Management. San Juan County also contributed over \$500,000 to the project.

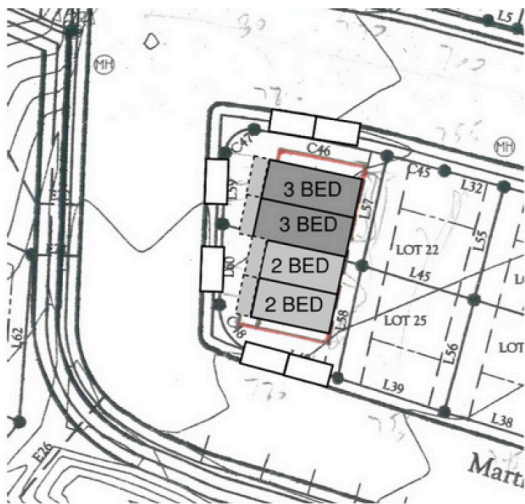
The ongoing development of the Anvil Mountain Subdivision includes both a Rental Phase and a For-Sale Phase. The Silverton Housing Authority is responsible for the Rental Phase, which involves constructing a new four-unit complex. Fading West Development serves as the general contractor for both phases and as the developer for the For-Sale Phase.

The current program includes:

- **Total Units:** 12
- **Configuration:** Three four-plex buildings
- **Units for Sale:** 8 units, targeted at households earning between 100% and 140% of AMI.
- **Units for Rent:** 4 units, targeted at households earning 80% and below AMI.

The project benefits from various subsidies, including in-kind land contributions, building permit waivers, and tap fee waivers, which collectively enhance its financial feasibility. The development aims to provide stable, affordable housing options for Silverton's workforce, thereby reducing in-commuting and supporting local economic growth.

PROPOSED SITE PLAN

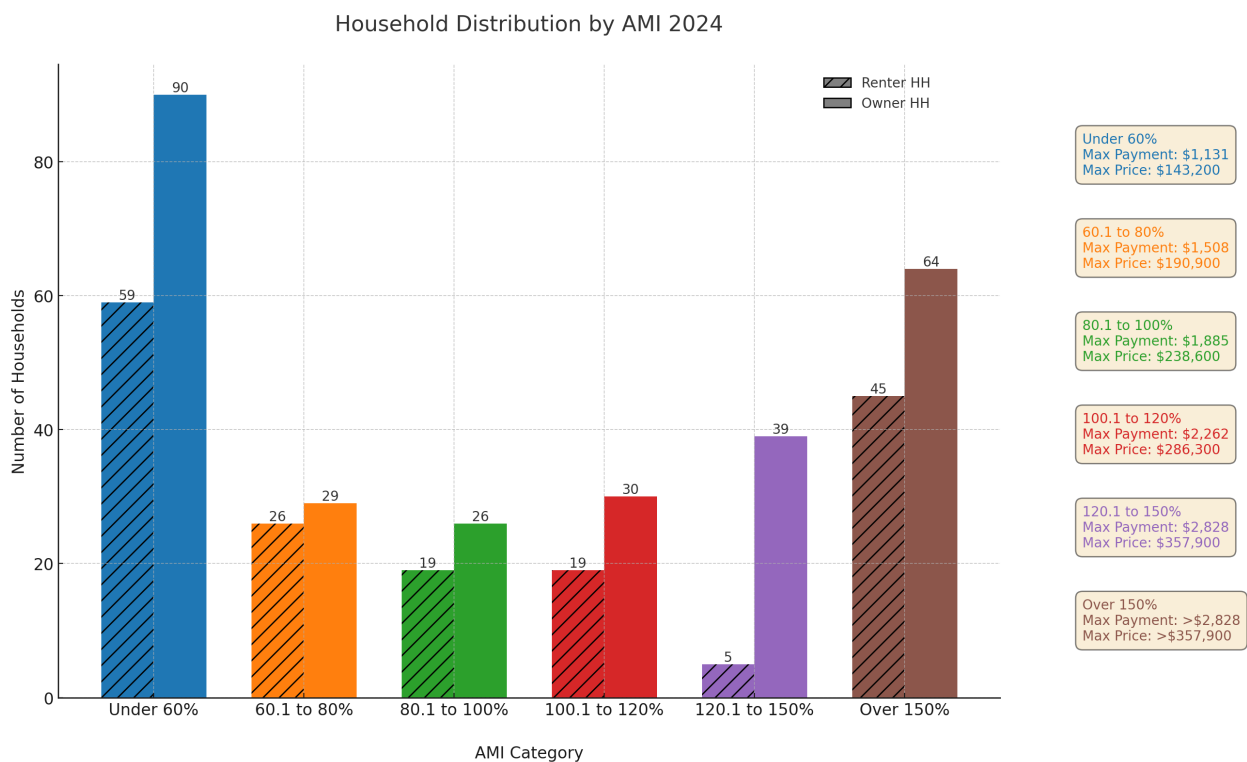


Executive Summary

San Juan County faces ongoing challenges in meeting the housing needs of its residents, particularly those in the workforce. The county's economy is heavily reliant on lower-wage industries such as tourism, retail, and government services, which contributes to the affordability gap for both renters and potential homeowners. The limited availability of affordable housing, coupled with rising property prices, has created a constrained housing market that makes it difficult for many residents to secure suitable housing and for employers to hire and retain qualified staff.

The positive response to the first phase of the Anvil Mountain Subdivision reflects a notable demand for affordable housing in the area. This interest underscores the importance and potential success of the next phase of the project, which will provide additional rental and for-sale units designed to meet community needs.

As illustrated in the chart below, the distribution of households across various AMI (Area Median Income) categories highlights the significant challenges faced by both renters and owners within San Juan County. A substantial number of households fall within the 60% to 150% AMI range, yet the affordability of housing within this bracket remains a pressing issue.



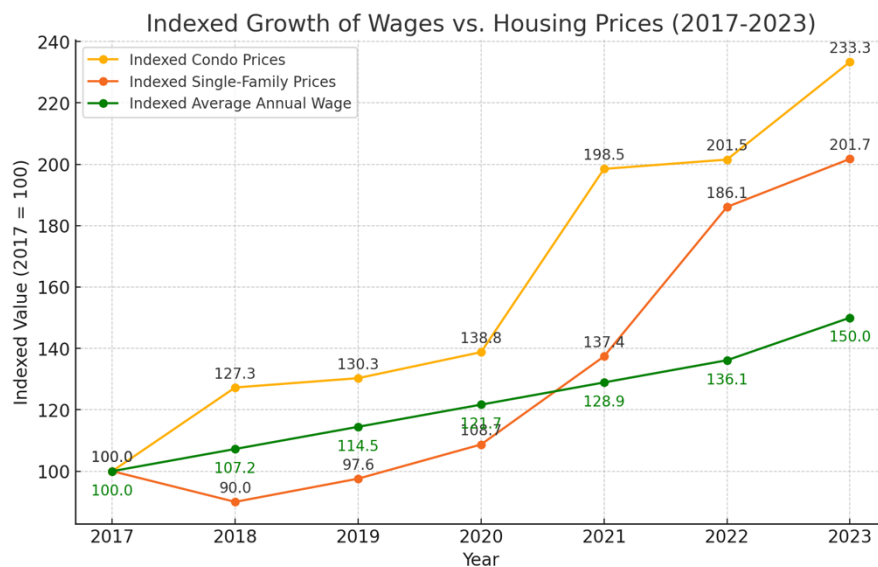
AMI and Prices for an average 2-person HH

Key Demographic and Economic Factors

Housing Affordability

Many working-age residents, including young families and first-time homebuyers, are priced out of the ownership market and face rising rents, often consuming a significant portion of their income. This lack of affordable options forces many to live in suboptimal conditions, exacerbating their housing insecurity.

- Households earning between 100% and 140% of AMI are a key focus due to the homeownership affordability gap they experience. A 2-person household in this income range needs homes priced between \$285,300 and \$357,900 for homeownership, but the current market offers very few options.
- For renting, a 2-person household at 80% AMI can afford monthly rent up to \$1,500. However, the current rental market offers limited options within this price range, making it difficult for these households to find affordable and suitable housing.



Housing Availability

The housing market in San Juan County is extremely constrained, with significant challenges in both the rental and ownership sectors.

- The rental market is particularly tight, with vacancy rates near 0%. To achieve a healthier 5% vacancy rate, the county needs approximately 17 additional rental units. This shortage leads to several issues: rents tend to rise faster than wages and incomes, renters find it difficult to move when their personal circumstances change, new employees may decline job opportunities due to housing unavailability — adversely affecting businesses and the economy — and renters face higher displacement risks when properties are sold or rents surge beyond affordability. Additionally, landlords lack the incentive to maintain or improve their properties under these conditions.
- The ownership market is similarly strained, with limited availability of homes that are affordable to households earning between 100% and 140% of AMI. This shortage of affordable homes, priced up to \$357,900 for a 2-person household, means that many residents who wish to

transition from renting to owning are unable to do so. The lack of available, affordable ownership options further exacerbates housing insecurity and restricts the ability of working-age residents and young families to establish long-term roots in the community.

Employment and Wages

The local economy in San Juan County is heavily reliant on industries such as tourism, retail, and government services. These sectors are characterized by lower wages, with average annual earnings in retail trade and accommodation/food services sectors ranging from \$27,404 to \$30,004, respectively. These wage levels are often insufficient to cover the rising costs of rental housing and homeownership in the area, where housing prices have seen significant increases in recent years.

- The county currently has an estimated 37 unfilled jobs, predominantly in the low-wage sectors. Employers report that the lack of affordable housing is a critical barrier to attracting and retaining workers to fill these positions. Potential employees are often deterred by the high cost of living, which limits their ability to secure suitable housing close to their workplaces.

Strategic Housing Initiatives

San Juan County's workforce housing needs are becoming increasingly urgent, particularly for households earning between 80% and 140% of the Area Median Income (AMI). Many employed residents, especially those working in lower-wage sectors such as tourism and government, are struggling to find affordable housing due to rising property prices and limited availability.

Demand Analysis

The demand analysis indicates a significant need for both rental and ownership housing within the county. Specifically, there is a high demand for rental units affordable to households earning below 80% of AMI. Additionally, there is a strong demand for ownership opportunities for households earning between 100% and 140% of AMI, particularly among young families and first-time homebuyers. The 2024 Silverton Housing Authority homeownership readiness survey showed strong interest, with 75% of respondents indicating they are ready or might be ready to purchase a home. The current market lacks sufficient options in these price ranges, underscoring the need for targeted development.

Rental Market

Adding rental units targeted at the workforce, especially for those earning 80% of AMI, would help stabilize the rental market and provide essential housing options for low- to moderate-income workers. These units are expected to be quickly absorbed due to the near-zero vacancy rates and high demand identified in the analysis.

Homeownership Opportunities

Expanding first-time homeownership opportunities with smaller, more affordable units and accessible financing options will help young families and first-time buyers establish roots in the community. The demand analysis shows that homes priced within the range affordable to households earning between 100% and 140% of AMI are in particularly high demand. Meeting this demand is crucial for ensuring that the next generation of the workforce can secure stable housing.

Absorption Analysis

Both the rental and ownership markets are positioned for a quick absorption of new housing units, as long as they are priced appropriately and aimed at the right demand segments. The rental market, with

its high demand and low vacancy rates, is expected to absorb new units rapidly. In the ownership market, the success of new units will hinge on their affordability and the availability of financial assistance, but strong absorption is anticipated given the current market conditions and the Anvil development program.

Section 1 – Demographics

San Juan County, Colorado, has experienced notable demographic shifts over the past decade, with changes in age distribution, household composition, and income levels. This section outlines these key demographic trends, including the aging population, shifts in household types, and the income gap between homeowners and renters. Understanding these changes is essential for addressing the county's housing challenges and supporting its economic stability.

Age

Over the last decade, there has been a notable increase in the age of residents in San Juan County, Colorado. The share of the population age 55 years and older increased by 17 percentage points between 2012 and 2022. The median age of residents has increased from 37.9 (2008-2012 ACS) to 49.3 (2018-2022 ACS).

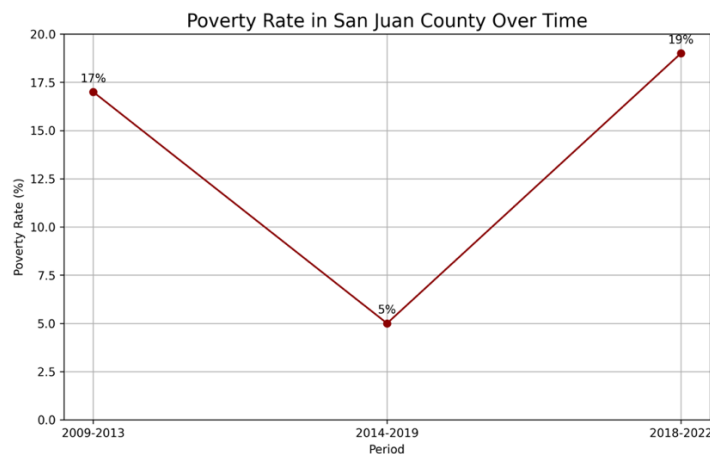
Age Distribution

	2012	2017	2022	2012-2022 point change
Under 18	8%	17%	12%	4.6
18-24	14%	7%	8%	-6.9
25-34	26%	13%	10%	-15.9
35-44	9%	8%	17%	7.6
45-54	15%	19%	9%	-6.4
55-64	12%	20%	20%	7.8
65-74	10%	14%	17%	7.6
75+	5%	3%	7%	1.7

Source: 5-year ACS estimates (2008-2012, 2013-2017, 2018-2022)

Poverty

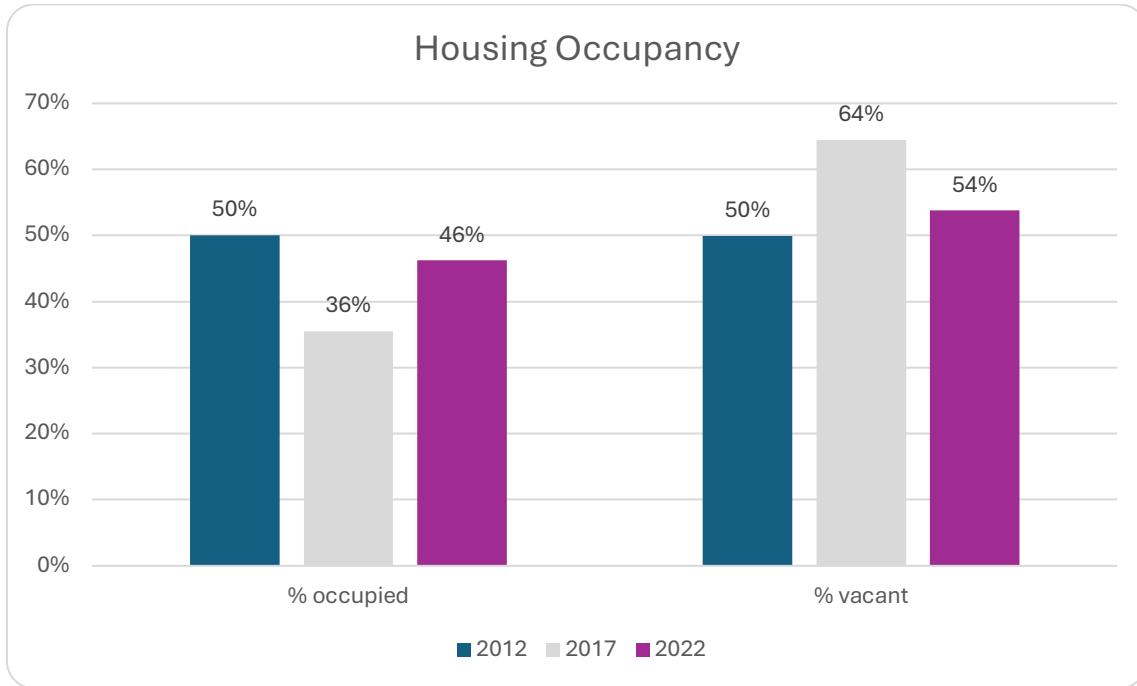
The poverty rate in San Juan County, as reported by the American Community Survey (ACS), has fluctuated significantly over the past decade. Between 2009 and 2013, the poverty rate was around 17%. This figure saw a dramatic decrease to approximately 5% during the 2014-2019 period. However, the poverty rate jumped back up post-Covid to 19% in the 2018-2022 period.



Source: American Community Survey (ACS)

Households and Occupancy

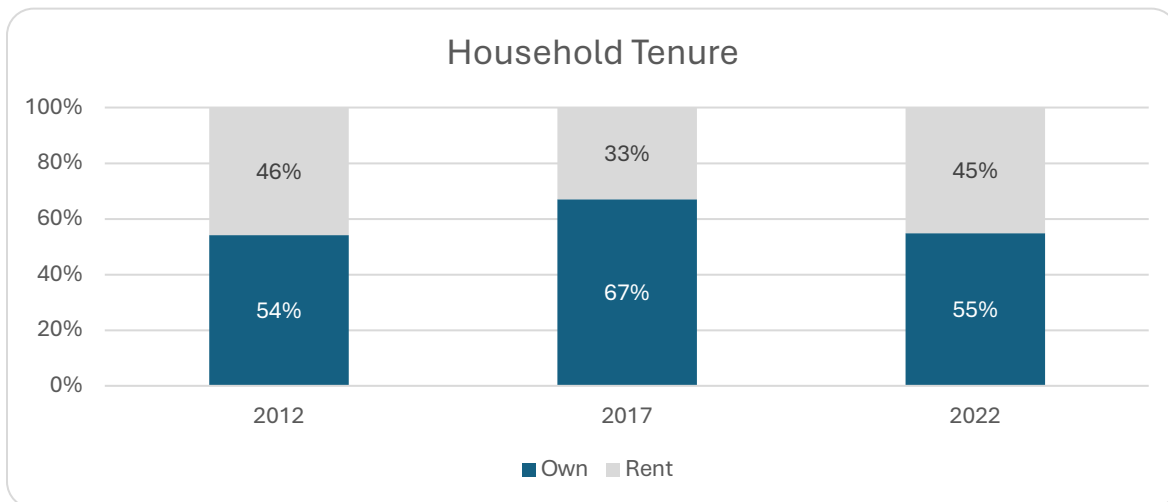
Occupied homes are those lived in by resident households. Homes classified as “vacant” are those with no one living in them or are temporarily occupied by people staying a few months or less. In Silverton, more homes are considered vacant than occupied, and most vacant homes are second homes used seasonally or for vacations. The town has enacted a short-term rental cap, which is currently at capacity.



Source: 5-year ACS estimates (2008-2012, 2013-2017, 2018-2022)

Tenure (own vs. rent)

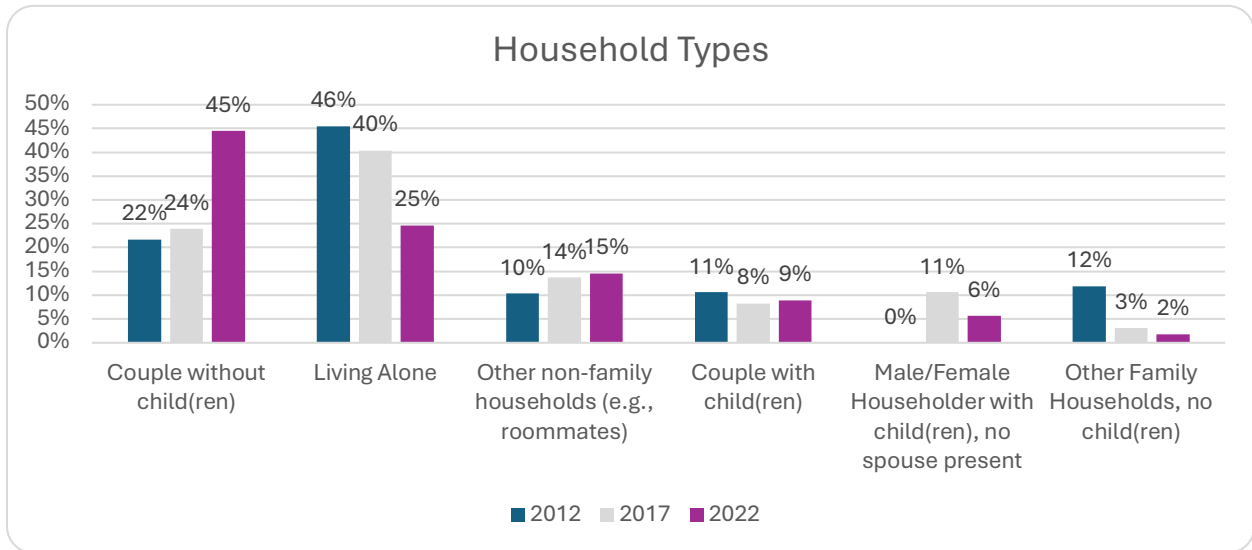
While there was a trend of increasing homeownership between 2012 and 2017, that trend has shifted over the last five years. The share of renters is now about where it was a decade prior at about 45%.



Source: 5-year ACS estimates (2008-2012, 2013-2017, 2018-2022)

Household Type

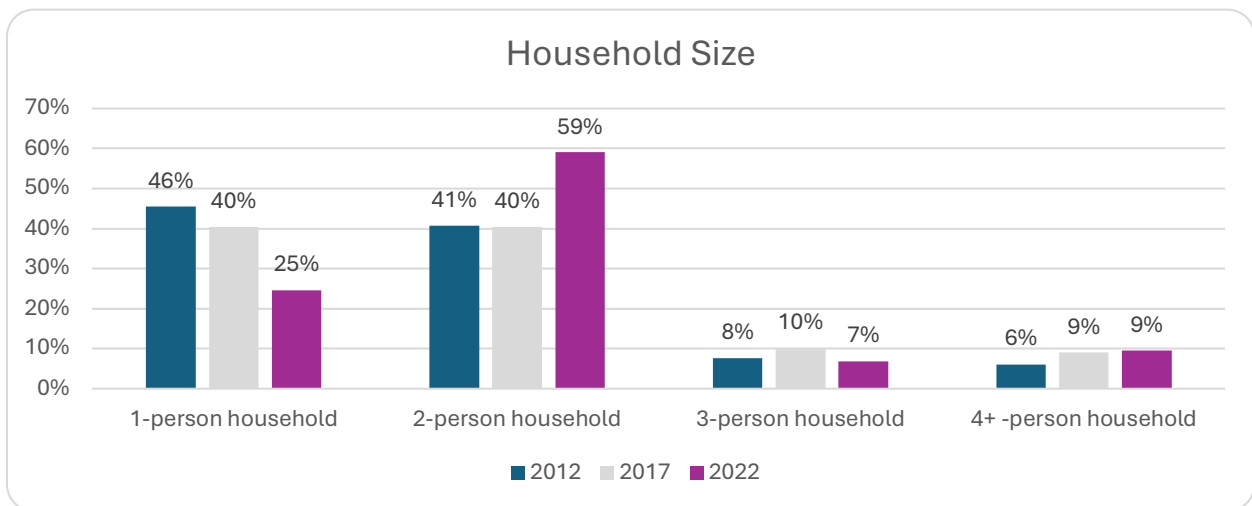
Household composition has changed over time in San Juan County. The two largest changes over the 10 years through 2022 were a 21-percentage point increase in the share of couples without children and a 15 percentage point decline in people living alone. The increase in the share of roommate households indicates that some single-person households have been forced to get roommates to afford housing prices, which have increased notably over this time.



Source: 5-year ACS estimates (2008-2012, 2013-2017, 2018-2022)

Household Size

Almost 60% of households have two people, followed by a quarter with just one person. Larger households with four or more people now represent almost one in ten households. The average household size is now, unsurprisingly, about 2 people.



Source: 5-year ACS estimates (2008-2012, 2013-2017, 2018-2022)

Household Income

Over the period from 2012 to 2022, median incomes have shown varying rates of growth across different household types. Household median income experienced the most significant increase, with an average annual growth rate of 6.08%, rising from \$37,330 in 2012 to \$67,344 in 2022. Family median income also saw notable growth, increasing by 4.38% annually on average, from \$47,083 to \$72,292. Married couple families had a more modest increase, with an average annual growth rate of 2.35%, while non-family households experienced the slowest growth, with an average annual increase of 2.15%, going from \$35,871 to \$44,375 over the same period.

Median Households Income

	All Households	Families*	Married Couple Families*	Non Family Households
2012	37,330	47,083	65,909	35,871
2017	46,397	59,250	60,000	36,500
2022	67,344	72,292	83,125	44,375
Average Annual Increase	6.08%	4.38%	2.35%	2.15%

Source: 5-year ACS estimates (2008-2012, 2013-2017, 2018-2022)

*A "family" is defined as a group of two or more people who are related by birth, marriage, or adoption and live together, a "married-couple family" is a family where the householder and their spouse live together, with or without children or other relatives.

Section 2 - The Economy

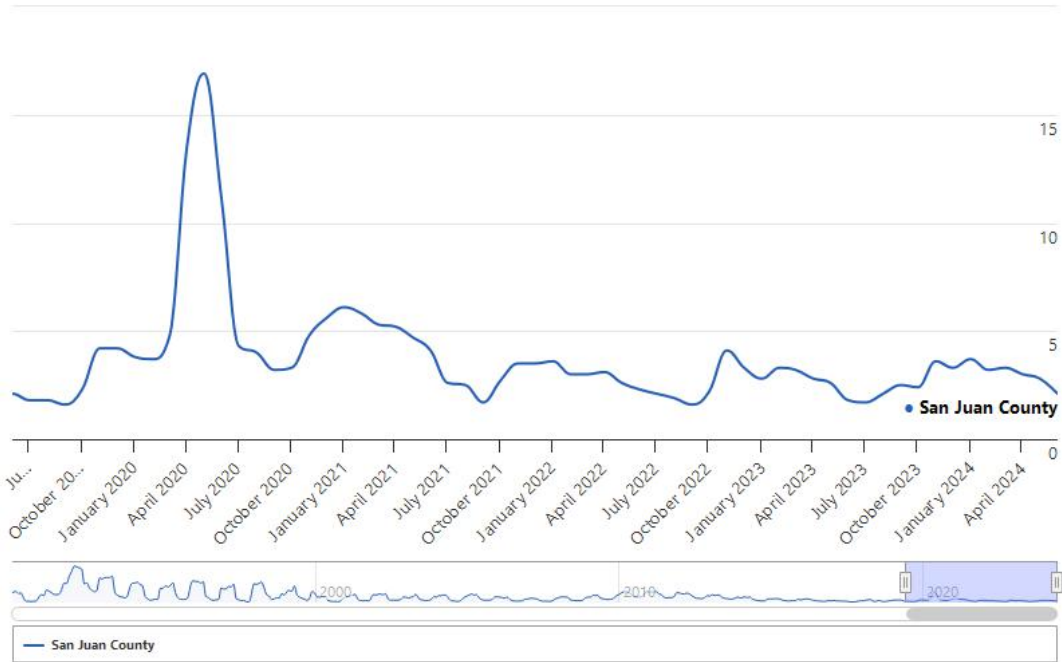
San Juan County's economy has seen steady growth over the past decade, driven by increases in both wage and salary jobs and proprietor employment. Despite low unemployment and rising annual pay, the county's economy remains heavily reliant on tourism and government sectors, which offer predominantly low-wage jobs. This section explores key economic trends, including employment patterns, wage levels, and the impact of seasonality and commuting on the local workforce.

Jobs and Unemployment

San Juan County's economy continues to grow. From 2012 to 2022, total employment in the county grew by 3.4% per year, with annual average proprietor employment growth (5.3%) outpacing wage and salary growth (2.1%). Proprietor employment represents just under half (47%) of all jobs in the county.

The county has a very low unemployment rate as of June 2024 (2.1%). Its labor force is about 760, and only 16 people were unemployed in June.

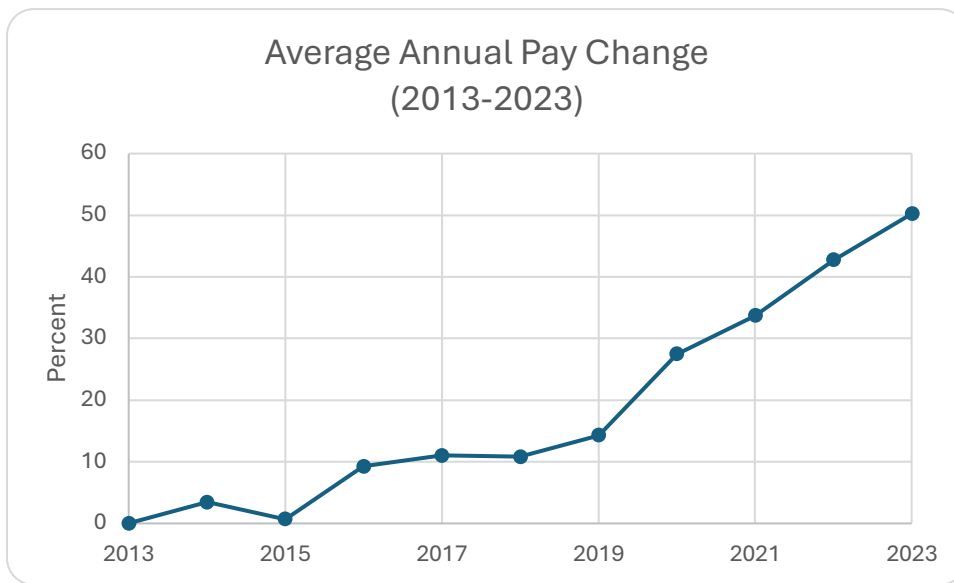
**Not seasonally adjusted Labor Force, Employment and Unemployment data in San Juan County
Unemployment Rate (%)**



Source: LAUS Unit: LAUS system output file
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Annual Pay

Average annual pay increased each year from 2018 to 2023 to \$36,175¹. Since 2013, pay has increased by about 50%.



¹ Bureau of Labor Statistics, QCEW, preliminary data subject to change.

Source: Bureau of Labor Statistics, QCEW; Western Spaces

Most wage and salary jobs in the county are still directly tied to tourism or government. Key sectors include accommodation and food services, retail trade, and public administration, with the former being low-paying jobs.

Key Economic Sectors: Annual Wage and Maximum Affordable Rent

	2023 Average Annual Wage [1]	Max Housing Payment
Accommodation and Food Services	\$30,004	\$750
Retail Trade	\$27,404	\$685
Public Administration	\$42,068	\$1,052

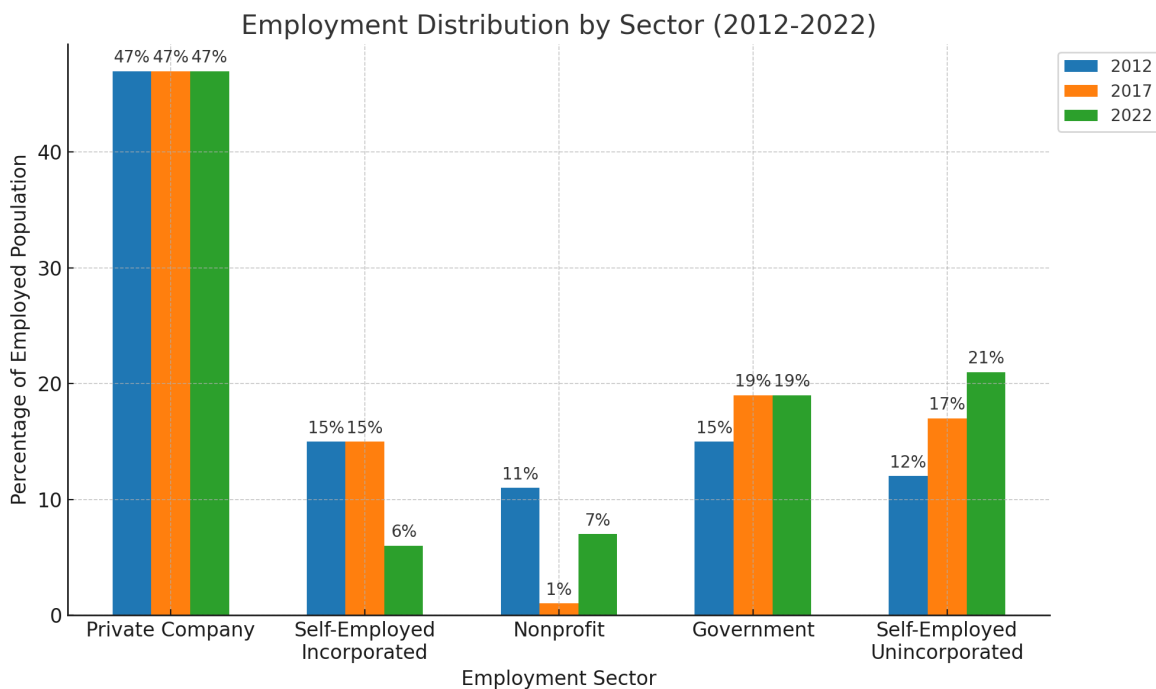
[1] average weekly wage multiplied by 52 weeks per year

Source: Bureau of Labor Statistics, QCEW; Western Spaces

Occupation

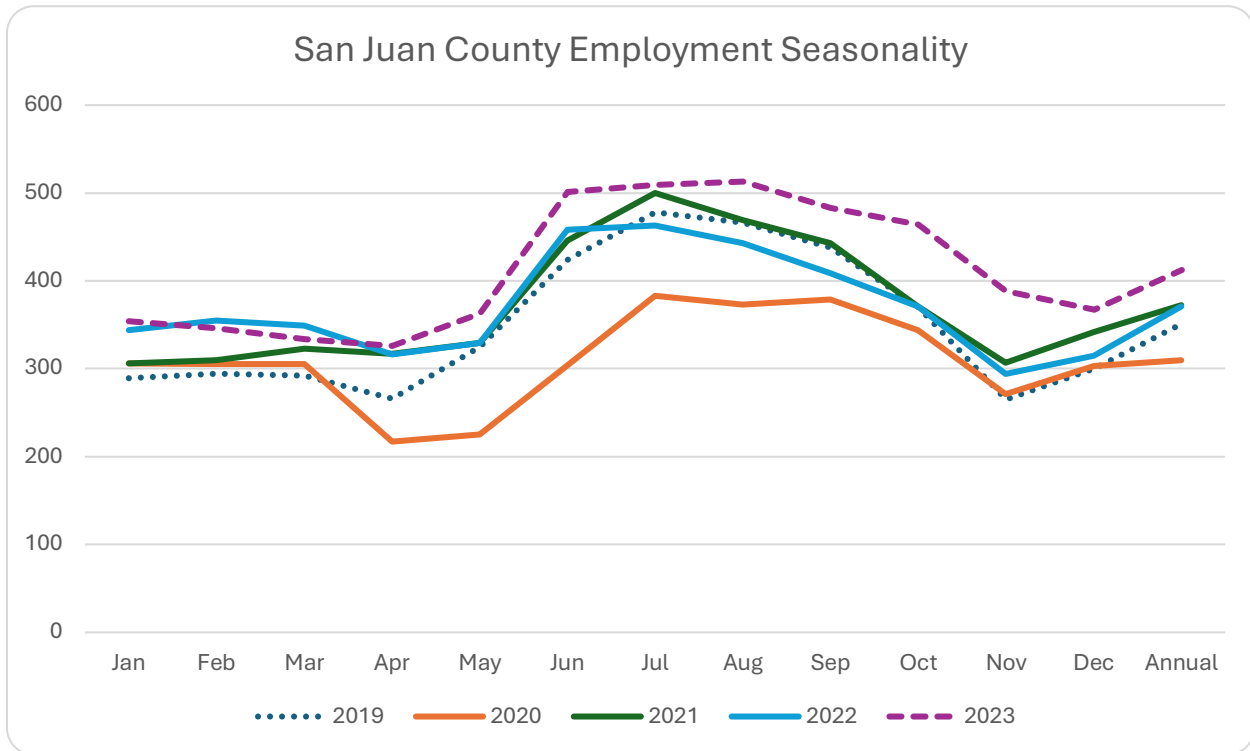
Over the past decade, the civilian employed population aged 16 years and over has seen notable changes. The total employed population was 381 in 2022, a recovery from 305 in 2017 but still lower than the 473 in 2012.

The most significant shifts occurred in self-employment. By 2022, 21% of workers were self-employed in their own unincorporated businesses or as unpaid family workers, up from 17% in 2017 and 12% in 2012. In contrast, self-employment in incorporated businesses dropped sharply from 15% in 2012 and 2017 to just 6% in 2022. Employment in private companies remained steady at 47% throughout the period, while government employment held constant at 19% in both 2022 and 2017.



Employment Seasonality

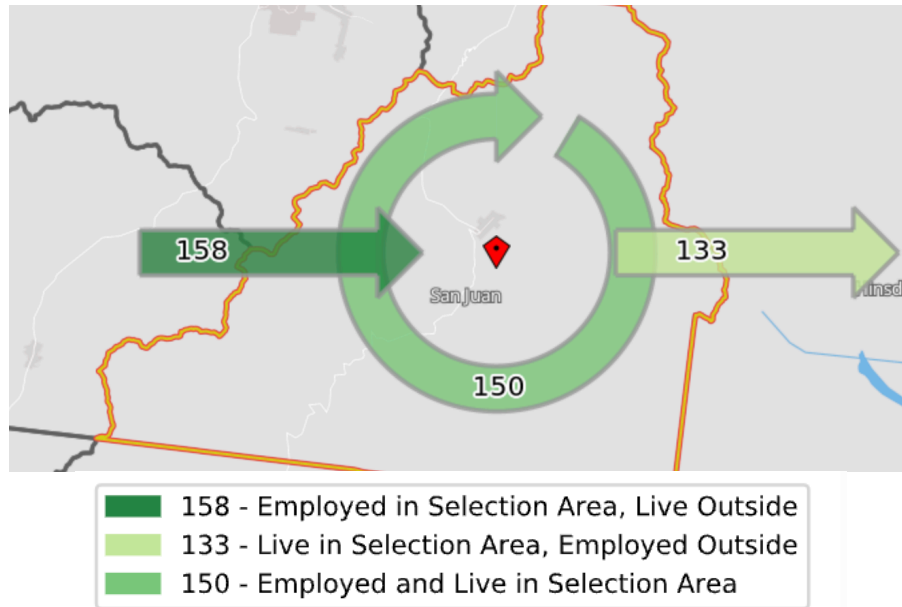
Employment peaks each year in the summer, as seen in the figure below. Employment in 2023 exceeded that of the previous four years for most of the year. The ski resort in town is currently open on weekends only, which brings some winter visitors but not enough to equal out with the summer peak.



Source: Bureau of Labor Statistics, QCEW

Commuting

Of people employed in San Juan County, the share who also live in the county was estimated to be about 58% before Covid (2019), but fell to 49% in 2021. More recent data is not available from the U.S. Census, but the decline may have continued given that most employment growth in the county was from proprietors, not wage earners. In-commuters (those who work in San Juan County and live outside the county) live in many parts of Colorado and New Mexico. Many live in Durango. The county's housing shortage has led to an increase in-commuting.



Source: US Census Bureau on the Map 2021

Section 3 - Housing Market Analysis

This section examines current market conditions, including vacancy rates, rent trends, and homeownership affordability. It also analyzes recent sales trends, building permits, and absorption rates to provide a comprehensive overview of the county's housing landscape.

Renter Market

This section provides an overview of the renter market. It includes an evaluation of current conditions and past trends including renter households by income, occupancy and average rents. Data for this section is from secondary sources as well as monitoring of online listing sources and property manager interviews. For rental trends, the section primarily focuses on San Juan County which is the primary market area.

Vacancy

Vacancy rates in San Juan County are currently at or near 0%, indicating a very tight housing market. A healthy market typically sees a 5% vacancy rate, providing enough options for renters. Rates below this level denote a housing shortage, while higher rates point to a surplus.

Rental listings were monitored in July and August of 2024 in the Silverton Standard, Craigslist, Zillow, and multiple Facebook groups. Only 2 listings were found county wide during this time period. Both were three bedrooms, one being a duplex for \$2,400/mo and the other a single-family residence for \$3,000/mo.

The persistently low vacancy rate in San Juan County signals a pressing need for a larger inventory of rental properties to establish a functional market. This shortage leads to several issues: rents tend to rise faster than wages and incomes, renters find it difficult to move when their personal circumstances change, new employees may decline job opportunities due to housing unavailability — adversely affecting businesses and the economy — and renters face higher displacement risks when properties are

sold or rents surge beyond affordability. Additionally, landlords lack the incentive to maintain or improve their properties under these conditions.

Market Rents

Interviews with property managers and real estate agents reveal that rental rates have been rising steadily, driven by a growing scarcity of available units. At the same time, the quality of rental housing has declined, with many properties renting out despite being in poor condition.

Property managers report no vacancies and minimal turnover, indicating a very tight rental market. It's been noted that virtually any property, regardless of its condition, size, or whether it allows pets, is quickly rented. Some properties have maintained 100% occupancy with waitlists extending over the past few years, underscoring the high demand for rental housing.

These high rents, coupled with limited availability, suggest a market struggling with significant affordability challenges. The lack of differentiation in pricing across various property types points to a shortage, which makes it difficult for local workers, particularly those in lower-wage jobs, to secure affordable housing.

Market Rents August 2024

Rent (\$/month)	Bedroom	Bathroom	Description
\$1,800	1	2	Loft Style
\$2,000	1	1	Live/work space
\$1,300	2	1	Victorian
\$1,300*	2	2	Highlander (10 units)
\$2,000	3	2	1600 square feet
\$2,400	3	2.5	Duplex
\$3,000	3	2	Single Family

Source: Property Managers; Zillow, Facebook

*Heat and hot water are included. Excludes internet and electricity, which only powers the lights, refrigerator, microwave, TV, or any other things the tenants plug in.

Rental Trends

Data from the American Community Survey is useful to compare year over year change. While the population is small and one-year estimates are not available, 5-year ACS estimates are available. Some general assumptions regarding gross rents in the County can be made. Please note that, while the ACS data is helpful to illustrate changes in rents over time, the data is not reflective of current rents charged by property managers as reported in the previous section.

Between 2017 and 2022 (2012 data is not available), the rental market experienced notable changes, both in rent prices and in the availability of different unit types. The overall median gross rent slightly decreased by 3.6%, from \$1,069 in 2017 to \$1,031 in 2022. However, this overall decline contrasts with increases in rent for specific unit sizes.

- **1-bedroom units** saw a substantial rent increase of 42.8%, rising from \$788 in 2017 to \$1,125 in 2022.
- **3-bedroom units** also experienced a modest increase of 4.0%, with rents going from \$1,106 to \$1,150.

- **4-bedroom units** at \$1,200.

There were no studio, 2 bedroom or 4 bedroom units in the rental inventory in 2017, however the 2022 data suggest an expansion in the variety of rental options available in the market.

Median Gross Rent San Juan County

	2017	2022	% Change
No bedroom	-	\$555	-
1 bedroom	\$788	\$1,125	42.8%
2 bedrooms	-	\$1,031	-
3 bedrooms	\$1,106	\$1,150	4.0%
4 bedrooms	-	\$1,200	-
Overall	\$1,069	\$1,031	3.6%

Source: 5-year ACS estimates (2013-2017, 2018-2022)

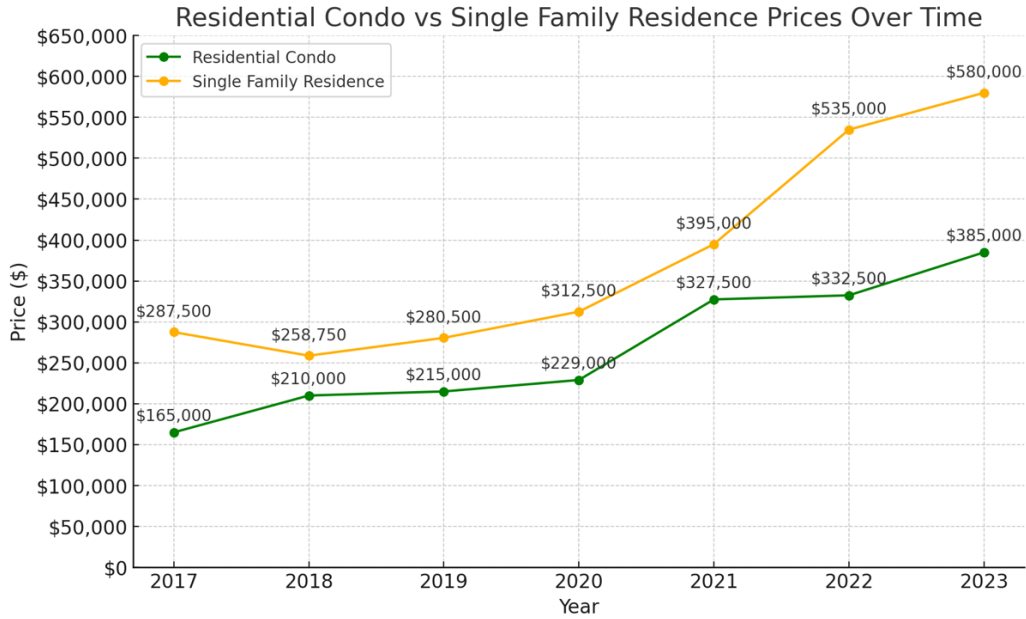
Ownership Market

This section takes a brief look at the ownership market in San Juan County, including current listings and sales trends. It is helpful to understand where the market is and what opportunities there are for first time homebuyer and move-up housing.

Sales

The San Juan County Assessor maintains records of all property sales, including details on quality and type. For this analysis, sales data from the Assessor's records were used, excluding transactions such as deed restricted sales (Anvil), bank-owned properties, multi-unit buildings (4+ units), related party sales, and mobile homes without land. Some qualified modular homes were included in the single-family category.

Over the six years from 2017 to 2023, median sales values for residential properties showed significant growth, particularly in the residential condo and single-family residence categories. Residential condos saw their median price rise from \$165,000 to \$385,000, reflecting a compound annual growth rate (CAGR) of 14.9%. Similarly, single-family residences increased from \$287,500 to \$580,000, with a CAGR of 12.5%. These categories had relatively consistent sales volumes, with 9 condo sales recorded in both 2017 and 2023, and single-family residence sales increasing from 12 in 2017 to 19 in 2023, making these price increases a reliable indicator of market trends.



Source: San Juan County Assessor

The chart below also includes townhomes, however the substantial rise in the median price for townhome residences—from \$198,500 to \$927,500—should be interpreted with caution due to the very low sales volumes in this category. With only two sales recorded in both 2017 and 2023, the median value is likely skewed and may not accurately represent broader market dynamics.

Median Sales by Type 2017 and 2023

Year	Residential Condo	Single Family Residence	Townhome Residence	Grand Total
2017	\$165,000	\$287,500	\$198,500	\$226,550
2023	\$385,000	\$580,000	\$927,500	\$515,200
CAGR (%)	14.9%	12.5%	30.9%	14.6%

Source: San Juan County Assessor

In 2023, 31 property sales were analyzed, revealing distinct trends across different price categories. Notably, there were four single-family homes sold for under \$400,000. These included a 300 sq ft modular unit in badly worn condition sold for \$200,000, a 1,000 sq ft one-bedroom home sold for \$260,000, and a 1,500 sq ft single-family residence, also in badly worn condition, sold for \$395,000. Finally, a badly worn 900 square foot one bedroom for \$310,000.

Townhome sales were limited, with only two transactions, both exceeding \$900,000. Most of the sales activity occurred in the \$301K-\$900K range, particularly for single-family residences and residential condos, with fewer transactions in the higher price ranges.

2023 Sales Volume by price category

	Residential Condo	Single Family	Townhome
\$0-\$300K	2	3	0
\$301K-\$400K	3	1	0
\$401K-\$500K	2	3	0
\$501K-\$600K	1	4	0
\$601K-\$900K	1	7	0
Over \$900K	0	1	2

Source: San Juan County Assessor

Active Listings and Market Trends

There are a total of 20 active residential listings in San Juan County in or near Silverton. Of those, two units are listed below \$500,000. One is a single family 4-bedroom 1,700 square foot unit for \$410,000 in livable condition, the other is a 900 sq ft 2-bedroom one bath, built in 1900 for \$460,000. The rest of the listings (96%) are over \$500,000 and up to about \$3 million.

Realtors in San Juan County provided valuable insights into the current state of the housing market, reflecting on trends in sales volume, inventory, and buyer preferences.

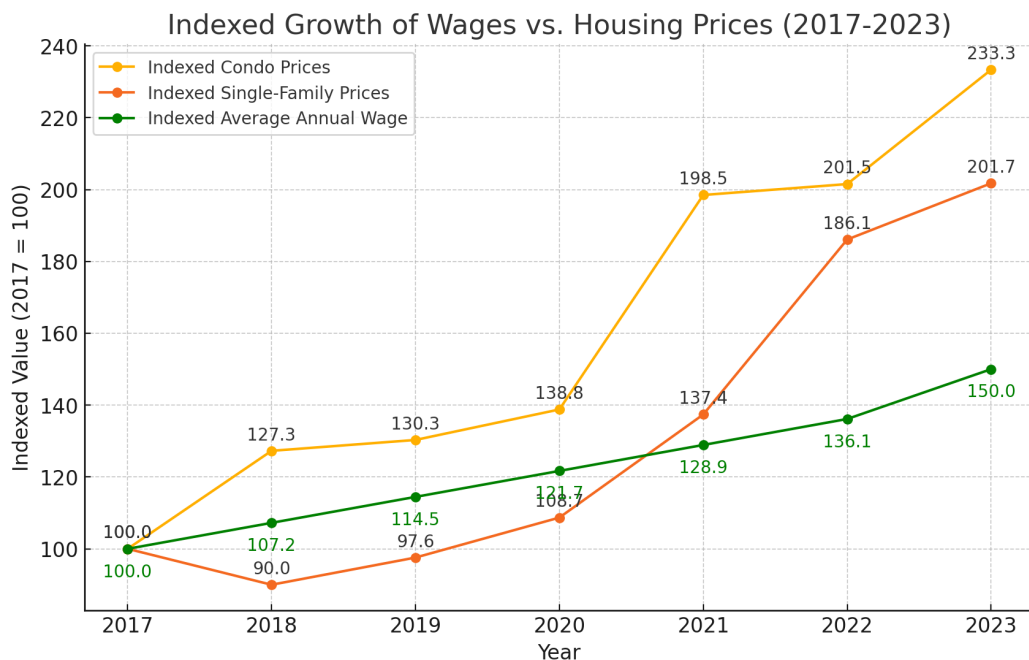
- **Sales Trends:** In general, realtors note that approximately half of the property sales second homes, with the remaining half being local sales. Realtors observed that sales volume has slowed compared to five years ago, although inventory levels have remained consistent during this period.
- **Impact of COVID-19:** During the COVID-19 pandemic, the housing market experienced a surge in rapid sales, with properties selling quickly and prices doubling. This period saw an unprecedented demand for homes, particularly in Silverton. However, as the market stabilizes post-pandemic, sales have slowed, and some properties are now remaining on the market for longer periods, especially those priced around \$700,000. Despite this, prices have not decreased, indicating a potential plateau rather than a decline.
- **Buyer Preferences and Market Gaps:** There is a noticeable demand for new housing products, with buyers particularly interested in options that are not currently available in the market. Realtors identified a significant gap in middle-income housing and townhomes, which are in short supply. This shortage limits options for local residents and potential new homeowners, particularly those seeking more affordable housing.
- **Influences on the Market:** The limited operating schedule of Silverton Mountain (open only Thursday through Sunday) continues to be a driver of interest in the area, particularly for those looking to invest in properties. However, the cap on short-term rentals (STRs) has curbed some investment purchases, as buyers are restricted in their ability to generate rental income.
- **Barriers to Homeownership:** The biggest barriers to homeownership identified by realtors include the availability of suitable housing and the challenge of securing a down payment. These factors contribute to the difficulty many potential buyers face when trying to enter the market, particularly in a region where housing costs have risen significantly.

Affordability over Time

The chart below illustrates the indexed growth of average annual wages compared to the growth in median housing prices for residential condos and single-family homes in San Juan County from 2017 to 2023. All values are normalized to an index of 100 in 2017, providing a clear comparison of growth trends over time.

- Average annual wages have shown steady but moderate growth over the period, as represented by the green line.
- Median housing prices for condos and single-family homes, shown by the blue and orange lines respectively, have increased at a much faster rate.

These trends underscore the existing affordability challenges in San Juan County, where housing costs have risen significantly more than wages. This growing disparity makes it increasingly difficult for local residents, especially those working in lower-wage sectors, to afford homes in the area.



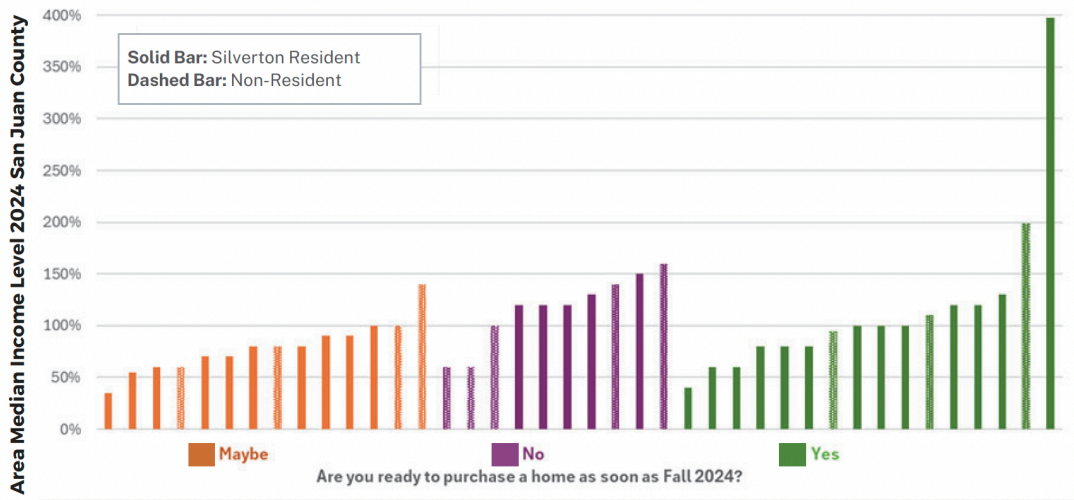
Source: BLS, ACS, San Juan County Assessor

Homeownership Interest

In 2024, the Silverton Housing Authority conducted a survey to gauge the demand for homeownership in Silverton, focusing on various income levels and household sizes. The survey received 40 responses, providing valuable insights into the community's readiness and interest in purchasing homes. The majority of respondents were from 2-person households (53.8%), followed by 1-person households (33.3%). Larger households, including 3-person (7.7%) and 4-person (5.1%), were less common.

Overall, 75% of those surveyed indicated they are either ready or might be ready to purchase a home in Silverton. In considering purchasing power, respondents reported a wide range of gross annual incomes, from \$20,000 to \$300,000. Of those ready to purchase a home, about 44% fall in the 100 to 140% AMI range.

Readiness to Purchase by AMI Levels & Residency

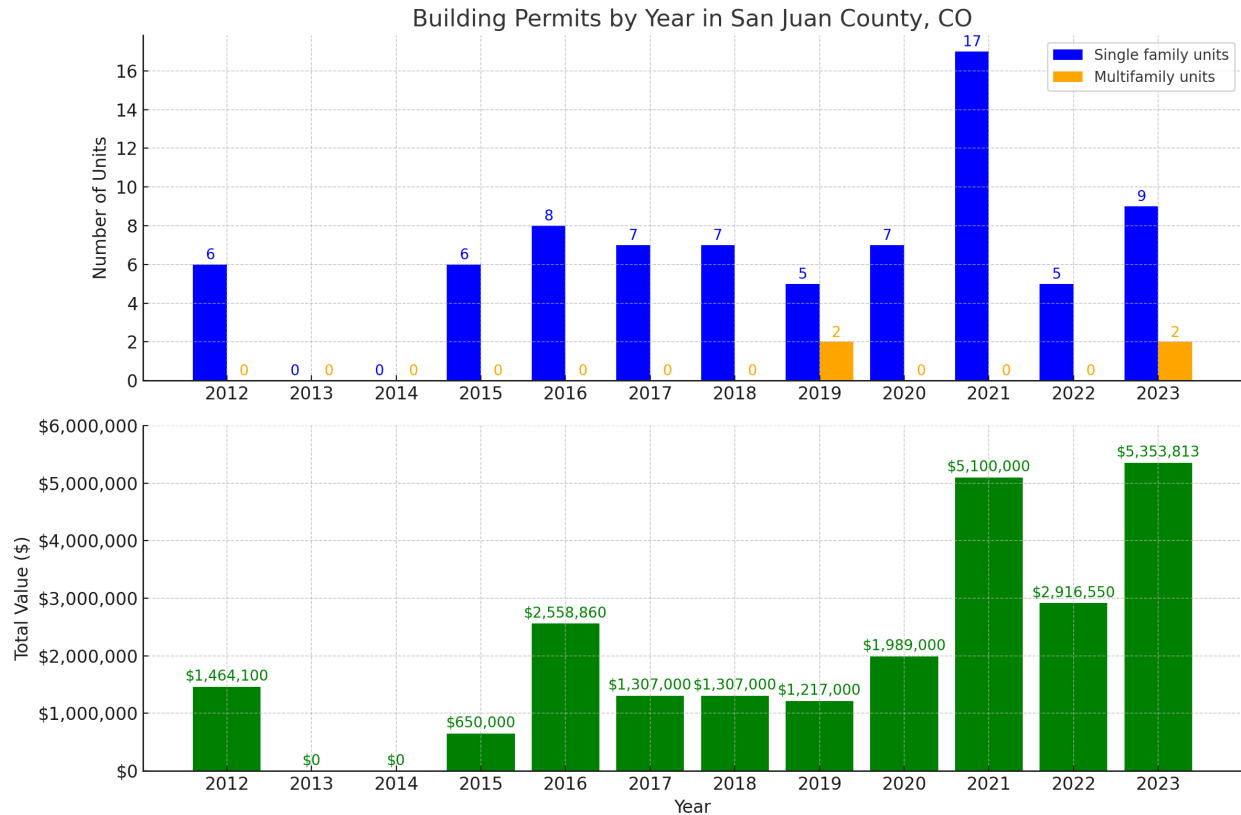


Source: 2024 Silverton Housing Authority Homeownership Interest Survey

Building Permits and Pipeline

Building trends in San Juan County, CO, from 2012 to 2023 show significant fluctuations, with certain years seeing more activity than others. In 2021 and 2023, there was a notable surge in both the number of single-family homes built and the overall value of construction permits. Single-family homes have been the primary focus, with the highest number of permits issued in 2021. Multifamily housing has been much less common, with only a few permits granted in recent years.

The total value of building permits has seen considerable variation, with notable increases in 2016, 2021, and 2023. The spike in 2021, reaching \$5.1 million, aligns with the high number of single-family permits. In 2023, the total value of permits surpassed \$5 million, likely due to both more expensive projects and rising construction costs. These figures suggest a strong emphasis on single-family housing in the county, with periods of increased building activity.



Source: US Census Bureau Building Permits Survey

The Silverton Building Department reports that, as of now, there are no applications for new single-family housing construction for the current building season. It's still too early to predict the activity for the next season.

In addition to the ongoing Anvil and Zanoni projects, there are a few housing development projects in progress, though they are several years out from completion:

- **Mineral Creek Home Sites:** Mineral Creek Homes is currently focusing on the infrastructure development necessary to service up to 64 potential building sites. The exact number of developed sites will depend on how the developer proceeds with the development or parcel sales. At this stage, no plans have been submitted for the construction of dwelling units. The estimated timeline for the commencement of construction is within 1 to 3 years.
- **Aminas Overlook PUD:** GFS LLC is proposing a Planned Unit Development (PUD) to subdivide two blocks into 16 home sites. Similar to the Mineral Creek project, no construction plans for dwelling units have been received yet. Construction is estimated to begin within the next 3 to 5 years.

Absorption - Rental

San Juan County's rental market is currently experiencing near-zero vacancy rates, which indicates a strong demand for rental units. The tightness in the market, driven by a limited supply and increasing rental costs, suggests that any new rental units introduced into the market would likely be absorbed quickly.

- **Historical Context:** In recent years, particularly from 2019 to 2023, the number of building permits for single-family homes ranged from 5 to 17 units annually, with multifamily permits being issued sporadically. Given the high demand and low vacancy, it's reasonable to assume that newly built rental units will be absorbed at a rapid pace.
- **Expected Absorption Rate:** Considering the current market dynamics, new rental units, particularly those targeted at households earning up to 80% of AMI, are expected to achieve full occupancy within a few months of completion. The absorption rate could be as high as 90% within the first three months, particularly if the units are competitively priced and located near employment centers.

Absorption - Ownership

The ownership market in San Juan County has seen significant growth in home prices, reflecting strong demand, particularly among higher-income households. However, the market also faces affordability challenges, which could impact the absorption of new ownership units.

- **Historical Sales Trends:** From 2017 to 2023, the median sales price for residential condos and single-family homes rose significantly, with compounded annual growth rates of 14.9% and 12.5%, respectively. The report also notes a limited number of sales in the lower price ranges, with most transactions occurring in higher price brackets.
- **Target Market:** For new ownership units targeted at households earning between 100% and 140% of AMI, absorption may vary based on the affordability and accessibility of financing options. The target market for these units includes first-time homebuyers and young families, who may require additional financial assistance to make purchases feasible.
- **Expected Absorption Rate:** Given the existing demand and limited availability of affordable ownership options, new units in this price range are expected to be absorbed within 6 to 12 months. However, absorption could be slower if economic conditions worsen or if there is limited access to favorable mortgage products. Conversely, if local and state incentives are provided, the absorption rate could accelerate.

Section 4 - Demand Estimates

This section provides a detailed analysis of the housing demand in San Juan County, focusing on both rental and ownership markets. Using a conservative approach, the estimates consider existing households and the need to fill currently unfilled jobs over the next three years. The analysis breaks down demand by Area Median Income (AMI) and tenure, offering insights into the specific needs of different income groups.

Households by AMI and Tenure

Household incomes are typically expressed as a percentage of the Area Median Income (AMI) to allow for applicability among various programs and across geographies. Figures vary by household size and are published annually by the Department of Housing and Urban Development (HUD).

HUD 2024 San Juan County AMI (up to 4 person household)

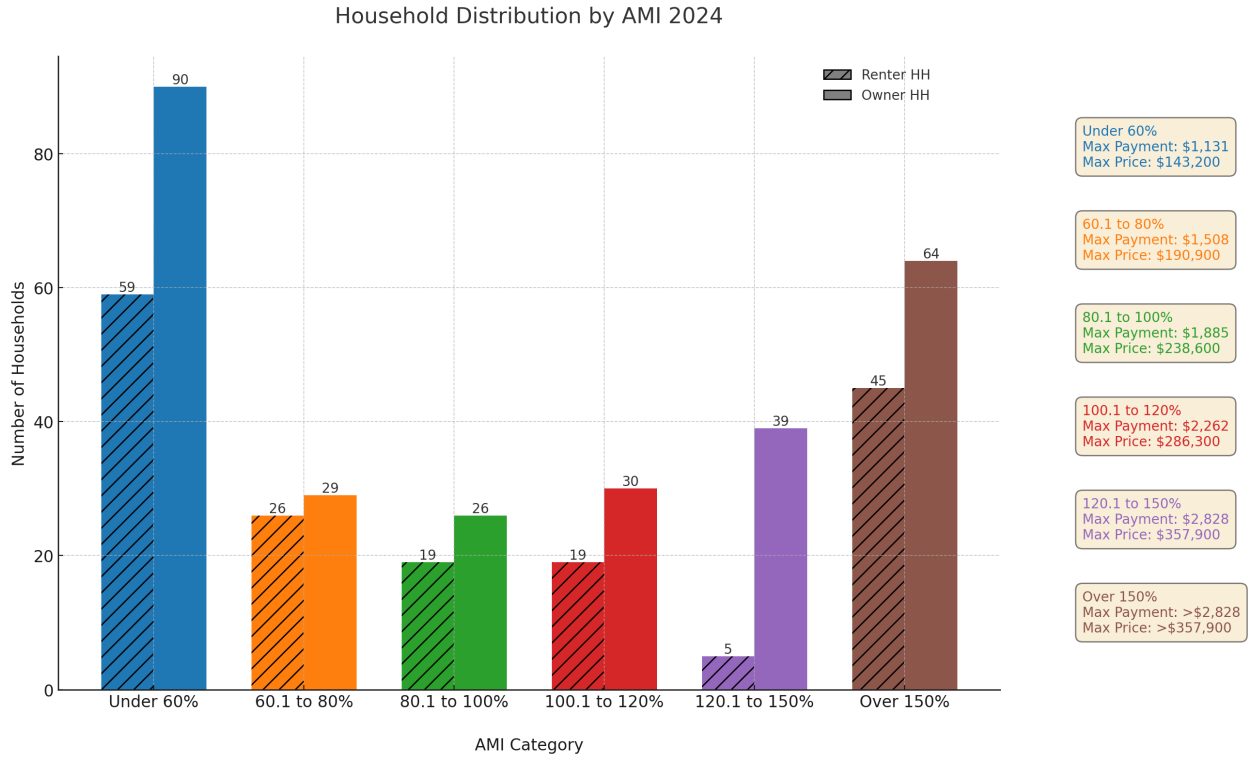
	1-person	2-person	3-person	4-person
60%	\$39,600	\$45,240	\$50,880	\$56,520
80%	\$52,800	\$60,320	\$67,840	\$75,360
100%	\$66,000	\$75,400	\$84,800	\$94,200
120%	\$79,200	\$90,480	\$101,760	\$113,040
150%	\$99,000	\$113,100	\$127,200	\$141,300

Source: HUD

The chart below shows the distribution of households in San Juan County by income level and housing tenure, focusing on their ability to afford housing costs. Households in San Juan County earning under 60% of the AMI, which equates to a maximum income of \$45,240 for a two-person household, represent the largest group among both renters (59 households) and owners (90 households). These households can afford a maximum monthly housing payment of \$1,131, with a purchase price limit of \$143,200.

As incomes increase, the number of households decreases, with fewer households in the higher AMI categories. For example, those earning between 60.1% and 80% of the AMI can afford up to \$1,508 in housing payments, with a maximum purchase price of \$190,900. This group includes 26 renter households and 29 owner households.

The highest income group, earning over 150% of the AMI, can afford housing payments above \$2,828 and homes priced over \$357,900. This group comprises 45 renter households and 64 owner households.



Source: HUD, Ribbon Demographics, Western Spaces Calculations

*Calculated with a 30% housing cost from gross monthly income, a 7% interest rate on a 30-year mortgage, and a 5% down payment.

Unfilled Jobs

Labor is in short supply, both locally and nationally. In such a competitive environment, the near-zero rental vacancy rates, and high and rising home prices and rents, make it even more difficult to attract labor to the area.

Employers as part of the 2021 Housing Needs Assessment reported difficulty in hiring and retaining employees due to housing shortages. Many employees resort to long commutes or living in substandard conditions.

Based on the 2021 Employer Survey conducted as part of the regional housing needs assessment, there were 37 unfilled jobs in Silverton, primarily in low-wage sectors such as food and beverage and housekeeping. Since that survey, 14 new housing units have been permitted. However, sales data from 2022 and 2023 show no new construction sales below \$500,000, suggesting that these new units are not addressing the housing needs of workers in these industries. Without specific data on retiring workers, it's likely that while some positions may have been filled, the lack of affordable new construction means the number of unfilled jobs could remain unchanged in 2024.

Category	Calculation
Unfilled Jobs	37
Jobs per employee	1.2
Employees filling jobs	31
Employees per households with a worker	1.8
New housing units needed	17

Functional Rental Market

The current rental supply in the county is not functional because vacancies are below 1%, placing substantial upward pressure on rents. When vacancy rates are this low, the rental market is near capacity and cannot absorb new residents or employees moving to the area, much less provide opportunities for current residents to find more suitable rentals as their housing needs change. Renters are “stuck” in their homes, and subject to burdensome rent increases.

A 5% vacancy level, while still low, provides some choice and availability of units for residents and employees. To increase the vacancy rate to 5%, about 17 rental units are needed.

Rentals Needed for a Functional Market	
Renter-occupied units (2024 est.)	174
Number of rentals if 5% vacancy rate	183
Total number of units needed for 5% vacancy rate	9

Rental Demand Estimate

The demand for rental housing is estimated for households earning between 60% and 80% of the Area Median Income (AMI). For a two-person household, this income range caps at \$60,320, allowing for a maximum monthly housing payment of \$1,508.

Currently, there are 26 renter households in this income bracket, along with 3 unfilled jobs that could potentially be filled by workers in this category. A functional rental market is projected to add 1 additional household, resulting in a total of 30 eligible households.

Capture rates are used to estimate the portion of the eligible housing market that can realistically be expected to rent newly available units. These rates are expressed as a percentage of the total eligible households within a specific income bracket.

- **Low Capture Rate (15%):** This conservative scenario assumes that only 15% of the eligible households in the 60% to 80% AMI range would choose to rent the new units. Under this scenario, 5 potential units could be absorbed by the market.
- **Mid Capture Rate (20%):** This moderate scenario assumes that 20% of the eligible households would rent the new units. Under this scenario, 6 potential units could be absorbed.

- **Aggressive Capture Rate (25%):** This more optimistic scenario assumes that 25% of the eligible households would rent the new units. Under this scenario, 8 potential units could be absorbed.

These capture rates help estimate the number of new rental units that could be successfully filled based on the existing and projected demand in the market. By applying different capture rates, the analysis provides a range of potential outcomes, helping to guide planning decisions.

Demand for Rental Units

	60.1 to 80%
Max Income - Up to 2 person HH	\$60,320
*Max housing payment 2 person HH	\$1,508
Current Renter Households	26
Unfilled Jobs	3
Functional Rental Market	1
Total Eligible Households	30
Capture Rate-Low	15%
# of potential units	5
Capture Rate-Mid	20%
# of potential units	6
Capture Rate - Aggressive	25%
# of potential units	8

Ownership Demand Estimate

For this estimate, certain assumptions were made. It is assumed that, with growth, demographics and preferences will remain largely the same. Additionally, the estimate includes 20% of current owners as potential movers, accounting for those looking to downsize, upgrade, or relocate due to the quality of their existing home, lifestyle changes, or other personal reasons. This figure may vary based on local market dynamics, the appeal of new developments, and broader economic conditions.

The demand for ownership housing is estimated for households earning between 80.1% and 150% of the Area Median Income (AMI). For a two-person household, this income range spans from \$75,400 to \$113,100, corresponding to maximum purchase prices between \$238,600 and \$357,900.

- **Low Capture Rate (15%):** 4 potential units could be absorbed in both the 80.1% to 100% and 100.1% to 120% AMI categories, and 2 units in the 120.1% to 150% category.
- **Mid Capture Rate (20%):** 5 potential units could be absorbed in the 80.1% to 100% and 100.1% to 120% AMI categories, and 3 units in the 120.1% to 150% category.
- **Aggressive Capture Rate (25%):** 6 potential units could be absorbed in the 80.1% to 100% category, 7 units in the 100.1% to 120% category, and 4 units in the 120.1% to 150% category.

Demand for Ownership Units

	80.1 to 100%	100.1 to 120%	120.1 to 150%
Max Income - Up to 2 person HH	\$75,400	\$90,480	\$113,100
*Max purchase price 2 person HH	\$238,600	\$286,300	\$357,900
Current Renter Households	19	19	5
Owners would move (20%)	5	6	8
Unfilled Jobs	2	2	2
Total Eligible Households	26	27	15
Capture Rate-Low	15%	15%	15%
# of potential units	4	4	2
Capture Rate-Mid	20%	20%	20%
# of potential units	5	5	3
Capture Rate - Aggressive	25%	25%	25%
# of potential units	6	7	4

Capture Rate Considerations

The 2021 Workforce Housing Needs Assessment highlights critical housing challenges in San Juan County, particularly for individuals and families within the 80% to 125% AMI range. Here's a breakdown of the key insights and how they support the use of a higher capture rate:

- **Target Population:** The assessment focuses on those earning between 80% and 125% of the Area Median Income (AMI), a group that is essential to the local workforce. This population faces significant challenges in finding affordable housing, particularly for larger units that can accommodate families.
- **Demand Projections:** The lack of available and affordable units further intensifies the demand, suggesting that the market is not meeting the needs of the local workforce. The needs assessment revealed significant gaps in the current affordable housing supply. At least 22 new units are needed for permanent residents, along with 14 beds for seasonal workers, over the next three years. The sharp increase in in-commuting due to the lack of local housing options has led to unfilled jobs and high turnover rates, directly impacting local businesses.
- **Employer Challenges:** Qualitative data from surveys and interviews with local employers reveal that housing shortages are directly impacting their ability to hire and retain employees. Many workers are forced into long commutes or substandard living conditions, which highlights the urgent need for more affordable housing options.

Market Insights Supporting a Higher Capture Rate:

- Given the severe affordability gaps and the pressing demand for larger rental units, increasing the capture rate could be an effective strategy. A higher capture rate would aim to better meet the housing needs of the local workforce by accelerating the development of affordable units.
- The persistent difficulty in filling jobs due to housing shortages further justifies a more aggressive approach. By targeting a higher percentage of the eligible population, the market could more effectively address the existing gaps and improve the overall quality of life for workers, making it easier for local employers to attract and retain talent.



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memorandum

to: Jerilynn Francis
from: Community Investment Team
date: July 1, 2024
subject: Town of Silverton and San Juan County Housing Market Analysis
contact: Chris S. Lopez, Community Relationship Manager, Southwest Colorado

subsidy grant request summary

project name: Town of Silverton and San Juan County Housing Market Analysis
amount: \$3,900
community: Town of Silverton and San Juan County
purpose: Support Town of Silverton and San Juan County in obtaining a Housing Market Analysis
timing: ASAP
recipient: Silverton Housing Authority

organization description

Silverton Housing Authority

The Silverton Housing Authority (SHA) was established by Intergovernmental Agreement on 1/8/2024. SHA's mission is to facilitate and promote the supply of quality and affordable housing in the Town of Silverton to enhance the well-being of Silverton's residents and economy.

request description

The SHA is working with local governments and partner organizations to complete a Housing Market Analysis (HMA) specific to their region to help address their affordable housing needs and attract federal and state resources. A Housing Needs Assessment (HNA) was performed for Silverton and San Juan County by Root Policy in the summer of 2021 as part of a broader regional HNA and in partnership with San Juan Development Association (SJDA), the Southwest Colorado Council of Government, and Housing Solutions for the Southwest. The report analyzed existing housing data, housing plans, and identifies housing needs and the full report is accessible here, [San Juan County & Silverton Housing Needs Assessment - August 2021](#).

Like many mountain communities, Silverton is experiencing a housing shortage. Currently more than 65% of Silverton homes sit vacant at least part of the year, as second homes or vacation rentals. Creating more workforce housing like the Anvil Mountain development, incentivizing infill with Accessory Dwelling Units, and revisiting zoning and building codes are just a few of the ways SHA, SJDA and local government is addressing this issue.

In Fall 2021, SJDA applied for and was awarded a technical assistance grant from CHFA to progress the Anvil Mountain affordable housing development that was recently annexed into the Town of Silverton. The Town and newly created SHA again applied for CHFA's technical assistance program, and they are currently participating in the current round for their Zanoni parcel that is immediately adjacent to the Anvil Mountain development.

The SHA is seeking CHFA assistance from our Subsidy Grant funds to help offset some of the costs associated with completing the HMA. The organization through San Juan County has currently budgeted \$4,900 for this work which will include basic market analysis, stakeholder engagement, consultant recommendations, a graphically rich executive summary of the findings for public distribution and discussions for addressing urgent and longer-term housing needs. A rough timeline for the project is as follows:

- May 6: SHA Request for Quotes
- June 10: SHA Board Meeting approval of contract with Western Spaces LLC, pending funding.
- June 12: SHA request funding from San Juan County Board of Commissioners from Lodgers Tax Affordable Housing Fund.
- July: Virtual project kick off meeting to discuss and refine scope of work.
- July-August: Existing conditions and housing cost analysis; presentation of findings to city staff and/or advisory or working group. Community engagement consisting of fielding a resident/employer survey, meetings with housing providers (nonprofit developers, private developers, city and county leadership, major employers)
- August: Completion of draft, staff review
- September: SHA Regular Meeting to present and discuss findings to stakeholders and general public

leverage

Total Project Cost: \$4,900

Total CHFA funding: \$3,900

Total Committed or Pending Funding: \$1,000 (San Juan County Lodgers Tax Fund)

benefits

- Provides CHFA support to the SHA to complete a HNA for their community.
- Completion of the HMA will provide critical information and guidance for addressing the affordable housing needs in their community, as well as meet requirements for accessing federal and state resources.
- Provides increased visibility to CHFA and their Community Investment work in the region.



AGENDA MEMO

SUBJECT: ADU Stock Plan Project / CHFA Direct Effects Grant Application
MEETING DATE: 9/9/2024
STAFF CONTACT: Anne Chase

Overview:

In March 2024, the SHA Steering Committee attending Community Builders’ Building Better Places Training. The SHA Board adopted the SHA Building Better Places Action Plan during the 4/22/2024 SHA meeting.

Staff has been working on the SHA Action Plan - Strategy 2: Policy – Key Actions #3: Acquire local builder/developer affordable housing plans to create a housing “pattern book.” The purpose behind this strategy is to encourage the private market development of affordable housing by incentivizing building ADUs by providing pre-approved and inexpensive plans to land owners in Silverton.

Staff identified CHFA Direct Effects Grant as a funding opportunity to support this project. Application due September 13, 2024.

Staff has been working with Mountain Studio Architects over the summer to create a proposal for the project. Staff will use the budget proposed by Mountain Studio Architects as the grant funding request amount. Mountain Studio Architects’ proposal is attached below.

Pending grant award, Staff will release an RFQ for the ADU Stock Plan project.

SHA Action Plan Strategy:

Strategy 2: Policy – Key Actions #3: Acquire local builder/developer affordable housing plans to create a housing “pattern book.”

<i>Strategy 2: Policy</i>		
<i>Purpose: Create clear direction from Town of Silverton Trustees, staff, and community</i>		
The Town of Silverton is currently updating their Land Use and Development code to better support a variety of housing types/ choices and price points. A major goal of the new code update is to create a more predictable code that attracts developers to create a variety of affordable and attainable housing.		
Key Actions	Timeframe	Coordinator(s)
1. Meet with Clarion Associates to review land use code options	May	Lucy/Steering Committee
2. Community engagement begins on land use code update	May	Lucy, Melissa, Emily
3. Acquire local builder/developer affordable housing plans to create a housing “pattern book” a. Follow up with non locals and issue RFP if necessary	Q2 2025	Lucy
Potential Barriers		
<ul style="list-style-type: none"> • Differing opinions by community members on building heights, densities, types, and location. • Ability for the community to listen and understand the specifics and benefits of the AH program • Appealing to potential home owners and renters as well as attracting developers for market rate and affordable housing 		

Motion or Direction: Information only.

September 5, 2024

Town of Silverton
Attn: Anne Chase, Director, Silverton Housing Authority
Silverton, CO 81433



Re: Silverton Housing Authority ADU Stock Plans

Dear Anne,

Mountain Studio Architects is pleased to present this estimate for design services for the Silverton Housing Authority's ADU Stock Plan project. The following is an estimate only and has been provided to assist in the application process for the CHFA Direct Effects Grant.

This proposal is based on the following design criteria:

- (4) Accessory Dwelling Unit floor plan types, plus variations to accommodate site and zoning circumstances unique to the Town of Silverton

Project Services:

We anticipate a three-phase process for design, including: the Research and Pre-Design Phase occurring prior to the Request for Proposal and Qualifications (RFP/RFQ); the Development Phase occurring once the project has been awarded to a design team; and the subsequent Design and Documentation Phase. These Phases are outlined and described as follows:

1. Research and Pre-Design Phase

This phase will include initial research into the Town's existing zoning, lot sizes, conforming and non-conforming lots, and ADU opportunities at a minimum to better gauge the suitability for the proposed ADU configurations and make adjustments as the Town sees fit. This phase will include:

- Maps and summary of Town lot sizes, conforming and non-conforming lots, and ADU suitability
- Planning Commission and Historic Review Committee consultation
- Town Forum and Community Input in a format to be determined

2. Development Phase:

This phase will further develop the conversation between the Town and the Design Team, as well as develop the Design Manual, which will illustrate the ADU project offerings. This phase will include:

- Planning Commission and Historic Review Committee consultation
- Town Forum and Community Input in a format to be determined

- Design Manual describing the overall Silverton ADU project, the benefits of and uses for ADUs, the permitting process, the ADU plan designs, and Town Resources

3. Design and Documentation Phase:

This phase will include the design drawings and documentation for four Accessory Dwelling Units of various sizes, accommodations and configurations. Each plan will include a baseline design most suitable for the greater part of Silverton, as well as an alternate design preapproved for the Historic Overlay District (HOD) and Architectural Review Overlay District (AROD). The anticipated ADU configurations are as follows:

Unit 1: One-story, One-bedroom, One-bath (approx. 600 sf)

- 1A: Mountain Contemporary
- 1B: Alternate Exterior – HOD/AROD modifications
- ADA modifications for 1A and 1B (add/modify ADA features)

Unit 2: Two-story, One-bedroom, One-bath (approx. 450 sf)

- 2A: Mountain Contemporary
- 2B: Alternate Exterior - HOD/AROD modifications

Unit 3: Two-story, One-bedroom, One-bath (approx. 600 sf) + Garage

- 2A: Mountain Contemporary
- 2B: Alternate Exterior - HOD/AROD modifications

Unit 4: Two-story, Two-bedroom, Two-bath (approx. 800 sf) + Garage

- 3A: Mountain Contemporary
- 3B: Alternate Exterior - HOD/AROD modifications

Fee Schedule:

This document includes a fee estimate for architectural and structural design and documentation services provided by Mountain Studio Architects and Goff Engineering & Surveying, Inc.

Our estimated fee for design and documentation services is based on a baseline design of four accessory dwelling units of various sizes and accommodations, as well as an alternate design option to assist in meeting the design requirements of the Town's Historic District and Architectural Review Overlay District. These plans will be made available to Town of Silverton homeowners as pre-approved stock plans. The proposed services and estimated fees are as follows:

Research and Pre-Design Phase	
Town Lot and ADU Suitability Study	\$2,500
Planning / Historic Review Consultation	\$1,000
Town Forum / Community Input	\$1,000
Total	\$4,500

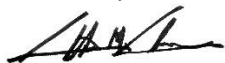
Development Phase	
Planning / Historic Review Consultation	\$1,000
Town Forum / Community Input	\$1,000
Design Manual	\$7,500
Total	\$9,500

Design and Documentation Phase (includes Structural Engineering)		
Unit	Description	\$ Amount
1A	Mountain Contemporary design	\$14,050
1B	Alternate Exterior Design – HOD/AROD modifications	+\$2,760
ADA	ADA Modifications	+\$1,620
2A	Mountain Contemporary design	\$10,100
2B	Alternate Exterior Design – HOD/AROD modifications	+\$2,220
3A	Mountain Contemporary design	\$12,550
3B	Alternate Exterior Design – HOD/AROD modifications	+\$2,760
4A	Mountain Contemporary design	\$16,150
4B	Alternate Exterior Design – HOD/AROD modifications	+\$3,480
Total		\$65,690

TOTAL ESTIMATED FEE	
PHASE	\$ Amount
Research and Pre-Design Phase	\$4,500
Development Phase	\$9,500
Design and Documentation Phase	\$65,690
TOTAL	\$79,690

Thank you for the opportunity to provide this estimate for architectural and structural design services. Please do not hesitate to contact us, and we look forward to the opportunity of working with you on this exciting project.

Sincerely,



Christopher M. Clemmons, RA, NCARB
Principal Architect