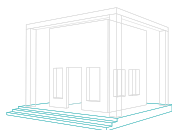


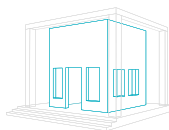
Town of Hayden Housing Action Plan

Fall 2022

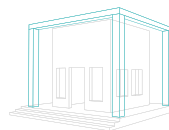
Prepared by:



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CAPPELLI
CONSULTING

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Background

The Town of Hayden is facing a critical lack of housing across nearly all income levels. This supply gap is imposing a high housing cost burden on current residents, preventing local employers from fully staffing their businesses, and limiting the kind of circulation that would allow households to upsize or downsize their homes as needed.

Hayden prioritized the need for housing in the 2021 *Hayden Forward Master Plan*, which included a development feasibility analysis and recommendations including land use code updates and strategies for public private partnerships. Many of the recommendations from the Master Plan have already been implemented or are in progress.

The Town also commissioned a *Housing Needs Assessment* in 2022. The Needs Assessment quantified the amount of housing needed and at what price points in order to create a healthy housing market that served residents based on the current income distribution. The assessment estimated that Hayden needs between 125-150 units over the next five years to catch up to existing demand and keep pace with future demand. This estimate addresses and accounts for rebalancing the current rental vacancy rate and for-sale supply as well as for the units needed to fill future job positions and accommodate retirees. Additional housing at higher price points may be needed to support the demand from remote workers and spillover from Steamboat Springs—but that development is well suited to be met by the market and is unlikely to need public support. Therefore, **this Housing Action Plan is oriented to meet the specific needs of the Hayden community over the next five years.**

Action Planning Process

The Housing Needs Assessment (HNA) was completed in early June, 2022 and presented to the Steering Committee, which was composed of residents, business owners, and elected officials. The HNA highlighted the need for 125 to 150 units at price points between \$230,000 to \$430,000 for homeownership and \$600 to \$2,000 for rentals. Steering Committee members discussed the desire to strike a balance between maintaining a high rate of homeownership in the community while also increasing the variety of housing types for both homeownership and long term rentals. Rooted in the HNA findings and feedback from the Steering Committee, the Committee and consultant team began to explore potential strategies to incorporate in the Housing Action Plan.

The Steering Committee met again at the end of June and was presented with a Housing Toolkit to determine the most effective housing strategies for Hayden. Potential strategies were considered

within the following three contexts: increasing the housing supply for those earning more than 80% AMI, increasing the housing supply for those earning less than 100% AMI, and preserving the existing housing stock within Hayden. A subgroup focused on each context discussed how various tools might best support the goals of their group. The results of this process are the foundation for this Housing Action Plan.

Action Plan Schedule

	Week of									
	6/6	6/13	6/20	6/27	7/4	7/11	7/18	7/25	8/25	9/15
Steering Cmte Review of HNA										
HNA Presentations to Electeds										
Action Plan Toolkit Workshop										
Action Plan Drafting										
Steering Cmte Review of HAP										
HAP Revisions										
HAP Presentations to Electeds										

Housing Goal

To meet the identified housing need, the Town will need to target the creation of 25-30 new units each year, which is 6-7 times the rate of production seen from 2010-2020. Based on the need for such a large production increase, it will be necessary for the Town and other community leaders to coalesce behind the most feasible development projects.

One of the most striking findings from the Housing Needs Assessment was how wide a range of price points the housing need was distributed across. Supply is constrained from 0%→300% AMI, which translates to a household income of between \$0→\$163,000 per year. The Steering Committee emphasized the importance of maintaining economic diversity and accessibility for working class residents, so the focus of strategies to address these housing needs will be on development serving households between 0%-150%AMI.

AMI	Household Income Range (2-person household)	Maximum Affordable Sale Price	Total Household Income Distribution	Maximum Affordable Rent	Renter Income Distribution
<30%	\$0-\$24,570	\$86,300	15%	\$614	16%
30.1-50%	\$24,570-\$40,950	\$143,800	9%	\$1,024	10%
50.1-80%	\$40,951-\$65,520	\$230,100	22%	\$1,638	36%
80.1-100%	\$65,521-\$81,900	\$287,600	13%	\$2,048	13%
100.1-120%	\$81,901-\$98,280	\$345,100	12%	\$2,457	10%
120.1-150%	\$98,281-\$122,850	\$431,400	16%	\$3,071	6%
150.1-200%	\$122,851-\$163,800	\$575,200	5%	\$4,095	4%
>200%	>\$163,800	>\$575,200	9%	>\$4,095	6%
Total	--	--	100%		100%

Because housing is needed across such a wide breadth of income levels, the consulting team recommends Hayden prioritize one rental development project and one for-sale development project to begin addressing the shortfall.

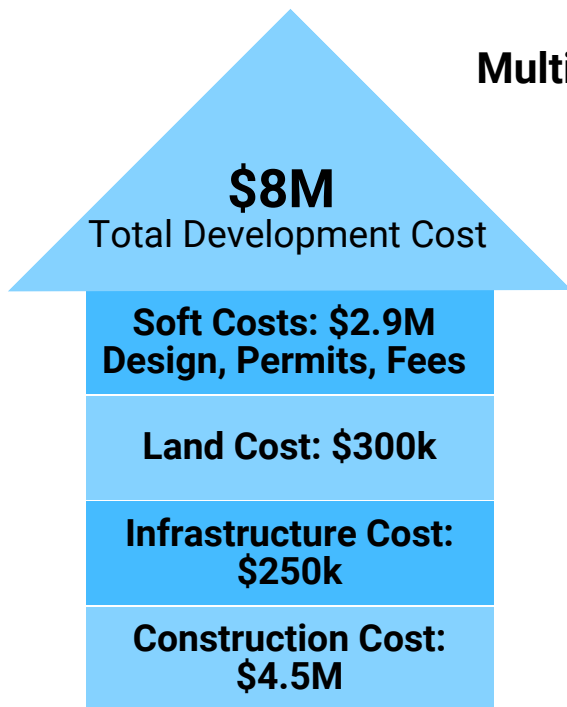
Town Role

Capital (Funding) Gap

The largest gaps in the Hayden housing market are 1 and 2 bedroom units, both for sale and for rent, rentals priced between \$1,000-\$2,000/month. There is also a critical need for rentals at and below \$614/month which can be served with tax credit financed projects.

Understanding the Capital Gap

Multi Family: 15 units, 2 bedroom, 800 square feet each

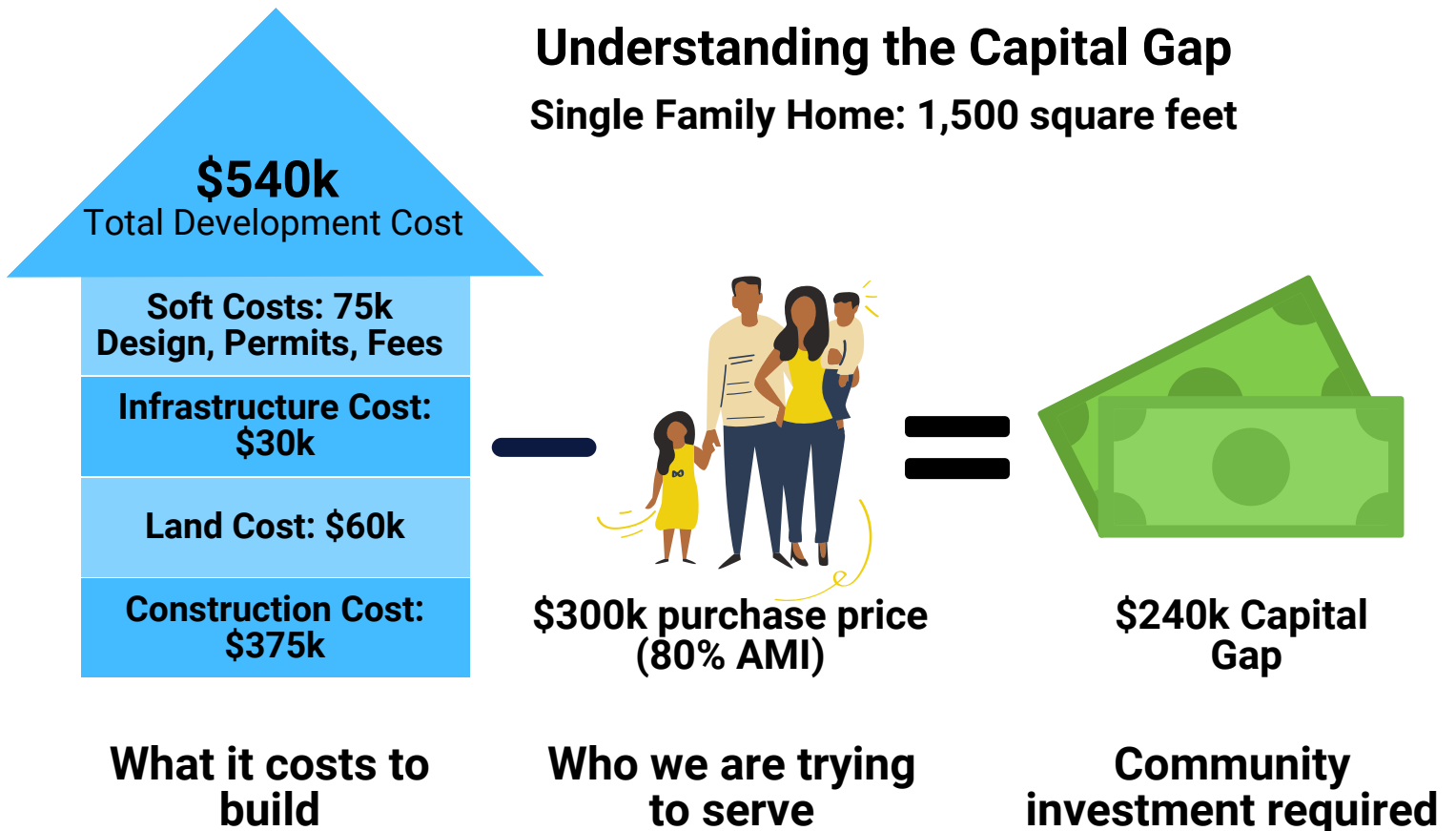


Incomes Served	60% AMI	80% AMI
Monthly rent	\$1,381	\$1,842
Total annual rent (income)	\$248,580	\$331,560
Less operating costs	(\$98,000)	(\$98,000)
Net operating income (NOI)	\$133,000	\$210,000
Mortgage size	\$1.9M	\$3.1M
Capital Gap (Equity Needs)	\$6.1M	\$4.9M

On the for-sale side the Town's greatest needs include homes priced below \$430,000, and more diverse housing forms including duplexes, townhouses, and condos. Unfortunately, with the rising costs of land, labor, and building materials, the cost to build this housing exceeds these price points.

Understanding the Capital Gap

Single Family Home: 1,500 square feet



In order to fill this gap, the public and private sectors need to work together and leverage a variety of tools and resources. The strategies discussed throughout this Action Plan are high-priority steps to enable, encourage, and incentivize the types of housing most needed in Hayden.

Additionally, Hayden can signal housing priorities to developers by having a clear and consistent approach to the level of support the town is willing to offer for various development proposals. This can also help preserve developer and staff time by making it more clear what residential development falls outside the town's priorities.

Town Housing Priorities and Tools to Support Development

The following chart reflects the Town's housing priorities.

Priority Level	Types of Housing	How the Town might support (case by case basis – resources available and project merit)
1	Rentals - Priced up to 80% AMI For Sale – Priced up to 100% AMI Employer sponsored for-sale & rental housing without income limits	<ul style="list-style-type: none"> • Fee waivers, reductions, deferrals • Infrastructure cost sharing – greatest financial support • In-kind support with staff time, public works services • Pass through grant funding from State/Federal sources • General Fund allocation for matching funds to leverage other resources • Housing authority participation for tax exemption, pass through funding, management and compliance support • Advocacy for LIHTC and other State/Federal resources
2	Rentals - Priced 80 - 120% AMI For Sale – Priced 100 - 200% AMI For Sale/For Rent for Seniors - all price points	<ul style="list-style-type: none"> • Fee reductions, deferrals • Infrastructure cost sharing – mid level financial support • In-kind support with staff time, public works services • Housing authority participation for tax exemption, pass through funding, management and compliance support
3	Rentals - Priced above 120% AMI For Sale – Priced above 200% AMI	<ul style="list-style-type: none"> • Fee deferrals • Infrastructure cost sharing – lower level or no financial support

Action Plan Strategies

Because of the low rental vacancy rate and the low inventory of for-sale housing, each of the primary strategies is focused on increasing the housing supply within the Town of Hayden. Other strategies will be essential to preserve the existing housing stock and ensure housing is serving the local community—but the most critical intervention will be to increase the overall supply.

Primary Strategies:

- Coalesce around a feasible development
- Support infrastructure costs for needed housing types
- Coordinate an employer-assisted housing effort
- Land Banking
- Partner around Accessory Dwelling Units (ADUS)

Additional Housing Tools:

- Rehabilitation and Weatherization Programs
- Annual Review of Short Term Rentals
- Annexation & PUD Policies
- Inclusionary Zoning
- Grow Capacity in Local Housing Organizations

This Action Plan details how to utilize these tools in Hayden, describing what the strategy looks like, who should lead the strategy, a timeline for implementation, and what funding will be required.

Primary Strategies

Coalesce around a feasible development

What this strategy is:

Hayden has extensive developable land both within current city limits and in areas outside city limits that could be eligible for annexation. Developers frequently approach Hayden with ideas, but since the last recession, these have rarely come to fruition. However with the right strategies and stepped-up coordination, the Town, business community, neighbors, and nonprofits have the opportunity to come together to reverse this trend and support a project through to development.

This support can take many forms such as financial partnerships, property tax exemptions, advocating for funding, and creating a smooth path through the Town planning/permitting process. This type of support can make a big difference in reducing risk and helping to move a project from conceptual to concrete—and is particularly effective when a developer is seeking funding from Colorado Housing and Finance Authority and Colorado Division of Housing, both of whom administer competitive resources and closely consider local support. The consultant team recommends starting by coalescing in support for a rental project serving households below 80% AMI; if a project becomes eligible for the 2023 9% Low Income Housing Tax Credits, this would be a great place to start.

Who will implement this strategy:

Town Council with the support of Town Manager and Community Development Director

How to accomplish this strategy & proposed timeline:

This strategy can begin immediately, and can be renewed with each successful development.

Estimated cost and funding sources:

This will vary widely, depending on available Town resources. Property tax exemption via the Hayden Housing Authority has multiple benefits: it provides a significant incentive for developers, is relatively inexpensive to provide, and could yield long term benefits to the Housing Authority. While more costly, Hayden's support of infrastructure extensions, tap fees waivers, and/or offsets other project development costs will also be incredibly impactful. For context, many other communities directly support workforce housing with local subsidies that range from \$10,000 to over \$100,000/unit.

Support infrastructure costs for needed housing types

What this strategy is:

Extending streets, water, sewer, and other utilities is one of the earliest and highest risk endeavors for developers. In our current construction environment, this first step to “development ready land” is often where projects fail the economic feasibility test. When local government can help to mitigate this risk by providing the infrastructure, helping to finance it, or deferring certain infrastructure requirements, projects become more likely to succeed. However, this is a high cost, high complexity undertaking. The Town will want to make sure there is a strong partnership with the end developers, and that the development being delivered meets local community goals.

Who will implement this strategy:

Town Council with the support of Town Staff.

How to accomplish this strategy & proposed timeline:

This strategy is likely to be negotiated on a case by case basis. However, the Town could issue an RFP offering certain infrastructure resources, and ask developers to put their best foot forward. Or alternatively, the Town could pair this strategy with coalescing to support a specific project moving forward.

Estimated cost and funding sources:

This will be specific to the situation, but recent examples from elsewhere in the state have shown the costs of streets and utilities between \$550-\$800 per linear foot, depending on street standards, location, and density of housing.

Many Cities and Towns are trying to incentivize development through infrastructure cost sharing. This can be funded through:

- One time grants such as Congressionally Directed Spending requests.
- Local allocations of Federal dollars such as funds from the American Rescue Plan Act.
- A locally generated sales or use tax supporting an affordable housing fund.
- Grant funds from the Colorado Transformational Affordable Housing, Homeownership, and Workforce Housing Grant Program.

If funds are revolving - structured as low cost loans, even one-time funding sources can support several projects over time.

Coordinate an employer assisted housing effort

What this strategy is:

The lack of housing options in Hayden is holding back the local economy and 93% of employers see housing availability as at least a moderate problem in the community. Currently, 52% of employers

report offering some form of employee housing assistance, and 30% indicate they would be interested in partnering with other employers or community organizations to coordinate housing support. This willingness to coordinate can result in more robust employer assisted strategies which can take a variety of forms.

Employers can support housing in the following ways:



- Help with the housing search/housing navigation
- One stop shop - resource hub
- Housing stipend
- Rental payment assistance
- Down payment assistance/ mortgage assistance
- Rental housing either owned/ leased by the employer
- Pooled property management
- Creating new supply

Employer capacity and local conditions will determine which of the above will be the most successful in Hayden. Based on the supply constraints the town is experiencing, the consulting team recommends approaches that increase supply (creating new supply, master leasing) rather than intensify competition (housing costs assistance).

Who will implement this strategy:

- Hayden Economic Development Commission
- Local Employers, potentially including:
- Northwest Colorado Health
- Routt County
- Steamboat Ski & Resort Corporation
- School District
- Xcel Energy
- Yampa Valley Electric Association

How to accomplish this strategy & proposed timeline:

The first step in developing a coordinated strategy is to convene interested employers and discuss the options for employer housing assistance to get a sense of capacity and interest. Fortunately, some partners such as the School District and Northwest Health have already expressed strong interest in using surplus land to develop housing.

Additionally, the master lease approach is an option that can expedite housing supply when used with prospective and new developments. If an employer commits to leasing up all or a certain percentage of a new development, that can reduce project risk and help the developer secure financing for the project. This can be a win-win as it helps to move developments from the concept phase to construction and it secures housing options for the local workforce. This approach can be used by a singular employer or with multiple employers committing to leasing a few units each.

The timeline for employer assisted housing will depend on the types of assistance that employers choose to leverage. Some can be implemented immediately while others can take months or years.

Estimated cost and funding sources:

As with the timeline, the cost of employer housing assistance varies, but can range from the cost of a few hours time to help with housing navigation to becoming a partner in a housing development and contributing land or other resources.

Land Banking

What this strategy is:

The town can donate, sell, or lease Town owned parcels to developments to help reduce overall development costs and incentivize the types of development that are most needed in the community. However, Hayden currently owns few parcels that would be good candidates for development.

Because land is a scarce resource, acquiring land or land banking and preserving it for future community purposes is an important strategy.

Who will implement this strategy:

Town Council with the support of Town Manager and Community Development Director

How to accomplish this strategy & proposed timeline:

The Town can identify sites that would be good candidates for future housing and purchase those parcels or acquire land through development agreements, potentially allowing developers to donate parcels to the Town in lieu of the current open space requirement.

Estimated cost and funding sources:

Land costs have increased over the past several years, however new funds available from the state could help support these efforts. A \$150 million revolving loan fund created through Senate Bill (SB)22-159 provides low interest loans that can be used for land banking with the intention of increasing affordable housing.

Partner around Accessory Dwelling Units

What this strategy is:

Accessory Dwelling Units (ADUs) are permitted as a use by right across most zone districts in Hayden, but allowing this development form does not necessarily mean they will be built (or built affordably). Oftentimes in places where ADUs are built, they are used primarily for short term rentals as this is frequently more profitable than long term rentals and can cover the costs of development more quickly.

To incentivize ADU development that serves local residents, some communities are actively subsidizing ADU development in exchange for committing to rent out the units as long term rentals at or below specified price points. If implemented in Hayden, this strategy could be a good way to incentivize “gentle density” or the addition of units without changing the community character.

To more immediately support ADU development, the Town can compile a pipeline of homeowners interested in ADUs and issue a request for proposals (RFP) for builders to coordinate multiple ADU projects concurrently, creating a better economy of scale.

Who will implement this strategy:

Town Council with the support of Town Staff.

How to accomplish this strategy & proposed timeline:

This strategy can begin immediately with an information campaign letting homeowners know about the benefits of building an ADU on their property. The Town can establish criteria for homeowners to

be included in the ADU pipeline such as interest, readiness, conformity to dimensional and other standards, etc. Once there are 5-10 interested homeowners the Town can issue an RFP to solicit interested developers.

Estimated cost and funding sources:

The cost to coordinate a pipeline of homeowners for ADU development will be minimal and mostly consist of staff time.

If the Town chooses to incentivize ADU development with a subsidy that is offered in exchange for affordability, they will need to identify grant funding or create an affordable housing fund. The program can also be developed in partnership with a local Habitat for Humanity affiliate, as modeled in the West Denver Renaissance Collaborative pilot program.

Additional Housing Tools

Rehabilitation & Weatherization Program

Like most historic towns in Colorado, Hayden has an aging housing stock. Unless regularly maintained, older homes can fall into disrepair or create unsafe living environments conditions for residents or render the homes uninhabitable. Creating or utilizing available programs to rehabilitate or weatherize these older homes positively contributes to maintaining and in some cases increasing the supply of available housing in the community.

The USDA offers Single Family Housing Repair loans and grants to Very Low Income (defined by HUD) homeowners. Loans are available “to repair, improve or modernize homes or remove health and safety hazards,” while grants are only available “to remove health and safety hazards.” The USDA will cover up to \$40,000 for loans and \$10,000 in grants, which if combined can amount to a \$50,000 allotment. Additionally, the Northwest Colorado Council of Governments (NWCCOG) offers a weatherization program to homeowners and renters that provides free energy conservation services as well as Health and Safety Evaluations. Town can act as a referral agency for these programs or potentially provide supplemental funding to support serving additional households in Hayden.

While these programs will cover the cost of these services, it can be difficult to find contractors that are willing to provide the physical labor. It will be important for Town Staff to form private partnerships and create a list of contractors available and willing to complete home repairs and improvements. Peer organizations that have developed creative layering of down payment assistance, rehabilitation, and weatherization programs include Housing Solutions for the Southwest/Homesfund and San Luis Valley Housing Coalition/Energy Resource Center.

Annual Review of Short Term Rental Policy

The Town recently began regulating short term rentals (STRs), only allowing the use in the Commercial zone district or if it is sited at a primary residence (either a room rental or an accessory dwelling unit rental). To date the STRs in Hayden have not become a significant competitor for housing stock, but given that this is a phenomenon happening across other parts of the state the consulting team recommends an annual review of the STRs marketed in and around Hayden. If this review discovers signs of an uptick in these rentals, the Town should consider strategies to preserve housing for local residents.

Annexation and PUD Policies

Developers seeking to build typically see significant benefit to having their site within municipal boundaries. Developer's working in Routt County near or adjacent to Hayden may seek to apply for annexation. By incorporating into the town and paying town taxes, those developments will be covered by town services and have greater development rights than if they remained in the county. Residents in any of these new communities would also have the opportunity to vote in town elections. Hayden, like many places, has a discretionary policy regarding annexation, and could ask that annexation applicants commit to incorporating desired community housing and other local priorities into developments that will be annexed. Some other jurisdictions set specific expectations about the type, price point, and percentage of community housing that must be provided by an annexation applicant. Land exactions for future community housing could also be an expectation written into an annexation policy.

Another approach to securing more community housing within Hayden would be to leverage Planned Unit Developments (PUDs). These are overlay districts that allow for development patterns beyond what the underlying zoning would allow. PUDs usually have a mix of uses which are negotiated with the town. If the town is interested in using PUDs to engender more housing development at a range of price points, they should specify the types of public benefits they are seeking through the agreement including the incorporation of affordable housing units. The [development code in Grand Junction](#) is a good example of a specific, yet flexible list of community priorities.

To implement this strategy, draft a community benefit component and add the language to the Annexation chapter of the Land Use Code. This language would state that annexation approval is contingent upon providing public benefit with a list of specific public benefits the city is seeking—such as employee housing, permanently affordable housing, open space, etc.—in the document.

While this strategy will need the support of elected officials, the resources needed to move forward are minimal. Adding specific community benefit language will just require the time for city attorney to vet policy and draft new language.

Inclusionary Zoning

The Town has expressed interest in exploring Inclusionary Zoning (IZ), sometimes known as Inclusionary Housing, as a tool to capitalize on development interest and ensure that all future development addresses a portion of the local housing need. Inclusionary Zoning provides a guarantee

that scarce land resources will be used to meet Hayden's housing needs and it can generate revenue (through fees-in-lieu of development) that the Town can use to invest in affordable housing development elsewhere. Additionally, IZ allows the Town to reasonably predict based on past development patterns how many affordable units will be created over time.

However, various factors must be taken into consideration when deciding if an IZ ordinance is right for a community. If the ordinance is too strong, it may disincentivize development - further impacting the supply gap driving unaffordability; if the ordinance is too weak, very few units will be built and affordability goals will not be met. If improperly structured, an IZ ordinance may exacerbate development slowdowns during economic downturns.

To ensure effectiveness without stymieing development, the most effective Inclusionary ordinances are well calibrated to the local market and structured to be flexible so they can be updated to reflect any changes in the market that occur over time. In short, IZ is a powerful tool that should be considered during economic and development booms, but implemented cautiously in periods of low-residential growth.

Grow Capacity in Local Housing Organizations

At this point, the above strategies will have to be driven forward by the Town. To make these efforts sustainable it will be important to simultaneously build up the capacity of local housing organizations. These may be local housing authorities, nonprofit developers, or other supportive agencies.

Communities around Colorado and neighboring states structure their housing responsibilities and decision making in a wide variety of ways, and the Town should consider different structures before determining what will work best in Hayden.

Some examples of how different communities structure these responsibilities include:

- Taking on housing responsibilities at the City or County level vs. delegating those roles to the housing authority, non-profit, or public/private partnerships.
- Building up extensive advisory committee structures vs. only having decision-making boards and commissions.
- Dedicating funding sources through voter approved taxes vs. finding creative ways to fund housing activities over time (often drawing upon multiple funding sources to cover programs, staffing, and gap finance for projects).

Some common themes also emerged:

- Most successful communities had a housing authority in a central role.
- It's easy for housing programs to become insular and bureaucratic. Name recognition, visibility in the community, a good website, and a user-friendly "one stop shop" approach are essential to making affordable housing choices accessible to local residents in need.
- Community housing is complex, and being agile and effective requires a long-term investment in capacity and expertise. Programs with dedicated staff, and knowledgeable Boards and Commissions tend to be most successful.

Hayden has taken an important first step in forming a housing authority. Next, the Town should begin to grow capacity at the new Hayden Housing Authority, ensuring that the board is fully seated and that all members of the board are well informed on the full powers the new Housing Authority can bring to bear to support new community serving development. The nearby Yampa Valley Housing Authority is an excellent peer example. Yampa Valley Housing Authority has been successful in attracting development partnerships, mobile home preservation, and managing a rental portfolio. They are now looking to expand their deed restricted homeownership offerings. Hayden Housing Authority may want to look at these success stories and adopt similar program guidelines and processes. This would be efficient to not reinvent these processes, and beneficial in the long run as consumers are likely to be evaluating housing choices in both markets.

Because of the need for homeownership opportunities at a wide range of price points, exploring a relationship with a Habitat for Humanity affiliate or a Community Land Trust may also be beneficial for Hayden.

Action Plan Timeline and Lead Agencies

The below matrix shows the Primary Action Plan strategies along with key implementers and when the activities should be undertaken. The light blue color represents a light intensity effort and the darker blue represents when a more concerted effort will be needed.

Strategy	Lead Agency	2022	2023	2024	2025	2026	2027
Coalesce around Feasible Development	Town Council, Town Staff	Dark Blue	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Infrastructure Cost Share	Town Council, Town Staff	Light Blue	Dark Blue	Dark Blue	Dark Blue	Light Blue	Light Blue
Employer Assisted Housing Coordination	Economic Development Commission	Dark Blue	Dark Blue	Light Blue	Light Blue	Light Blue	Light Blue
Land Banking	Town Council, Town Staff	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue	Light Blue
Partner around Accessory Dwelling Units	Town Council, Town Staff	Light Blue	Dark Blue	Dark Blue	Light Blue	Light Blue	Light Blue

Appendix

Acknowledgements

Allesha Beaulieu - Best and Brightest Fellow, Town of Hayden

Nick Beers - Owner, Creekside Homes

Samantha Beers - Owner, Creekside Homes

Kevin Booth - Director, Yampa Valley Regional Airport

Paul Brinkman - Owner, Brinkman Properties, LLC

Tegan Ebbert - Community Development Director, Town of Hayden

Lina Grant - Community Member

Adrienne Idsal - Northwest Colorado Health

Margie Joy - Community Relationship Manager, CHFA

Louis Nijsten - Choice Realty

Tim Redmond - Routt County Commissioner District 2

Cherie Sanders - Owner, Anna Dispensary

Amy Williams - Colorado Group Realty

Glossary

Accessory Dwelling Unit (ADU)

A small unit that is "accessory" to the main home. This may be a freestanding building, an apartment above a garage, or incorporated in the main structure but with separate entrance, kitchen, and bath.

Affordable Housing

Housing is generally considered to be affordable when the monthly payment (rent or mortgage) is equal to no more than 30% of a household's gross income. Affordable rents and purchase prices meeting this 30% standard can be calculated across all income levels.

This standard is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and rental leasing agents.

Area Median Income (AMI)

AMI refers to the average income for a local area, not including the highest and lowest outliers. This base number is referred to as 100% AMI.

Commonly, different segments of the housing market are broken down by discussing:

<30% AMI 30-60% AMI 60-80% AMI 80-120% AMI >120% AMI

These percentages vary by household size.

Cost Burdened

When housing costs exceed 30% of a household's gross (pretax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation or other necessary costs depending upon its application.

Deed Restriction

A document that is recorded against real property, documenting certain restrictions on how the property may be used. With regard to community housing, deed restrictions often spell out who is eligible to purchase the property, how it is to be maintained, and places certain limitations on to whom and at what price it is sold.

Density Bonus

An allowance for additional building area above what is allowed in base zoning if a development proposal meets certain community goals. For example, deed restricted rental housing might be allowed four floors where three are allowed in a community seeking more affordable rentals.

Employee or Workforce Housing

Housing intended for and affordable to employees and households earning local wages.

HUD

Housing and Urban Development; federal agency providing funding and regulations for low income housing.

Land Banking

Public or non-profit institutions purchasing and holding land for future community uses.

Low-Income Housing Tax Credits (LIHTC)

A federal tax credit created to incentivize construction of rental housing affordable to households under 60% AMI. This resource is allocated by the Colorado Housing and Finance Authority.

Request for Proposal (RFP)

A competitive, transparent process for securing services. RFPs can be used to find a suitable development partner for community housing.

Short Term Rental (STR)

Lease and occupancy of a residential unit for less than 30 days, typically. Often brokered by sites like VRBO and Airbnb.

Hayden Housing Toolkit - June 2022

During the June 29th, 2022 meeting, the Steering Committee reviewed a matrix of various housing tools organized into the following categories: Incentives, Public/Private Partnerships, Public & Nonprofit Initiatives, and Requirements. The committee was split into three subgroups with one focused on solutions for households earning under 100% AMI, a second group focused on solutions for households earning over 80% AMI, and a third focused on solutions to preserve the existing housing stock. Below is a copy of the Toolkit the committee reviewed along with color coding representing the strategies that emerged from the discussions.

The preferred strategies selected by each group are indicated by the following icons:





Tool to support households earning under 100% AMI (likely renters)








Tools to support households earning over 80% AMI (likely owners)






Tool to preserve existing housing stock

Incentives	Descriptions	Applicability	Usage/Effectives
Density	<p>Provisions allowing an increase in density if all or part of the increased density is deed restricted as affordable to a targeted income group.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; Town can specify what level of affordability is most desired.</p>	<ul style="list-style-type: none"> • Most effective in areas with sustained development. • Bonus must be large enough to create additional profit for the developer. • Bonus should be by-right if affordability targets are met. • In Hayden, density bonuses may offset some of the development slowdown anticipated due to rising interest rates.
Fee Waivers/Reductions 	<p>Rebate of development fees to a developer building affordable housing. Value used to subsidize housing cost.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; Town can specify what level of affordability is most desired.</p>	<ul style="list-style-type: none"> • Town will need to identify a funding source to offset the revenue that would have been collected from these fees (general fund, dedicated housing fund). • There may be a limit to how many waivers the Town can afford in a given year. • Fee waivers are not enough to offset the cost of affordable housing development, they can help show Town commitment to a project and help unlock other funds from state agencies.
Accessory Dwellings 	<p>Optional, small additional dwelling unit on the same lot as a primary unit. Hayden has already allowed this use through much of Town, but its adoption rate is low. Thus, the next step would be to incentivize ADU development. This can be done through grants low-interest/forgivable loans in exchange for affordability.</p>	<p><u>Form:</u> Cottage house, granny flat, above garage unit, etc.</p> <p><u>Tenure:</u> Rental</p> <p><u>Income:</u> 50%-80%; ADUs can provide affordable rental opportunities through "gentle density" that may be appropriate for the single family context of Hayden.</p>	<ul style="list-style-type: none"> • The income from long-term renting may not be sufficient to motivate homeowners to develop ADUs on their property. • In many places residents build ADUs to capitalize on the short-term rental market; this will not impact. • In some places local governments are helping to support development costs in exchange for renting at below 80% • Any restrictions will have to be monitored. • In Hayden, the cost of development may dissuade many landowners from constructing ADUs.
Zone for Affordability	<p>Ensure that land use regulations do not prevent the creation of higher density, more cost effective housing by creating higher density zone districts and permitting duplexes, small multifamily, and large multifamily housing forms as a use by right where appropriate.</p>	<p><u>Form:</u> ADUs, duplexes, attached housing, multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-200%; This will enable lower cost rental housing as well as accessible homeownership opportunities for new buyers or households looking to downsize.</p>	<ul style="list-style-type: none"> • Foundational to enable a diversity of housing forms. • Dependent upon developer interest. • Hayden recently updated the land use code to include a residential medium density zone district along with other changes that can enable more housing.

Public/Private Partnerships	Descriptions	Applicability	Usage/Effectives
<p>Public Land</p> 	<p>Town can donate, sell, or lease Town owned parcels to developments to help bring underlying land costs down. Developers should be required to meet Town housing objectives to access this limited resource.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; Town can specify what level of affordability is most desired.</p>	<ul style="list-style-type: none"> • Can be a primary tool in influencing what is developed. • Contingent upon the availability and desirability of Town-owned land.
<p>Employer Assisted Housing</p> 	<p>Employers can support local housing in a variety of ways, including but not limited to: Housing Navigation, Housing Stipends, Master Leasing, Land Contribution, Housing Development.</p> <p>This support can extend to direct employees or be available more broadly.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; Employers can target incomes most needed for their workforce.</p>	<ul style="list-style-type: none"> • 30% of Employers that responded to the Housing Needs Assessment Survey reported an interest in increasing their support for housing. • Effectiveness will depend on which strategies are preferred by employers.
<p>Infrastructure Investment</p> 	<p>Town support for a portion of infrastructure costs for developments that are meeting community goals; usually from the general fund or passthrough dollars.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; Town can specify what level of affordability is most desired.</p>	<ul style="list-style-type: none"> • Developers appreciate the reduced expense, in the form of subsidy or reduced carrying cost. • Resources are limited and will require Town prioritizing which developments to support and to what extent.
<p>Town Participation Plan</p> 	<p>Descriptive matrix to clarify Town level of participation based on the community goals being met.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; Town can specify what level of affordability is most desired.</p>	<ul style="list-style-type: none"> • Communicates to developers Town priorities and directs public private partnership conversations. • Standardizes Town priorities and removes guesswork. • The impact on housing creation will depend on Town resources available and committed as well as the market environment and developer interest.

Public & Nonprofit Initiatives	Descriptions	Applicability	Usage/Effectives
Housing Rehabilitation & Weatherization 	Programs to help residents and landlords maintain existing property to prevent the loss of housing stock.	<u>Form:</u> Single-family or multifamily <u>Tenure:</u> Rental or for-sale <u>Income:</u> 0%-120%	<ul style="list-style-type: none"> • Important tool to maintain existing housing. • Can support aging in place. • Sometimes paired with DPA programs to help people get into homes affordability and then bring them up to habitability.
Acquisition of Existing Housing & Land Banking	Identify key sites for future housing development that are either currently publicly owned or that could/should be purchased for future housing development.	<u>Form:</u> Single-family or multifamily <u>Tenure:</u> Rental or for-sale <u>Income:</u> 0%-120%	<ul style="list-style-type: none"> • Land is one of the most powerful tools available to influence what gets built and to preserve long-term affordability. Having a proactive land acquisition strategy will help the Town of Hayden to influence development patterns over the long term.
Public Sector Development	Towns can engage in direct development or can support development through quasi-governmental entities such as public housing authorities.	<u>Form:</u> Single-family or multifamily <u>Tenure:</u> Rental or for-sale <u>Income:</u> 0%-120%	<ul style="list-style-type: none"> • Development provides the most control over the built form and long-term use over the property; it also requires the most capacity.
Housing Cost Assistance	Provided by the state or local government or employers, housing cost assistance can help people get into or stay in housing through stipends, vouchers, down payment assistance, utility assistance, or other support.	<u>Form:</u> Single-family or multifamily <u>Tenure:</u> Rental or for-sale <u>Income:</u> 0%-120%	<ul style="list-style-type: none"> • Housing Cost Assistance can incentivize people to come to the area, but it usually does not address challenges that come from a supply shortage. • Can be short or long term.
Senior Housing	Housing offered specifically to residents above a specified age range. Often funded through federal subsidies with rents capped at 30% of household incomes.	<u>Form:</u> Single-family or multifamily <u>Tenure:</u> Rental <u>Income:</u> 0%-80%	<ul style="list-style-type: none"> • Senior housing addresses the direct need of retirees who often fall into the low income category as household incomes rise over time. • This can also open up other housing stock for other community members.

Requirements (Sticks)	Description	Applicability	Usage/ Effectiveness
<p>Inclusionary Zoning</p> 	<p>Mandatory inclusion of affordable housing units (that are similar to other units in the development). One or more alternatives to building on-site must be offered such as a fee-in-lieu, a land dedication, or off-site affordable housing.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> Can apply to a wide range of incomes but 60-120% AMI offers the best chance for projects to “pencil.”</p>	<ul style="list-style-type: none"> • Supports community goals of mixed income neighborhoods. • Brings developers to the table to collaborate on below market solutions. • Most effective in areas with strong housing markets and sustained development. • Requires regular calibration to the changing market. • If too aggressive, the policy can deter additional housing development by reducing the potential profit for the developer. • The policy requires capacity to manage ongoing compliance. • In Hayden, IZ would likely produce between 0-4 affordable units per year, without a large development boom.
<p>Residential Linkage Fee</p>	<p>Fee assessed on residential development in proportion to the employment created by the development (and therefore new housing needed to support it).</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; linkage fees can support a housing fund that can base allocations on key housing priorities.</p>	<ul style="list-style-type: none"> • Most effective in areas with sustained development and a strong luxury housing market. • Requirements are typically scaled by home size. • Requires nexus study to establish link to impacts. • In Hayden, fees from residential linkage could be layered with other sources to help subsidize affordable housing development.
<p>Commercial Linkage Fee</p>	<p>Fee assessed on commercial development in proportion to the employment created by the development (and therefore new housing needed to support it).</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; linkage fees can support a housing fund that can base allocations on key housing priorities.</p>	<ul style="list-style-type: none"> • Most effective in areas with sustained commercial development. • Requirements are typically scaled by business type. • Requires nexus study to establish link to impacts. • In Hayden, fees from commercial linkage could be layered with other sources to help subsidize affordable housing development.
<p>Annexation Policies</p> 	<p>With cooperative policies between the County and Town, developers may seek annexation to acquire and/or increase development potential. Because the Town has broad discretion with annexations, policies can require the provision of affordable housing.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale</p> <p><u>Income:</u> 0%-120%; Town can specify what level of affordability is most desired.</p>	<ul style="list-style-type: none"> • Level of effectiveness depends on annexation opportunities • Strong opportunity to link community housing goals and community benefit to provision of municipal services, can have a big impact with relatively low cost for the community.

Requirements (Sticks)	Description	Applicability	Usage/ Effectiveness
<p>Senior Housing</p> 	<p>Housing offered specifically to residents above a specified age range. Often funded through federal subsidies with rents capped at 30% of household incomes.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental</p> <p><u>Income:</u> 0%-80%</p>	<ul style="list-style-type: none"> Senior housing addresses the direct need of retirees who often fall into the low income category as household incomes rise over time. This can also open up other housing stock for other community members.
<p>Short-Term Rental Policies</p>	<p>Caps and/or taxes on the housing units used as short term rentals (STRs) in the community. Caps can be set as a fixed number or as a percentage of the overall housing stock. Taxes can support a dedicated housing fund or go towards the general fund.</p>	<p><u>Form:</u> Single-family or multifamily</p> <p><u>Tenure:</u> Rental or for-sale; STR policies primarily protect rental housing for year round residents</p> <p><u>Income:</u> 50%-80%;</p>	<ul style="list-style-type: none"> Policy targeted at preserving both existing and new housing for long-term residents. Many communities across the state have lost large percentages of their housing stock to short term rentals. Policies seem most effective when enacted prior to an STR boom. The number of units preserved in Hayden will depend on the demand for STRs and the level at which a cap and or a tax is set.