

Avon Community Housing Plan

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“Avon’s vision is to provide a high quality of life, today and in the future, for a diverse population; and to promote their ability to live, work, visit, and recreate in the community.”

- TOWN OF AVON COMPREHENSIVE PLAN, MAY 2017

Introduction

The Town of Avon seeks to build upon a long history as a high amenity year-round resort community, strengthening its vibrant and inclusive community culture. The current Comprehensive Plan sets the vision for a diversity of exciting opportunities for residents, businesses, and visitors. The current housing market, which offers very few affordable opportunities for year-round residents to put down roots in Avon, poses a challenge to this vision.

The potential community benefits of increasing workforce housing efforts to include:

- More housing choices;
- Increased economic stability and a more active year-round economy for local residents and businesses;
- Greater ability to retain individuals and families throughout life and career phases, strengthening sense of community, opportunity, and quality of life;
- Further the goals of the Climate Action Plan by reducing single occupant vehicle commuting; and
- Greater opportunities for arts and culture to thrive.

Goals and Objectives

The Comprehensive Plan sets two housing goals (each with numerous supporting policies):

- Achieve a diverse range of housing densities, styles, and types, including rental and for sale, to serve all segments of the population.
- Coordinate with neighboring communities to provide an attainable housing program that incorporates both rental and ownership opportunities, affordable for local working families.

Goals and Objectives of this Housing Plan are as follows:

- Focus on increasing deed restricted homeownership opportunities for households making equivalent of 140% or less of the Area Median Income - \$430,000 for a household of three people in 2018.
- Grow the inventory of homeownership and “missing middle” inventory, in place of additional rental housing stock, to create a more balanced portfolio with a long-term goal of 50% rental, 50% ownership.
- When considering new rental housing, prioritize price point, quality and amenities attractive to “step up” renters and seniors looking to downsize, focusing on the 80-120% AMI level.
- Stabilize or increase the percentage of year-round residents; currently 55% of all dwelling units in Avon are occupied by year-round residents.
- Stabilize or increase the percentage of Eagle County working residents Avon.
- Seek to add at deed restricted units to the inventory in the short term.

- Strengthen regional partnerships with other communities and entities (i.e. Habitat for Humanity, other municipalities, Eagle County) to make projects happen.
- As sites redevelop, strive for “no net loss” of units in the 80-120% AMI range, and when possible, increase housing serving the local year-round population.
- Re-evaluate goals and objectives on an annual basis, including the ongoing monitoring of new projects and housing stock in the mid-valley; appendices may be updated by Resolution.

The Need

Since the end of the recession jobs and population have been growing much more rapidly than housing inventory, creating many challenges:

- Frustration for locals seeking housing;
- Employers facing unfilled positions, turnover, higher training costs, and lost productivity;
- Precipitous increases in home prices, well beyond the means of most local residents;
- Extremely low vacancy rates, resulting in limited choices and rising costs for renters; and
- Negative impacts on individuals and families, who are spending a disproportionate amount of their income on housing, commuting long distances, and living in locations or situations that are not sustainable for the long term.

Median price for all dwelling units sold in Avon in 2017 was \$438,000. Condominiums accounted for 71% of these sales, with a median price of \$358,500. The median price for single family dwellings, duplexes and townhomes was \$850,000. The price affordable to a median income family is less than half than that, at about \$316,000. Only four dwelling units were on the market for \$316,000 or lower in early 2018. The rental market is similarly challenging: vacancy rates have been approaching zero, and since 2007, average rental rates have risen 48% across the Eagle River Valley.

To meet the needs of local employees in the Eagle River Valley, over 4,000 additional dwelling units will be required by 2020.¹ In mid-valley, which includes Eagle Vail, Avon, and Edwards, 1,500 dwelling units will be needed. Subsidies or public/private partnerships are anticipated to be required for the majority of these dwelling units to be financially feasible and affordable to local employees.

Avon and the mid-valley are highly desired locations for local households. In a recent survey of Eagle River Valley households, 40% of renters and 39% of owners selected mid-valley as their first choice for where they want to live.²

The challenges with regard to housing need are significant. With this Plan, the Town of Avon is setting goals, objectives, and action steps to respond. The Town’s resources include land, funding, staff time, and policy making. Recognizing that the Town of Avon alone cannot address the housing need, these resources will be used to leverage opportunities and create partnerships.

Strengths and Assets

Avon can build on existing assets and previous housing initiatives:

¹ *Eagle River Valley Housing Needs and Solutions 2018*, Rees and Williford

² *Ibid.*

- An inventory of 670 price-controlled housing units, 63 of which are deed restricted for sale units that were a result of successful PUD negotiations;
- An Affordable Housing Fund balance of \$675,000. As the Housing Fund increases, the additional fund should be leveraged to meet the goals of the plan;
- A partnership with The Valley Home Store for monitoring and compliance of deed restrictions on for-sale units;
- Employee housing mitigation requirements for some new commercial development;
- History of regional collaboration with public sector, non-profit and private sector on housing issues;
- Significant opportunities for development and redevelopment, with water rights, transit access, and existing available density on vacant and underutilized private parcels;
- Commercially zoned land that may also be appropriate for residential development; and
- Adopted Comprehensive Plan, which sets housing as top policy priority.

Tools and Strategies

In order to achieve these goals and objectives, the following tools and strategies should be pursued. Tools and strategies are organized into three categories: Housing Development and Retention, Funding, and Housing Policy. A timeline for implementation is included in Appendix A.

Housing Policy

The Town of Avon seeks to use both incentives and regulations to create a policy environment that is favorable for local housing. The Town has a strong track record in including employee housing in PUD approvals. The Town will continue to encourage, and, in some instances, require local housing in new planning approvals.

Initiatives to update and strengthen housing policies will include:

- Review existing code for opportunities to increase the year-round occupancy of the existing housing stock, including consideration of **short term rental, accessory dwelling units, and lock-off incentives and regulations.**
- **Update mitigation/linkage policies** to be more proactive in addressing housing needs. Current policies are limited to very narrowly defined locations and development requests, and the current mitigation rate is low compared with peer communities.
- Consider implementing an **inclusionary housing policy**. Inclusionary housing was considered in the 2010 code update, but was not adopted at that time. Inclusionary housing is a tool to create housing affordable to locals. It is recommended to look at inclusionary housing and mitigation/linkage at the same time, to better understand how the two tools complement each other, support policy goals, and maintain a level playing field for commercial and residential development.
- Conduct a **comprehensive review of fees** associated with new construction and **formalize a fee waiver/reimbursement process** for new housing that meets the goals of the plan.

Housing Development and Retention

A top priority is pursuing housing development on **Town owned land**. Two parcels, identified in the *Town of Avon Properties Plan*, are appropriate to move forward with housing development in the next three years. These sites are Wildwood and Swift Gulch.

This Plan is recommending that public outreach and feasibility analysis for Wildwood move forward this year. Preliminary analysis for Swift Gulch can begin when there is a clear path forward for finance, entitlements, and construction for Wildwood. Both sites are anticipated to be developed through **public/private partnerships**.

Two strategies have been identified to **preserve market rate attainable housing** that is currently at risk of being lost to locals through rapid price increases and/or redevelopment. The first strategy is to **“buy-down”** attainable market rate units and preserve their affordability with a permanent deed restriction. Nearby precedents for this approach include Vail InDEED and Eagle Valley Ranch. This is a homeownership strategy. The second strategy is to explore mechanisms such as **mobile home preservation, acquisition, and right of first refusal** to preserve properties that currently house locals. A right of first refusal creates the opportunity for the Town to purchase and preserve these assets, if the owner decides to sell and the Town decides the property is a priority and is able to secure finance timely. This is a mobile home and multi-family housing strategy. This program development is anticipated to begin in 2019.

Investing in maintenance of current inventory of deed restricted housing is an important component of housing development and retention. Much of the affordable rental housing inventory has recently been renovated, however, the homeownership inventory is in need of capital planning and reinvestment. The Town of Avon has recently contracted with The Valley Home Store to assist with compliance monitoring and re-sale of deed restricted properties. The next phase of this effort will be to conduct a capital needs assessment of the home ownership assets and make a plan for funding and implementing capital improvements. This effort is anticipated to begin in 2020.

Cultivating additional **public/private partnerships** for housing are additional strategies that will be ongoing. Collaborative efforts with Eagle County, other municipalities, and local employers are imperative when fostering new opportunities for housing development and retention.

Funding

Local funding is a key ingredient to building and maintaining housing units. Investing (or “leveraging”) local funds is essential to attracting the outside funding sources such as grants, loans, tax credits and private investments that, when combined, make housing development financially feasible. Currently, the Avon Housing Fund has a balance of about \$675,000. It is anticipated that those funds will be invested in the efforts outlined in this Plan, and that additional funds will be needed moving forward. A two-step process is envisioned to **secure additional local funds for housing**. The first step will be to **review current revenue streams** and determine if additional funds can be directed to housing efforts through the annual budgeting process. This review will begin at the end of 2018. Depending on the outcome of the first step, the second step be to **seek opportunities for new funding sources**, which could include approaches such as increased linkage fees, regional collaboration, and/or support for a local ballot initiative. Public private partnerships are also a funding strategy, generating potential access to grants, below market loans, and resources such as the Low Income Housing Tax Credit.

The Town of Avon understands the regional nature of housing, transportation and employment in the Eagle River Valley. In pursuit of local year-round housing, the Town will continue to participate in regional studies, seek opportunities to participate in regionally significant housing developments beyond Town boundaries, and participate in employer forums, and be an advocate for other regional initiatives.

Investment Criteria

As the Town of Avon seeks to deploy monies from the Avon Housing Fund, the Town will evaluate opportunities based on the following criteria:

1. Does the program or project meet the goals and objectives of the Comprehensive Plan and this Housing Plan?
2. Does the investment fill a gap that would otherwise keep the proposed program or project from moving forward?
3. Does the program or project encourage resource conservation, energy efficiency and sustainable development? Does the location offer access to multi-modal transportation options and other services?
4. Is there participation from other regional partners, public and/or private?

APPENDIX A – Work Plan

		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DEED RESTRICTED UNIT INVENTORY - CAPITAL ASSESSMENT	Lead																
Determine Management & Capital Reserves for key properties	Planning																
Report to Council on Findings	Planning/Council																
Partner with HOAs to complete HOA Reserve Studies	Planning																
FORMALIZE FEE WAIVER PROGRAM FOR WORKER HOUSING																	
Review Town of Avon building and planning fees	Planning																
Formalize Fee Waiver Program	Council																
CODE AMENDMENTS - ADUs, STRs, INCLUSIONARY ZONING																	
Review current and previous ordinances and calculations	Planning																
Conduct outreach	Planning																
Revise and recommend adoption	PZC																
Consider for Adoption	Council																
WILDWOOD HOUSING PROJECT																	
Conduct Feasibility	Planning/Engineer																
Report to Council on Findings*	Planning/Engineer																
REVIEW REVENUE STREAMS & EVALUATE FUND CONTRIBUTIONS																	
Include annual allocation for housing in budget process	Finance																
Approve fund transfers each year during budget approval	Council																
PARTICIPATE IN REGIONAL STUDIES, SITE ANALYSIS, FORUMS																	
CULTIVATE PUBLIC-PRIVATE PARTNERSHIPS																	
	Planning																
	Manager																
* .18 months estimated to select partner(s), entitlements, financing, and construction.																	

APPENDIX B – Definitions and Best Practices

Topic	Definition	Best Practices
Inclusionary Housing	A percentage of residential units in new subdivisions/PUDs are workforce housing. Market homes support workforce units. Only effective if new subdivisions/PUDs are developed/ redeveloped.	Carbondale, Eagle, Eagle County, San Miguel County
Linkage/Mitigation	Requiring new residential and/or commercial development to contribute to workforce housing relative to demand generated by the new construction. For residential, mitigation rate often increases with house size, and deed restricted units are typically exempt. Fees in lieu provides revenue stream that fluctuates with building activity. Documented relationship between fee and impact required.	Telluride, Aspen, Mt. Crested Butte
Fee Waivers	Water/sewer tap fees, building permit or other fees waived in part or whole to reduce cost to build affordable housing. General funds or other source need to cover cost of fees waived.	Breckenridge, Crested Butte
Dedicated Funding Source	Funding is a core component of building housing and running successful housing programs. Few programs begin with funding; rather finding funding is an incremental process that goes hand in hand with creating goals and objectives, developing policies, securing appropriate land for housing, and moving forward with public/private partnerships. Dedicated funding sources take many forms including grants, fee in lieu payments, taxes, voluntary assessments, proceeds from rents or sales.	Summit County, Steamboat Springs, Crested Butte, Aspen, Telluride
Public/Private Partnerships	Partnering with developers to build attainable units, typically on publicly-owned sites, or using other public resources such as property tax exemption. RFQ/RFP process effective for selecting development partners. Ownership of land can be retained with long-term land leases.	Eagle County, Vail, Breckenridge, Boulder
Land Banking	Acquiring land for eventual housing development when specific project is not known.	Summit County, Vail, Boulder County, Breckenridge, Telluride
Buy Down of Market Homes	Usually involves buying down units with public funds. Deed restrictions imposed for permanent affordability. Inability to obtain condo mortgages can result in units being rented. Public sector purchases can drive up prices for low-end market units.	Breckenridge, Telluride, Whitefish MT
No Net Loss Policy	Requiring replacement of housing occupied by the workforce when redevelopment occurs. Similarly-priced units should be replaced on site or another site, or a fee-in-lieu of replacement could be allowed.	Boulder, Basalt

APPENDIX C - Area Median Income for Eagle County 2018

Area Median Income for Eagle County, 2018

Household Size	1	2	3	4	5	6
AMI Classifications						
Extremely Low (30% AMI)	\$18,270	\$20,880	\$23,490	\$26,070	\$28,170	\$30,270
Very Low (50% AMI)	\$30,450	\$34,800	\$39,150	\$43,450	\$46,950	\$50,450
60% AMI (LIHTC max)	\$36,540	\$41,760	\$46,980	\$52,140	\$56,340	\$60,540
Low (80% AMI)	\$48,720	\$55,680	\$62,640	\$69,520	\$75,120	\$80,720
Median (100% AMI)	\$60,900	\$69,600	\$78,300	\$86,900	\$93,900	\$100,900
Moderate/Middle (140% AMI)	\$85,260	\$97,440	\$109,620	\$121,660	\$131,460	\$141,260
Upper (200% AMI)	\$121,800	\$139,200	\$156,600	\$173,800	\$187,800	\$201,800

Source: CHFA

Affordable Home Price Calculation by AMI, 2018

AMI %	30%	60%	100%	140%	200%
Household Income – 3 persons	\$23,490	\$46,980	\$78,300	\$109,620	\$156,600
Affordable Purchase price					
Affordable monthly payment (30%)	\$587	\$1,175	\$1,958	\$2,741	\$3,915
Principal & interest (80% of pmt)	\$470	\$940	\$1,566	\$2,192	\$3,132
HOA, taxes, insurance (20% of pmt)	\$117	\$235	\$392	\$548	\$783
Mortgage Interest rate	5.00%	5.00%	5.00%	5.00%	5.00%
Max mortgage	\$47,515	\$175,030	\$291,717	\$408,404	\$583,434
Max Affordable Price -5% down	\$92,000	\$184,000	\$307,000	\$430,000	\$614,000
Affordable Rent	\$587	\$1,175	\$1,958	\$2,741	\$3,915

Affordable purchase prices were calculated assuming that a household would have 5% for a down payment, and would qualify for a loan at 30% of their monthly income. HOA, property taxes and insurance of 20% were included in loan amount. The maximum mortgage assumes an interest rate of 5%, which is about half point higher than prevailing rates for 30-year fixed rate mortgages. Interest rates are rising, however, and will have a profound impact on housing affordability. A one-point increase in the rate, as occurred in 2013, would drop the affordable purchase price for a median income household by \$30,000 to \$35,000.