



CITY OF CRAIG HOUSING ACTION PLAN

Photo: Paul Kapischka on Unsplash

Spring 2022

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Introduction



Background

Residents in and around Craig, Colorado are facing both a limited supply of housing overall, and a dearth of housing that is affordable to the community specifically. These housing market constraints are putting stress on household budgets and the wider economy as employers struggle to recruit and retain workers.

The City of Craig has begun working towards solutions, first by quantifying the need for housing through the *City of Craig Housing Needs Assessment* in 2021. This analysis focused specifically on the Craig workforce, and determined that 75 new rental and for-sale homes will be needed over the next five years to catch-up to, and keep pace with demand.

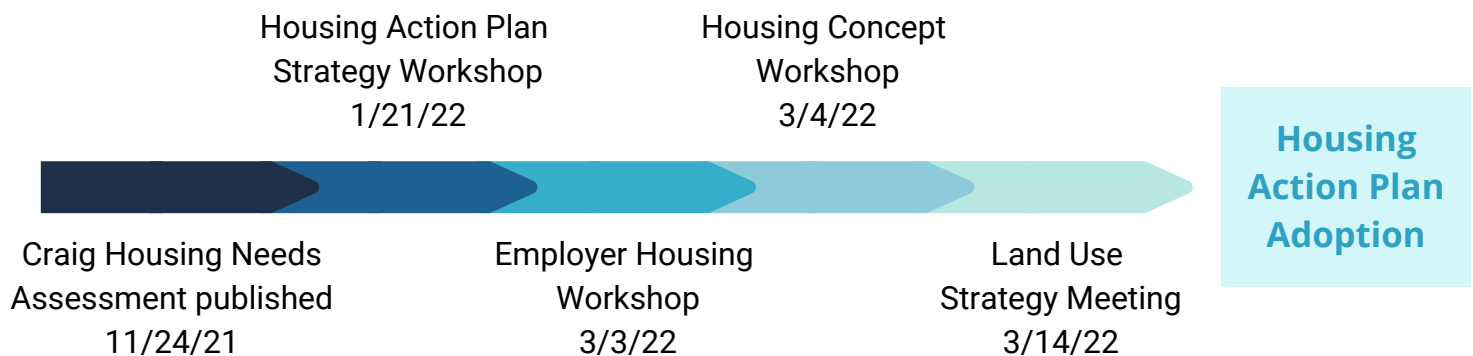
Regional housing demand for units in Craig is likely much higher than 75 units. Based on the influx of residents moving to Craig who do remote work or who live in the city while working in other communities, there is also a need for higher-priced rental and for-sale options. These needs are well suited to be met by the market and will need limited-to-no assistance from local government to come to fruition. Therefore, this Housing Action Plan is oriented to meet the specific needs of the Craig workforce over the next five years.

Introduction



Action Planning Process

The Craig Housing Action Plan was developed leveraging the insight and feedback of a Steering Committee composed of elected officials, local business leaders, non-profit service providers, developers, and City staff. The planning process included several working group sessions with key stakeholders to narrow and refine recommendations. A summary of the process is listed below:



Recommendations that may qualify Craig for funding and technical assistance through the State Housing Innovative Affordable Housing Strategies Bill (HB21-1271) are shown in the appendix.

Overall Housing Goal

90%

of the need
by 2027

32-45 for-sale
23-36 rental

Attendees of the Housing Action Plan Strategy Workshop recommended that the Action Plan strive to address between 75% and 100% of the identified housing need. The group emphasized the importance of a realistic Action Plan that is achievable within the 5-year implementation period.

Given the past housing production of only about five building permits/year, these goals represent a significant increase and will require a concerted community effort to achieve.

Averaging the group's responses, the target is to develop 90% of the identified need by 2027. This will result in:

- 32-45 for-sale homes
- 23-36 rental homes

Within these targets, development priorities include:

- 1-2 bedroom units
- Rental housing <\$735/mo
- New, quality construction
- Smaller homes as starter homes or for downsizing

According to workshop participants, the Craig Housing Action Plan is most likely to be a success if:

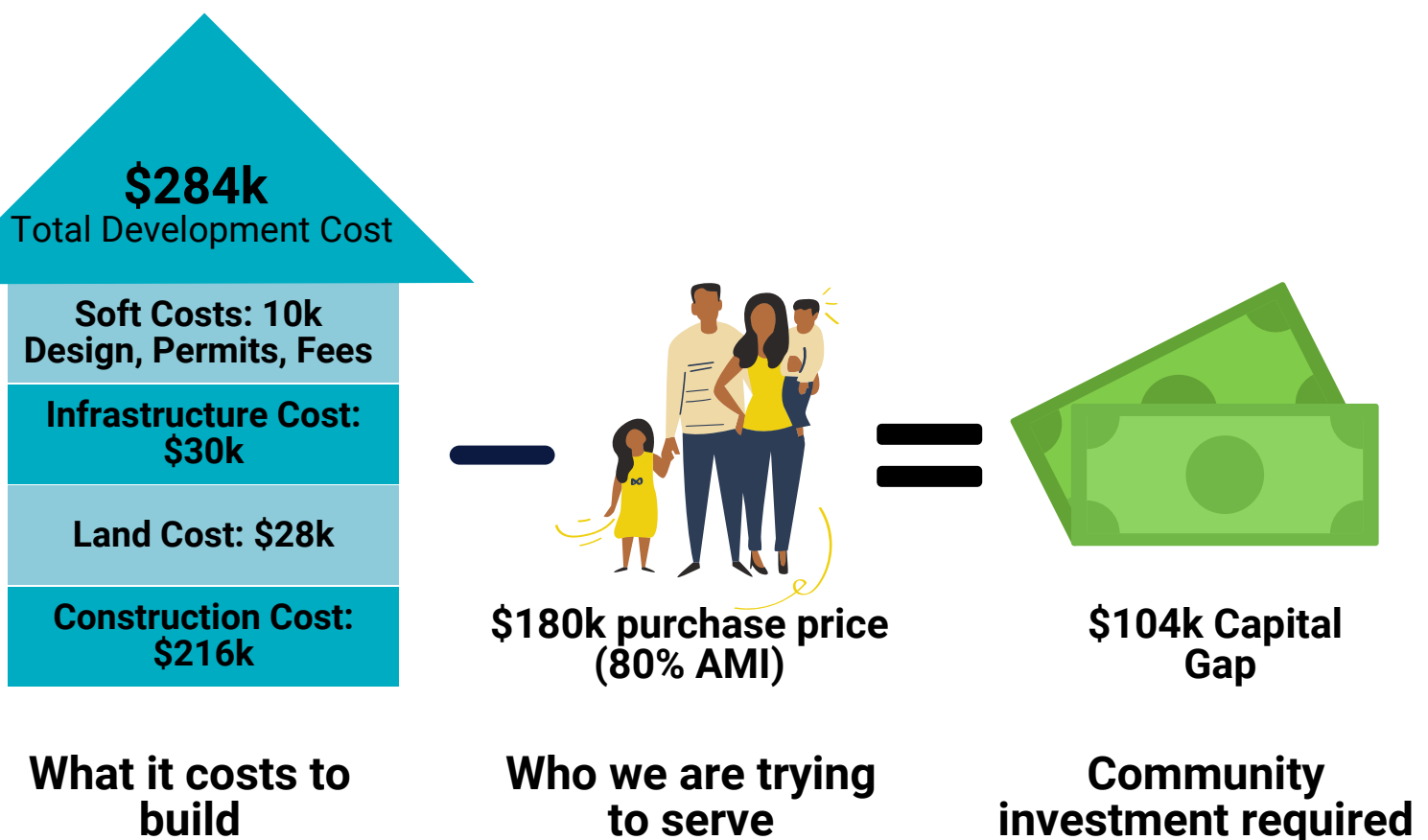
It is based on a feasible housing production target which is backed by strategies that attract developers and support the economic health of Craig.

Capital Gap & City Role in Housing Development

The largest gaps in the Craig housing market are 1 and 2 bedroom units, both for sale and for rent, rentals priced at and below about \$735/month, and homes for sale below \$180,000. Duplexes, townhouses, and condos are also lacking. 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

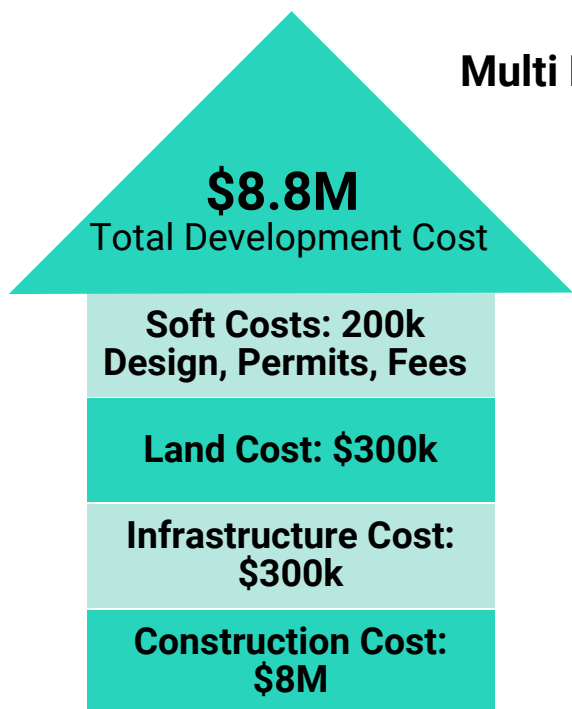
Single Family Home: 1,500 square feet



Capital Gap & City Role in Housing Development

Understanding the Capital Gap

Multi Family: 45 units, 2 bedroom, 1,000 square feet each



Incomes Served	30% AMI	60% AMI
Monthly rent	\$497	\$993
Total annual rent (income)	\$268,110	\$536,220
Less operating costs	(\$180,000)	(\$180,000)
Net operating income (NOI)	\$69,342	\$318,685
Mortgage size	\$1,020,000	\$4,670,000
Capital Gap (Equity Needs)	\$7.8M	\$4.1M

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 Craig.

What is considered "Affordable" in Craig?

- Housing is considered "Affordable" if a household is spending no more than 30% of its income on housing costs.

2021 AMI Level	Household Composition	Household Income (3 person)	2 bd rental	Purchase
140%	Mental Health Counselor & Preschool Teacher - 1 child	\$92,680	\$2,317	\$363,500
120%	Architect & Stay-at-Home Dad - 1 child	\$79,440	\$1,986	\$311,500
100%	Teaching Assistant & Ambulance Driver - 1 child	\$66,200	\$1,655	\$259,600
80%	Drug Store Cashier, Line Cook, & elderly parent	\$52,960	\$1,324	\$207,700
60%	Handyman - 2 children	\$39,720	\$993	\$155,800
40%	Car rental agent - 2 children	\$26,480	\$662	

Capital Gap & City Role in Housing Development

Additionally, the City of Craig can signal housing priorities to developers by having a clear and consistent approach to the level of support the city is willing to offer for various development proposals.

The following chart reflects the City's housing priorities.

Priority Level	Types of Housing*	How the City might support (case by case basis - resources available and project merit)
1	Rentals - Priced up to 60% AMI	• 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 • Land, currently held by City, future landbank acquisitions, or partnerships with other institutional land holders
	For Sale - Priced up to 80% AMI	
	Housing restricted to local workforce	
	Supportive Housing - Priced below 30% AMI with services to support residents	
2	Rentals - Priced 60-100% AMI	• Fee reductions, deferrals • Infrastructure cost sharing – mid level financial support • In-kind support with staff time, public works services
	For Sale - Priced 80-120% AMI	
	For Sale/For Rent for Seniors - all price points	
3	For Sale – Priced above 120% AMI	• Fee deferrals • Infrastructure cost sharing – lower level or no financial support
	Rentals - Priced above 100% AMI	

*For priority levels 1 & 2 affordability points must be preserved for a specified period of time acceptable to the City.

Priority Strategies



The Housing Steering Committee prioritized five strategies to increase housing for local residents and workforce. These are:

- **Leverage City Owned Land**
- **Coordinate Supply-Focused Employer Approach**
- **Implement Housing Investment Fund**
- **Zone for Affordability**
- **Craft Community Benefitting Annexation Policies**

These strategies are a mix of short- and long-term responses that include development best practices and prioritize the types of housing most needed in Craig. Each strategy or its component pieces are categorized throughout this document in the following color-matrix to show both the difficulty of implementation and the level of impact.

Easy to Implement		
Difficult to Implement		
	Lower Impact/ Long-term	High Impact/ Immediate

One of the most important pieces to a successful development is having suitable land. With land as a resource, the City can set the stage for the types of residential development that respond to the community housing need.

The consultant team conducted a development feasibility analysis to identify parcels that would be good candidates for housing development that addressed the community need. A full summary of this analysis is in the appendix, but some of the factors considered include: the desirability of the location; access to water, sewer, energy utilities, and streets; appropriate zoning; and owner interest. Several parcels identified are owned by the City of Craig, but only a few of them emerge as good candidates for housing development.

These limited land holdings are one of the best resources the community has to develop the types of housing most needed in Craig.

How to Employ this Strategy



The city-owned parcel that seems to be the most promising for development is the Woodbury site at the Southwest corner of West 1st Street and Woodbury Drive. The site is adjacent to a city park, an existing neighborhood, and has good street connections and access to utilities. There is also a transit stop contemplated on an adjacent parcel.

The Housing Concept Workshop held on March 4th, 2022, explored multiple concepts for this site taking into account the existing neighborhood context.

Workshop participants identified a successful development on the site as: looking and feeling inviting, having a diversity of housing types and price points, being compatible with the existing neighborhood, being something the community is proud of, and a development that

Easy to Implement		
Difficult to Implement		City Owned Land
	Lower Impact/ Long-term	High Impact/ Immediate



serves teachers, medical professionals, and city staff.

During the workshop, participants walked the Woodbury site and then returned to City Hall for a design charrette, considering the orientation of the development and different development patterns along with corresponding financial models.

This work can be built upon by engaging the wider neighborhood in the concept planning, proceeding with rezoning, and

issuing a Request for Proposals (RFP) to solicit a development partner. The RFP should clearly explain the goals for the site and how the city plans to partner with the selected developer.

The City will need to explore options for developing on the land, potentially using a long-term land lease or updating the existing disposal policy (discussed further on page 18). The consultant

team also recommends that the city work to rezone the site from its current designation to one or more zone districts that allow the desired residential uses. By proactively moving the parcel through the entitlement process, the city will signal to development partners that there is community support for the proposed housing, and will make the project more attractive to prospective development partners who may not be willing to undertake the cost and political risk of pursuing a rezone.

Workshop Participants

- Peter Brixius - Craig City Manager
- Shannon Scott - Craig Economic Development Manager
- Marlin Eckhoff - Craig Building Official
- Andrea Camp - Real Estate Agent/ Broker
- Kristin Olson - Executive Director, Moffat County United Way
- Tim Reinen - Founder, Reinen Consulting
- Willa Williford - Consultant Team
- Mary Coddington - Consultant Team



The leading site layout concept plan is above and the corresponding financial model is in the appendix.

Who is Needed to Move this Strategy Forward

- City Council
- City Staff
- Community Stakeholders
- Development Partner(s)

Funding*

Funding sources will depend on the final development program and hinge on factors such as the mix of market rate and below market rate, rental and for-sale, and the total number of homes developed.

The estimated development costs for the above concept plan is approximately \$23.8 million.

Various sources for the development may include:

- Selling some of the homes at market rate and some at a price point affordable to a family earning 120%AMI (\$311,500), the for-sale component could generate \$12.3 million.
- If the rental housing serves households earning 100%AMI (with rents ranging from \$1,287/mo - \$1,911/mo), the rental income can support a loan of \$6.3 million.
- Alternatively, if the rental housing serves households earning an average of 60%AMI (with rents ranging from \$641/mo - \$1,529/mo), the rental income can support a loan of \$3.1 million, but developments serving this income range are also eligible for low income housing tax credits (LIHTC) that can bring an additional \$5.6 million. Together this totals \$8.7 million.

The development costs and projected sources of funding leave a gap of between \$2.8-5.2 million.

Potential options to close this gap include:

- Grants from the Colorado Division of Housing which can range from \$10k-65k per home
- Grants and low-cost loans that are emerging out of Colorado's \$400M American Rescue Plan funds.
- City of Craig in-kind contribution of the land, or long term below market lease of the land.
- City of Craig incentive fund support for tap fees, streets, and/or construction costs.

*Development costs and sale/rental prices are preliminary estimates and are subject to changing market conditions and construction costs.

Timeline

	2022		2023				2024				2025	
Action Steps	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Predevelopment												
Define structure, roles, duties												
Establish funding and development plan												
Community engagement												
Select and refine design concept												
Submit/Process Rezoning												
RFP for development partner												
Complete design												
Complete financing												
Development												
Land use approvals/building permits												
Construction												
Sales/lease-up												

The second priority strategy is employer housing. Eighty percent of businesses responding to an employer survey indicated that available and affordable housing for employees is either a moderate problem, a serious problem, or is the most critical problem in Craig. This impacts employers’ ability to recruit and retain workers in the community and the overall economic health of the city.

Fortunately, employers are very interested in being part of the solution with many already offering help finding housing for new employees, hiring bonuses, housing stipends, or down payment assistance. The challenge is that many tools employers can use are dependent upon having a sufficient housing supply in the community.

One strategy for increasing the supply is the recent conversion of local motels into longer term rental units. This will be especially helpful for seasonal employees, but more needs to be done to affect the overall housing need.

How to Employ this Strategy

There are several ways local businesses can engage to address the constrained housing supply in Craig.

- 1. Use surplus land - Often large employers such as school districts, hospitals, and colleges have underutilized land that can be developed for employee housing. Developing a vision for the site including who the new housing would serve, rental vs. ownership considerations, and the size and form of the project are important first steps in a proactive approach to cultivating a community benefiting development. The next step would be to create a Request for Proposals to find a developer who can help execute that vision.

The site of the former Memorial Regional Health is one such opportunity, the hospital may want to work with the city to help create the goals for the site in exchange for favorable land use changes (such as parking reductions) necessary to facilitate the development.

We recommend coordinating the land inventory across local employers and applying the same criteria used for City owned land to determine the level City participation (see page 6).

- 2. Master leasing - Master leasing units occurs when an employer enters into a lease agreement with a landlord, guaranteeing that the landlord has an income stream and providing a guaranteed option for employee

Easy to Implement		• Master Leasing
Difficult to Implement		• Use Surplus Land • Creative Partnerships
	Lower Impact/ Long-term	High Impact/ Immediate

housing. This strategy can also be used to support new housing options, if a developer can show they have a percentage of, or all units leased by employers, they will have an easier time getting financing for projects. This is a great tool for smaller employers to use, and if done in partnership with other employers it can help spur new development. Employers could also pool resources and work in collaboration with a local property manager.

3. Creative partnerships - If a business can bring resources to a development, they can potentially negotiate to have some units set aside for employees. One example of this is the potential for the Yampa Valley Electric Authority (YVEA) offering to aid in getting electricity to a site in exchange for housing that can help YVEA employees. Another example would be asking for units set aside for employees if a business is providing land or investing in a development.

Understanding the needs and preferences of employees is critical for these approaches to be successful.

The site of the former Memorial Regional Health is one such opportunity, the hospital may want to work with the city to help create the goals for the site in exchange for favorable land use changes (such as parking reductions) necessary to facilitate the development.

Who is Needed to Move this Strategy Forward

- Craig Chamber of Commerce
- Employers - large and small
- Employees
- City Council - city supported initiatives can access additional funding sources
- Development Partner(s)

Funding

Similar to the first strategy, the available funding will depend on the type of housing that is built and at what price points it is sold or rented.

Additionally, some funding options will not allow privileging a certain group of employees for the new housing. Low Income Housing Tax Credits and Colorado Division of Housing funds are such examples. Employers have been successful using Certificates of Participation, local bonding authority, and private finance to build housing.

The master leasing and creative partnerships can be ways to expand the housing supply without a major capital outlay to a business.

Timeline

The timeline for these strategies will be largely dependent on the capacity of local employers. The role of employers in housing will also need to be a sustained effort with the specific strategies that are used morphing as market conditions change.

As development costs have increased it has become all but impossible to build housing that is affordable to local residents; because of this, if there is any new development, it is most likely to serve remote workers or those who commute outside of Moffat County.

The City can offset these high development costs and influence what is getting built in Craig by leveraging a local fund that can absorb some of the cost increases and signal to the State and other funders that there is political will for affordable and attainable development.

How to Employ this Strategy

The City of Craig is in a strong position to seed a Housing Investment Fund. The City has funding available from the American Rescue Plan Act (ARPA) which can be combined with dollars from Moffat County's ARPA allocation. Additionally, Craig has received a Congressionally Directed Spending (CDS) grant for infrastructure investment. Eventually, the City hopes this fund can reach \$2 million.

These resources can be used to incentivize the creation of housing that is affordable to the community. Eligible uses for the fund could include:

- Infrastructure cost sharing
- Land acquisition
- Buy-downs
- Predevelopment costs
- Low interest loans and/or forgivable loans
- Fee reimbursements to local enterprises (water, sanitation, etc.)

The City of Craig may establish additional criteria for fund uses.

Who is Needed to Move this Strategy Forward

- City Council
- County Commissioners
- City Staff
- Development Partner(s)

Funding

The determination to structure these funds as grants versus loans can be based off of the priority levels on page 6. For developments that go furthest in meeting the housing needs of the community, grants may be worth considering. For other developments, having the funds structured as a revolving loan will increase the reach of these resources.

Easy to Implement		
Difficult to Implement		• Housing Investment Fund
	Lower Impact/ Long-term	High Impact/ Immediate

Timeline

Having already received initial funding through the American Rescue Plan allocations and the CDS grant, it is anticipated that the City will be prepared to deploy funds as soon as January 2023. Ongoing fund availability will be contingent upon how allocations are structured and identifying sources to replenish the fund.

“Is the residential development I am seeking to do a ‘use by right’ for this piece of land?”

This is a threshold question for many developers seeking to build in Colorado. Developers are wary of sites that will need to go through a rezone or other lengthy entitlement process. These processes add time, political risk, cost, and uncertainty to potential developments. Based on a development feasibility analysis of land opportunities in and around Craig, only 1 out of the top 5 sites is zoned appropriately for potential housing development.

There are few opportunities within Craig where the types of housing identified in the Needs Assessment are a use by right. One way the City of Craig can address this is to proactively rezone areas where the community feels more housing would add vibrancy and improve the economic health of the City.

Another consideration when thinking about the local zoning, is that many of the standards drive up housing costs, such as: requiring large lots, deep setbacks, and excess parking.

How to Employ this Strategy

There are several approaches that can be considered when looking at ways to modify zoning to improve affordability.

One approach would be to revisit the comprehensive zoning map, and move more parcels in the zone districts that allow duplexes, triplexes, townhouses, condos, and apartments. This can be done in advance of development proposals to signal to developers what types of housing the City envisions and where.

Another approach 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 City. Currently in Craig, a land owner has to have at least 5 acres to apply for a PUD and there is a requirement that 35% of the land be used as open space. If the City is interested in using PUDs to engender more housing development at a range of price points, they should reduce the minimum size requirement for a PUD and codify the ability to negotiate the open space requirement for developments that include affordability.

The most comprehensive approach to zoning for affordability would be to conduct a code audit, specifically looking for regulatory adjustments that would either simplify development and/or incorporate tools that are more favorable to developments creating affordability.

Easy to Implement	- Change zone district boundaries - Expand PUD usability - Draft STR policy	Update land purchase and disposal policies
Difficult to Implement	Full zoning code audit and update	
	Lower Impact/ Long-term	High Impact/ Immediate

Some examples of the types of things that might emerge from a code audit include:

- Reducing minimum lot sizes,
- Allowing small (3-4 unit) multifamily developments in more zone districts,
- Expanding the Residential High Density district to more areas in the City, especially within 1-2 blocks of commercial corridors, close to the hospital and university, and/or in west Craig.

Additional land use issues that will support long-term affordability include amending the existing land disposition policy and developing a policy to address short term rentals.

Land Purchase and Disposition Policies. Depending on market conditions or other factors the City may decide to buy or sell specific parcels. Currently, the policy for selling City owned property requires the property to be sold to the highest bidder. This policy may inhibit the use of City owned parcels to support affordability goals. We recommend, instead, policies that base City land purchases and dispositions on meeting defined City priorities. This will create an additional tool for Craig to achieve affordability targets and other defined goals.

Short Term Rentals. At the time of the Needs Assessment, Short Term Rentals or STRs were not a primary driver limiting the Craig housing supply. However, this use has rapidly impacted housing availability in cities and towns across the state. When long term rentals convert to short term, they put added strain on already tight rental markets. As the Craig economy transitions and the recreational tourism industry expands, this will likely become a bigger issue in the City. Craig should monitor other cities across the state and proactively develop short term rental policies that protect rental housing for the local workforce and that can generate revenue to support a local housing fund or other priorities.

Who is Needed to Move this Strategy Forward

- City Council
- City Staff
- Community Stakeholders
- Land Use Consultants

Costs and Potential Funding

- Zone map revisit - approx. \$3,000
- Changes to PUD requirements - approx. \$5,000
- Code Audit and Change Adoption - between \$25,000- 40,000

Craig has been awarded a Planning Grant from the Colorado Division of Housing, a portion of these funds could be used to support the code audit process.

Timeline

6 months - 12 months depending on strategy and capacity

Developers seeking to build typically see significant benefit to having their site within municipal boundaries. Developer's working in Moffat County near or adjacent to Craig may seek to apply for annexation. By incorporating into the city and paying city taxes those developments will be covered by city services. Residents would also have the opportunity to vote in city elections. Craig, 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.

How to Employ 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 and list specific public benefits the city is seeking, such as employee housing, permanently affordable housing, open space, etc.

Who is Needed to Move this Strategy Forward

- City Council
- County Commissioners
- City Staff
- County Staff

Funding

Minimal funding required, time for city attorney to vet policy and draft new language.

Timeline

Begin in 2023, 2-6 months depending on capacity.

Easy to Implement	• Community benefit policy for annexations	
Difficult to Implement		
	Lower Impact/ Long-term	High Impact/ Immediate

Action Plan Timeline and Lead Agencies

STRATEGIES	LEAD	2022	2023	2024	2025	2026	2027
Leverage City Owned Land	City of Craig						
Coordinate Supply-Focused Employer Approach	Chamber of Commerce & Economic Development Committee						
Implement Housing Investment Fund	City of Craig						
Zone for Affordability	City of Craig						
Craft Community Benefitting Annexation Policies	City of Craig						

In establishing the five priority actions, the working group also considered the following tools to promote affordability:

Leveraging the Tools of a Housing Authority

Housing Authorities are quasi governmental entities that support affordable and attainable housing in a variety of ways, ranging from managing existing affordable housing properties, administering Housing Choice Vouchers, managing deed restricted for-sale housing,

There may also be opportunities for partnerships with the nearby Yampa Valley Housing Authority, which has many successful developments and programs in Routt County. The Garfield County Housing Authority administers vouchers for this area, and the Rifle Housing Authority recently initiated a partnership that was successful in building 30 units of affordable housing for lower income seniors.

running programs that support homebuyers and renters, and leading or partnering on new development. Housing Authorities have the power to confer property tax exemption, a significant benefit to making rental housing economically feasible. Multi-jurisdictional housing authorities can also conduct ballot initiatives to create local dedicated funding for housing. Currently, the local housing authority is focused on managing Sunset Meadows senior housing. This is a narrow scope, considering the housing needs in Craig and the many proactive things other housing authorities across the state do.

If there is interest in expanding the role of the housing authority, community members can work with or join the Moffat County Housing Authority Board of Commissioners.

Next Steps

- Convene a visioning meeting to explore ongoing gaps in the Craig housing market as well as financing gaps, begin to strategize which partners are best suited to address these gaps.

Future Strategies

- Supportive Housing for individuals and families with very low incomes
- Housing Weatherization and Renovation
- Aging in Place and Downsizing Options for seniors
- Small-scale for-sale - deed restricted
- Density bonus

These tools should be considered mid-term strategies for Craig and incorporated as the City gains momentum on the 5 priority housing strategies.

Easy to Implement	• Density bonuses	
Difficult to Implement	• Fully leverage the local housing authority • Weatherization/renovation	• Supportive housing • Ageing in place/ downsizing • Deed restrictions
	Lower Impact/ Long-term	High Impact/ Immediate

Acknowledgements



- Sierra Arellano - Building Administrator, City of Craig
- Matt Ashby - Principal Urban Planner, Ayres Associates
- Peter Brixius - City Manager, City of Craig
- Andrea Camp - Real Estate Agent/ Broker
- Derek Duran - Duran and Pierce Contractors
- Marlin Eckhoff - Building Official, City of Craig
- Michelle Gottschall - Performance Improvement Specialist, Northwest Colorado Health
- Jennifer Holloway - Craig Chamber of Commerce
- Todd Jourgensen - Memorial Regional Health Board Member
- Margie Joy - Community Relationship Manager, Colorado Housing and Finance Authority
- Tom Kleinschnitz - Director, Moffat County Tourism
- Randy Looper - Craig Chamber of Commerce
- Kristin Olson - Executive Director, Moffat County United Way
- Randi Owens - HR Director, Yampa Valley Electric Association
- Scott Pankow - Superintendent, Moffat County School District
- Kelly Scott - Executive Director of Institutional Effectiveness, Colorado North Community College
- Shannon Scott - Director of Economic Development, City of Craig
- Derek Webb - HR Director, Memorial Health
- Brittany Welburn - Executive Director, Health Partnership

Appendix

	Existing Policy in Craig	Action Plan Policy
A) THE USE OF VACANT PUBLICLY OWNED REAL PROPERTY WITHIN THE LOCAL GOVERNMENT FOR THE DEVELOPMENT OF AFFORDABLE HOUSING;		
(B) THE CREATION OF A PROGRAM TO SUBSIDIZE OR OTHERWISE REDUCE LOCAL DEVELOPMENT REVIEW OR FEES, INCLUDING BUT NOT LIMITED TO BUILDING PERMIT FEES, PLANNING WAIVERS, AND WATER AND SEWER TAP FEES, FOR AFFORDABLE HOUSING DEVELOPMENT;		
(C) THE CREATION OF AN EXPEDITED DEVELOPMENT REVIEW PROCESS FOR AFFORDABLE HOUSING AIMED AT HOUSEHOLDS THE ANNUAL INCOME OF WHICH IS AT OR BELOW ONE HUNDRED TWENTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED;		
(D) THE CREATION OF AN EXPEDITED DEVELOPMENT REVIEW PROCESS FOR ACQUIRING OR REPURPOSING UNDERUTILIZED COMMERCIAL PROPERTY THAT CAN BE REZONED TO INCLUDE AFFORDABLE HOUSING UNITS, INCLUDING THE PRESERVATION OF EXISTING AFFORDABLE HOUSING UNITS;		
(E) THE ESTABLISHMENT OF A DENSITY BONUS PROGRAM TO INCREASE THE CONSTRUCTION OF UNITS THAT MEET CRITICAL HOUSING NEEDS IN THE LOCAL COMMUNITY;		
(F) WITH RESPECT TO WATER UTILITY CHARGES, THE CREATION OF PROCESSES TO PROMOTE THE USE OF SUB-METERING OF UTILITY CHARGES FOR AFFORDABLE HOUSING PROJECTS AND THE CREATION OF EXPERTISE IN WATER UTILITY MATTERS DEDICATED TO AFFORDABLE HOUSING PROJECTS;		
(G) WITH RESPECT TO INFRASTRUCTURE, THE CREATION OF A DEDICATED FUNDING SOURCE TO SUBSIDIZE INFRASTRUCTURE COSTS AND ASSOCIATED FEES RELATED TO PUBLICLY OWNED WATER, SANITARY SEWER, STORM SEWERS, AND ROADWAYS INFRASTRUCTURE;		

	Existing Policy in Craig	Action Plan Policy
(H) GRANTING DUPLEXES, TRIPLEXES, OR OTHER APPROPRIATE MULTI-FAMILY HOUSING OPTIONS AS A USE BY RIGHT IN SINGLE-FAMILY RESIDENTIAL ZONING DISTRICTS;		
(I) THE CLASSIFICATION OF A PROPOSED AFFORDABLE HOUSING DEVELOPMENT AS A USE BY RIGHT WHEN IT MEETS THE BUILDING DENSITY AND DESIGN STANDARDS OF A GIVEN ZONING DISTRICT;		
(J) AUTHORIZING ACCESSORY DWELLING UNITS AS A USE BY RIGHT ON PARCELS IN SINGLE FAMILY ZONING DISTRICTS THAT MEET THE SAFETY AND INFRASTRUCTURE CAPACITY CONSIDERATIONS OF LOCAL GOVERNMENTS;		
(K) ALLOWING PLANNED UNIT DEVELOPMENTS WITH INTEGRATED AFFORDABLE HOUSING UNITS;		
(L) ALLOWING THE DEVELOPMENT OF SMALL SQUARE FOOTAGE RESIDENTIAL UNIT SIZES;		
(M) LESSENERED MINIMUM PARKING REQUIREMENTS FOR NEW AFFORDABLE HOUSING DEVELOPMENTS; AND		
(N) THE CREATION OF A LAND DONATION, LAND ACQUISITION, OR LAND BANKING PROGRAM.		

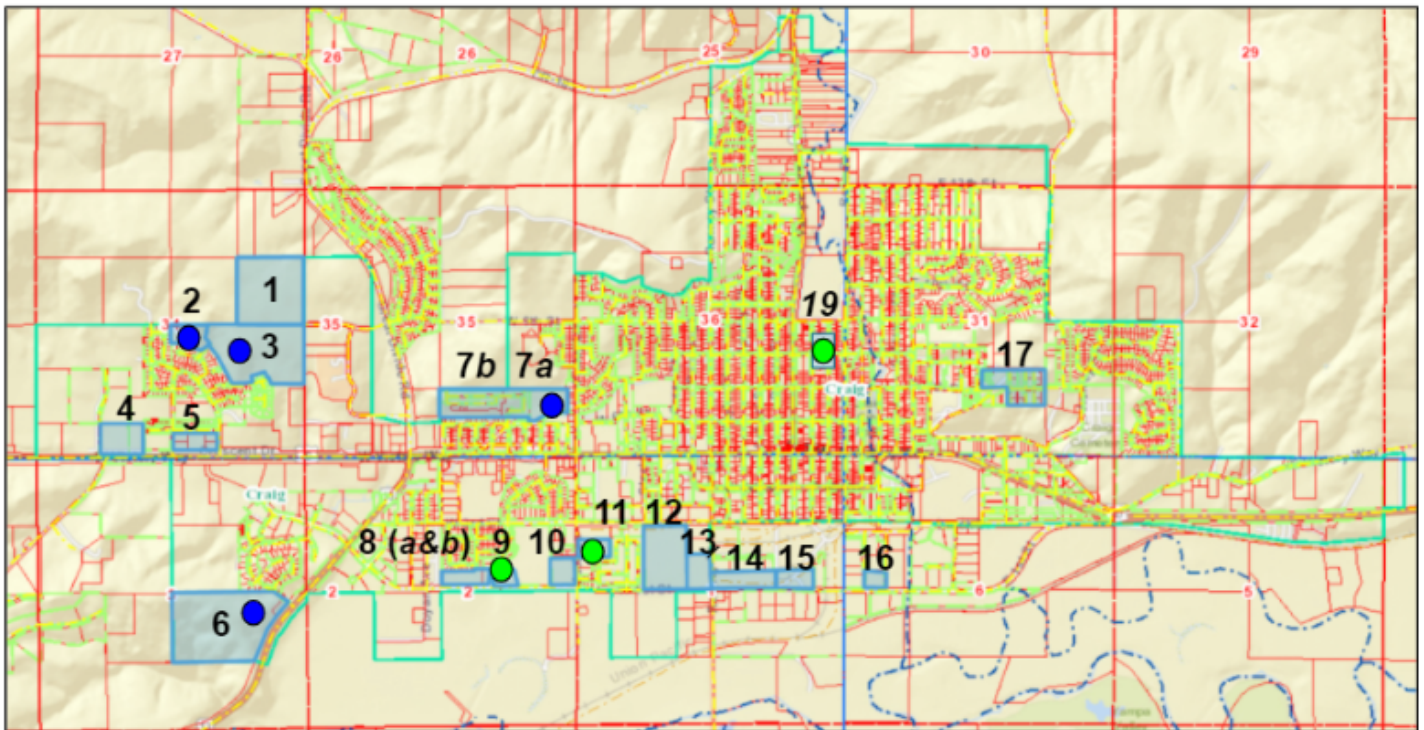
The consultant team surveyed over 40 sites in the City of Craig (both publicly and privately owned) for their suitability for affordable housing development. The purpose of this survey was:

1. Narrow down list of potential sites to those that best lend themselves to housing development/redevelopment
2. Identify next steps needed to realize housing development
3. Create a system that can help Craig evaluate land opportunities in the future that may help it reach its housing goals

The consultant team worked together with the city to identify the key characteristics of suitable properties. Factors that influenced this assessment included size, owner willingness to collaborate with the city, zoning alignment, proximity to transportation and other amenities, topography, and other considerations listed in the table below.

Of the sites studied during the course of this research, 7 rose to the top of the list; 3 of which were identified as being the most suitable.

Below is a map of the priority sites with a detailed breakdown of the characteristics that led to their prioritization.



Map of Major Sites Evaluated

Development Feasibility Analysis

Site #	Name	Feasibility Ranking	Infrastructure Served	Services and Amenities	Developer involved?	Zoned correctly?	City-Owned	Institution-Owned
9	City of Craig Ballpark	High	yes	okay	yes - [city-owned]	no - O/S [rezoning possible]	yes	no
19	Old Hospital	High	yes	high	yes	no - commercial downtown [easy to rezone]	no	yes
11	Carpenter Industrial Site	High	yes	yes	no	no - light industrial ["easy to rezone"]	no	no
2	Oxley Site A	Moderate	no	okay	yes	maybe - res. low density	no	no
3	Oxley Site B	Moderate	no	okay	yes	maybe - res. low density	no	no
6	Crestline Site	Moderate	no	low	yes	yes - res. low, med, high density + comm.	no	no
7A	City of Craig Hill Site	Moderate	yes	high	no	yes - res. med. density	yes - 1 of 3 owners	no



Woodbury



Old Memorial Hospital



Carpenter Leasing

Size	3 acres	1.6 acres	5 acres
Owner	City of Craig	Moffat Co/NW Speech & Hearing	Carpenter Leasing
Zoning	Open Space	Commercial Downtown	Light Industrial
Suitability	Multi-Fam. 30-50 units	Multi-Fam. 20-40 units	Single Fam. or Multi-Fam. 10-40 units

For-Sale Assumptions

Development Costs		
Land	\$0	In-kind from the City of Craig
Site Improvements	\$0	Most infrastructure already in place
Hard Costs	\$8,745,000	\$250/sf
Soft Costs	\$3,498,000	\$100/sf
Professional Fees	\$437,250	5% of hard costs
Construction Finance	\$304,960	4.5% @ 60% accrual over 1 year; 65% LTV
Developer Fee	\$367,290	Modeled at 3% of hard and soft costs
Brokerage Fee	\$369,180	3% of sales price
Total	\$13,721,680	\$527,757 per unit

Home Size	AMI level	Square Feet	#of Homes	Sale Price
3 bedroom/1.5 bath with ADU	Unrestricted	1,530	14	\$612,000
3 bedroom/1.5 bath	120%	1,130	12	\$311,500
Total Sale Proceeds				\$12,306,000

For-sale gap (surplus):

- \$1,415,680 - total
- \$54,449/unit

Rental Assumptions

Development Costs		
Land	\$0	In-kind from the City of Craig
Site Improvements	\$0	Most infrastructure already in place
Hard Costs	\$6,135,000	\$250/sf
Soft Costs	\$2,454,000	\$100/sf
Professional Fees	\$306,750	5% of hard costs
Construction Finance	\$157,682	4.5% @ 60% accrual over 1 year; 65% LTV; 1% orig
Permanent Finance	\$31,250	1% origination
Developer Fee	\$687,120	Modeled at 8% of hard and soft costs
Operating/DSC* Reserves	\$154,629	6 mo. of operating expenses and debt service
Replacement Reserves	\$10,360	\$350/unit
Total	\$9,936,931	\$331,231 per unit

*Debt Service Coverage

Sources		
Debt		
Conventional Loan	\$4,100,000	3% interest; 1.15 DSCR
Equity		
Low Income Housing Tax Credits	\$5,576,323	9% tax credit; units are income averaged to 60%
Total	\$9,676,323	

Rental gap (surplus):

- \$270,401 - total
- \$9,013/unit

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.

American Rescue Plan (ARP)

Federal funding as part of Covid-19 recovery legislation. Communities have considerable discretion in how funds are invested locally.

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.

Certificate of Participation

A financing instrument that can be used to build housing. Local government uses a public building as collateral to secure debt.

Congressionally Directed Spending (CDS)

Federal funding for local government or non-profit projects that is requested by Congressional Representatives or Senators; requests for CDS must have a specified amount and a specified use.

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.

Design Charrette

A collaborative community workshop to establish project and preliminary designs, typically led by an architect.

Housing Choice Voucher

A subsidy to support low income households covering the difference between the rent they can afford and what a landlord is charging.

Multi-jurisdictional Housing Authority

A subdivision of local government enabled by state legislature to respond to shortfalls in local housing markets. Colorado law grants numerous rights to multi-jurisdictional housing authorities, giving them the ability to be strong partners in housing solutions.

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.

Predevelopment

The process of taking land from concept to "building permit ready." This involves architectural design, engineering, local land use approvals, and securing financial commitments.

Request for Proposal (RFP)

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

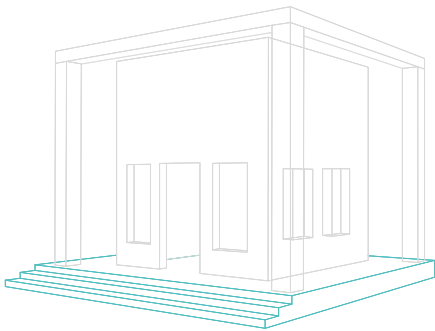
Short Term Rental (STR)

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

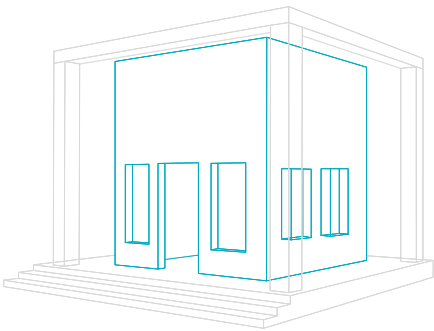
Supportive Housing

Housing that is designed to serve households with very low incomes, that may be vulnerable serious health concerns and/or homelessness, usually augmented with supportive services from local non-profit or government agencies.

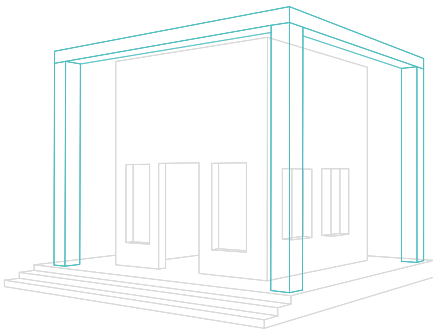
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