Ridgway Town Council Special Meeting Agenda Monday, April 17, 2023

Pursuant to the Town's Electronic Participation Policy,

the meeting will be conducted both in person and via a virtual meeting portal. Members of the public may attend in person at the Community Center, located at 201 N. Railroad Street, Ridgway, Colorado 81432, or virtually using the meeting information below.

Join Zoom Meeting

https://us02web.zoom.us/j/84599614064?pwd=QWdMTXRjNjNtY0ZtMHVPNmZlekc1Zz09

Meeting ID: 845 9961 4064
Passcode: 833160
Dial by your location
+1 346 248 7799 US
+1 253 215 8782 US

5:30 p.m.

ROLL CALL Councilors Kevin Grambley, Polly Kroger, Beth Lakin, Terry Schuyler, JT Thomas, Mayor Pro Tem Russ Meyer and Mayor John Clark

PUBLIC COMMENTS Established time for the public to address the Council regarding any item not otherwise listed on the agenda. Comments will be limited to 5 minutes per person.

WORK SESSION

1. Overview presentation of Ownership Lottery Procedure and Application Process related to Ridgway Wetterhorn Homes Project - Paul Major, Ridgway Homes, LLC

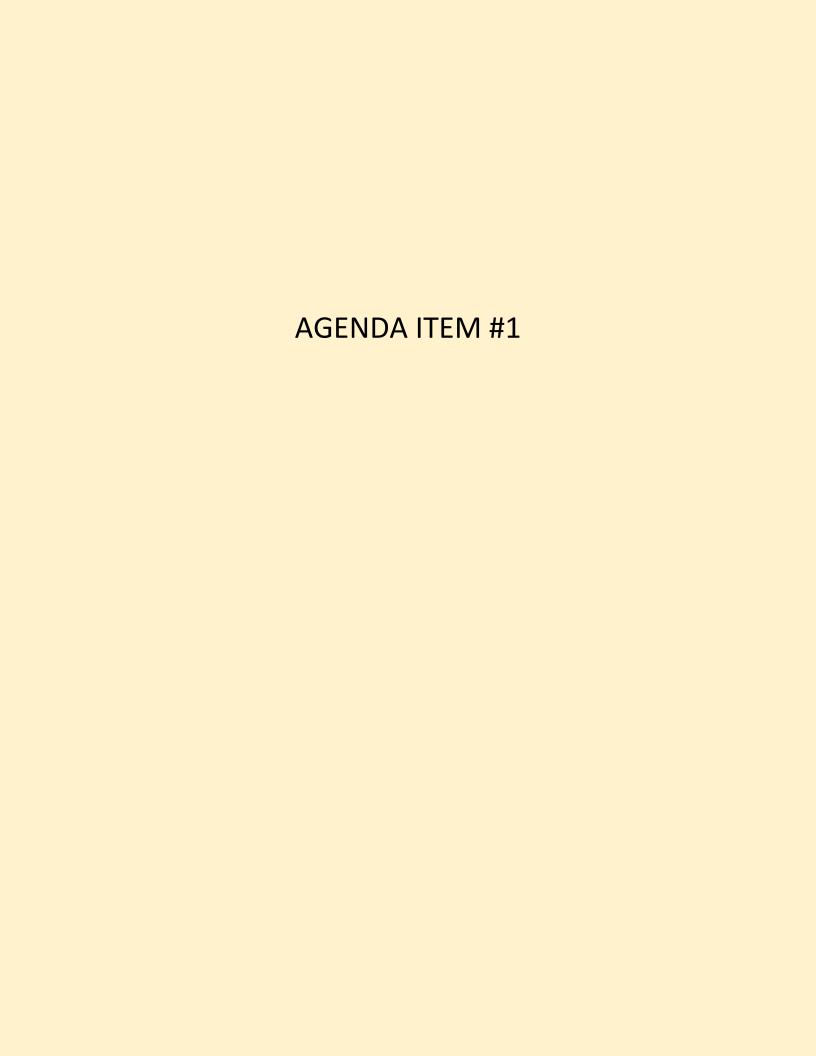
POLICY MATTERS

- 2. Review and action on Resolution No. 23-08 Creating a Workforce and Affordable Housing Committee Town Attorney.
- 3. Consideration of fee waiver request from Ridgway Homes, LLC related to the Ridgway Wetterhorn Homes Project Town Manager.

WORK SESSION

4. Discussion regarding dedicated revenue source to address housing challenges - Town Manager.

ADJOURNMENT



RIDGWAY WETTERHORN HOMES

DEED RESTRICTION AND COVENANT AND THE AFFORDABLE HOUSING GUIDELINES

Briefing on documents, lottery process and long-term program management



- Build new workforce housing in rural Colorado
- High quality homes that will remain affordable for
 - Working residents and their families
 - Who live and work in the local community
- Financed affordably for workforce earning between 60-120% of Area Median Income (AMI).

HOUSEHOLD

Household Income is limited to a maximum of 80% and 120% AMI as designated at the initial sale. Some homes will be designated 80% AMI, the rest will be 120% AMI

75% of a Household's Income must be earned by employment and constitute "Qualifying Income"

Income limits tied to the AMI are relaxed once a person owns the Unit. This creates opportunity for economic advancement

AREA MEDIAN INCOME

AREA MEDIAN INCOME (AMI) is a statistical number based on Household Size and Income for residents of Ouray County and that is used in the Guidelines as a basis for the Income Eligibility Tiers applied to specific Housing Units.

The AMI numbers are updated once per year by HUD and are based upon an analysis of the best available data for County Household Incomes.

AMI*

Qualification is based on Household size, NOT unit size.

*These are 2022 figures

Household Size	1 Person	2 Persons	3 Persons	4 Persons
60% AMI	\$37,260	\$42,540	\$47,880	\$53,160
80% AMI	\$49,680	\$56,720	\$63,840	\$70,880
100% AMI	\$62,100	\$70,900	\$79,800	\$88,600
120% AMI	\$74,520	\$85,080	\$95,760	\$106,320

WORK REQUIREMENT At least one member of the Household must work in the Ridgway R-2 School District boundaries.

Minimum number of employment hours = 1,200 hours over twelve (12) months

Work at least 8 months per 12 at a minimum of 40 hours per month on a rolling basis.

OCCUPANCY AND RESIDENCY

Units must Owner Occupied

Occupancy minimum 8 of 12 months on a rolling timeline

Sole and Primary Residence

No pre-purchase residency requirement but new residents must meet the ongoing residency and occupancy requirements

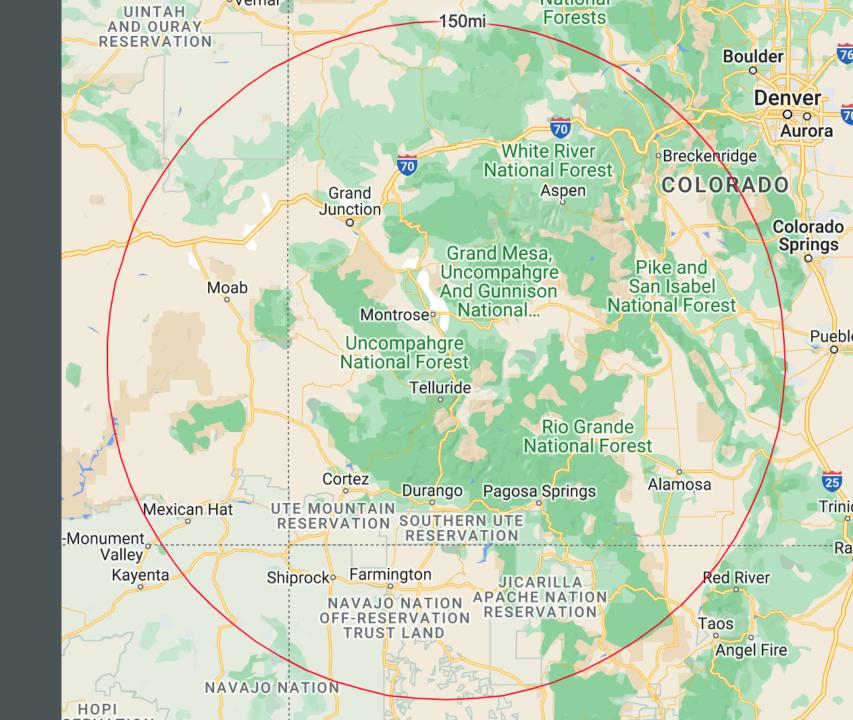


No other Improved Residential Property Ownership within a 150- mile radius

Assets limited to 3x purchase price

AMI Limits-based on designation assigned to each Housing Unit

I50-MILE RADIUS FROM RIDGWAY



PROGRAM ADMINISTRATION

Impact Development Services (IDS)

IDS operates under the umbrella of Impact Development Fund to administer the lottery and to monitor deed restriction compliance.

- Ross Valdez
- Administrator of the deed-restriction program.
- Accept and process applications
- Answer questions
- Update the website
- Facilitate purchase contracts with Rural Homes
- Accept and process requests for exceptions and appeals, if necessary
- Prepare memos for the Housing Subcommittee



Webpage: https://impactdf.org/home-page/impactdevelopmentservices/

The Ridgway Wetterhorn Homes deed restrictions will be managed by Impact Development Services who will be responsible for initial qualification and compliance.

- Ross Valdez
- Business Development Manager
- Impact Development Fund
- Email: <u>lottery@impactdf.org</u>
- P: 970-541-4951 | F: 970-494-2022



INITIAL PURCHASE BY LOTTERY

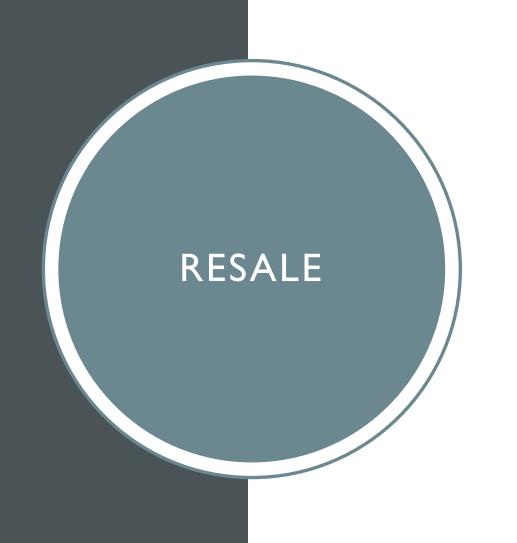
Qualification by Administrator

Lottery

- I. Single-family Applications (no Entity Owners)
- 2. Preference for Locals:
 - School District employees,
 - non-profit health care employees,
 - government employees and
 - emergency responder employees

LOTTERY TIMELINE

Pre-4.26.2023	Publication of Notice Requirements and local advertising initiated.
4.26.2023	Lottery Opens. All documents are available online.
5.31.2023	Lottery Closes. Only complete Applications accepted.
6.6.2023	Lottery List of Qualified Applications posted.
6.8.2023	Appeal Deadline.
6.13.2023	Appeal Hearing (if necessary)
6.15.2023	LOTTERY DRAWING! Winner List posted.
6.19.2023	Lottery Winners contacted, home selection and sale contracts begin.
August- September	Target dates for closing and move-in.



Price appreciation cap of 3%

To a qualified purchaser meeting asset, income, work and residency requirements

AMI designation remains the same

Qualified Entity Owner may purchase

No lottery on resale

PRICE APPRECIATION CAP

3% per year maximum

Maximum Sales Price determined by the Administrator

Owner may earn appreciation on the Unit but it is not guaranteed.

Example: \$280,000 Initial sales price at purchase. Sale in 4 years and 4 months.

Maximum Sales Price = \$309,023.19

year I = 288,400

year 2 = 297,052

year 3 = 305,963.56

partial year 4 = 309,023.19

NON-OCCUPANT OWNERS Entity
Owners

Allowedmax 2
Units

RENTAL OPPORTUNITES

Regular Owners

Roommates-Allowed if
Qualified Employee
Entire Unit -Some
exceptions anticipated
and possible.

DISABLED AND RETIRED PERSONS

There is a process for Persons with a Disability and Retired persons to qualify to own a Ridgway Wetterhorn Home.

Qualified Retired and Qualified Disabled, once Owners, are exempt from ongoing requirement to work but must maintain the Housing Unit as the Sole and Primary Residence.



This project was funded in part by money that flowed from the federal government and is subject to all HUD § 504 restrictions.

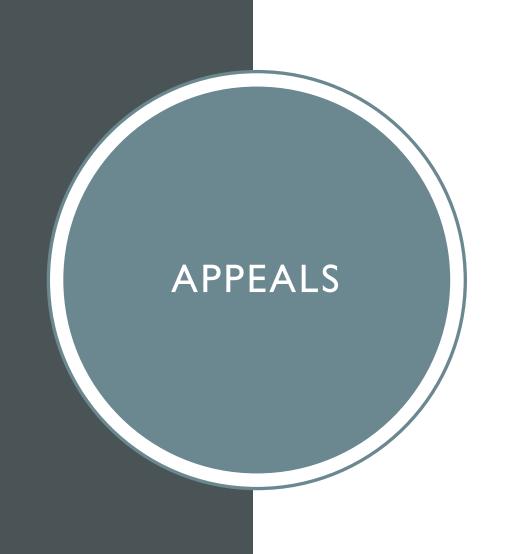
In a nutshell, Reasonable Accommodation will be made at request of the prospective buyer.



Applicants and Owners may apply for exceptions for most criteria when they believe that there exists a legitimate and compelling reason why they should be excused from such criteria or allowed a modification of the criteria.

However, the AMI limits and asset limits are firm.

Please note that for the Initial Sales Lottery, the only exceptions that will be heard are those for co-borrower and non-traditional financing.



An appeal is made when the Applicant understands and acknowledges the Covenant and Guidelines criteria

and

believes that after an Administrative Staff Determination, the criteria have been applied to them incorrectly.



Appeals from the Administrator Staff Determination will be heard by the Ridgway Board.

HEARING PROTOCOL

See separate handout.

Committee/Board shall be responsible for all Appeals of Administrative Staff Determinations.

Quasi-judicial Proceedings.

MANAGEMENT AND COMPLIANCE

IDS staff will be available for questions as they arise

MANAGEMENT AND COMPLIANCE

Support new Owners

Administrator will reach out to Owners 3-6 months post move-in

Verify anticipated jobs materialized

Help Owners stay on track for compliance

MANAGEMENT AND COMPLIANCE

Administrator will run a formal compliance check:

Annually for Renters

- Every two years for Owners
- Or upon complaints or other information received

FAILURE TO COMPLY

- Goal of Management is to nurture compliance.
- When compliance is not achieved:
 - I. Notify Owner of Non-compliance. Advise in writing of issue and notify of impending fines.
 - 2.Apply tools available: Schedule of Violations and Fines (Guidelines, Appendix E)
 - 3. Send Notice of Violation which triggers administrative action.

QUESTIONS??

GRATITUDE

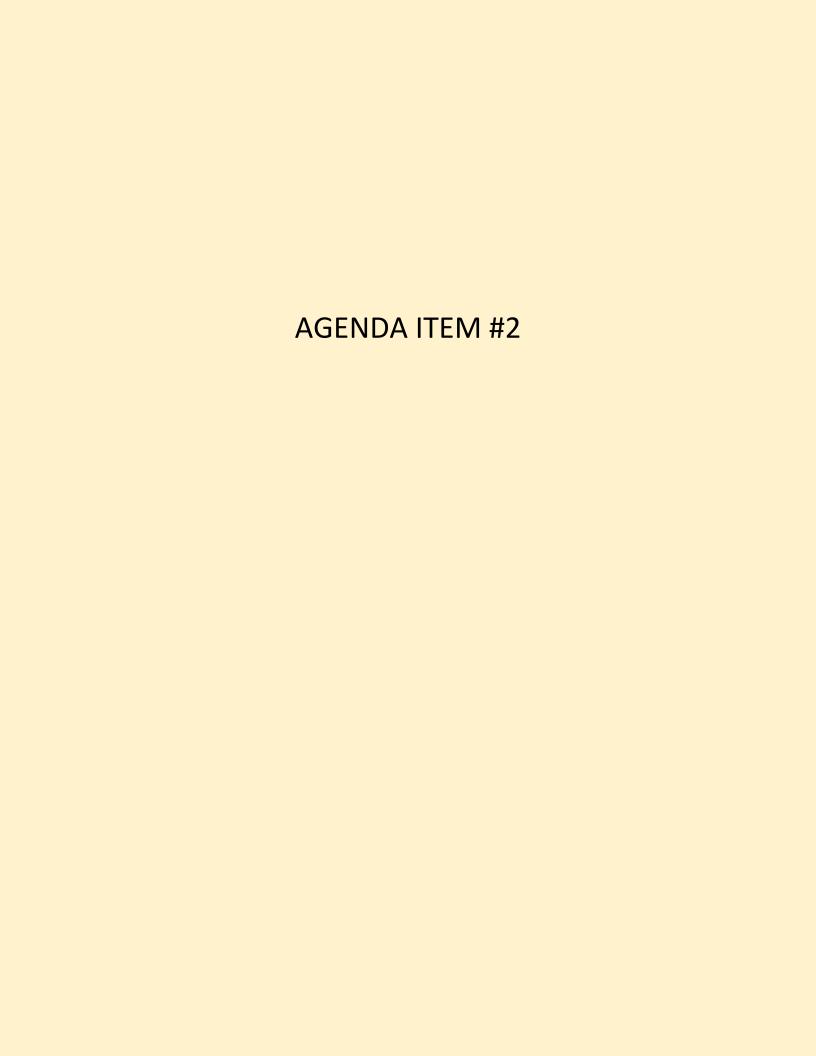
Rural Homes, Ridgway
Wetterhorn Homes and Impact
Development Services are
grateful to the Town of Ridgway
and the community for the
support and partnership
in this project.

Ridgway Wetterhorn Homes Lottery Application Timeline

- Impact Development Services (IDS) will administer lottery applications and conducting the lottery.
- Wetterhorn Homes is the seller of the homes and is not involved in the lottery application or selection process.
- The Town of Ridgway Town Council housing subcommittee will hear and act on appeals.

What	When	
LOTTERY NOTICE PUBLISHED	Friday April 21, 2023	
LOTTERY OPENS	Wednesday April 26, 2023 NOON	
Q&A OFFICE HOURS	Weekly Office hours in Ridgway	
MODEL HOME TOURS	By Appointment	
EXCEPTION APPLICATION DEADLINE	Wednesday May 31, 2023 NOON MDT	
LOTTERY CLOSES	ES Wednesday May 31,2023 NOON	
EXCEPTION HEARING	Tuesday June 6, 2023 9 am	
(if needed)		
LOTTERY LIST POSTED	Tuesday June6,2023 by 5 PM	

APPEAL DEADLINE	Thursday June 8, 2023 NOON	
APPEAL HEARING (if needed)	Tuesday June 13, 2023 TBD	
LOTTERY DRAWING!	Thursday June 15, 2023 NOON	
LOTTERY RESULTS POSTED	Thursday June 15, 2023 by 5 PM	
HOME SELECTION	Monday June 19, 2023	
CONTRACTS SIGNED	Beginning June 23, 2023	
CLOSING & MOVE IN	Rolling dates August- September 2023	



RESOLUTION NO. 23-08

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF RIDGWAY CREATING A WORKFORCE AND AFFORDABLE HOUSING COMMITTEE

WHEREAS, the Town of Ridgway, Colorado ("Town") is a home rule municipality and political subdivision of the State of Colorado ("State") organized and existing under a home rule charter ("Charter") pursuant to Article XX of the Constitution of the State; and

WHEREAS, the Town is experiencing a shortage of housing for the local workforce at all levels of income, threatening the livelihood and character of the Town; and

WHEREAS, the Town Council recognizes the need to address the lack of affordable and workforce housing within its jurisdiction; and

WHEREAS, the Town Council wishes to create a Workforce and Affordable Housing Committee to address the lack of affordable and workforce housing, and to manage and administer affordable and workforce housing projects and properties within the limits of the Town.

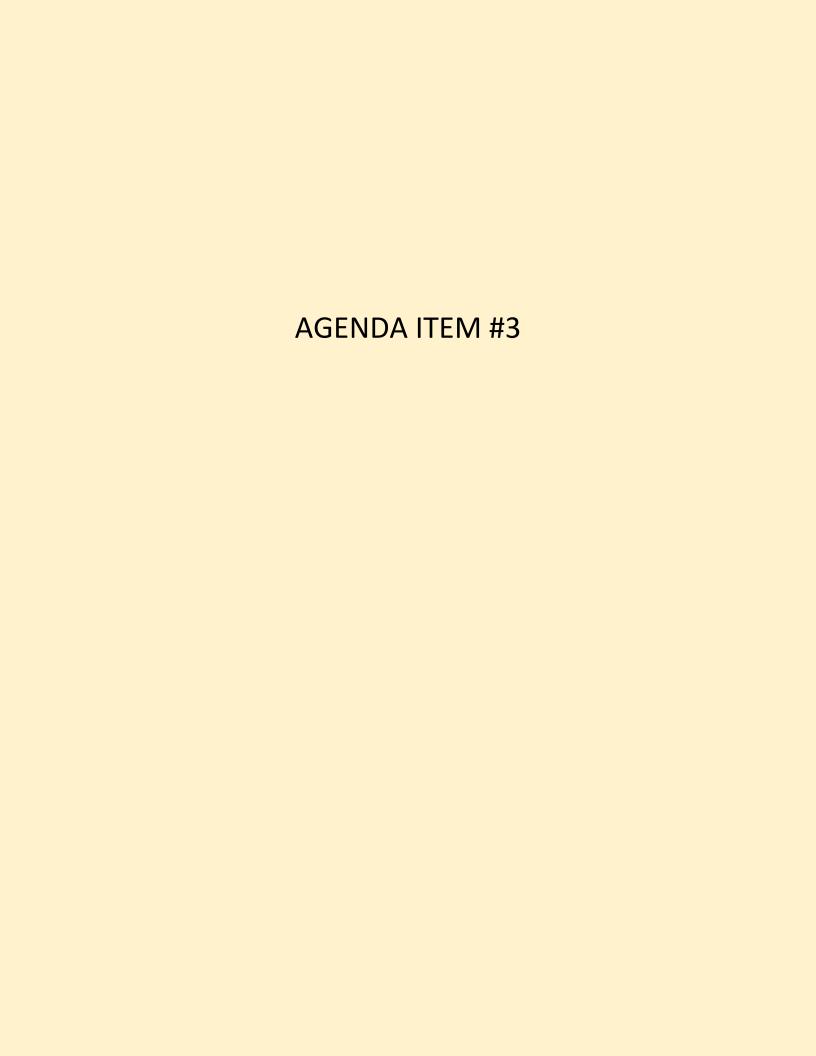
NOW THEREFORE, BE IT RESOLVED by the Ridgway Town Council that;

- A Workforce and Affordable Housing Committee is hereby created for the management and administration of workforce housing projects and properties within the Town. The members of the Committee shall be the Members of the Town Council, with the Mayor serving as the Committee Chair, and the Mayor Pro Tem as the Vice Chair of the Committee. Service on the Committee is tied to and contingent upon service on the Town Council.
- 2. The Workforce and Affordable Housing Committee shall administer all workforce and affordable housing properties and projects within the Town, including the Wetterhorn Homes Ridgway Project.
- 3. Within sixty days from the adoption of this resolution, the Workforce and Affordable Housing Committee shall develop Committee Bylaws.

day of April 2022

ADOFTED AND AFFROVED uns	day of April, 2023.	
	John Clark, Mayor	-
ATTEST:	John Clark, Wayor	
Pam Kraft, Town Clerk		

ADODTED AND ADDDOVED 41.1.





April 14, 2023

Town of Ridgway 201 N. Railroad Street P.O. Box 10 Ridgway, Colorado 81432

Dear Mayor and Council Members:

Based on the Development Agreement between the Town of Ridgway and the Wetterhorn Homes developer, Ridgway Homes, LLC, I am writing to respectively request that the Council waive all Town fees required for the project including building permits, sewer and water connections, zoning, utility impact and plan review, legal, among others.

The savings from the waiver of fees will be passed along directly to the reduce the sale price of the home for the buyers.

Thank you for your consideration.

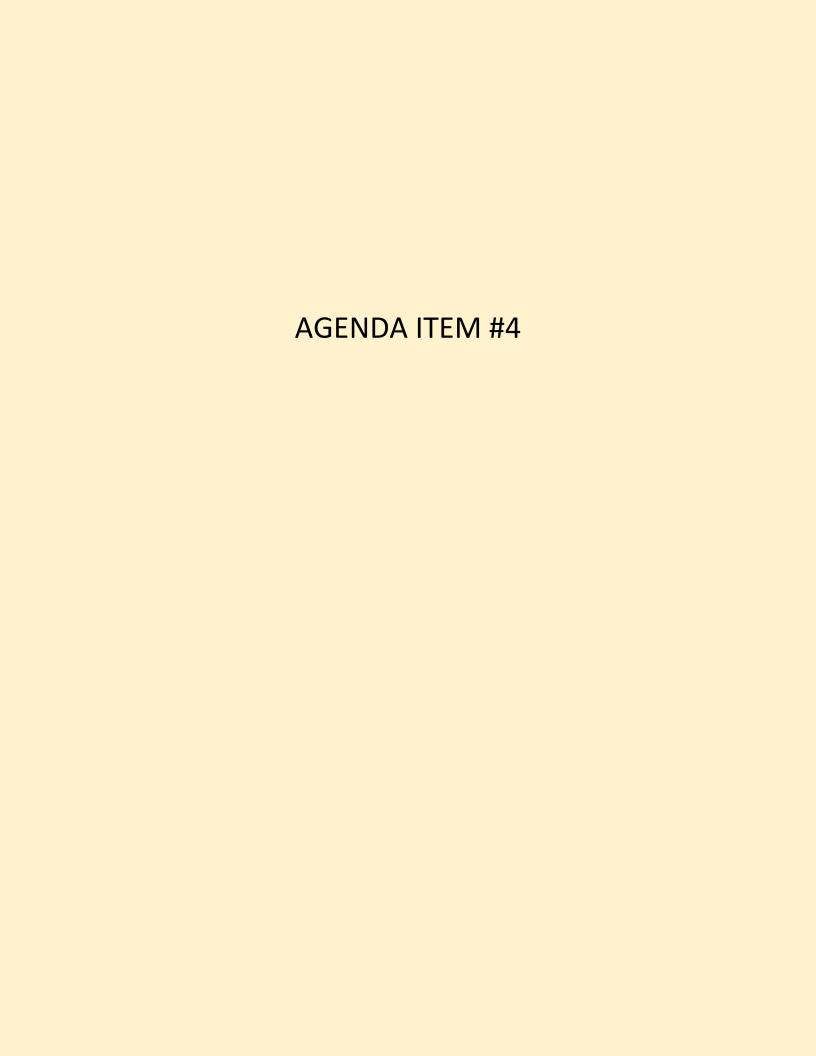
Sincerely,

Paul Major

Ridgway Homes, LLC

Cc: Preston Neill

Bo James Nerlin







To: Honorable Mayor Clark and Ridgway Town Council

From: Preston Neill, Town Manager

Date: April 13, 2023

Agenda Topic: Dedicated revenue source to address housing challenges

BACKGROUND:

The intent of this work session is for Council to continue discussing and evaluating strategies for a dedicated revenue source for affordable housing. Council has traditionally appropriated General Fund dollars in line item 535GOO to put toward affordable housing initiatives, but a dedicated stream is ideal for the long-term. The Town has had a long-standing goal, which is memorialized as Action COM-1e in the Town of Ridgway Master Plan, to evaluate mechanisms or strategies for a dedicated revenue source for affordable housing.

Council met in a Workshop on February 15th to discuss possible funding mechanisms and consider whether to place any ballot questions before the electorate. To check out the staff report from that workshop, which includes a list of potential revenue sources that range from targeted fees to broad taxes, click HERE. The direction provided by Council on February 15th was as follows:

- 1. Research taxes in other communities that impact residential properties that are not being used as a primary residence or rental (i.e., second home tax or vacant home tax). This included looking into the efforts made by Crested Butte on their "community housing tax" proposal.
- 2. Look into revenue impact of a short-term rental tax at rates between 9% and 15%.
- 3. Look into revenue impact of an increased lodging tax at rates between 4% and 7%.
- 4. Further explore an Inclusionary Zoning Fee-in-Lieu that would allow developers looking to construct market-rate housing developments to either provide on-site affordable units or pay fees in lieu thereof.

Staff followed that direction and presented the following information to Council at a work session held during the March 8, 2023 Regular meeting:

Second Home/Vacant Home/Speculation Tax

Crested Butte, CO

In 2021, the Town of Crested Butte issued a ballot question to voters regarding a \$2,500 "Community Housing Tax" on second homes not occupied at least six consecutive months a year along with undeveloped residential lots. It was proposed that the \$2,500 fee could be increased each year, via Town Council approval, based on the Consumer Price Index. The



projected revenue from the Community Housing Tax was \$1,112,500. Voters rejected the proposal.

Avon, CO

In late 2019 and early 2020, the Avon Town Council held several discussions regarding an empty homes fee. The Town of Avon's Community Housing Plan, which was published in 2018, identifies that 45% of all dwelling units in Avon are not occupied by year-round residents. This was just one of several motivations for the discussion about imposing a vacancy tax. Ultimately, the discussion was tabled.

Staff was unable to locate any other communities in Colorado that have an existing second home/vacant home tax. Staff utilized a finance listserv and reached out to DOLA and CML to gather information on existing second home/vacant home taxes around the state, but no information was provided. CML and DOLA asked staff to contact them if anything was found.

Vancouver, BC

In Vancouver, British Columbia, homeowners are required to submit a declaration each year to determine if their property is subject to the City of Vancouver's Empty Home Tax. The Empty Home Tax, which was enacted in 2016, applies to residential units that aren't primary residences and aren't occupied at least six months out of the year. Properties deemed or declared empty in the 2022 reference year are subject to a tax of 3% of the property's 2022 assessed taxable value. The tax rate for the 2023 reference year is 5%.

Oakland, CA

In 2018, voters in Oakland, CA, approved a ballot measure enacting the Oakland Vacant Property Tax. The annual tax ranges from \$3,000 to \$6,000 on vacant property. A property is considered vacant if it is in use less than 50 days in a calendar year, and not subject to any of the specific exemptions. The special tax rates are shown below:

Property Type	2021 Special Tax Rate
Residential	\$6,000 per parcel
Condominium, duplex, or townhome unit under separate ownership	\$3,000 per vacant residential unit
Nonresidential	\$6,000 per parcel
Parcel with ground floor commercial activity allowed but vacant	\$3,000 per parcel
Undeveloped	\$6,000 per parcel

The allowable exemptions for qualified owners and properties are:

- Very Low Income
- Financial Hardship



- Demonstrable Hardship Unrelated to Personal Finances
- Exceptional Specific Circumstances
- Active Construction
- Building Permit Application
- Low Income Senior
- Disabled Owner
- Non-profit Organization
- Substantially Complete Application for Planning

San Francisco, CA

In 2022, voters in San Francisco, CA, approved a ballot measure enacting a vacancy tax that will take effect on January 1, 2024. Property owners with at least three units that have been vacant for more than 182 days (six months) will be taxed between \$2,500 and \$5,000 per empty unit. Single-family homes are exempt from the vacancy tax, as are duplexes.

Short-Term Rental Tax

A short-term rental tax, if enacted, would require owners of properties that are short-term rented to remit the short-term rental tax amount, as well as the existing lodging tax amount. Based on looking at 2022 reported revenues, a short-term rental tax between 2% and 15% would generate the following amounts per year:

Tax percentage	Projected annual revenue	
2%	\$15,189.55	
3%	\$22,784.33	
4%	\$30,379.11	
5%	\$37,973.89	
6%	\$45,568.66	
7%	\$53,163.44	
8%	\$60,758.22	
9%	\$68,353.00	
10%	\$75,947.77	
11%	\$83,542.55	
12%	\$91,137.33	
13%	\$98,732.11	
14%	\$106,326.88	
15%	\$113,921.66	

Lodging Tax

In November 2015, the Ridgway electorate approved a ballot question changing the Town's Lodging Tax rate from \$2 per room per night to 3.5 percent per room per night. In addition,



voters agreed that "up to 70% of the proceeds of the Lodging Tax be used for tourism promotion and economic development and the remainder be used for expenses attributable to tourism and growth."

If Council were to pursue asking voters to increase the Town's Lodging Tax rate, it would also be necessary to ask voters to approve modifying how the proceeds are earmarked. For example, 70% of the proceeds could remain going toward tourism promotion and economic development while the remaining 30% could be used for affordable housing/to address housing challenges. Based on the above example, and in looking at 2022 reported revenues, a Lodging Tax increase between 4% and 7% would generate the following amounts per year:

Tax percentage	Projected annual revenue	70% (tourism promotion)	30% (affordable housing)
4%	\$168,524.41	\$117,967.09	\$50,557.32
5%	\$210,655.51	\$147,458.86	\$63,196.65
6%	\$252,786.61	\$176,950.63	\$75,835.98
7%	\$294,917.71	\$206,442.40	\$88,475.31

Inclusionary Zoning Fee-In-Lieu

Inclusionary zoning or inclusionary housing ordinances are requirements to include incomerestricted housing in new developments. The Town does not currently have any inclusionary zoning components within the Ridgway Municipal Code. However, it has been a policy for many years now that a minimum of 10% of housing units shall be deed restricted. Most inclusionary zoning or inclusionary housing ordinances allow developers to pay a fee-in lieu of construction of the affordable (income restricted) units and fee revenues are typically dedicated to an affordable housing trust fund.

Each jurisdiction must determine how to set their fee level. There are several common approaches, but no single right formula. A key factor that shapes the decision about which formula to use is whether a jurisdiction wants to encourage on-site performance or collect the revenue to leverage other sources of funding and to build funds to do things like construct affordable units off site. The higher the fee, the higher the chance that developers will choose to build units on site.

As mentioned above, there are a variety of approaches or methods for calculating the in-lieu fee. One method, known as the "affordability gap method", bases the in-lieu fee on the typical difference in price, or rent, between market rate and affordable units. For example, if a typical market rate home sold for \$400,000 and the affordable price was \$300,000, the fee would be \$100,000. Another method, known as the "production costs method", bases the in-lieu fee on the average amount that the public has historically invested to produce each additional off-site affordable unit. For example, if it generally cost \$300,000 to build a



new unit and qualified low-income buyers could generally afford \$250,000, then the fee would be \$50,000.

Town staff and consultants are continuing to advance the proposed updates to RMC Chapter 7. Though it won't be codified with bulk of the RMC Chapter 7 updates, a section on affordable housing with inclusionary zoning and incentive components has been proposed and evaluated by the Planning Commission. It will be prioritized for further review and consideration once the process for updating the Town's zoning and subdivision concludes this summer. Therefore, staff recommends that Council provide direction to further evaluate and propose a fee-in-lieu as part of the process to modify and propose the new affordable housing and inclusionary zoning regulations.

As a result of that work session, Council directed staff to 1) conduct more research on the different taxes and review possible ballot measures, 2) direct some more attention to the vacancy tax to better understand the implications, and 3) reach out to the Ridgway Area Chamber of Commerce (RACC) to make sure they participate in the conversation as (potentially) an impacted stakeholder. A large element to the conversation at the March 8th work session was the idea of the Town needing a formal affordable housing plan or strategy of some sort to define goals and funding targets, and establish how raised funding would be used.

UPDATES:

Attached to this memorandum is a white paper from Bo Nerlin, Town Attorney, providing examples of different taxes which may be employed to generate revenue for workforce and affordable housing with the Town. It also includes sample ballot language for each tax and some guidance on each method of taxation.

Staff has met with RACC reps to discuss this initiative, get their input, and encourage their participation in future public meetings on this topic. Staff expects RACC reps to attend Monday evening's work session.

DIRECTION REQUESTED:

Staff is requesting direction from Council on how to proceed with this initiative. To submit a ballot question to hold a special municipal election as a coordinated election with Ouray County in November 2023, the Town would need to submit a notice of intent to the *Ouray County Clerk & Recorder's Office* by July 28, 2023. A ballot title and content for the ballot issue would need to be finalized by Council, approved via resolution, and issued to Ouray County before September 8, 2023.

ATTACHMENT:

White Paper – Review of possible Workforce Housing Ballot Measures



DEVOR & PLUMHOFF, LLC

Attorneys and Counselors at Law

Bo James Nerlin bo@coloradowestlaw.com

MEMORANDUM

To: Town Council, Town of Ridgway

From: Bo James Nerlin, Esq.

Re: Review of possible Workforce Housing Ballot Measures

Date: April 14, 2023 CC: Mr. Preston Neill

The purpose of this memorandum is to provide examples of different taxes which may be employed to generate revenue for workforce and affordable housing with the Town.

SHORT TERM RENTAL EXCISE TAX

- Frisco 2022
 - o 5% excise tax on short-term rentals within the Town
 - o 100% of the collections used towards workforce housing programs.
 - o Approved and effective June1, 2022.
- Carbondale 2022
 - o 6% excise tax on short term rental prices
 - o To fund the promotion, regulation, procurement and regulation of local affordable and attenable housing
 - o Approved and effective January 1, 2023
- Sample Ballot Language:
 - O SHALL TOWN OF FRISCO TAXES BE INCREASED BY ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) IN THE FISCAL YEAR COMMENCING JANUARY 1, 2023 AND ENDING DECEMBER 31, 2023, AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, BY IMPOSING A NEW EXCISE TAX, EFFECTIVE JUNE 1, 2022, ON THE PURCHASE OF A SHORT TERM RENTAL, AT THE RATE OF FIVE PERCENT (5%) OF THE PRICE PAID BY THE PURCHASER FOR THE RENTAL, ALL IN ACCORDANCE WITH TOWN OF FRISCO ORDINANCE 22-01; AND SHALL THE TOWN BE AUTHORIZED TO COLLECT AND SPEND SUCH REVENUE AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION AND SOLELY FOR THE PURPOSE OF AFFORDABLE HOUSING PROJECTS AND PROGRAMS?

SALES TAX

- Dillon 2022
 - Increase of the existing sales and use tax
 - Portions of increased tax for planning, financing, acquiring and constructing and reconstructing workforce housing
 - o Passed and effective January 1, 2023
- Sample Ballot Language:
 - WITHOUT INCREASING ANY EXISTING TAXES, SHALL TOWN OF DILLON DEBT BE INCREASED UP TO \$20 MILLION, WITH A MAXIMUM REPAYMENT COST OF \$35 MILLION, FOR THE PURPOSE OF FINANCING ALL OR ANY PART OF THE COSTS OF CONSTRUCTION, ACQUISITION, AND IMPROVEMENT OF WORKFORCE HOUSING PROJECTS ON THE TOWN'S BEHALF AND/OR IN PARTNERSHIP WITH OTHER ENTITIES APPROVED BY THE TOWN COUNCIL, INCLUDING:
 - PLANNING, FINANCING, ACQUIRING, CONSTRUCTING, RECONSTRUCTING OR REPAIRING WORKFORCE HOUSING PROJECTS;

SUCH DEBT TO BE PAYABLE FROM THE VOTER APPROVED 0.125% SALES AND USE TAX AND THE 0.6% SALES TAX REVENUE RECEIVED BY THE TOWN FROM THE HOUSING AUTHORITY AND ANY OTHER AVAILABLE REVENUE OF THE TOWN AS MAY HEREAFTER BE DESIGNATED BY THE TOWN COUNCIL;

SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE TOWN MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM OF NOT TO EXCEED 3.0%; AND SHALL THE PROCEEDS OF SUCH DEBT, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE TOWN AS A VOTER APPROVED REVENUE CHANGE PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

LODGING TAX

- Grand Junction 2022
 - o Proposed increase of lodging taxes by 1%
 - o Dedicated to developing and funding affordable housing
 - o Failed with 62% opposition
- Sample Ballot Language:

SHALL THE CITY OF GRAND JUNCTION LODGING TAX BE INCREASED BY \$1,030,000.00 IN THE FIRST YEAR (2023), AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, BY THE ADOPTION OF AN ADDITIONAL ONE PERCENT (1%) TAX ON THE PRICE PAID FOR LODGING IN THE CITY, WITH THE ADDITIONAL ONE PERCENT (1%) TAX COLLECTED IN THE SAME MANNER AS THE CITY'S LODGING TAX, AS AMENDED TO 2018, WITH ALL OR ANY PORTION OF THE NET PROCEEDS OF THE ADDITIONAL 1% LODGING TAX, AS DETERMINED BY THE CITY COUNCIL, BEING COLLECTED, SPENT FOR DEVELOPING, AND FUNDING, IMPLEMENTING, IN ACCORDANCE WITH THE ORDINANCES OF THE CITY OF GRAND JUNCTION AND THIS BALLOT QUESTION, AND CREATING INITIATIVES THAT FACILITATE THE DEVELOPMENT OF PARTNERSHIPS AMONG NON-PROFITS, THE PRIVATE SECTOR, AND GOVERNMENT(S) FOR THE ACQUISITION OF LAND AND/OR BUILDING(S), DEVELOPMENT, OPERATION, MAINTENANCE OF, AND ANY OTHER ACTION(S) BY THE CITY OR IN PARTNERSHIP, TO PROVIDE AFFORDABLE HOUSING FOR HOUSEHOLDS MAKING 80% OR LESS THAN THE AREA'S MEDIAN INCOME, AND FUNDING HOMEOWNERSHIP ASSISTANCE, SHARED AND SWEAT EQUITY PROGRAM(S) AND **OTHER** PROGRAM(S) TO **FACILITATE** HOMEOWNERSHIP, AND OTHER ACTION(S) AND PROGRAM(S) NOT INCONSISTENT WITH THESE PURPOSES, EXCEPT THAT NO VENDOR PROCESSING FEE SHALL APPLY TO THE TAX INCREASE, AND SHALL THE REVENUES GENERATED BY SUCH TAX INCREASE AND PROCEEDS BE COLLECTED AND SPENT BY THE CITY AS A VOTER APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

EMPTY HOUSE TAX

- Town of Crested Butte 2021
 - o Applied to nonprimary residences vacant for at least six months a year
 - o \$2,500 per residence or undeveloped parcel
 - Adjusted for CPI
 - Ballot Question Failed 448 to 344
- City of Santa Cruz Empty House Tax 2022
 - o Applied to properties not being used for a minimum of 120 days per year
 - o Flat fee
 - \$6,000.00 per single family property
 - \$3,000.00 per vacant condo or town home
 - Defeated 62% 38%

- San Francisco Proposition M 2022
 - o Applies to buildings with 3 or more units vacant for longer than 182 a year
 - o Passed November 2022 with 54% of the vote
 - o Lawsuit filed in February of 2023 challenging the Proposition

- Sample Ballot Language:

O BEGINNING JANUARY 1, 2022, THE TOWN COUNCIL MAY IMPOSE BY ORDINANCE A COMMUNITY HOUSING TAX ANNUALLY ON (1) RESIDENTIAL UNITS IN TOWN THAT ARE NOT A PRIMARY RESIDENCE UNLESS THE RESIDENCE IS RENTED FOR RESIDENTIAL PURPOSES FOR AT LEAST 6 MONTHS PER YEAR IN PERIODS OF 6 CONSECUTIVE MONTHS OR MORE AND (2) UPON UNDEVELOPED PROPERTY THAT IS ZONED FOR RESIDENTIAL USE; THE COMMUNITY HOUSING TAX MAY NOT EXCEED \$2,500 PER RESIDENCE OR UNDEVELOPED PARCEL OF PROPERTY IN 2022 WHICH AMOUNT MAY BE INCREASED BY COUNCIL IN SUBSEQUENT YEARS BY NOT MORE THAN THE CUMULATIVE PERCENTAGE INCREASE IN THE UNITED STATES BUREAU OF LABOR STATISTICS CONSUMER

CONCLUSION

In the event the Council wishes to move forward with a ballot question, the Town clerk must notify the County Clerk and Recorder's office of its intent to participate in the November 7, 2023, election no later than July 28, 2023. Thereafter, the Council must approve a ballot question before September 8, 2023.

Except for the empty house tax, all other methods of taxation are recognized methods of taxation throughout the state. To date, no jurisdictions in Colorado have adopted an empty house tax. In the event such a tax is approved by the voters, it could be challenged as a violation of the State and Federal Constitution. Opponents may argue that the Town has implemented a taking by coercing second homeowners to rent their property. Given that a homeowner has the ability to circumvent the empty house tax by either renting or occupying their property, there are valid arguments to combat an allegation of a taking. Nevertheless, there may be opponents that challenge the empty house tax as having unequal treatment.