Responses to Questions from Town of Lyons Housing Site Analysis Meeting on 12/22/14
1/5/2015

TRESTLE
strategy group

1. **How do the infrastructure costs compare between Williams and Bohn?**

Infrastructure costs are currently being estimated by Rick Engineering and Jim Blankenship, Town Engineer. Conceptual costs for both properties will be presented at the January 5th workshop with the Board of Trustees.

2. **What happens if the town vote turns down the selected site?**

A CDBG-DR Round 2 "set-aside" allocation of up to $4 million dollars is currently "earmarked" specifically for recovery housing in Lyons. If a site is not selected and the Town of Lyons does not apply for the DR funding during Round 2 (funding application process begins in March 2015), the money will be allocated to other communities in need. There may be some funding for 2016, but this is not known.

3. **Will the citizens of Lyons have to pay for housing through increased taxes or other municipal funding?**

Under the current projected proposed funding scenario (leveraged DR funds with tax credits) there will not be any additional funding required by the Town of Lyons or through local subsidies, including deferred taxes or other sources. Additional funding for the project is anticipated to be provided by the development partner, including cash contribution, mortgage debt incurred by the housing developer, and Colorado State tax credits. The Town of Lyon could receive funding from the project in the form of building permit fees, tap fees, potential increased sales tax, and a portion of property taxes.

4. **If the recovery housing is not built in the Town of Lyons, will there be socio-economic impacts to the Town Budget, Town Residents, or other?**
    - Town Diversity and Affordability: The loss of nearly 20% of the housing stock in the 2013 flood (90% which was affordable) will have long term impacts on the economic diversity and health of the Town of Lyons. Replacing this housing will ensure that teachers, public servants, artists, and the elderly will be able to find a place to live in Lyons.
    - Severance Tax: Per capita tax based on the number of workers in the mining industry (quarry, oil and gas)
    - Conservation Trust Fund: The Colorado Constitution directs 40% of the net proceeds of the Colorado Lottery to the Conservation Trust Fund for distribution to municipalities and counties and other eligible entities for parks, recreation, and open space purposes. The Department of Local Affairs distributes CTF dollars from net Lottery proceeds to over 460 eligible local governments: counties, cities, towns, and Title 32 special districts that provide park and recreation services in their service plans. CTF funds are distributed quarterly on a per capita basis.
    - Use and Sales Tax Revenue: According to DRCOG, sales taxes from the additional residents would generate between $24,500 and nearly $49,000 in revenue. Other taxes and sources of revenue would increase between $41,500 and $83,000.

- Property Tax: According to DRCOG, each new house built would on average provide $463 per year in property tax revenues. Replacing 50 to 100 homes would generate between $23,000 and $46,000 in additional property tax revenue (estimate).
- Town of Lyons Expenses: According to DRCOG, total expenditures for the Town of Lyons would increase between $70,800 and $141,600 with no rooftops replaced. The net revenue from replacement housing for the town would range between $18,000 and $36,700. Total revenues would increase between $89,000 and $178,000 with the construction of 50 to 100 units.
- Utilities: According to DRCOG, the replacement housing would increase revenues for Lyons Utilities between $103,000 and $206,000 in year one. Additional $120 to $255 per year per average household in utility bills for Lyons Utilities to replace revenue lost.

5. Why are the recovery units rentals?

The Low-Income Housing Tax Credit (LIHTC) program is designed to provide affordable rental housing to meet the housing needs of those earning below 60% of Area Median Income. The program will not provide funds to create for sale affordable or market-rate homes. A project can include for-sale homes as long as they are not funded using any portion of the low-income housing tax credit proceeds. For this reason it is difficult to finance for-sale affordable homes in conjunction with a LIHTC project. However, a partnership involving a non-profit home builder such as Habitat for Humanity may be able to leverage the resources necessary to provide a portion off units as affordable, for-sale with the appropriate funding. Similar projects have been successful when the for-sale component is 10% or less of the total units.

Another option to bring home ownership housing to a site would be to seek a partnership with a for-profit developer who could provide market rate housing. However, the Housing Needs Assessment shows the need for replacement housing is for households with incomes too low to afford a market rate home.

6. Will this be Section 8 Housing?

"Section 8" also known as "Housing Choice Vouchers" is a HUD program that enables a household to pay 30% of their income on rent, and HUD provides a subsidy for the remainder. The tenant portion of rent is recalculated when a tenant's income changes. Tenant rent can be as low as $50/month, but is more typically $200-$400. The following is an example of a rent calculation for a musician with an annual income of $15,000:

$15,000 x 30% = $6,000/year on housing/12 months = $375/month tenant portion on rent.

Housing Choice Voucher can be used wherever there is a willing landlord and a unit that meets the HUD requirements (reasonable rent, and a Housing Quality Standards inspection). Housing Choice Vouchers are a powerful tool to assist very low income households and create income diversity in a neighborhood. However, the resource is extremely scarce – wait list times are often 5-10 years.

The federal funding sources that are proposed for Lyons Replacement Housing will require the project to accept Housing Choice Vouchers. In speaking with agencies that administer the vouchers, we could anticipate 10-25% of the units being leased by Housing Choice Vouchers holders.

More information on Housing Choice Vouchers:

http://www.bouldercounty.org/family/housing/pages/housingfaq.aspx#section8participantsfaq

http://www.bouldercounty.org/family/housing/pages/subsidizedhousing.aspx

7. Can you describe the annexation scenarios for Williams? Will a vote be required?

The Annexation procedures can be found on the town website at www.townoflyons.com in the Lyons Municipal Code Section 15. The annexation process includes an application submittal, impact reports, 30-60 day petition process, public notice hearing before the Planning and Community Development Commission, annexation agreement, referral to Boulder County and special districts, Board of Trustees public hearing and action. An expedited annexation process can occur within 90 days if a vote is not required.

However, Sec. 15-1-340 outlines that annexation of land greater than five acres in size shall be referred to the registered electors of the Town. If the property being annexed is owned by the Town of Lyons, an annexation vote is not mandated; however, the Board has indicated their desire for transparency in any annexation, and would most likely go through the annexation process and vote, even if purchased by the Town. An election would require an additional 90—150 days.

8. Who will own the housing units once they are completed?

The Housing units will be owned by the development partner and the investor, typically for a period of 15 years, after which time the development partner will own them outright. The development partner can be a for profit, a non-profit, or a housing authority. The development partner typically creates a LLC to manage the rental units and will provide all maintenance and property management for the site. In selecting a development partner, the town will ensure that the entity has experience in managing and operating affordable housing developments. The development partner will also be responsible for ensure that the affordable rents are maintained and that residents meet the eligibility criteria for the life of the project.

9. County road 69 and Bohn Park are both in the floodplain, how can Trestle recommend this site and this access point?

The proposed development area in Bohn Park is outside of the 100-year regulatory floodplain and floodway. Primary access to the Bohn Park development area is contemplated from 2nd Avenue in the area of shallow flooding of the 100 year flood plain, similar to other roads within the Town. The depths of flooding at the connection point to 2nd Avenue are within the limits of allowable water overtopping for roadways in the Town Design and Construction standards and as customary for local

and collector roadways. While primary access to Bohn Park would be via Second Avenue, secondary emergency access will be provided near the middle/high school and also through Heil Ranch, both of which are outside of the regulatory flood plain. Access is not proposed off County Road 69 at this time, however that may be another option in the future provided it meets the Town's design and construction standards. The bridge at 2nd Avenue will be replaced to larger regulatory flows and other upland improvements will be completed in Bohn Park, upstream and downstream of 2nd Avenue to facilitate the flood plain and floodway. These improvements are expected to contain the flood plain and flood way more contiguous with the creek bed and reduce the impacts on roadways, utilities and access.

10. How will parking revenue be impacted?

The Town would seek to replace any parking space lost in another location to accommodate festival and event parking. If this is not successful, The Town could seek an annual fee from the Replacement Housing project to provide a revenue stream to replace current parking revenue. This request could be included in the developer RFP. The Bohn Park Master Plan used much of this area for park amenities, not parking. These amenities may not be considered in park land that is anticipated to be acquired through the buyout programs.

11. Would 2nd Ave and Welch Ct be the access points to Bohn Park?

If Bohn Park were to be selected, the main access would be via 2nd Avenue. An additional emergency access/secondary access point may be required at Welch Court.

12. How many cars per unit will there be after the project is completed?

A traffic study will be completed at the time of site plan which would determine the traffic generated by the proposed units, the capacity for the local roads to serve these trips, and the impacts to Level of Service (LOS) associated with the development. Any traffic improvements required by the 50-70 units, including signals, stop signs, acceleration/deceleration lanes, turn lanes, etc. would be included in the development costs and paid for by the developer.

13. Why were the ballfields removed?

In early September, the St. Vrain Valley School District (SVVSD) Board of Education was approached by Lyons Mayor John O'Brien and Trustee Dan Greenberg. The Town was seeking a possible collaboration with SVVSD to create space for housing to replace what was destroyed during the September 2013 flood. They asked that the Board consider a land swap where the existing Lyons High/Middle School ball fields would be used for building homes and the ball fields would be relocated to the west of the football field in the existing town park area. This collaboration was formally discussed for the first time at the September 17, 2014 Study Session at Sunset Middle School.

Board members and Dr. Haddad expressed their concerns with supporting the housing development, citing that they all had to make their decisions based on what was best for the students, parent community and the school district. They all value the relationship and respect that they have for the administrators of the Town of Lyons and the town itself, especially after how closely they worked with them during the flood to continue educating Lyons students. At the September 24, 2014 SVVSD Board of Education Meeting, the Board of Education voted to decline moving forward with collaboration between the Town of Lyons and the District to use the Lyons High/Middle School ball fields for a housing development.

14. Will there be any further analysis before the Board of Trustees Jan. 5th decision?

Based on the discussion and feedback from the BOT on December 15th, Trestle will be working with the Town of Lyons to provide additional information on Bohn Park and the Williams property. Additional analysis will include conceptual off-site infrastructure costs, appraisal information, funding requirements, deadlines and timelines, Town of Lyons requirements for annexation and other land use processes, schedule, anticipated rent and income levels for Lyons, CDOT access requirements, and other Board requested information.

15. How does the CDBG-DR submittal process work, and why is having a selected site so critical?

HUD and the State Division of Housing (the agencies that administer the DR funding) require site selection to ensure that the funds are used on viable projects that can be completed within the required two-year window. These agencies have specific requirements, in addition to Site Selection, to ensure the funds are spent on realistic projects with tangible outcomes.

- "Readiness to Proceed" - Site Control (Ownership, Option to Purchase, other Agreement), Schematic Design – layout, size of units, architectural design, road layout, access points, utilities)
- Market Study to determine the rent levels, unit sizes, and number of units
- Due Diligence and Pre-Development Work (Geotechnical Report, Traffic Report, Environmental Report,
- Financial Model – anticipated rents and AMI levels
- Underwriting and Financing commitments - Letters from Investors/Bank

16. At what point will the funders say no to Lyons?

Funders will not move forward with an allocation of funds if a project is still at risk of not going forward in a reasonable timeframe. There are several other projects in need of recovery housing that would be eligible for the same funding sources, and these projects will get funded using this money if Lyons is unable to proceed within this timeframe. The bottom line is funding potential will cease upon a vote against housing housing in Bohn Park or a vote against annexing the Williams property.

17. No net loss of park space, will that goal be met through the buyout?

The Town is confident that the CDBG-DR housing acquisition funding and HMGP 404 funds will secure the necessary land to offset the anticipated 5-7 acres of land needed for a housing replacement project. At this time, a total of nearly 15 acres are enrolled in the acquisition programs within the town limits. There is also significant amount of property adjacent to the town limits that Boulder County has indicated will be available to the town to offset any park space used for flood recovery housing.

18. What happens if sites keep getting voted down?

The Town of Lyons was one of the Colorado communities hit hardest by the 2013 flood. Approximately 20% of the housing stock was significantly damaged, of which over 90% was affordable housing for the Town of Lyons Residents. The majority of this housing was located in flood hazard areas, and is difficult or impossible to be rebuilt in the same location.

On Sept. 15, 2014, the Lyons Board of Trustees directed town staff and Flood Recovery Manager Deb Pearson that the board would be seeking funds from Round 2 of Community Development Block Grant - Disaster Recovery (CDBG-DR) federal funds for housing replacement of 60 (+/-10) units. The range of 50-70 housing units would allow for flexibility of development based on design, available space, and budget. Approximately 100 homes in the Town of Lyons were lost in the 2013 flood. The funding opportunity available specifically for the Town of Lyons is to aid in flood recovery and replacement housing. If a site is not able to proceed, the funding will be allocated to other projects that are already in the queue and have demonstrated "readiness to proceed".

If the residents of Lyons do not vote to use park space for housing recovery, or if they do not allow the annexation of appropriate land, there will not be a housing replacement project in 2015-2016. The funding for affordable (workforce) housing is available for a very limited time, and may not be available again for years. The economic and housing diversity of our community will be significantly flattened.

19. Who determined and how was it determined that 70 units are needed for Lyons?

One of the goals of the Lyons Recovery Action Plan, which was completed in mid 2014, was to provide replacement housing to residents displaced by the flood. The housing component of the Action Plan expands on the Housing Goal #1 in the Lyons Comprehensive Plan to recognize and accommodate the housing needs of a diverse population. The Action Plan items this project will support include:

- Encourage and facilitate rebuilding Lyons housing stock
- Promote safe, stable, diverse neighborhoods
- Increase opportunities for affordable housing

The County Housing Authority's Housing Needs Survey, completed in February 2014, identified a significant and immediate housing need for 70 to 130 low-income households. In addition, the recently adopted Lyons Flood Recovery Action Plan recognizes the housing need and states the goal providing housing to those residents displaced by the flooding.

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20. Who could live in affordable rental housing and what would the rents be?

The US Department of Housing and Urban Development (HUD) annually sets the rent and income limits for households living in low-income housing tax credit properties. HUD utilizes Area Median Income (AMI) to determine maximum incomes of households eligible to live in these projects. The 2014 Median income for a family of four in Boulder County is $96,800 for 2014.

A variety of household scenarios are listed below:

Household	Potential occupation	Household Size	Income	%	LIHTC rent
Disabled senior	Living on social security	1	$20,190	30	1 bedroom $540/mo
Single parent, one child	Restaurant worker earning $14/hour	2	$30,760	40	2 bedroom $865/mo
Single parent, two children	Teacher in SSVSD	3	$43,250	50	2 bedroom $1,081/mo
Family of four	Sheriff's Deputy and stay at home parent	4	$57,660	60	3 bedroom $1,499/mo

Full 2014 Boulder County LIHTC rent and income limits are listed below:

Household Size	30% AMI	40% AMI	50% AMI	60% AMI
1	$20,190	$26,920	$33,650	$40,380
2	$23,070	$30,760	$38,450	$46,141
3	$25,950	$34,600	$43,250	$51,900
4	$28,830	$38,440	$48,080	$57,660

Bedrooms	30% rent	40% rent	50% rent	60% rent
1	$540	$721	$901	$1,081
2	$648	$865	$1,081	$1,297
3	$749	$999	$1,249	$1,499
4	$836	$1,115	$1,393	$1,672

Low Income Housing Tax Credit Rents are “flat rents” – meaning they do not change when a tenant’s income changes.