Housing Needs Assessment & Housing Action Plan

Town of Paonia

November 2023

ACKNOWLEDGEMENTS

The consulting team appreciates the opportunity to work with the Town of Paonia—residents, employers, organizations, and Town staff—who are dedicated to obtaining a better understanding of Paonia's housing issues and needs and working toward solutions. We are thankful for everyone who gave their time, assistance, knowledge, and expertise during this process. The information in this report relied on many people who participated in their individual and professional capacities. It is a document informed by the community and for the community.

A special thank you goes to the members of the housing task force who were instrumental in connecting us with the community and assisting us throughout the process.

Housing Task Force

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- Bobby Reedy, Reedy's Service
- Dave Knutson, Town Trustee
- Gia Fanelli, Paonia Laundromat
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Town Trustees

- Mary Bachran, Mayor
- Dave Knutson, Mayor Pro Tem
- Morgan MacInnis
- Paige Smith
- Rick Stelter
- Kathy Swartz
- John Valentine

Consulting Team

DEFINITIONS AND ACRONYMS

Affordable Housing	As used in this report, housing is affordable if the monthly payment (rent or mortgage, plus utilities) is equal to or less than 30% of gross household income (before taxes).
AMI	The Area Median Income is published annually by the U.S. Department of Housing and Urban Development. In Colorado, these figures are published annually by the Colorado Housing Finance Authority. They are used to set income and rent limits for affordable housing programs statutorily linked to HUD income limits (e.g., low-income housing tax credit rentals).
ACS	The American Community Survey is part of the Decennial Census Program of the U.S. Census. The survey was fully implemented in 2005, replacing the decennial census long form. Because it is based on a sample of responses, its use in smaller areas (under 65,000 persons) is best suited for monitoring general changes over time rather than for precise estimates due to margins of error.
ADU	An accessory dwelling unit is a dwelling unit that is clearly incidental and subordinate to a primary dwelling unit and located on the same property.
Average Household Size	This refers to the number of persons living in a housing unit, including all adults and children.
Catch-up Needs	The number of housing units currently needed to house workers commuting to Town each day for work and those filling open jobs.
CHFA	The Colorado Housing and Finance Authority invests in affordable housing and community development. CHFA administers the Low Income Housing Tax Credit and provides mortgage funding, among other funding and assistance.
Cost Burdened	When housing costs exceed 30% of a household's gross (pretax) income. Housing costs include rent or mortgage and may or may not include utilities, homeowner association fees, transportation, or other necessary costs depending upon its application.
COVID-19/COVID	Coronavirus disease 2019, which caused a global pandemic starting in March 2020 and resulted in extensive local public health precautions.
Deed Restricted/Restriction	A deed is a legal document that defines who owns a particular property. Deed restrictions are stipulations written into a property's deed or recorded as a restrictive covenant. Such restrictions can be varied. Throughout this report, use of the terms deed-restricted housing or a deed restriction(s) is generally in reference to written rules that limit the amount a property can be sold or rented for, or that restricts who it can be rented or sold to based on household income, the location of the tenant/future owner's employment, etc.
DOH	The Division of Housing is within the Colorado Department of Local Affairs. It partners with local communities to create housing opportunities for Coloradans who face the greatest challenges to accessing affordable, safe, and secure homes. DOH supports projects ranging from homelessness prevention to homeownership.

DOLA	The Colorado Department of Local Affairs serves as the primary interface between the State and local communities. The department provides financial support to local communities and professional and technical services to community leaders in the areas of governance, housing, and property tax administration.
ESRI	Environmental Systems Research Institute is a supplier of geographic information system software, web GIS, and geodatabase management applications.
HISTA	A custom four-way cross tabulation of ACS household data prepared specifically for Ribbon Demographics, LLC for housing market analysis.
HOA	A Homeowners Association is typically part of condominium developments.
HUD	Housing and Urban Development is the federal agency providing funding and regulations for low-income housing.
Keep-up Needs	The number of units needed to keep up with future demand for housing through 2028 based on projected job growth and backfilling jobs that will be vacated by retiring employees.
LAUS	Local Area Unemployment Statistics is a federal-state cooperative effort to prepare monthly estimates of total employment and unemployment.
LEHD	Longitudinal Employer-Household Dynamics is a federal program that is part of the Center for Economic Studies at the U.S. Census Bureau.
LIHTC	Low Income Housing Tax Credit is a federal program to stimulate capital investment in affordable rental housing, administered in Colorado by the Colorado Housing and Finance Authority.
MLS	The Multiple Listing Service is used for the purchase and sale of residential real estate.
Occupied Housing Unit	As defined by the U.S. Census Bureau, this refers to a housing unit that is occupied by persons who consider their home in a particular geography as their usual place of residence or that have no usual place of residence elsewhere. Occupied units are also referred to as resident/local households in this report.
Paonia CCD	The Paonia Census County Division is a statistical entity established cooperatively by the Census Bureau and officials of state and local governments designed to represent community areas focused on trading centers or major land use areas with visible, permanent, and easily described boundaries.
PMI	Private Mortgage Insurance is an insurance policy often required to be purchased by a home buyer if the down payment is less than 20% of the purchase price. It protects the lender if the homeowner is unable to pay the mortgage.
Proposition 123	Colorado voters passed Proposition 123 in November 2022, a ballot measure authorizing the state to retain money from existing state tax revenue to support affordable housing investment. These funds are administered through the Department of Local Affairs and the Governor's Office of Economic Development and International Trade in partnership with CHFA.

QCEW	The U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages program publishes a quarterly count of employment and wages reported by employers covering more than 95% of U.S. jobs, available for numerous geographic levels (including counties) by industry.
Tenure	Tenure provides a measurement of home ownership. Occupied housing units are classified as either owner-occupied or renter-occupied.
Workforce (or Employee) Housing	Housing intended for and affordable to employees and households earning local wages.

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EXECUTIVE SUMMARY

Housing Needs Assessment and Action Plan
Town of Paonia

Part 1   ## HOUSING NEEDS ASSESSMENT

Identifies housing needs and issues in the community.

Part 2   ## HOUSING ACTION PLAN

Defines community-supported actions to meet the Town's housing needs and address issues.

This document was informed by and prepared for the community.

Detailed input was received from about

150 COMMUNITY MEMBERS

This includes   **50 EMPLOYERS** → *representing* → **500 LOCAL JOBS**

This is an element of Paonia's Comprehensive Plan.

PART 1: HOUSING NEEDS ASSESSMENT

HOUSING ISSUES

The Town's population (1,478) has changed very little over time.

49
Median Age

The Town's population is aging (43% of residents are 55+ years old) and the prime age workforce (age 25 to 54) is shrinking.

About 25% of households are cost burdened, paying more than 30% of their gross income for housing.

The existing housing stock is misaligned with household size. 73% of all households have just 1 or 2 people, yet only 12% of homes are a studio or 1-bedroom.

The housing stock is very old and many homes need repairs.

The housing stock is very homogeneous, primarily consisting of single-family homes, limiting households' choices if they want or need to move as their life circumstances change.

Commuting to work in Paonia is prevalent and expensive. This impacts workers and employers.

Building costs exceed what most locals can afford. A significant amount of funding is needed to fill this gap.

Current land use regulations contain barriers to affordable housing.

The average annual price per square foot of homes sold increased 5.5 times faster than average pay from 2013 to 2022.

Only 2 homes for sale in June 2023 were affordable to households earning up to $110,000 per year.

Locals struggle to compete with cash buyers (62% of homes sold in Paonia in 2022 were purchased with cash).

62%
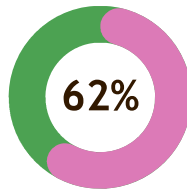
Short-term rentals have reduced housing options in town.

Rental options are limited and unaffordable for many locals.

The water tap moratorium has temporarily restricted new housing development.

Local employers indicated they are having trouble finding and keeping qualified employees and that a lack of housing is a top reason for this.

HOUSING NEED

100 additional housing units are estimated to be needed in the Paonia area by 2028 to reduce in-commuting, fill available jobs, and keep up with housing demand from new jobs and retirements.

PART 2: HOUSING ACTION PLAN

Building affordable housing is a community endeavor. Partnerships across the public, private, and non-profit sectors will be paramount.

RECURRING THEMES

Focus on Locals

Maintain Community Character

Use the Water Tap Moratorium as an Opportunity

Leverage the Town's Capacity

The Town's goal is to build 25 to 35 new housing units at prices affordable to households earning no more than 120% AMI as quickly as possible once the water tap moratorium is lifted.

Housing issues are complex, and it is important to avoid analysis paralysis. Take action, strive for continuous improvement, and capitalize on opportunities as they arise.

ACTIONS

ACTIONS TO START NOW
(YEARS 1-2)

- Regulate short-term rentals

- Allow for accessory dwelling units

- Explore public-private partnerships to build Housing for the Community

- Establish partnerships for a sweat equity program

- Use, promote, and build on existing resources

ACTIONS TO START NEXT
(YEARS 3-5)

- Update land use regulations to remove barriers and add flexibility

- Align community infrastructure investments

- Acquire land/bank land

FUTURE ACTIONS
(YEARS 5+)

Eight additional actions are identified in the plan that may be considered in the future.

See the plan for the following:
- Recommended edits to the Town's land use regulations to remove barriers and better facilitate the creation of affordable housing.
- A sample development strategy with potential partners and funding along with a list and map of public sites.

INTRODUCTION

PURPOSE

The Town of Paonia sponsored this Housing Needs Assessment and Housing Action Plan to

1. Identify the housing needs and issues in the community, and
2. Identify and define community-supported actions to meet housing needs and address issues.

Part 1 of this report is the Housing Needs Assessment and Part 2 is the Housing Action Plan.

WHY HOUSING?

Shelter, in this case housing, has always been and continues to be instrumental in the lives of humans. It is also implicated in economic development and economic success. Today there is an abundance of research highlighting the importance housing quality, safety, stability, and affordability plays in human health, economic outcomes, and overall quality of life.

Housing is considered a social determinant of health and has been shown to play a decisive role in human health status and health outcomes. It has also been shown to reduce intergenerational and childhood poverty. Increasing access to affordable housing has also been shown to bolster economic growth and increase economic mobility.

Beyond the individual or household level, housing affects Paonia's economy. Local employers are concerned because it is adversely impacting their ability to recruit and retain workers (see Part 1 – Housing Needs Assessment, below). The current prices of homes (for rent and sale) and the availability of homes affordable to their workforce were top problems identified during this project. Many workers now live in other communities and drive to Paonia. In addition to the ways the housing market is impacting current businesses, it may also be impacting new business creation and business relocation.

Housing has been, and continues to be, a community issue of concern. It is integrally intertwined with Paonia's future, including the personal and financial health of its residents, the economy, and community vibrancy.

PROCESS

| Affordable housing identified as a priority at Community Strategic Planning session **June 2022** | Town receives grant from state, issues request for proposals **January 2023** | Town hires consultant to complete Housing Needs Assessment & Action Plan **April 2023** | Consultant learns about Town and gathers community input **May-Aug. 2023** | Consultant consolidates info into Housing Needs Assessment & Action Plan **Aug.-Nov. 2023** |

This Housing Needs Assessment and Housing Action Plan was developed at roughly the same time as the Paonia Comprehensive Plan. The Comprehensive Plan was initiated prior to this project and will be finished after the completion of this document. Members of each consulting team collaborated with each other throughout the process to avoid duplication and ensure consistency. This Housing Needs Assessment and Housing Action Plan serves as the housing element of Paonia's Comprehensive Plan.

METHODOLOGY

This project relied on prior Town efforts, secondary data, primary research, and community engagement.

PRIOR TOWN EFFORTS

Numerous prior Town efforts like surveys, reports, studies, and plans prepared for or by the Town of Paonia were reviewed and used in the preparation of this document, including but not limited to the following:

- 1996 Comprehensive Plan
- Paonia in Motion, Parks, Recreation & Trails Master Plan, June 2022
- Asset Inventory/Capital Improvement Plan, September 2021
- Municipal code and zoning map
- Space to Create Paonia: Arts Market Study, January 2019 and Preliminary Feasibility Report, March 2018
- Strategic Planning session, summer 2022
- Town Priority Survey Results, April 2023
- Community Heart and Soul, North Fork Valley, 2010 to February 2014
- North Fork Community Health Needs Assessment, September 2020
- Mind the Gap, Evaluating Workforce Housing in Colorado's Region 10, 2023
- Short-Term Rentals – GAPS Committee Overview

SECONDARY DATA

Numerous sources of published information were referenced or used in the preparation of this document, including but not limited to the following:

- U.S. Census 2000, 2010, 2020
- American Community Survey (ACS) 5-year data
- State Demography Office, Colorado Department of Local Affairs
- Employment information from the Quarterly Census of Employment and Wages (QCEW) accessed via the Bureau of Labor Statistics and the Colorado Department of Labor and Employment, Labor Market Information Gateway
- 2023 Area Median Income from U.S. Department of Housing and Urban Development and the Colorado Housing Finance Authority (CHFA)
- Multiple Listing Service (MLS) data courtesy of Paonia Realty
- Residential permit data from the Town of Paonia, 2012 to May 2023
- Registered Mobile Home Parks from Colorado Department of Local Affairs

- Ribbon Demographics, LLC HISTA Summary Report 2023 and Age Estimates Report 2023
- Business Summary Reports prepared by ESRI using data from Data Axle, Inc.
- National Housing Preservation Database

PRIMARY RESEARCH

Primary research in the form of an employer questionnaire was conducted to gather information not otherwise available from public or private data sources. In addition, interviews were conducted with realtors, local developers/builders, landlords, and social service agencies.

Employer Questionnaire

A brief online questionnaire was prepared and distributed to local employers and self-employed people to gather information about challenges they and their employees face, and to forecast housing demand now and over the next 5 years. The survey was distributed as an online link in person and via email. Responses were received from **50 respondents** located in the Town of Paonia and surrounding area during a period of just over 30 days—from June 8, 2023, to July 10, 2023. Information from three respondents reporting they operate in Hotchkiss was excluded and is not part of the total respondent count.

Most respondents operate in Paonia's municipal boundary. Of the 50 total local respondents

- three-quarters (74%) operate in the Town of Paonia boundary and
- about a quarter (26%) are located near the Town of Paonia but outside the town's municipal boundary.

Respondents **represent almost 500 jobs** including year-round jobs, seasonal jobs, and slightly fewer than 20 self-employed respondents. This represents at least 45% of all jobs in the Paonia area.

Interviews

Interviews were conducted with about **18 individuals** in three broad stakeholder categories to gather information, data, and local perspectives and observations.

- Realtors and Property Managers/Landlords: Information was obtained about the for-sale market and trends over time (prices, trends, availability) along with rental conditions and trends (rates, vacancy, turnover).
- Builders/Developers: Information was collected about the current cost to build, entitlement process, and challenges of building in a small, remote town.
- Social Service Organizations: Information was collected and/or confirmed about the many programs and services currently offered and available to Paonia residents. This information was compiled into an existing resources document to be widely disseminated and reviewed and updated over time. It is attached as Appendix C.

COMMUNITY ENGAGEMENT

Housing Task Force

The housing task force was established as an informal committee to help advocate and champion this project for the community. The task force helped connect the community with this project and the consultant team with the community. The task force was made up of **12 individuals** representing the Town Board, local businesses, seniors, local non-profits, property owners, and more. The task force met four times throughout the project to provide direction, provide input, and review drafts. Summaries from the housing task force meetings are included in Appendix E.

Open House

A community-wide open house was held on Thursday, July 13th from 5:30 pm to 8:30 pm at the Ellen Hanson-Smith (Teen) center. The event was publicized widely online, in person, on posting boards around town, and in numerous Town Board meeting packets. It was a true open house where attendees were directed through stations that first provided a brief project background, then illustrated data and issues with the opportunity to vote on their most pressing issues, then listed potential actions with the opportunity to vote on most favored actions, and then wrapped up with next steps. Participants not only provided input via dot voting but also had the opportunity to provide written feedback on a handout. **Thirty-seven community members** attended the event and most took their time to provide very thoughtful feedback. The input received from this open house has been incorporated in this document.

Engagement at a Glance
Throughout the course of this project, the consultant team received detailed input from about 150 community members. This includes 50 employers representing almost 500 local jobs. This does not include the participants from past plans and studies that were reviewed for this project, coordination with the concurrent Comprehensive Plan efforts, or Town Board meetings.

A detailed summary of the open house can be found in Appendix D.

Targeted Outreach

Targeted outreach was conducted to reach segments of the community who may have not been reached through other efforts, including marginalized and vulnerable populations. The consultant team attended regularly established meetings or events and had conversations with seniors, people experiencing homelessness, mothers, members of the LGBTQ+ community, members of churches, and more. Through these efforts, the consultant team was able to reach **36 community members**.

Most of the meetings, events, and conversations started with a quick project background and centered around housing issues observed and experienced. A few conversations touched on potential solutions and actions. The feedback received through this outreach is incorporated in this report but purposefully does not single out individuals who provided this information.

Board Meetings

The Board of Trustees received the draft Housing Needs Assessment at their regular meeting on August 22, 2023. Staff and board comments were received and incorporated where appropriate and to the extent practicable.

A work session with the Board of Trustees was held on September 11, 2023, to review the draft Housing Action Plan. Written public comment was taken at the meeting and for one week following. Input was received and incorporated where appropriate and to the extent practicable.

HOUSING FOR THE COMMUNITY

Housing for the Community is used in this document to mean homes that those who live and/or work in Paonia can afford to purchase or rent. This concept is sometimes referred to as "workforce" or "attainable" housing. The intent is that Housing for the Community meets the full range of rental and ownership housing types and prices needed to support household changes over time and ensure Paonia remains a complete and vibrant community.

> Affordable housing is critical to the town for many reasons, including allowing people who work in town afford to live in town.
> – Open House participant

This document, therefore, centers on an understanding of how much households can afford to spend on housing in Paonia, or "what is affordable." It uses the definition that housing is affordable when the monthly payment (rent or mortgage, plus utilities) is equal to no more than 30% of a household's gross income (i.e., income before taxes). This standard is commonly applied by federal, state, and local housing programs, mortgage lenders, and leasing agents.

Important Definitions

Affordable in this report is consistent with the federal standard that no more than 30% of a household's gross income (before taxes) should be spent on housing costs, including utilities.

Area Median Income (AMI): The median family income in Delta County, Colorado, which is used to determine eligibility for affordable housing programs. The AMI is set according to family size.

Cost Burden: Spending more than 30% of gross household income on housing costs.

The application of this 30% standard results in affordable rents and purchase prices that are often calculated for various income levels, expressed as a percentage of the Area Median Income (AMI). AMI is published annually by the U.S. Department of Housing and Urban Development (HUD) for each county and represents the Median Family Income of an area, which is higher than the median income of all households because many local households (single and roommate households) are not considered families and typically have lower incomes. AMI varies by household size. More information is available in Appendix B.

Delta County Income Limits by Household Size, 2023

AMI Level	1-Person	2-Person	3-Person	4-Person	5-Person
30%	$18,270	$20,880	$23,490	$26,100	$28,200
60%	$36,540	$41,760	$46,980	$52,200	$56,400
80%	$48,720	$55,680	$62,640	$69,600	$75,200
100%	$60,900	$69,600	$78,300	$87,000	$94,000
120%	$73,080	$83,520	$93,960	$104,400	$112,800
160%	$97,440	$111,360	$125,280	$139,200	$150,400
180%	$109,620	$125,280	$140,940	$156,600	$169,200

SOURCE: CHFA 2023 INCOME LIMITS

In this assessment, the income limits for a two-person household are used to analyze affordability because the average household size is approximately two people, and about 73% of households are comprised of just one or two people. The maximum affordable rent and purchase prices by AMI (below), therefore, apply to the vast majority of local households.

Maximum Affordable Housing Costs, two-person household

AMI	Household Income	Maximum Rent	Maximum Purchase Price [1]
<= 30%	$0-$20,880	< $522	$66,100
30.1 - 60%	$20,881-$41,760	$1,044	$132,100
60.1 - 80%	$41,761-$55,680	$1,392	$176,200
80.1 - 100%	$55,681-$69,600	$1,740	$220,200
100.1 - 120%	$69,601-$83,520	$2,088	$264,300
120.1 - 160%	$83,521-$111,360	$2,784	$352,400
160.1 - 180%	$111,360-$125,280	$3,132	$396,400
> 180%	> $125,280	> $3,132	>$396,400

[1] Assumes 30-year mortgage at 7% with 5% down and 20% of the payment covering taxes, HOA, PMI, and insurance.
SOURCE: CHFA 2023 INCOME LIMITS, CONSULTANT TEAM

Mortgage interest rates have risen dramatically since the summer of 2022. The national average rate for a 30-year fixed mortgage as of July 6, 2023, was 7.22%[1] although this assessment uses 7%. A household's mortgage interest rate greatly affects their purchasing power.

To illustrate this, if a local couple had a combined household income of $69,600 (100% AMI), they can only afford a $220,000 home today based on the assumptions in the table above. If the interest rate were to fall to 6%, and all other assumptions remain the same, they could afford a $244,000 home, giving them $24,000 more in purchasing power.

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[1] Mortgage News Daily 30 Year Fixed daily survey, July 6, 2023

PART 1: HOUSING NEEDS ASSESSMENT

A. DEMOGRAPHICS

This section focuses on demographic changes and trends—especially since 2010—in the Town of Paonia. It provides information about changes in the population and households, including how much money households earn. Comparison to a larger area of the northern North Fork Valley, the Paonia County Census Division (Paonia CCD), is also included to provide context for the greater Paonia area even though this report is mostly focused on the area within the Town boundary.

Paonia CCD Area Relative to Town of Paonia
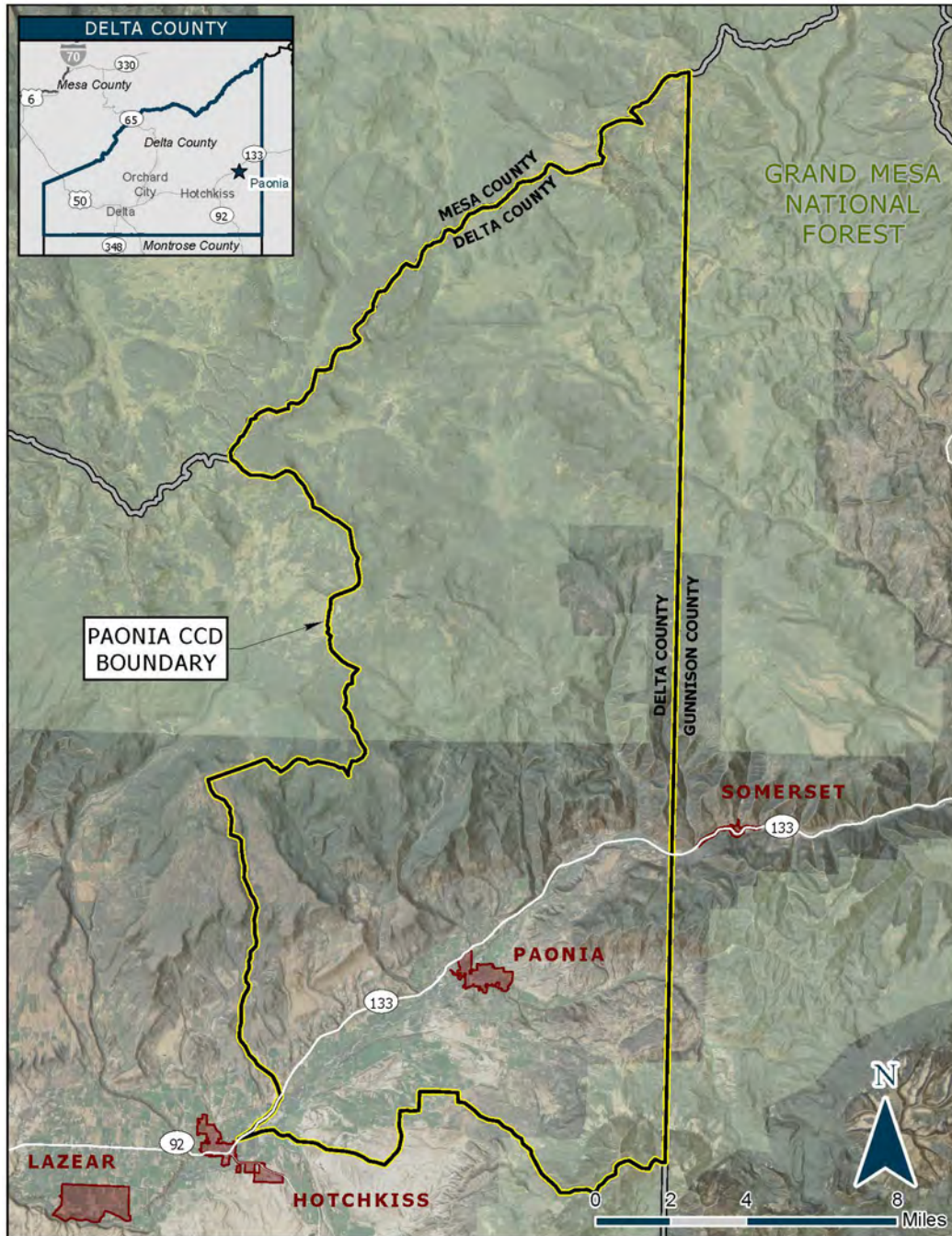
SOURCE: ESRI

POPULATION AND HOUSEHOLDS

Demographic trends are a foundational component of understanding local housing demand.

Population

An estimated 1,478 residents live in the Town of Paonia in 2023, an increase of about 30 residents since 2010. Despite the recent uptick, the population has changed very little since 1980, although there have been population fluctuations between decades with ebbs and flows of the local economy, especially natural resource extraction activity (e.g., the increase and decrease from 1980 to 1987). Today's population is almost identical to the Town's population in 1987 (1,471), 1998 (1,475) and 2005 (1,472).

Why is this important?
As the population grows, so does the need and demand for housing.

Town of Paonia Population, 1940 to 2023 (est.)
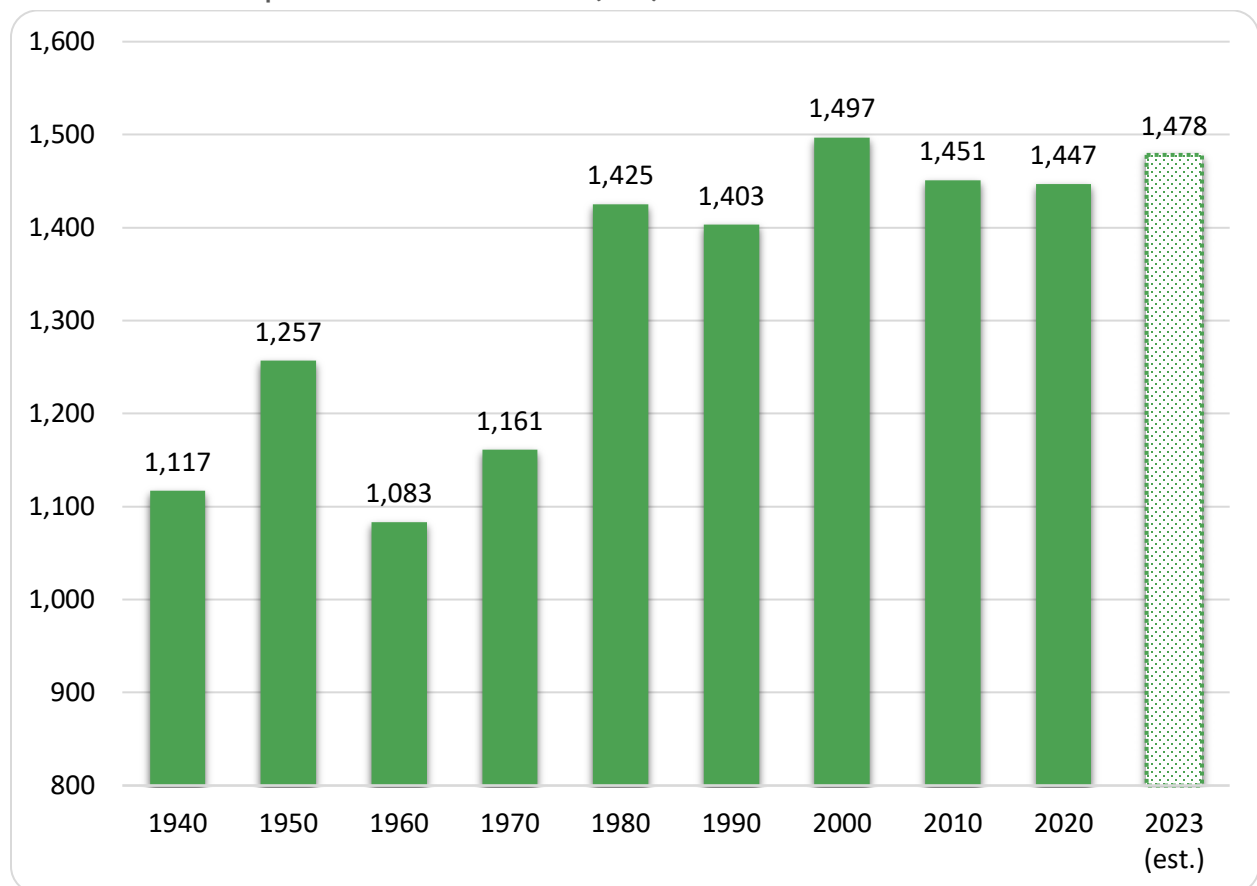
SOURCE: COLORADO DEMOGRAPHY OFFICE, HISTORICAL CENSUS DATA, TOWN OF PAONIA, CONSULTANT TEAM

While the Town's population was basically the same in 2020 as 2010, the population of the Paonia CCD excluding the Town of Paonia declined by about 2% over the decade to roughly 2,500 residents. In contrast, Delta County grew by 0.6% per year on average from 2010 to 2020 due to positive net migration rather than natural increase (deaths outpaced births in the county).

Age

The Town's population is aging, with two of five (43%) residents aged 55 or older; this is significantly higher than that of Colorado where only 27% of residents are that age. The share of residents aged 65 and over increased by about 7 percentage points from 2010 to 2020, but otherwise the distribution of Paonia residents by age has changed little since 2010 and is similar to that of Delta County. It is important to ensure seniors, many of whom are long-time valley residents, can safely age in place.

Town of Paonia Age Distribution, 2010 to 2020
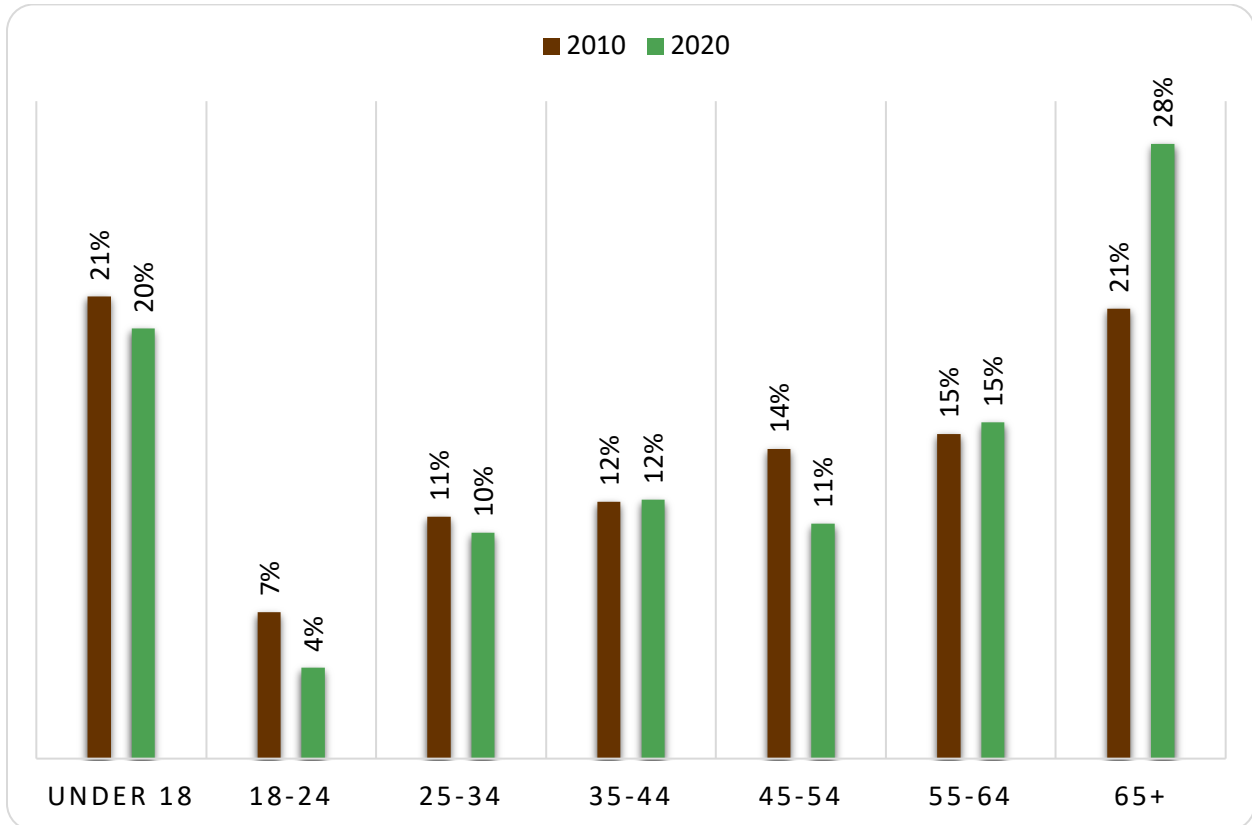
SOURCE: U.S. CENSUS BUREAU, CENSUS 2010 AND 2020

The aging of the population is pronounced. The median age of residents was 41 in 2000, 44 in 2010, and 49 in 2020. This same trend is occurring in Delta County at large, which is in sharp contrast to the much younger median age of 37 in the State of Colorado.

The age of residents is important to the local economy. The share of residents who are part of the prime age workforce, those aged 25 to 54, has declined from 37% in 2010 to 33% in 2020. A decline in this age cohort coupled with an increase in seniors creates a challenging economic environment. Retired seniors consume local goods and services, which requires a large enough workforce to support their needs. Local employers report difficulty recruiting and retaining workers, which aligns with fewer people in the community of prime working age and a very low unemployment rate (see Section B – Employment for more details).

The Paonia CCD excluding the Town of Paonia is also aging. Just under half (48%) of residents in this part of the valley are aged 55+, a much higher share of residents than in 2000 (29%) and 2010 (40%).

Households

The Town of Paonia has an estimated 670 households today, which is approximately 13 more than in 2010. Like the population, the number of local households hit a low of 627 in 2015. Since then, the number of households in Town has consistently increased each year.

Town of Paonia Total Households, 2010 to 2023 (est.)
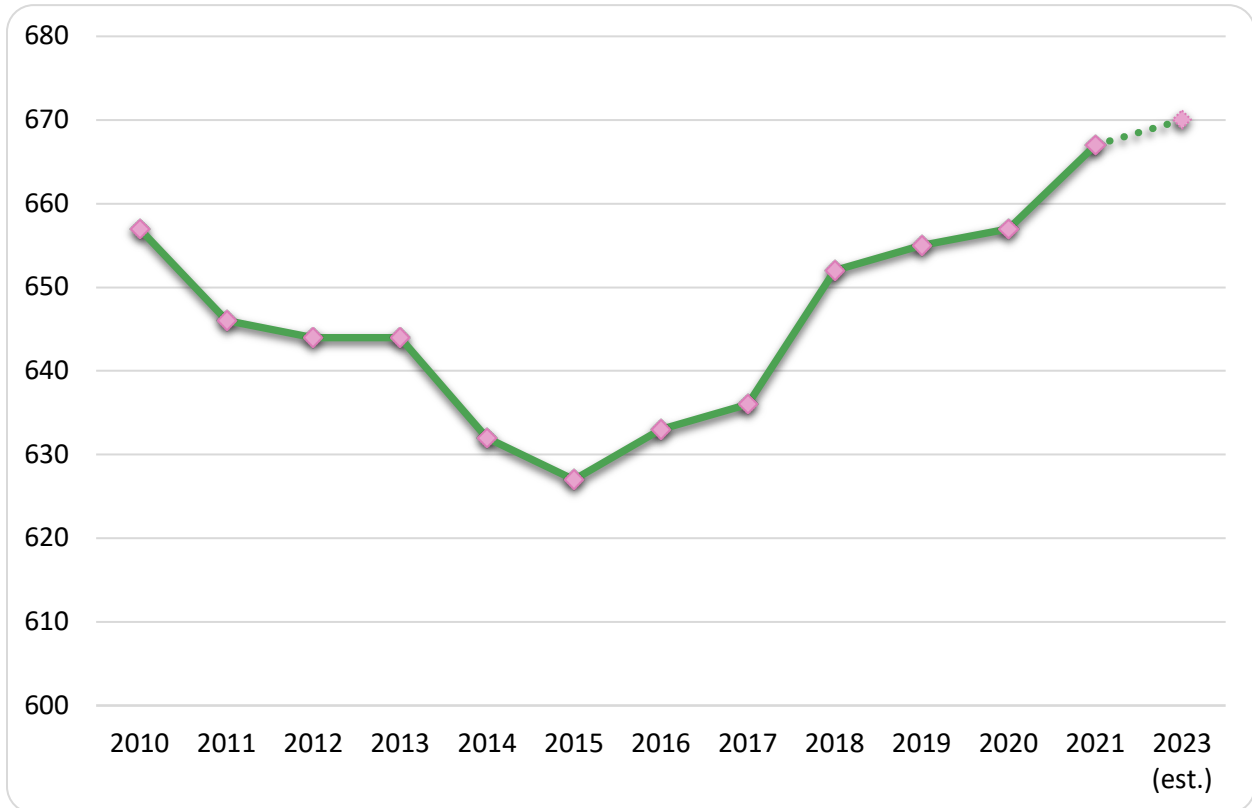
SOURCE: COLORADO DEMOGRAPHY OFFICE

Household Size

The size of households has changed little over the last two decades, only declining slightly. On average, households are comprised of two people, which is lower than in Delta County where the average household size is about 2.5. In Paonia, homeowner households are larger than renter households on average.

Average Household Size by Tenure, 2000 to 2021

	2000	2010	2021
Total occupied	2.3	2.2	2.1
Owner occupied	2.3	2.2	2.3
Renter occupied	2.2	2.1	1.8

SOURCE: U.S. CENSUS BUREAU, 2000, 2010 AND 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

The distribution of households by size has not changed much since 2010. The vast majority (73%) of all households only have one or two people in them.

Town of Paonia Household Size Distribution, 2010 to 2020
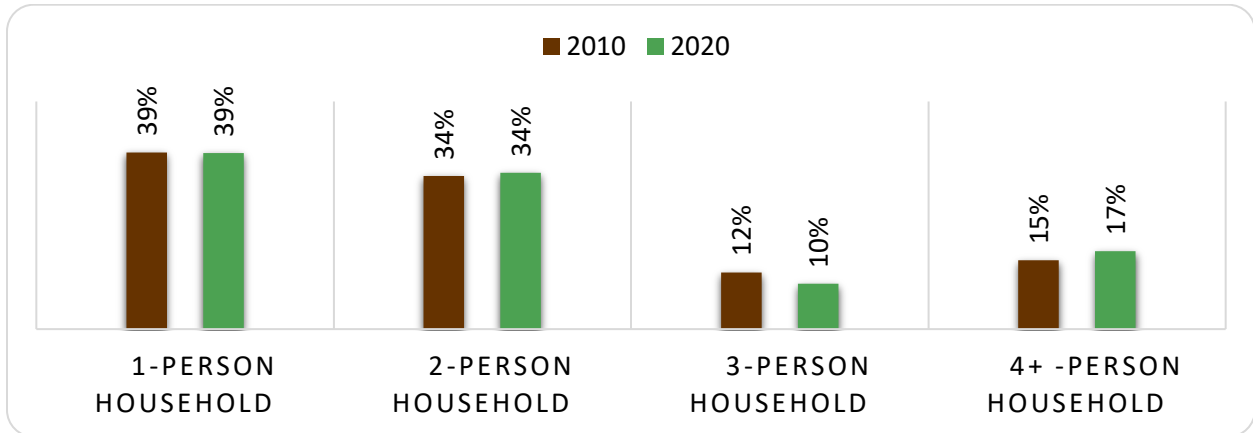
May not sum to 100% due to rounding.
SOURCE: U.S. CENSUS BUREAU, CENSUS 2010 AND 2020

The Paonia CCD excluding the Town of Paonia has a higher share of two-person households (45%) and a lower share of one-person households (29%) relative to households within the Town of Paonia boundary.

Household Type

The composition of households has not changed much since 2010, including the share of family households (53%) versus non-family households (47%). Just under two-thirds (63%) of households are comprised of a single person living alone or a couple without children (many being empty nesters). Of those living alone, about two of every five (42%) are seniors who are more likely to be living on a fixed income.

Town of Paonia Household Types, 2010 to 2020
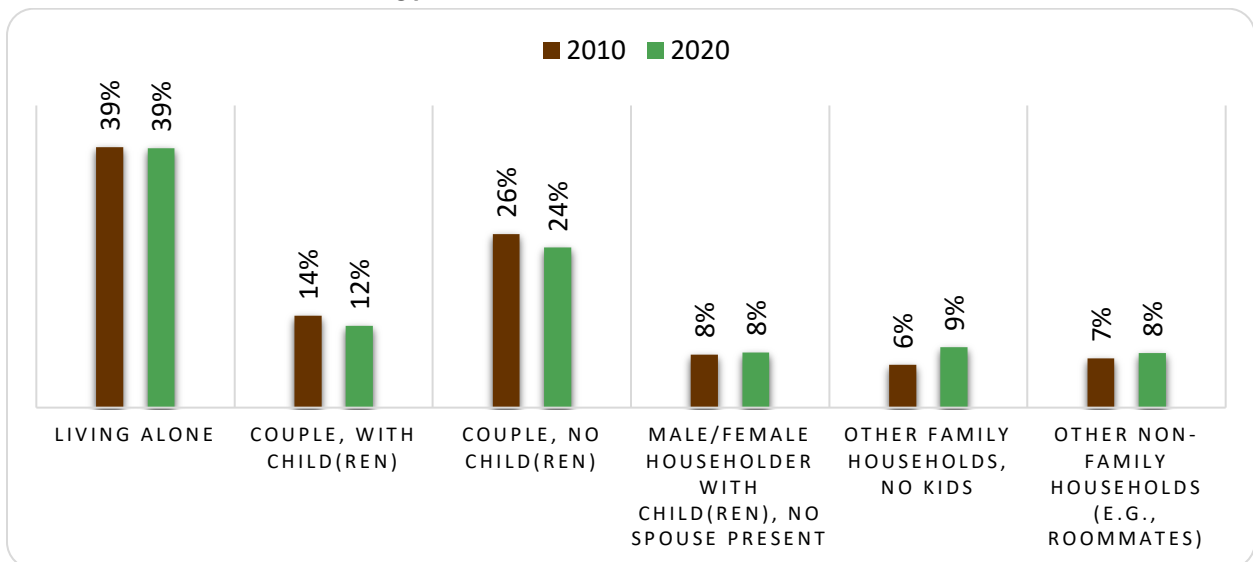
May not sum to 100% due to rounding.
SOURCE: U.S. CENSUS BUREAU, CENSUS 2010 AND 2020

The biggest difference between households in the Paonia CCD excluding the Town of Paonia and households living within the Town boundary is that the share of couples without children outside of Town is 41%, or about 17 percentage points higher than in the municipal limits.

As seniors get older, some will sell their homes and move away to seek other living arrangements, live closer to family and/or medical services, etc. Freeing up these homes for newcomers could mitigate the need for more housing, but current home prices are generally too high for most local households earning local wages, which means such sales are likely to be to wealthier newcomers like retirees and remote workers earning higher than local wages.

Household Income

Household income in the Town of Paonia is similar to that of Delta County, lower than the broader Paonia area (Paonia CCD), and significantly lower than Colorado as a whole. The median income of the Paonia CCD is 24% higher than in the Town of Paonia.

Why is this important?
An understanding of how much local households earn through wages or other income sources is important to determine the availability and need for housing at various price points.

Household Income, 2021 [1]

	Town of Paonia	Paonia CCD	Delta County	State of Colorado
Median	$53,646	$66,646	$51,803	$80,184
Average	$72,552	$79,600	$72,549	$107,446

[1] 2021 inflation-adjusted dollars
SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 2017-2021 5-YEAR ESTIMATES

See Appendices A and B for more information about the income of families and households in the Town of Paonia and the AMI limits by household size established by HUD and reported by CHFA.

Housing Cost Burden

Paying too much for housing is relatively common for households in Paonia; this leaves less money available to pay for other life necessities, including food, health care services, and transportation. This impacts local businesses because less money is available to spend locally on goods and services. If a household pays more than 30% of their gross income toward housing, they are cost burdened.

Cost Burdened Households by Tenure

	Households	Percentage [1]
All households	**~150-180**	**22% - 27%**
Owner households	~100-120	19% - 22%
Renter households	~50-60	33% - 40%

[1] based on number of households for which cost burden is calculated.
SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

Roughly one of every five homeowners and two of every five renters are cost burdened.

With a very large increase in property tax assessments in 2023, the risk of local households being forced to move because they can no longer afford to stay in their home has increased.

In general, cost-burdened households are at increased risk of being evicted and even becoming homeless. This is especially true for those who are extremely cost burdened (i.e., those who pay more than 50% of their income toward housing payments). In Paonia, just over half of cost-burdened households are extremely cost burdened.

B. EMPLOYMENT

This section provides an overview of area jobs, wages, and commuting patterns.

NUMBER OF JOBS

There are almost 14,000 total jobs in Delta County, with roughly 56% being wage and salary jobs.

Why is this important?
Jobs and housing are interconnected. The economic success and mix of jobs in a region informs the amount, type, and price point of housing needed to sustain the local economy. Likewise, a sufficiently diverse housing supply is needed to attract and keep quality employees that are invested in the community.

Total Jobs, Delta County
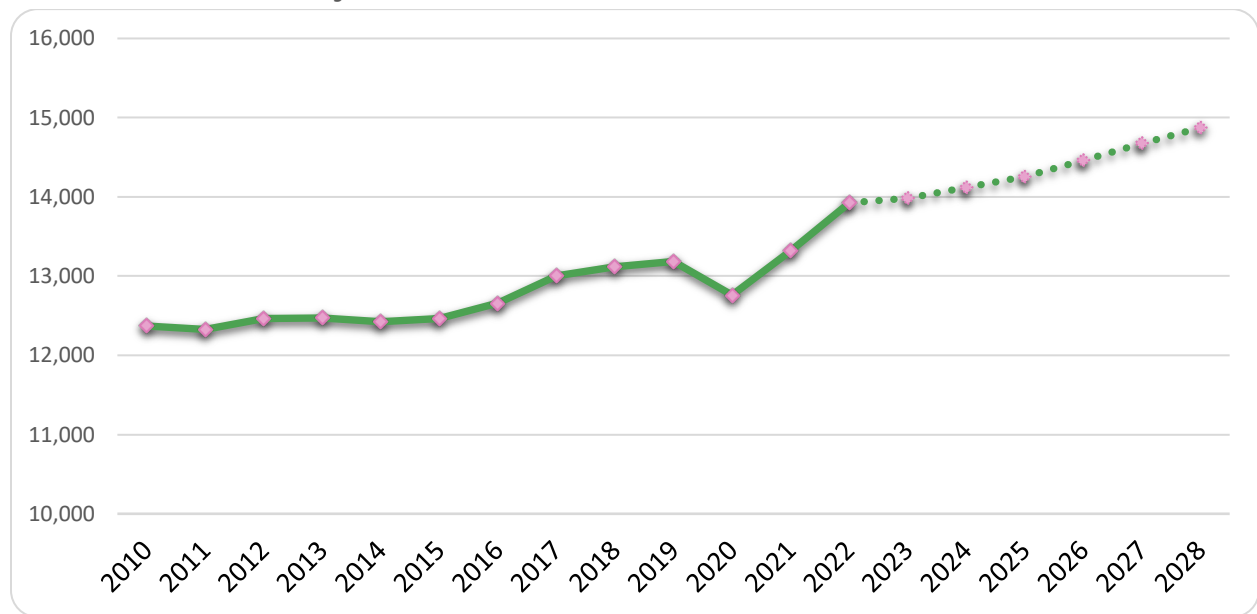
SOURCE: COLORADO DEMOGRAPHY OFFICE

JOB TRENDS AND PROJECTIONS

The number of jobs in Delta County grew by about 0.78% per year from 2011 to 2021. Jobs were lost quickly and dramatically in 2020 because of the COVID pandemic, but the recovery was swift with total jobs in 2021 exceeding the number in 2019. Job growth in Delta County from 2023 to 2028 is projected to be 1.24% per year on average. Due to the rapid increase in interest rates in the last year and continued concerns about a potential recession, the lower historical rate of job growth from 2011 to 2021 (0.78% per year) is applied below to project the number of jobs in 2028 rather than 1.24%. Using this lower growth rate results in a projection of 890 new jobs in Delta County over the next 5 years.

Job Estimates and Projections, 2011 to 2028

	2011	2021	2023 (estimate)	2028 (projected)
Delta County	12,327	13,319	13,982	14,872

SOURCE: COLORADO DEMOGRAPHY OFFICE, CONSULTANT TEAM

As shown below, multiplying the number of new jobs forecasted in the county (890) by the Paonia CCD share of county jobs yields between 40 and 80 new jobs. This figure is closely aligned with the number of new jobs projected by local employers responding to the 2023 employer questionnaire.

Number of New Jobs by 2028, Paonia CCD

Delta County, new jobs projected through 2028 [1]	890
Paonia CCD share of new jobs (4.5-9%) [2]	40-80
New jobs projected by local employers in Paonia CCD through 2028 [3]	74

[1] Based on 0.78% compound annual growth rate.
[2] Range based on U.S. census county business patterns and LEHD data.
[3] Based on employer questionnaire distributed as part of this assessment.
SOURCE: COLORADO DEMOGRAPHY OFFICE, U.S. CENSUS AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

TYPES OF JOBS AND WAGES

Employment in the Town of Paonia is concentrated in sectors like education; arts, entertainment, and recreation; social assistance; and food and other services. Many local businesses and employers benefit directly or indirectly from seasonal visitation and there is a seasonal increase in employment in the summer and fall.

> With the incoming wealth and people working remotely (or retired)… i.e., new people does not equal new jobs, it's becoming more dire to keep this community vibrant and businesses open or it becomes a dead retirement community.
> – Local employer

Local employers completing the 2023 employer questionnaire confirmed this seasonal employment uptick, noting that a large share of their seasonal employees live in the area year-round.

- Respondents indicated that 86% of their seasonal or part-year employees work during the summer or harvest season.
- Respondents indicated that at least 60% of seasonal or part-year employees live in the area year-round.

Spending by visitors to the area provides a revenue boost that helps sustain many local businesses over the slower winter months. The closure of Highway 133 in the spring/early summer of 2023 precluded typical visitation patterns for months, which adversely impacted local businesses prior to it reopening in June 2023. This is indicative of the local area's reliance on spending by tourists and those traveling through the area. The local economy is also tied to the hundreds of well-paying mining and wholesale trade jobs at the West Elk Mine in Gunnison County.

The average annual wages in Delta County in 2016 and 2022 shows that jobs in retail, arts and entertainment, and the food services sectors are the lowest paying on average, which makes housing affordability a serious struggle for many local employees working such jobs.

Delta County Average Annual Wage and Change, 2016 to 2022 (sorted 2022 high to low)

	2016	2022	Average Annual % Change [2]
Management of Companies and Enterprises	$57,824	$76,856	4.9%
Utilities	$56,784	$71,864	4.0%
Finance and Insurance	$44,408	$62,764	5.9%
Mining [1]	$73,684	$60,476	-3.2%
Professional and Technical Services	$37,596	$55,952	6.9%
Real Estate and Rental and Leasing	$35,308	$52,312	6.8%
Construction	$42,640	$51,064	3.1%
Health Care and Social Assistance	$34,372	$49,920	6.4%
Public Administration	$42,536	$49,192	2.5%
Wholesale Trade [1]	$40,768	$47,840	2.7%
Information	$32,760	$47,112	6.2%
Transportation and Warehousing	$38,792	$46,384	3.0%
Manufacturing	$35,360	$44,564	3.9%
Administrative and Waste Services	$28,288	$41,236	6.5%
Agriculture, Forestry, Fishing & Hunting	$28,704	$41,184	6.2%
Other Services, Ex. Public Admin	$30,420	$37,804	3.7%
Retail Trade	$26,156	$34,424	4.7%
Accommodation and Food Services	$13,884	$21,060	7.2%
Arts, Entertainment, and Recreation	$20,124	$19,500	-0.5%

[1] Many mining and wholesale trade jobs associated with the Paonia economy are located in Gunnison County, which had an average annual wage in Q4 2022 of $106,714 and $65,867, respectively.
[2] Represents the compound annual growth rate.
Note: data for "Educational Services" is suppressed in 2016 and 2022, along with "Unclassified" in 2016 and therefore not reported. Annual wage is calculated as average weekly wage multiplied by 52 weeks per year.
SOURCE: COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT, LMI GATEWAY (QCEW DATA), CONSULTANT TEAM

Wages in all but two sectors above increased from 2016 to 2022. Annual wages in the mining sector and arts, entertainment, and recreation decreased by 3.2% and 0.5% per year on average.

The average annual pay for all industries increased by 4.6% per year on average from 2016 to 2022 to just under $44,000 per year in 2022.

Average Annual Pay, 2016 to 2022

	Average Annual Pay
2016	$32,765
2022 [1]	$43,858
Average Annual % Change [2]	4.6%

[1] Data provided by BLS is preliminary and subject to change.
[2] Represents the compound annual growth rate.
SOURCE: COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT, LMI GATEWAY (QCEW DATA), CONSULTANT TEAM

Although wages have increased over time, projections indicate that most household growth through 2028 will be among households earning $125,000 or more per year. This is a very high income for local households, even those with two earners, and points to the continued inflow of retirees and those earning money from outside the local area.

LABOR FORCE AND UNEMPLOYMENT

Shrinking Labor Force

The labor force comprises people aged 16+ who are either employed or unemployed but looking for work. The labor force in Delta County was lower in 2022 than in any year since 2000. As baby boomers continue to retire, local businesses will increasingly have to recruit from outside the local labor market.

Delta County Labor Force and Unemployment, 2002 to 2022

	2002	2012	2022
Labor Force	14,298	14,365	13,282
Employed	13,556	12,958	12,802
Unemployed	742	1,407	480
Unemployment Rate	5.2%	9.8%	3.6%

SOURCE: COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT, LMI GATEWAY, LAUS

Very Low Unemployment

The unemployment rate is very low, at or near the lowest since 2000. In the first 5 months of 2023 it ranged from a high of 4.4% in February 2023 to a low of 3.0% in April 2023. This is important because it means that almost all people in the labor force already have a job. With so few people unemployed in the county, local businesses must compete against other businesses in the county for a small number of available workers, or recruit them from adjacent counties or farther away.

JOBS PER EMPLOYEE AND EMPLOYEES PER HOUSEHOLD

The number of jobs per employee and the number of employees per employed household are used to translate job growth into the number of housing units workers need to fill jobs. Since some employees have more than one job, the number of jobs per employee is greater than one (1.07).

Delta County Average Jobs per Resident Employee, 2023 projections

Jobs held by residents	14,701
Resident workers with more than one job	929
Employed residents	13,773
Jobs per employee	1.07

SOURCE: COLORADO DEMOGRAPHY OFFICE, CONSULTANT TEAM

It is important to note that many households in Paonia and the Paonia CCD do not have a worker because many local households are comprised of non-working retirees or people with a disability. About 28% of Paonia's population is 65+ and more than one in ten residents (14%) has a disability, some of which may preclude them from working. The average of 1.5 employees per household with a worker indicates many working households have more than one employee. For example, a couple with two kids where both parents work would be two employees per household.

Employees per Household with a Worker, 2021

	Paonia CCD (excluding Town)	Town of Paonia
Employed population age 16 and over	948	732
Households with a worker	576	497
Employees per household with a worker	1.65	1.47

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

COMMUTING

Commuting is a necessity for many workers in western Colorado, including those who work in the Paonia area. The limited supply of new homes over the last decade, an aging population (more retirees living in homes rather than members of the labor force), and a massive reduction in housing affordability over the last 5 years has created a situation where local businesses will increasingly rely on workers who must drive to work from elsewhere. Construction of additional housing priced to be affordable to local workers is needed.

In-Commuting

About 80% of those who work in the Town of Paonia and over half of those employed in the Paonia CCD live outside these boundaries, respectively. Employers responding to the 2023 employer questionnaire report that about one in five employees (20%) drive to work from towns/places outside the Paonia area.

Percent of In-Commuters

	% of In-Commuters
Employed in Town of Paonia, live outside Town (U.S. Census)	79%
Employed in Paonia CCD, live outside this area (U.S. Census)	53%
Employed in Paonia area, live outside this area (2023 Employer Questionnaire)	20%

SOURCE: U.S. CENSUS BUREAU LEHD, 2023 EMPLOYER QUESTIONNAIRE, CONSULTANT TEAM

The opposite is true for those who live in Paonia or the Paonia CCD. About 77% of workers living in Paonia are employed outside Town and 71% of workers living in the Paonia CCD are employed outside its boundary. Out-commuting is largely a function of the region's job centers being located elsewhere in Delta County and adjacent Mesa and Montrose Counties.

Building more housing affordable for people working in or near Paonia would provide them with more opportunities to live closer to work and reduce their daily commute time and expenses.

Cost of Commuting

The cost of commuting is often an overlooked household expense. The ability to live near one's work and minimize this cost not only benefits working households but also reduces tailpipe emissions.

> My staff presently commute from Somerset, Cedaredge, and Crawford.
> – Local employer

Using the Internal Revenue Service 2023 standard mileage rate, the cost of commuting from nearby communities ranges from about $235 to $785 per month.

Cost of Commuting to and from the Town of Paonia, Colorado

Community	Miles [1]	IRS Cost/Mile	Daily Cost of Commute (one way)	Cost of Commute (per month) [2]
Hotchkiss & Somerset	9	$0.66	$5.90	$236
Crawford	15	$0.66	$9.83	$393
Cedaredge & Delta	30	$0.66	$19.65	$786

[1] Exact mileage may differ depending on start/stop point.
[2] Assumes 20 commuting days per month.
SOURCE: IRS 2023 STANDARD MILEAGE REIMBURSEMENT RATE, GOOGLE MAPS, CONSULTANT TEAM

EMPLOYER QUESTIONNAIRE INSIGHT

Key insights gained directly from the local business community responding to the employer questionnaire are highlighted below.

Challenges Recruiting and Retaining Employees

Local employers are facing headwinds recruiting and retaining employees to operate successfully in the valley.

How would you rate your ability to recruit and retain qualified employees for your business or organization?
1 = Never a problem (can always find who I need), 5 = Significant problem (almost always have few or unskilled applicants and unfilled jobs)
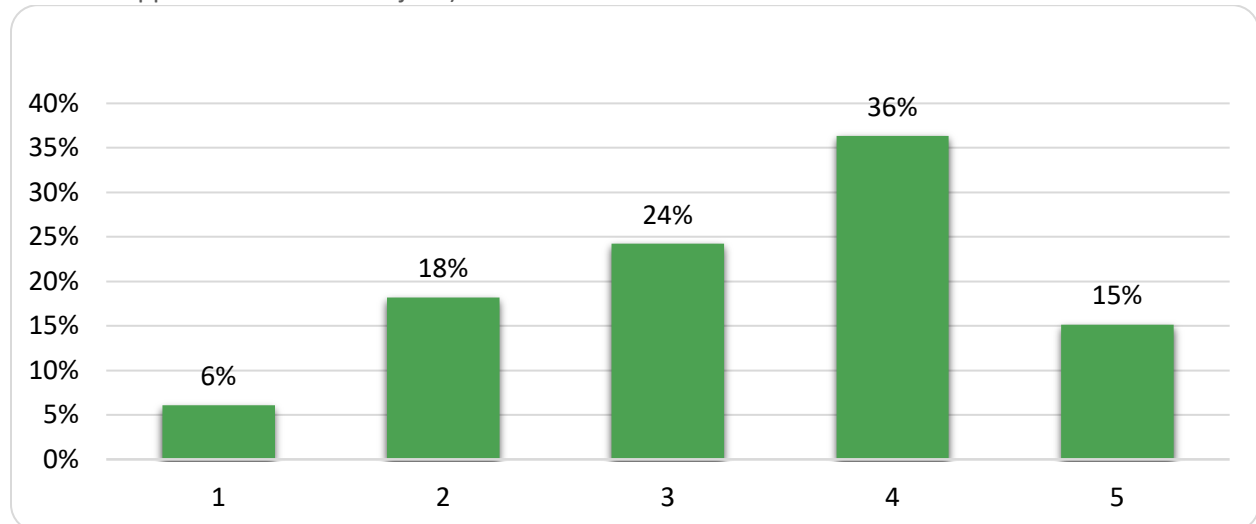
SOURCE: 2023 EMPLOYER QUESTIONNAIRE, CONSULTANT TEAM

Respondents indicated that about 3% of their jobs are unfilled. This rate is quite low compared to Colorado, where the total nonfarm job openings rate (seasonally adjusted) in March 2023 was 7%[2].

Local employers were asked to list issues they face finding or keeping employees. Responses indicate that they are challenged by the tight labor market, a lack of housing, pay issues, and a lack of childcare options, among others. A lack of housing received the third-highest number of responses.

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[2] U.S. Bureau of Labor Statistics JOLTS data accessed July 10, 2023.

In the past year, have you experienced any of the following issues in finding or keeping qualified employees? *(select all that apply)*	Responses
No or few applicants	18
Unskilled applicants	13
Lack of housing	12
Lower pay or benefits compared to other areas	10
Lack of childcare options	7
Work ethic or dedication problems	6
Long commute or tired of commuting	5
Lack of transportation	3
Spouse unable to find employment	3
Other [1]	2

[1] Other responses included "can only find high school kids" and "no options for career advancement".

SOURCE: 2023 EMPLOYER QUESTIONNAIRE, CONSULTANT TEAM

Problems Housing Employees

Local employers were asked to identify how much of a problem various aspects of the housing market are for their employees. Although prices and the lack of available housing their employees can afford were identified as the biggest problems, home variety and condition were also rated as notable problems.

How much of a problem are: 1 = No problem, 5 = Critical problem	Average
Current prices of homes for sale in/near Paonia for your employees	4.3
Current rental prices in/near Paonia for your employees	4.1
The availability (supply) of housing in/near Paonia that your employees can afford	4.1
The selection and variety of homes in/near Paonia for your employees	3.4
The condition of homes in/near Paonia for your employees	3.3

SOURCE: 2023 EMPLOYER QUESTIONNAIRE, CONSULTANT TEAM

When asked about housing needed for their employees, local employers identified entry-level housing and year-round rental housing priced to be affordable for their employees as the most pressing need. This was followed by rental housing for seasonal employees and smaller homes to accommodate downsizing retirees.

How would you rate the need for the following: 1 = No need/sufficient supply, 5 = Critical need/insufficient supply	Average
More entry-level housing that is for sale at prices your employees can afford	4.2
More year-round rental housing your employees can afford	4.1
More rental housing for seasonal/part-year employees they can afford	3.3
Smaller homes that retiring employees could purchase to downsize their current home and stay in Paonia	3.3
More move-up housing (bigger or nicer homes) for your employees who are already homeowners	2.6

SOURCE: 2023 EMPLOYER QUESTIONNAIRE, CONSULTANT TEAM

Employer Housing Assistance

Employers were asked whether they provide housing assistance in a variety of forms. About 60% of respondents said they do not provide any assistance and 40% said they do. Of those that do, assistance with housing search and paying a higher wage than nearby communities for the same or similar job were the most common responses. A few local employers reported that they provide temporary or relocation housing, only one of which operates within the Town boundary.

Do you provide any of the following types of housing or cost of living assistance for your employees? *(select all that apply)*	Responses
Assistance with housing search	4
Higher wage than nearby communities for the same or similar jobs	4
Temporary or relocation housing	3
Employer owned or leased units rented to or provided as compensation to employees	2
Other [1]	2
Hiring bonus	1

[1] Other responses included "we give [cost of living] raises as the budget allows" and "have been . . . implementing a raise every four months to help offset living prices . . ."
SOURCE: 2023 EMPLOYER QUESTIONNAIRE, CONSULTANT TEAM

About one-third of local employers completing the question about their willingness to help with housing for local employees indicated that they are willing to help for either their own employees or all employees in the community. Another 53% said they are uncertain and need more information. Engaging the local business community in the solutions to local housing issues will be very important going forward.

In the future, would you be interested in opportunities to work with local employers or community organizations to help with housing for local employees?	Respondents	Percent of Respondents
Uncertain, need more information	26	53%
Yes, for any employee in the community	9	18%
No, I am not willing to or cannot support housing for employees	8	16%
Yes, for my employees only	6	12%
Total question respondents	**49**	**100%**

SOURCE: 2023 EMPLOYER QUESTIONNAIRE, CONSULTANT TEAM

C. HOUSING INVENTORY

This section examines Paonia's housing stock. This includes the occupancy rate, homes rented versus owned, home types and when they were built, and the income-restricted inventory.

Why is this important?
The characteristics of the Town's housing stock provides an understanding of the variety and quality of current housing and the rate of development. The information assists in identifying imbalances in the market and informs the size, type, and tenure of housing that is needed.

HOUSING UNITS

There are about 755 housing units in the Town of Paonia and almost 90% of them are occupied year-round. The Town's housing inventory is very homogenous, comprised almost entirely of single-family and manufactured homes.

Housing Occupancy

Today's occupancy rate is similar to what it was in 2010 (approaching 89%). This rate is high compared to many Colorado communities with high levels of second homeownership and short-term rentals.

The home occupancy rate fell from 2010 to 2015 before picking back up. The upward home occupancy trend since 2015 is indicative of a tightening housing market, which continues today given the very low inventory of homes for sale and restrictions on new construction due to the water tap moratorium. Anyone looking to move to Town for work is faced with very few choices in a market where demand outpaces supply.

Town of Paonia, Home Occupancy Rate, 2010-2021
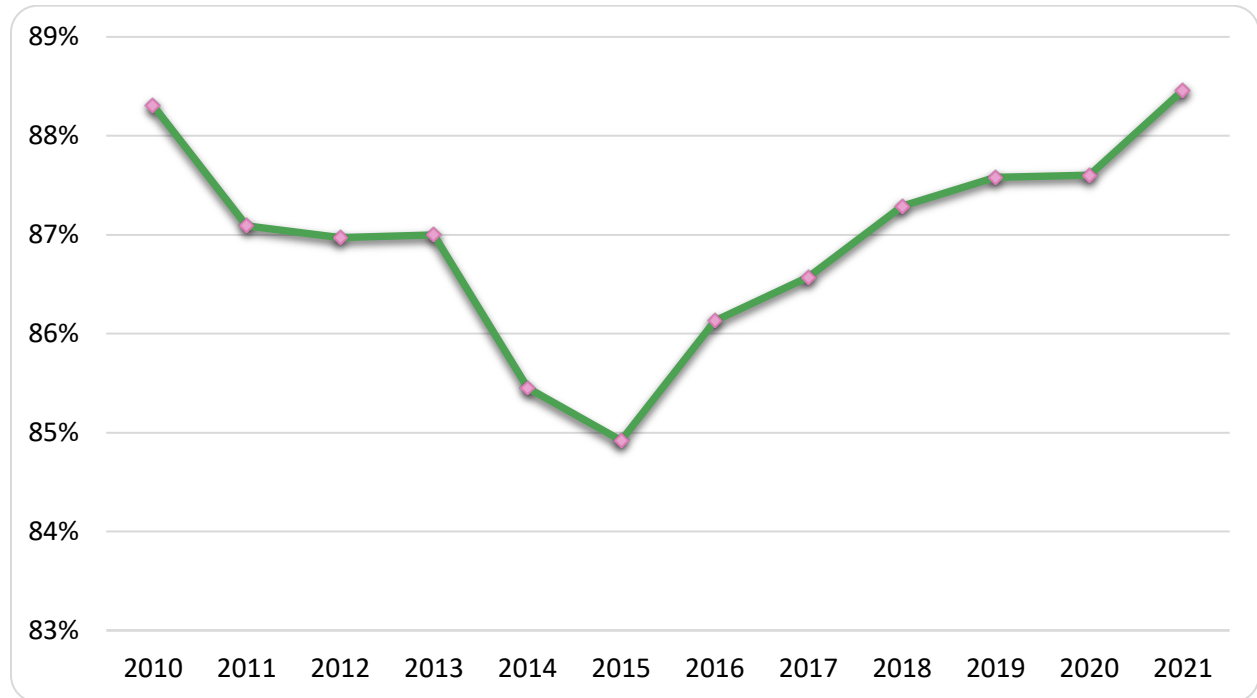
SOURCE: COLORADO DEMOGRAPHY OFFICE

About 11% of homes are classified as unoccupied or vacant, which includes those for sale or rent, those sold or rented but not yet occupied, vacation homes and short-term rentals, as well as homes not occupied year-round for other reasons.

- For rent: The consultant team found only about two to four units publicly listed for rent in any given month in the first half of 2023 (see Section D – Housing Market Conditions for details).
- For sale: There were only 11 homes for sale in the Town of Paonia in early June 2023 (see Section D – Housing Market Conditions for details).
- Short-term rentals: Previous research conducted by the Town's GAPS Committee indicated that there were approximately 20 short-term rental units (excluding rooms rented for less than 30 days) in Paonia in February 2020 and 19 in May 2021. In numerous searches in June and July 2023, the consultant team found 27[3] units.

Housing Tenure (Own versus Rent)

According to the 2020 Census, the share of homeowners in Paonia (65%) is the same as that of Colorado, but much lower than that of the Paonia CCD excluding the Town (83%). Yet so few rentals were identified in the Town of Paonia during this project that it appears the homeownership rate is quite a bit higher. Private data estimates indicate it is 78%, which more closely aligns with information gathered by the consultant team during this assessment. This is important because it highlights how few rentals there are in Town.

Town of Paonia Tenure, 2023 Estimate
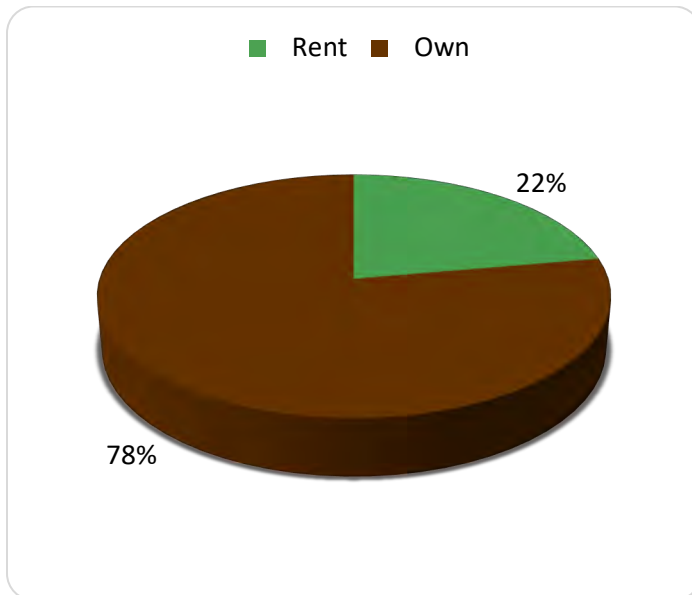
SOURCE: RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM

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[3] A manual review of www.airbnb.com and www.vrbo.com was conducted in June 2023 and www.airdna.co was reviewed in mid-July 2023. Neither rooms being rented on a short-term basis nor those in commercial lodging operations are accounted for.

At least one-third of homes in the Town of Paonia area headed by someone aged 65+. About two of every five owner-occupied homes and at least one in five rentals is headed by someone aged 65+. This is important because many of these households, especially homeowners, are in homes that are larger than needed and often expensive and difficult to maintain. Inflation is hitting seniors on fixed incomes (at least 35% of households in Paonia receive social security income) particularly hard.

Senior Households by Tenure

	2016	2021
Share of owner-occupied homes with a senior householder (65+)	38%	41%
Share of renter-occupied home with a senior householder (65+)	21%	20%

SOURCE: U.S. CENSUS BUREAU, 2012-2016 AND 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

TYPES OF HOUSING

The housing stock in Paonia is extremely homogenous. About nine in ten homes are either single-family homes or mobile/manufactured homes. Other than the Creek Vista Senior Living Apartments, there are only a few other small apartment complexes in Town, like the Maple Leaf Apartments and the apartments a few blocks away on Onarga Avenue. Few housing units exist that fall into the category of "missing middle" housing types, like duplexes.

With very little diversity in the types of housing in Paonia, residents have few choices other than a single-family or mobile/manufactured home. A more diverse inventory would provide households with more choices to best suit their needs and desires at different life stages. For example, a single person who moves to Town for work wanting to rent will have very few options other than to try to find a room in an existing single-family house due to cost and availability. Some seniors living in homes that they raised children in may find them to be too big and expensive to maintain. Smaller accessible units with very low maintenance needs would help them age in Paonia with fewer challenges.

Town of Paonia Housing Unit Distribution by Building Type
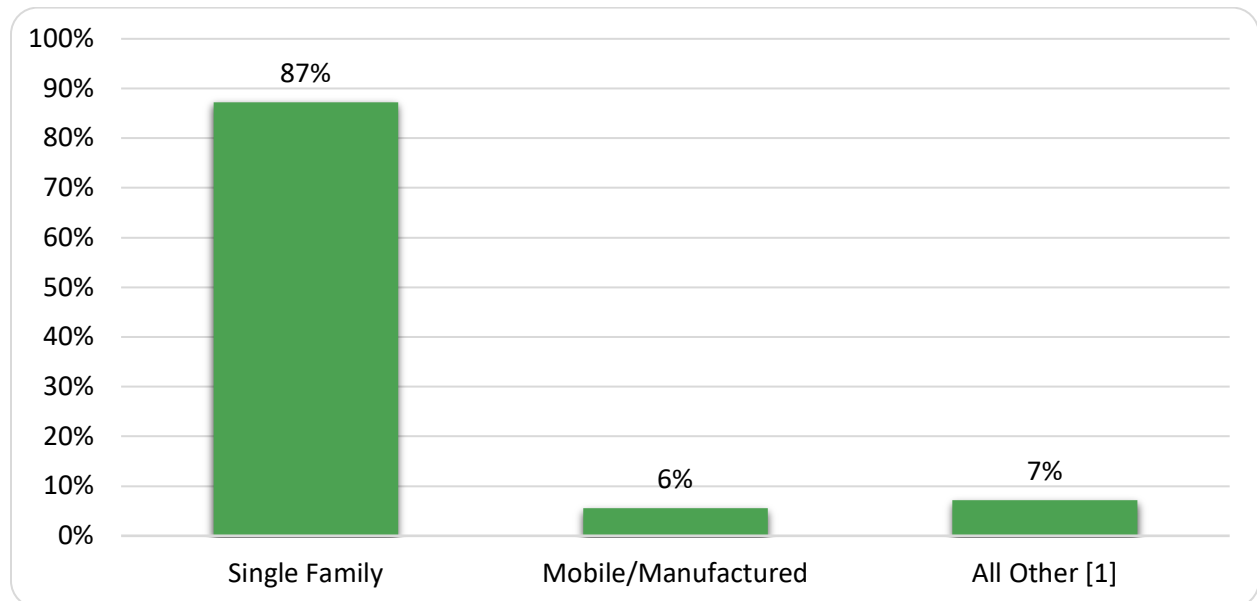
[1] 2+ units per building.
SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

AGE OF HOUSING

Paonia's housing stock is extremely old with very little new inventory constructed since 2010.

- 54% of homes were built 50+ years ago.
- From 1940 to 2010 (excluding the 1970s), there were about 55 homes built per decade in Town, or roughly 5 to 6 new homes per year.
- About one in five homes in Town were built in the 1970s.
- Town records indicate that only 21 new homes were permitted/built (includes change of occupancy) from 2012 to May 2023.
  - » 12 units in the Silver Leaf Co-housing project
  - » 9 single-family or manufactured homes

The figure below highlights the timing of housing supply and showcases the fact that very few homes have been built since 2000. It is important to note that it shows when the structure was first constructed and not when it was remodeled, added to, or converted. Home remodeling and updates are occurring across Paonia, however, the number of units being fully rehabilitated (completely gutted and redone including electrical, plumbing, heating, and cooling, etc.) appears to be a small percentage of the total housing stock (information about partial versus full rehabilitation is not readily available). This is important because the rehabilitation of older homes changes the effective age of the housing stock.

Town of Paonia Total Housing Units by Original Year Built
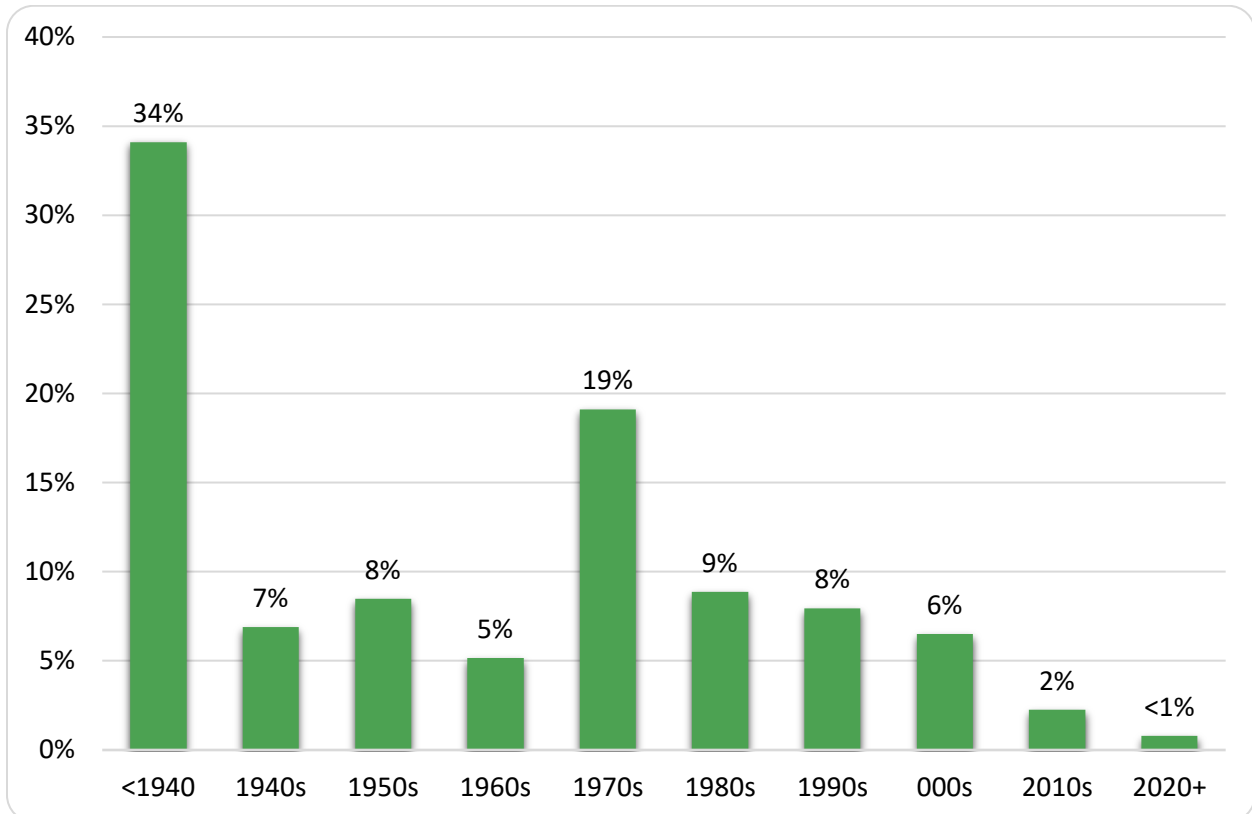
May not add to 100% due to rounding.

SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, COLORADO DEMOGRAPHY OFFICE, TOWN OF PAONIA, CONSULTANT TEAM

The housing stock in the Paonia CCD excluding the Town of Paonia is much newer than that of the Town, with less than 20% being built prior to 1940. This part of unincorporated Delta County experienced very robust housing construction in the 1970s and 1990s, but like Paonia, new residential construction has been limited since 2000.

Number of Bedrooms and Household Size

There is a significant misalignment of the housing stock and the size of households in Paonia. Roughly two out of five households are comprised of only one person, but only about one in ten homes is a studio or one-bedroom unit that is more appropriately sized for people living alone. One of the main reasons there is such a mismatch is the sizable senior householder population (42% of one-person households are aged 65 or older, many of whom are still living in the larger home they purchased to raise a family). Moreover, at least 40% of homeowners in Paonia are seniors and about 20% of renters are seniors (65+). These households are mostly no larger than two people. There is a need for smaller units to accommodate one- and two-person households.

Town of Paonia Home Size Distribution by Number of Bedrooms
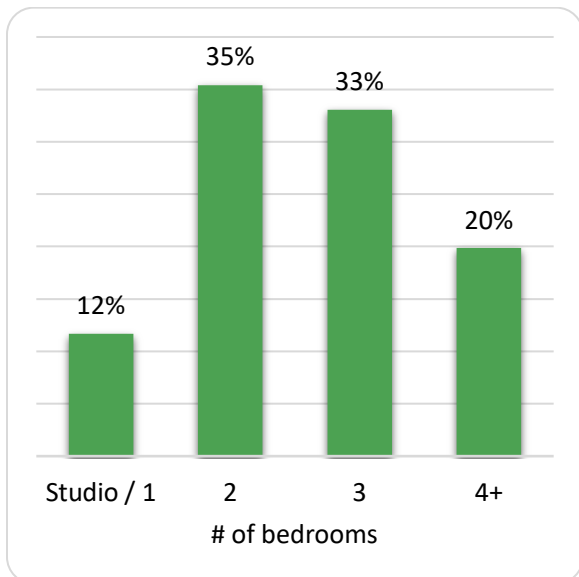
SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

Town of Paonia Household Size Distribution, 2020
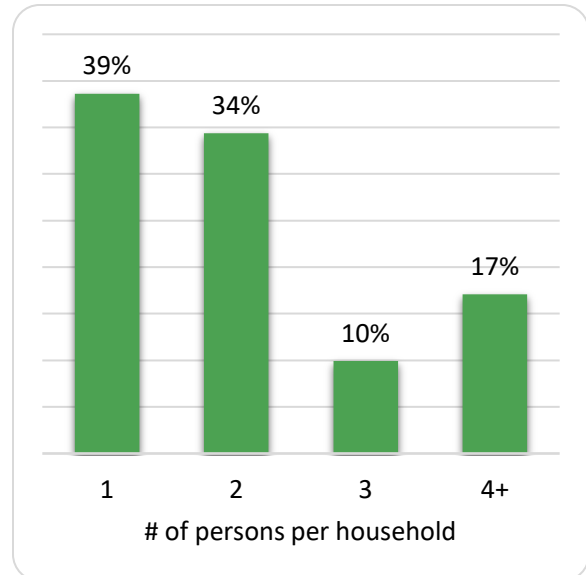
SOURCE: U.S. CENSUS BUREAU, CENSUS 2020, CONSULTANT TEAM

The Paonia CCD excluding the Town of Paonia differs from the Town in terms of the size of homes and households. In general, homes tend to be larger than in Town with just over 70% of homes having three or more bedrooms, about 20 percentage points higher than in the Town of Paonia. On average, the size of households in this part of the county is similar to the Town, but the distribution differs. There is a smaller percentage of one-person households (29% of all households) and a higher percentage with two people (45%).

D. HOUSING MARKET CONDITIONS

This section evaluates each segment of the housing market (for sale and rent) separately. It includes information on prices, availability, and trends over time.

FOR-SALE MARKET

The information below primarily documents home sales in the Town of Paonia municipal limits. It does include some information about sales in the Paonia multiple listing service (MLS) boundary area, which is similar to the Paonia CCD.

Why is this important?
Housing market conditions provide insight into what the housing market is providing, how much is available, and at which price points. This information helps us understand the housing types and price points missing from the housing market.

Number of Sales per Year

There have been 690 residential sale transactions in the Paonia area since the beginning of 2013. The percentage of sales within the Town of Paonia (48%) over this time is slightly less than in the Paonia area excluding the Town of Paonia (52%). In the 10 years from 2013 to 2022, annual sales in Town peaked in 2017 at 43, whereas sales outside of Town peaked in 2020 at 46.

Home Sales per Year, 2013-2023

Year	Town of Paonia	Paonia Area (excluding Town of Paonia) [2]
2013	9	33
2014	26	27
2015	35	40
2016	41	44
2017	43	31
2018	38	42
2019	37	31
2020	38	46
2021	35	30
2022	21	28
2023 [1]	7	8
Total	**330**	**360**

[1] Through June 2, 2023.
[2] The Paonia MLS geography is similar to the U.S. Census Bureau Paonia CCD boundary.
SOURCE: MLS COURTESY OF PAONIA REALTY, CONSULTANT TEAM

Price Trends

Home prices have increased quickly and dramatically. From 2016 to 2022 the average and median price of homes sold in the Town of Paonia more than doubled, increasing by just over 16% per year on average, or about 3.6 times as fast as the average annual pay in Delta County (see Types of Jobs and Wages, above). The median 2022 sale price in Town ($330,000) was about $200,000 more than the 2016 median sale price.

Homes sold in the Paonia CCD excluding the Town of Paonia have been, and continue to be, much more expensive than within the Town boundary. In general, however, homes and home prices within and outside of Town are not comparable because many homes outside of Town are sold on larger lots, often with agricultural land and water rights, etc.

Town of Paonia and Paonia Area (excluding Town) Home Sale Prices, 2013 to 2023
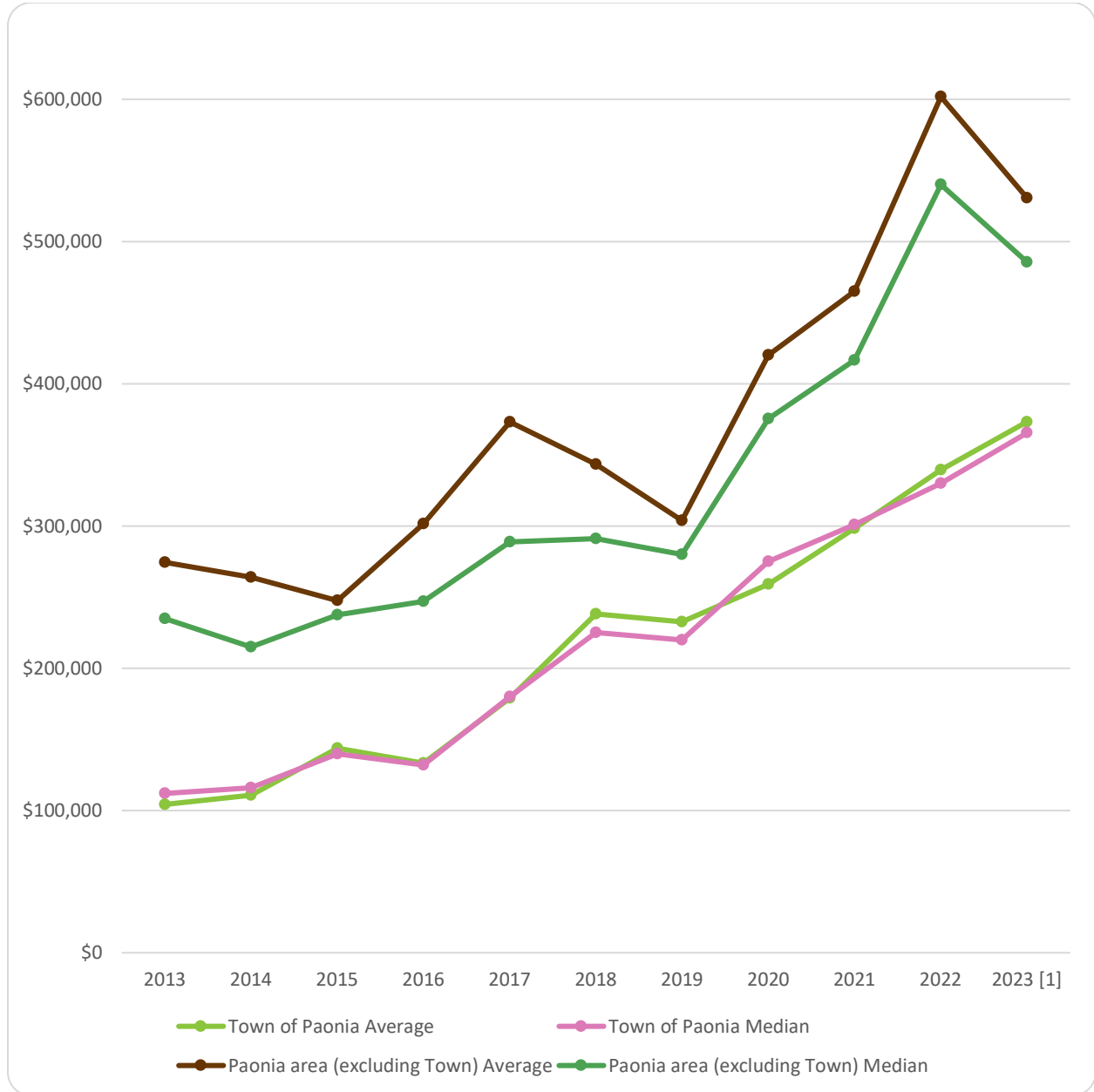
[1] Through June 2, 2023.

SOURCE: MLS COURTESY OF PAONIA REALTY, CONSULTANT TEAM

From 2016 to 2022, the average price of a two-bedroom home in the Town of Paonia increased by 224%, more than one (123%) and three-bedroom units (135%).

Town of Paonia Average Sale Price by Number of Bedrooms, 2013 to 2023
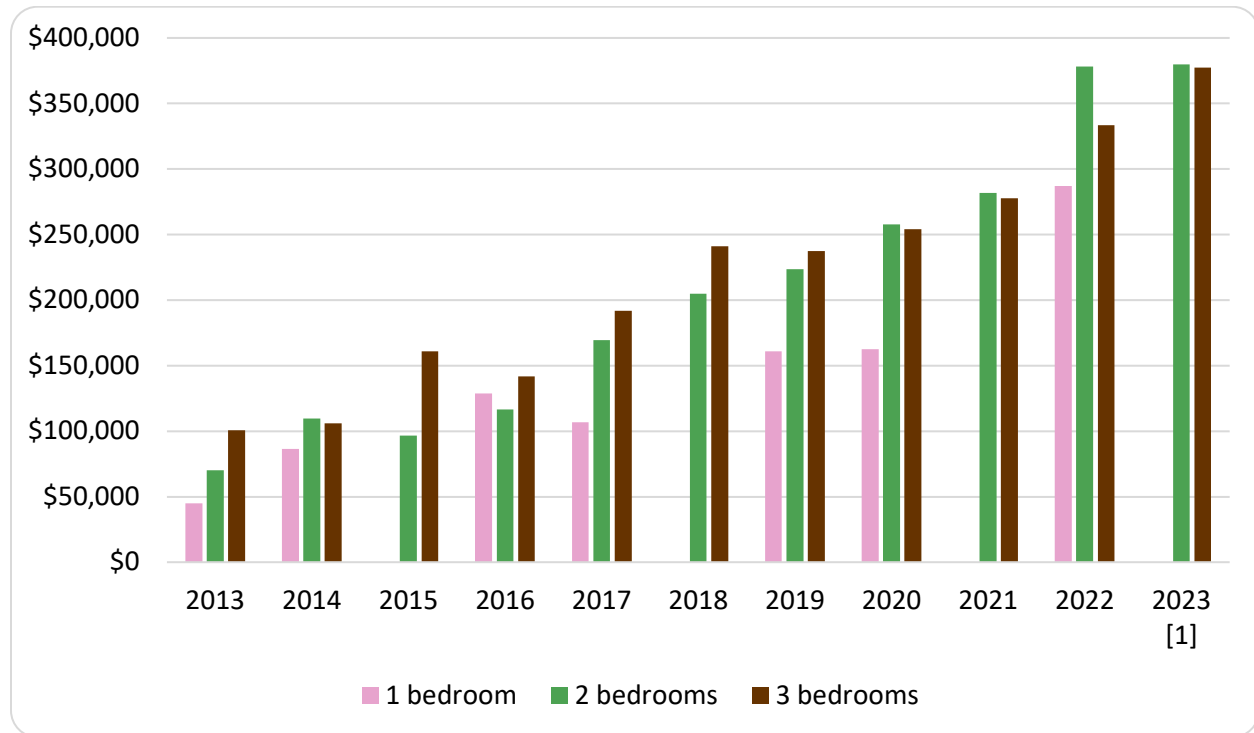
[1] Through June 2, 2023.
SOURCE: MLS COURTESY OF PAONIA REALTY, CONSULTANT TEAM

Price per Square Foot

The average annual sale price per square foot in the Town of Paonia hit $100 in 2016 and consistently increased each year to $263 in 2022, a more than 160% increase over this time.

Town of Paonia Average Sale Price per Square Foot, 2013 to 2023

Year	Sale Price per Sq. Ft.
2013	$75
2014	$83
2015	$96
2016	$100
2017	$138
2018	$163
2019	$171
2020	$200
2021	$201
2022	$263
2023 [1]	$220

[1] Through June 2, 2023.
SOURCE: MLS COURTESY OF PAONIA REALTY, CONSULTANT TEAM

The discrepancy between home prices and wages is even more drastic when considering price per square foot rather than the average or median annual sale price. From 2013 to 2022, the average annual price per square foot of homes sold in Paonia increased by about 14.9% per year on average, while the average annual pay in Delta County increased by just 2.7% per year on average. Through this lens, prices have increased 5.5 times faster than wages. The year-over-year change below shows this disparity in more detail.

Town of Paonia Average Annual Sale Price per Square Foot and Delta County Average Annual Pay, 2013 to 2022
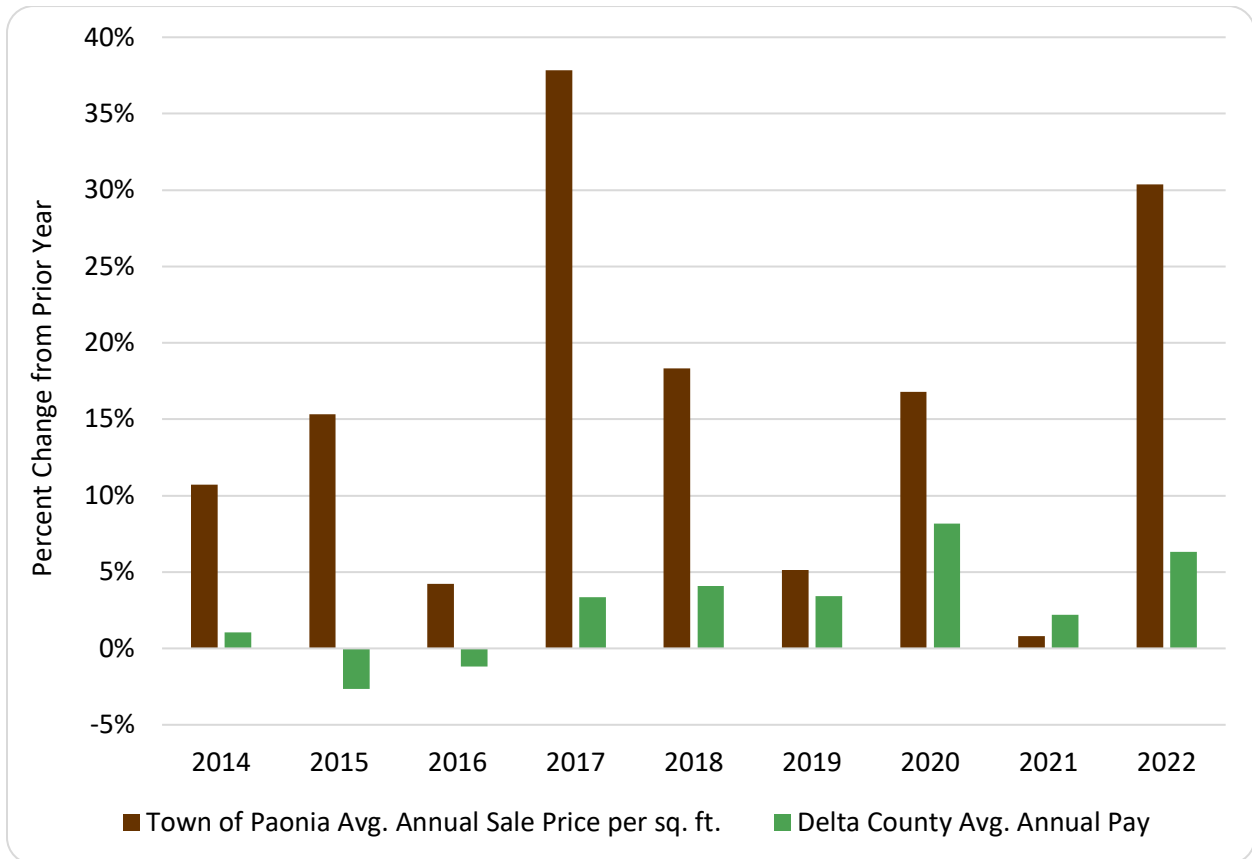
SOURCE: MLS COURTESY OF PAONIA REALTY, BLS QCEW, CONSULTANT TEAM

List Price Received, Days on Market, and Home Size

Since 2016, the average percentage of the listing price received at sale has been above 95%. It was highest in 2022 at 99%, followed by 2021 at just over 98%.

The average number of days homes in Town were on the market in 2021 and 2022 were the lowest of any year since 2013. This is indicative of a tighter market in these years, with sellers much less likely to need to negotiate or provide concessions. Homes on the market for a long period of time may indicate that the home has been priced too high, that there is a problem with the home, or it may just indicate soft demand for homes on the market.

Average Annual Number of Days on Market, Residential Sales, 2013 to 2023

Year	Town of Paonia	Paonia Area (excluding Town of Paonia)
2013	150	178
2014	165	334
2015	180	187
2016	140	194
2017	89	160
2018	103	116
2019	119	172
2020	127	120
2021	73	180
2022	62	87
2023 [1]	154	178

[1] Through June 2, 2023.
SOURCE: MLS COURTESY OF PAONIA REALTY, CONSULTANT TEAM

The average size of homes sold since 2013 ranges from about 860 square feet for a one-bedroom home to almost 2,100 square feet for a four-bedroom dwelling.

Town of Paonia Average Size of Homes Sold by Number of Bedrooms, 2013 to 2023 [1]

Bedrooms	Average Square Feet
1	859
2	1,088
3	1,538
4	2,094

[1] Through June 2, 2023.
SOURCE: MLS COURTESY OF PAONIA REALTY, CONSULTANT TEAM

Cash Buyers

The share of homes purchased by cash buyers has and continues to be high. Even local households with sufficient earning power to afford homes priced at $400,000 and higher are at a distinct disadvantage if they need a mortgage because cash buyers often outcompete buyers who need a loan. Roughly three out of every five homes sold in Town in 2022 were bought with cash. Interviewees indicated that these buyers are often moving from other parts of Colorado (or from other states), and that they are bringing equity from home sales in very high-priced housing markets and buying in Town. Homes purchased near Paonia in unincorporated Delta County are also often bought with cash—57% of homes sales in 2022.

Town of Paonia Cash Sales by Year, 2013 to 2023

Year	Percentage
2023[1]	57%
2022	62%
2021	37%
2020	34%
2019	43%
2018	37%
2017	49%
2016	56%
2015	46%
2014	46%
2013	33%
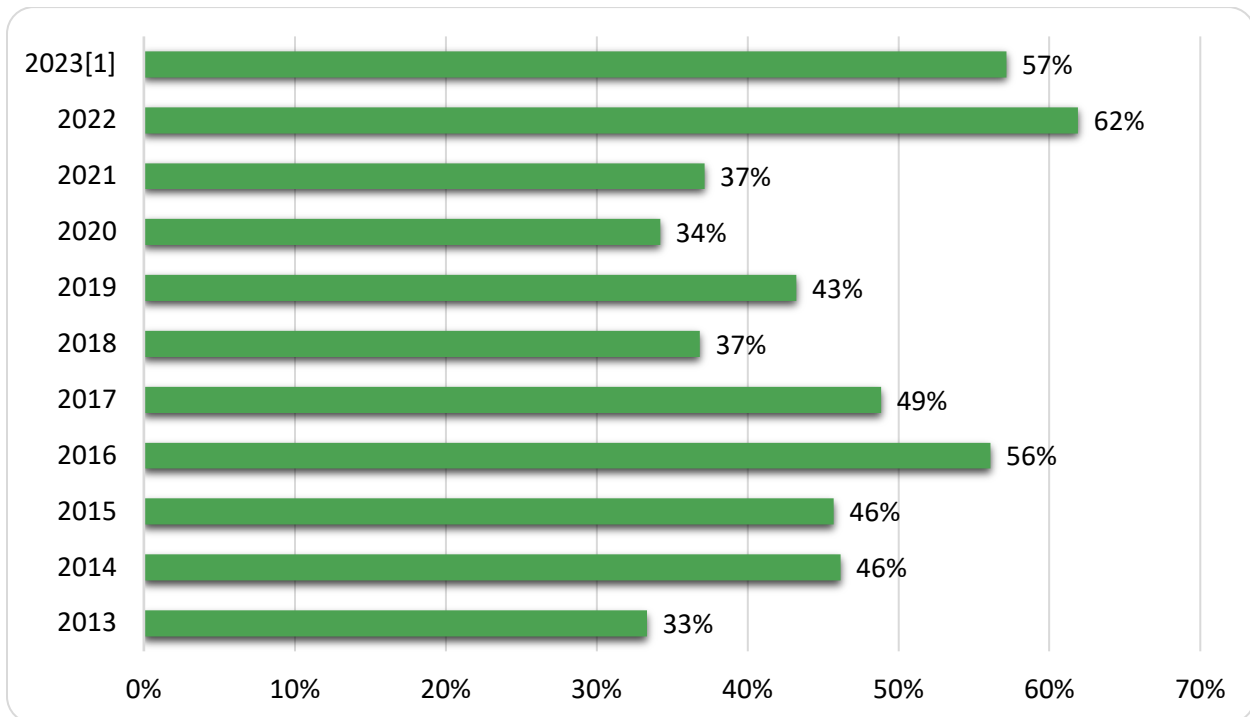
[1] Through June 2, 2023.
SOURCE: MLS COURTESY OF PAONIA REALTY, CONSULTANT TEAM

For-Sale Listings – June 2023

Only 11 homes were listed for sale in early June 2023.

Town of Paonia Active Listings, June 7, 2023

Bedrooms	Bathrooms	Approximate Square Feet	List Price	List Price/Sq. Ft.
3	3	1,250	$350,000	$280
3	2	1,310	$350,000	$267
3	2	1,955	$363,000	$186
3	3	1,844	$379,000	$206
3	2	1,796	$399,000	$222
3	2	1,228	$417,000	$340
4	2	1,815	$425,000	$234
2	2	998	$479,000	$480
5	5	4,016	$565,000	$141
3	4	2,810	$589,000	$210
4	3	1,788	$699,000	$391

Note: Excludes one listing under $350,000 that was not yet habitable.
SOURCE: MLS COURTESY OF PAONIA REALTY, CONSULTANT TEAM

This number of active listings is higher than recent lows in the single digits, and lower than at some points in the past 10 years. Local realtors, however, report that it is relatively typical over the long term for there to be roughly a dozen active listings at any one time. Compared to just under two sales per

month on average in 2022, 11 homes for sale represents about 6 months of inventory, which is generally associated with a balanced market. Yet, only a few of these listings are affordable to most locals. Housing is needed at lower price points (below $350,000) to create a more balanced market.

Housing Affordability and Buyer Preferences

The rise in home prices combined with the increase in mortgage interest rates over the past year has very quickly and negatively impacted housing affordability in Paonia. Even though local prices are not as high as in many other Colorado markets, prices are too high for a large share of local households earning a living locally.

> Cost of housing is why our employee will be leaving the area.
> – Local employer

The least expensive homes for sale in early June 2023 were $350,000 ($267 and $280 per square foot). To purchase a home for $350,000, a local household would need to make about $110,000 per year, which is more than about 74% of local households earn per year. This observation assumes the household would have a 5% down payment and access a 30-year loan at 7% interest. It also assumes that 20% of the housing payment would cover taxes, HOA dues (if applicable), private mortgage insurance (PMI), and property insurance.

The table below shows the maximum affordable purchase price for a two-person household at different income levels. It also shows the distribution of all owner households by AMI and the share of listings corresponding to the maximum price a two-person household can afford. Current home listings are mostly at or near $400,000 and above. This corresponds to about 180% AMI and higher for the average-sized two-person household in the Town of Paonia and Paonia CCD.

Homeowner Affordability: Owner Household Income Compared to Homes for Sale

AMI	Household Income Range (2-person household)	Maximum Affordable Purchase Price [1] (2-person household)	Owner Household Distribution	June 7, 2023, Listings	
				(% of listings)	(# of listings)
Under 30%	$0-$20,880	$66,100	12%	0%	0
30.1 - 60%	$20,881-$41,760	$132,100	16%	0%	0
60.1 - 80%	$41,761-$55,680	$176,200	9%	0%	0
80.1 - 100%	$55,681-$69,600	$220,200	10%	0%	0
100.1 - 120%	$69,601-$83,520	$264,300	9%	0%	0
120.1 - 160%	$83,521-$111,360	$352,400	17%	18%	2
160.1 - 180%	$111,360-$125,280	$396,400	6%	18%	2
Over 180%	> $125,280	>$396,400	21%	64%	7
Total	---	---	525	100%	11

[1] Max purchase price assumes a 30-year mortgage at 7% with 5% down and 20% of the payment covering taxes, HOA, PMI, and insurance.
The comparison of listing prices relative to the purchasing power of a two-person household using CHFA 2023 Income Limits is provided for illustrative purposes – see Appendix B for detailed income limits.
Shading represents key gaps in the market.
May not sum to 100% due to rounding.
SOURCES: CHFA 2023 INCOME LIMITS, RIBBON DEMOGRAPHICS, LLC, MLS, CONSULTANT TEAM

Gaps in the market are highlighted in gray in the table above, which indicates that the share of owner households in that AMI range exceeds the share of current listings. The 120.1-160% AMI row is also shaded gray because only two homes were available for sale at the very top end of the price range (about $350,000) with a relatively high share of owner households (17%). It is important to note that if a home for sale needs repairs or upgrades on top of the purchase price, such cash outlays are not accounted for above.

Stakeholders interviewed noted that local buyers would need homes priced in the high $100,000s to the low $200,000s, which are not available. It is also important to note that because of the age of many homes, and the way they were constructed and maintained over time, many need fairly significant repairs. This includes structural issues with foundations, roofs that need to be repaired or replaced, among many other maintenance items.

With so few homes available, many buyers are purchasing homes in need of large repairs. They often have no other choice if they want to live in Town. Realtors report that buyers are purchasing these homes fully aware of the problems and potential repair costs prior to purchase. In some cases, this could be on the order of $100,000. The need for additional cash outlays on top of the purchase price further reduces affordability. This is especially problematic for younger households who want to become homeowners (first-time home buyers), and may preclude others from moving up or down in the market as their life circumstances change.

RENTAL MARKET

The rental market in the Town of Paonia includes full rental units and room-only rentals. The market is tight, vacancies are low, and prices are too high for many locals.

> Rents are too high for what wages will support.
> – Local Employer

Full Rental Units

Excluding Creek Vista Senior Living Apartments, the rental market in Paonia is small and available rentals are often leased via word of mouth rather than public listings. The consultant team found only 16 single-family homes and apartments for rent in the Town of Paonia from January through early July 2023. Rental listings were found in the following ways:

- Public rental listing platforms were monitored from early May to early July 2023. Searches for old listings back to January 2023 were also conducted.
- Community boards in Town were checked numerous times in May and June 2023.
- Two available rentals were shared with the consultant team via word of mouth and were not publicly listed.

Most rentals found in the Town of Paonia were two-bedroom units; the monthly rental amount varied widely from $900 to $1,975 per month.

Paonia-area Rental Listings and Rental Rates

Bedrooms	No. of Listings	Average Monthly Rent	Monthly Rent Range
0	1	$750	NA
1	1	$1,100	NA
2	11	$1,359	$900 - $1,975
3	3	$1,850	$1,600 - $2,000

SOURCE: FACEBOOK AND FACEBOOK MARKETPLACE, CRAIGSLIST, ZILLOW, HOTPADS.COM, COMMUNITY BOARDS, WORD-OF-MOUTH, CONSULTANT TEAM

Most public rental listings did not specify whether utilities are paid by the landlord or the tenant. Based on interviews with local property managers, many rentals in Town require tenants to pay for electricity and/or gas service, and quite a few also require tenants to pay for water, sewer, and trash service (see Utilities, below, for more details).

The deposit required to move in is frequently the same as the monthly rent, but many listings asked for the first and last month's rent plus the deposit to move in. Of the ten public listings indicating whether pets are allowed, only three prohibited pets. The others allowed pets or indicated they could be approved or are negotiable. Landlords report that many local renter households have pets, and that rentals that do not accept pets often have a harder time finding tenants given a smaller pool of potential applicants. Only four public listings stated whether smoking is allowed, and all of them indicated that it is not. Lease terms varied for listings that included this information, with six out of seven indicating a 6- to 12-month term.

Interviewees indicated that the rental market in Paonia is somewhat bifurcated between properties that are well maintained and meet basic health and safety codes, and those that may not. The latter may not be publicly listed and are more likely to be rented for less than publicly listed market rates, according to interviewees. It is extremely difficult to know the condition of all property being rented in Town without in-person inspection, which is outside of the scope of this assessment, but this does point to a demand for rental units and the potential need for increased code enforcement in Town.

> Conditions [some] people are living in are "shocking."
> – Local resident

Rooms or Shared Space

In addition to the 16 units listed for rent above, four public listings were for a room only and two were to be shared. Room-only listings ranged from $425 to $750 per month. Listings to share a single-family home were $600 and $950 per month.

Near Paonia

Five additional rental listings were found outside of the Town of Paonia, including one on Pitkin Mesa and one east of Town. Rents for these ranged from $1,200 for a small studio apartment to $1,800 for a three-bedroom/two-bathroom single-family home. In addition, four listings were found in Hotchkiss, which is outside the study area, with rents ranging from $925 to $1,800 per month.

Vacancy

Rental vacancy rates are very low (<=3%), indicative of a tight rental market. More rentals are needed. Landlords interviewed indicated that they almost never have an involuntary vacancy. This typically only occurs when the landlord does not rent a unit for a short time to do maintenance, repairs, or upgrades. Vacancies appear to be more common for rentals that preclude pets.

When rental vacancy rates are this low, the market is near capacity and cannot as easily absorb new residents or employees moving to Paonia. This results in numerous issues, including the following:

- Rents tend to increase faster than incomes.
- Renters have difficulty moving from one unit to another as their circumstances change.
- New employees struggle to find housing when hired, impacting businesses and the economy.
- Renters displaced due to owners selling rentals, converting their unit from a long-term to short-term rental, or other reasons have few or no options.
- Landlords have little incentive to make repairs and capital investments.

Renter Affordability

Of the 16 publicly listed rental units identified while rental listings were monitored, no rentals were found that are affordable to the average-sized household earning under 30% AMI and only one was affordable to households earning 30-60% AMI (see Renter Affordability table, below). Combined, this is one rental listing for roughly half of renter households. Interviews with landlords indicated there are a few more rentals in Town in the 30-60% AMI range, but they are rarely on the market.

Renters under 30% AMI are much more likely to face difficult choices between housing costs and other life necessities and are more at risk of becoming homeless. During this project, one local service employee likely earning between 30% and 60% AMI indicated they are living on a friend's couch because rents are just too high.

With so few rental choices, lower income households are being forced to take on rents above their means. This is evident by the fact that most publicly listed rentals are priced between $1,000 and $2,000 per month, which is affordable to a relatively small share of renters.

The percentage of listings from 60% to 120% AMI is higher than the share of renter households with incomes in this AMI range, which normally indicates that market pricing generally aligns with renter household incomes. But, because there are so few rentals under 60% AMI and such a high share of households who make under this amount, there are far too few rental units available at these price points, which is a major gap in the market. When prices are higher than what people can afford, people get creative. This tends to incentivize overcrowding and people living in undesirable or unsafe situations. Based on public listings, many people are looking for roommates to help cover rent.

More rental units are needed for households earning under 80% AMI, and especially less than 60% AMI.

Renter Affordability: Renter Household Income Compared to Homes for Rent

AMI	Household Income Range (2-person household)	Max Affordable Rent + Utilities (2-person household)	Renter Household Distribution	Rental Listings [1] (% of listings)	(# of listings)
Under 30%	$0-$20,880	< $522	34%	0%	0
30.1 - 60%	$20,881-$41,760	$523 to $1,044	17%	6%	1
60.1 - 80%	$41,761-$55,680	$1,045 to $1,392	8%	13%	2
80.1 - 100%	$55,681-$69,600	$1,393 to $1,740	6%	38%	6
100.1 - 120%	$69,601-$83,520	$1,741 to $2,088	2%	13%	2
120.1 - 160%	$83,521-$111,360	$2,089 to $2,784	10%	31%	5
160.1 - 180%	$111,360-$125,280	$2,785 to $3,132	6%	0%	0
Over 180%	> $125,280	> $3,132	17%	0%	0
Total	---	---	150	100%	16

[1] Rental listings based on a search from early May to early July 2023, inclusive of public listings since January 2023; assumes monthly utility allowance of $120 for water/sewer/trash and gas and/or electric service at $200/mo. unless listing specified that utilities are included.

The comparison of listing prices relative to the purchasing power of a two-person household using CHFA 2023 Income Limits is provided for illustrative purposes - see Appendix B for detailed income limits.

Shading represents key gaps in the market.

May not sum to 100% due to rounding.

SOURCES: CHFA 2023 INCOME LIMITS, RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM

Utilities

When determining the amount of monthly "gross rent" a household can afford (30% of monthly gross annual household income), utilities and any non-optional fees paid by the tenant are added to the total of the monthly resident-paid rent. Telephone, cable, or internet are typically not accounted for.

Housing subject to federal and state code, regulations, and policies must adhere to utility allowance requirements. In general, however, it is important to understand the range of costs local tenants pay for gas and electric service.

Town of Paonia Monthly Electricity and Gas Cost Distribution

	Electricity	Gas
Less than $50	5%	34%
$50 to $99	50%	43%
$100 to $149	15%	20%
$150 or more	30%	2%

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

In Town, utility costs vary widely for many reasons including the home's insulation, appliance/equipment type and condition, household use and preferences, etc. The consultant team spot-checked actual utility bills for single-family homes in the Town of Paonia and found that homes ranging in size from 1,050 to 1,460 square feet had gas bills from about $55 to $100 per month when averaged over a year. Electric bills in Town range from about $60 per month to $360 per month when

averaged over a year. Fees for Town provision of water, wastewater/sewer, and trash collection services must also be accounted for if paid by the tenant.

Town of Paonia Basic Residential Rates for Water, Sewer, Trash

	Monthly Rate
Water	$40
Wastewater/Sewer	$55
Trash (one 33-gallon container pickup up weekly)	$25
Total	**$120**

SOURCE: TOWN OF PAONIA, COLORADO, RESOLUTION NO. 2022-08, 2022-14, 2022-15

Applying a generalized monthly amount for electricity and gas service of $125 and $75 per month, respectively, plus $120 per month for water, sewer, and trash sums to $320 per month. If a tenant household were responsible for paying for all these services in this example, $320 should be accounted for in determining whether a household can afford the monthly rent. The example below is included to illustrate this point.

Example of Maximum Rental Amount for Local Household Making $65,800 per Year

Annual gross (before taxes) household income - (100% AMI for a 2-person household)	$65,800
Annual affordable payment (30% of gross income)	$19,740
Monthly affordable housing payment	**$1,645**
Utilities paid by tenant (water, sewer, trash, electricity, gas)	$320
Monthly rental amount (monthly affordable payment minus utilities)	$1,325

SOURCE: CHFA 2023 INCOME LIMITS, CONSULTANT TEAM

MOBILE HOME PARKS

One mobile home park is registered with the State of Colorado's Department of Local Affairs—the North Fork Trailer & RV Park—located near Paonia.

Registered Mobile Home Parks Near Paonia, 2023

Name	Address	City	County	Registration Number
North Fork Trailer & RV Park	1514 Highway 187	Paonia adjacent	Delta	MHP-000730

SOURCE: COLORADO DEPARTMENT OF LOCAL AFFAIRS, DIVISION OF HOUSING MOBILE HOME PARK REGISTRY

Some of these homes likely cost 30% or less of their residents' gross income. When costs are affordable, but the home does not have a formal income restriction like a deed restriction, it is referred to as naturally occurring affordable housing. This makes their preservation important even though they are not located in the Town of Paonia.

INCOME-RESTRICTED AND SUBSIDIZED HOUSING

There is only one income-restricted property in Paonia: the Creek Vista Senior Living Apartments. These provide affordable independent living options for seniors aged 62 and older. There are 20 apartments at Creek Vista:

- 13 (65%) units have two bedrooms
- 7 (35%) units have one bedroom

Income-Restricted and Subsidized Rental Inventory – Paonia

Name	Address	Type of Subsidy	Who Is Housed	Units	Built
Creek Vista Senior Living Apartments	446 Vista Drive	9% LIHTC	Seniors 62+	20 [1]	2001

[1] One unit is being used to house the property manager.
SOURCE: NATIONAL HOUSING PRESERVATION DATABASE, DELTA COUNTY HOUSING AUTHORITY, CONSULTANT TEAM

Sixteen of the units are also subsidized through the federal Housing Choice (Section 8) voucher program, which pays the difference between the monthly rental amount and each tenant's affordable housing payment (30% of their gross income). Of these sixteen, five of them are project-based vouchers that stay with the units. On top of the monthly rent, tenants pay for electricity and internet, if desired.

As of early June 2023, there were 14 people on the waitlist for these units:

- 9 people on the list for a one-bedroom unit
- 5 people on the list for a two-bedroom unit

E. CURRENT AND PROJECTED HOUSING NEEDS

This section estimates the number of new housing units needed in Paonia through 2028 and relies heavily on information presented in previous sections, but mostly on direct feedback from local employers that filled out the employer questionnaire. The number of new homes needed is projected through 2028 and is quantified in two categories.

- **Catch-Up Needs** – the number of housing units currently needed to house workers commuting to Town each day for work and those filling open jobs.
- **Keep-Up Needs** – the number of units needed to keep up with future demand for housing based on projected job growth and backfilling jobs that will be vacated by retiring employees.

CATCH-UP NEEDS (CURRENT CONDITIONS)

In-Commuters

An additional 25 homes are needed to house in-commuters (those who drive to work from locations outside of the Paonia area, which could include places like Somerset, Hotchkiss, Crawford, and Delta, or farther away like Montrose or Grand Junction) who are likely to move to Paonia if suitable housing they could afford is available. Creating such housing opportunities would reduce expenses for these workers and reduce emissions. Other benefits of housing near employment include a reduction in employee turnover and absenteeism, and increased community vibrancy and year-round occupancy.

Local employers who completed the questionnaire indicated that almost 40% of their in-commuting employees would likely move to Paonia if suitable housing they could afford were available.

Estimated Housing Units Needed to House In-Commuters

Total number of in-commuters	93
% that would move to Paonia area if suitable housing were available	39%
# that would move	36
Employees per household with a worker	1.47
New housing units needed (rounded to nearest 5)	**25**

SOURCE: 2023 EMPLOYER QUESTIONNAIRE, U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

Unfilled Jobs

Roughly 10 new housing units are needed to help fill unfilled jobs.

Estimated Housing Units Needed to Help Fill Jobs

Unfilled jobs	14
Jobs per employee	1.07
Employees filling jobs	13
Employees per household with a worker	1.47
New housing units needed (rounded to nearest 5)	**10**

SOURCE: 2023 EMPLOYER QUESTIONNAIRE, COLORADO DEMOGRAPHY OFFICE, U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

Pending Development Adjustments

No new projects are in the planning pipeline. Therefore, no downward adjustments were made to the 35 catch-up housing units needed. Due to the water tap moratorium, this is likely to be the case for about 3 years.

Typically, housing units planned to be built are subtracted from the catch-up need number. Since there are not any pending residential development applications in Paonia, nothing was subtracted.

KEEP-UP (FUTURE NEEDS)

Job Growth

About 45 housing units are needed to keep up with job growth over the next 5 years, as projected by local employers. Housing shortages worsen when local job growth and the need for more workers exceed the available housing inventory.

Estimated Housing Units Needed to Fill New Jobs, 2023-2028

New jobs (through 2028)	74
Jobs per employee	1.07
Employees filling jobs	69
Employees per household with a worker	1.47
New housing units needed *(rounded to nearest 5)*	**45**

SOURCE: 2023 EMPLOYER QUESTIONNAIRE, COLORADO DEMOGRAPHY OFFICE, U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

Retiring Employees

Just under 20 new homes are projected to be needed to house new employees filling jobs vacated by current employees who will retire over the next 5 years.

I have some long-term employees but as they start to retire housing will become a real issue with the high rent and home prices.
– Local employer

Local employers are projecting that just under 50 current employees will retire over the next 5 years, 85% of which live in the Paonia area (excludes Hotchkiss, Crawford, and Somerset). Of those who live in the Paonia area, employers estimate that 36 will stay (and occupy a home) in the area. Employers estimate that four retirees who live in the area will not stay, but since housing prices are too high for most working households, it is assumed that the sale of their homes will not be to workers filling their jobs.

Estimated Housing Units Needed to Fill Jobs Vacated by Retirees, 2023-2028

Number to retire over next 5 years	47
Number to retire who live in the Paonia area	40
Number to retire and likely to stay in the Paonia area	36
Employees per household with a worker	1.47
New housing units needed *(rounded to nearest 5)*	**25**

SOURCE: 2023 EMPLOYER QUESTIONNAIRE, U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, CONSULTANT TEAM

SUMMARY OF HOUSING NEEDS

An additional 105 housing units are estimated to be needed to help reduce in-commuting, fill available jobs, and keep up with new jobs and retirements. For simplicity, the figure of 100 new units is used below. This figure is based on feedback received from local employers in response to the 2023 employer questionnaire and should be considered a conservative figure for the following reasons:

1. The employer questionnaire responses do not represent all local employers. It did, however, capture the majority of large employers in the Paonia CCD.
2. It does not account for employment projections of the West Elk Mine in nearby Gunnison County. Should coal prices remain high over the next 5 years, demand for housing in the Paonia area by mine workers, including in the Town of Paonia, will remain as the mine seeks to maximize production. This was not accounted for because natural resource extraction jobs are more prone to fluctuation due to commodity price volatility, among other variables, which makes forecasting challenging.
3. It does not account for the number of people on the waitlist for the Creek Vista Senior Living Apartments.
4. It does not account for the number of unhoused people in the Paonia CCD. The truly unhoused population appears to be very small, but not nonexistent.
5. It does not account for the possibility of new employers/businesses moving to Town. Any new jobs created would increase the number of new housing units needed.

All 100 units do not need to be constructed in Town because not all households want to be in town and are willing to absorb the cost and time of commuting. Some working households will desire to live in other communities or outside of Town on larger lots where they can more easily grow food, keep animals, etc. The summary table below, therefore, shows the total need based on three scenarios—to meet 20%, 50%, and 100% of the need. Based on U.S. Census data, building half of the need in Town would begin to reverse historical commute patterns; building 20% of the need in Town would retain current commute patterns.

Estimate of Total Housing Units Needed through 2028

	Share of Housing Need Located in the Town of Paonia		
	100%	50%	20%
# of units to house in-commuters	25	12	5
# of units to help fill jobs	10	5	2
Total Catch-up Need	**35**	**17**	**7**
# of units to fill new jobs	45	23	9
# of units to fill jobs vacated by retirees	20	10	4
Total Keep-up Need	**65**	**33**	**13**
Catch-up and Keep-up through 2028	**100**	**50**	**20**

SOURCE: CONSULTANT TEAM

The current water tap moratorium restricts new development at this time, but under normal circumstances, approximately 4 to 20 units would have to be built each year to meet this need, depending on the assumptions used.

Town records indicate that only 21 new homes have been permitted/built (includes change of occupancy) since 2012. This amounts to only about two new residences built or under construction per year on average. This rate would need to double to build 20 units over the 5-year period through 2028.

Setting a housing production goal based on the identified need is a policy decision. Many communities set a goal somewhere between the current production rate and the full need, depending on local building capacity, available land and funding, and other community priorities.

Should there be a material change in economic conditions over the next 5 years (e.g., mine closure, economic downturn or recession), the estimated number of housing units needed will also change. It is important, therefore, to monitor local economic conditions over time. Moreover, because the local housing market is relatively small, it will be important to start relatively small and test the market.

HOUSING NEED BY TENURE

Assuming the current share of owners and renters remains unchanged, 78% own and 22% rent, then 16 to 78 homes need to be built and sold and 4 to 22 need to be built and rented.

Estimate of Total Housing Units Needed through 2028 by Current Tenure Split

	Share of Housing Located in the Town of Paonia		
	100%	**50%**	**20%**
Catch-up and Keep-up through 2028	**100**	**50**	**20**
Own (78%)	78	39	16
Rent (22%)	22	11	4

SOURCE: RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM

Yet because there are so few rental units in Town and very low rental vacancy rates, it is recommended that developers and policymakers prioritize investments in new rental units more heavily than this, such as a 50-50 tenure split. Doing so would result in the need for 10 to 50 units for sale and 10 to 50 units for rent.

HOUSING NEEDED BY INCOME LEVEL

New housing should generally be built in amounts proportionate to the distribution of households by income; therefore, the number of units needed is distributed by the share of households by income in the table below. The number of units needed, and corresponding AMI range, is included below to assist public, private, and non-profits applying for federal and state funds tied to specific AMI thresholds (see Appendices A and B for additional AMI and household income information). In addition, it is important to note that many banks and private equity investors also look at household income data and demographics to better understand the local market.

The table below assumes that 50% of the housing need will be met by new construction in the Town of Paonia, or 50 units, and that of these, half will be rental units and half will be for sale. It also assumes

the current distribution of household incomes by AMI remains steady through 2028. Based on current land and construction costs (see Cost to Build and Capital Gap, below), many units will need to be priced below market rates and well below the cost of construction, which will require changes to local policies and subsidies. Creativity and persistence will be needed to build at prices below market. Using these assumptions, the table below shows that 24 units are needed below 80% AMI, which is the same number as the Town's Proposition 123 commitment and almost the same as the 23 units called for by a project-specific market study completed in January 2019.

Units Needed through 2028 by AMI [1]

	Rent	Own
<30%	9	3
30.1-60%	4	4
60.1-80%	2	2
80.1-100%	1	3
100.1-120%	1	2
120.1-160%	2	4
160.1-180%	2	2
>180%	4	5
Total	**25**	**25**

[1] Assumes 50% of total need built in Town and 50-50 tenure split.
SOURCE: CHFA 2023 INCOME LIMITS, RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM

COST TO BUILD AND CAPITAL GAP

An understanding of the current costs to build new housing in the State of Colorado in general, and specifically in Paonia, highlights a big challenge—the cost to build exceeds what a large share of local households earning local wages can afford.

> The capital gap is the difference between the cost to build and the amount of money local households can afford to pay. Plugging this financial shortfall is a major challenge to building affordable housing for local households.

Based on conversations with developers around the state and developers/builders in the Paonia area, the costs to build a home range from $250 per square foot to $400 per square foot, on average. The cost varies based on many variables, including the finishes, ability to access competitive subcontractor labor pools, and the cost of land. Other factors—most notably the scale of development—influence unit cost, with larger projects being more cost effective on a per-unit basis than small projects.

Like many parts of Colorado, the Paonia area has a limited supply of construction labor, especially skilled laborers. Local builders report that they would hire more people today—especially locals with the right skills—if they could find them, and that many area subcontractors are understaffed and overbooked.

As a recent case study suggests, for a community like Paonia without a deep pool of contractors and subcontractors, building homes at affordable prices will be a challenge. In Craig, Colorado, the Craig Housing Authority is seeking to build 20 units of affordable modular housing with an estimated cost of $9.5 million. The homes are for sale and targeted to households at or below 120% AMI. While the cost

to build is $475,000 per unit, the sale price is set at $259,000 to $310,000. The cost to build is being subsidized through state and federal housing grants to ensure an affordable price point. Although many factors influenced Craig's construction cost, it does provide a good case study as to the challenges of building homes that households earning their income locally can afford.

Numerous assumptions are used to identify the capital gap to construct seven for-sale units and 22 rental units, below.

For-Sale Gap

Based on conversations with local builders, it appears that a 1,500 square foot, three-bedroom, single-family home with modest finishes and amenities could be built for around $375,000 excluding the cost of land, although building at this price is currently very challenging. Adding an assumed $85,000 in land costs brings the total cost per unit to $460,000. Note that the average cost of the five lots sold in town in 2021 and 2022 was $105,400. Based on these assumptions, most local households are unable to pay for this house.

The capital gap to construct seven units at this price given a range of household incomes up to 120% AMI is estimated to be about $1.5 million.

Capital Gap Between Construction Costs and Household Buying Power

	Household Income (3-person household) [1]	Maximum Affordable Purchase Price (3-person household) [2]	Gap between Cost to Build and Sales Price	Number of Units Needed [3]	Per Unit Gap x Number of Units Needed
Break-Even Price	**$145,369**	**$460,000**	**$0**		
60.1 - 80% AMI	$62,640	$198,200	-$261,800	2	-$523,600
80.1 - 100% AMI	$78,300	$247,800	-$212,200	3	-$636,600
100.1 - 120% AMI	$93,960	$297,300	-$162,700	2	-$325,400
				Total Capital Gap (for-sale units) [1]	**-$1,485,600**

Based on a per-unit cost of $375,000 + $85,000 for land and limited infrastructure costs.
[1] 2023 CHFA income limits.
[2] Max purchase price assumes a 30-year mortgage at 7% with 5% down and 20% of the payment covering taxes, HOA, PMI, and insurance.
[3] Assumes the distribution by AMI in the "Units Needed through 2028 by AMI" table in this assessment, except that all households with incomes <60% AMI will rent, not own.
SOURCE: CHFA 2023 INCOME LIMITS, CONSULTANT TEAM

For-Rent Gap

A basic analysis of the dollar shortfall (financing gap) to construct and rent 22 units to households with incomes at 80% AMI for a two-person household ($55,680 per year and an affordable payment of $1,392 per month) is $5 to $6 million.

An income corresponding to 80% AMI was used because federal and state funders typically use this AMI as the cutoff for multifamily rental projects.

It is important to note that construction costs can vary depending on site conditions, topography, and access to utility and street infrastructure. In addition, the limited local labor pool and subcontractors may also impact actual project prices.

In this example, the total development costs would be just under $10 million using the following assumptions:

- A 22-unit multifamily development on a 1.5-acre site, which would allow room for parking and other amenities.
- A building size of roughly 20,570 square feet—850 square feet per unit plus a 10% allotment for shared space, such as hallways and utility closets.
- $25/square foot for site work and $250/square foot for construction.

Total Capital Gap

The total capital gap to construct the seven for-sale units from 60% to 120% AMI and the 22 units at 80% AMI in the examples above is roughly in the range of $6.5 million to $7.5 million, given the many assumptions. Changes to any of the assumptions used would yield different results and a larger capital gap dollar amount is possible.

The inclusion of this information is intended to highlight a key housing issue and challenge in Paonia—under current market conditions it is extremely difficult to build housing at price points that are affordable to many local households. This information can provide a basis for future grant requests.

PART 2: HOUSING ACTION PLAN

A. OVERVIEW

This plan of action **identifies and defines community-supported actions to be taken to meet the housing need and address issues and challenges outlined in Part 1 – Housing Needs Assessment**. The actions generally aim to increase the supply and diversity of Housing for the Community, including housing priced below current market prices.

Building Housing for the Community is a community endeavor. No one entity can do it all. Although this plan primarily focuses on actions the Town of Paonia can take, it also highlights actions that can be spearheaded and implemented by other local entities in whole or in part (e.g., Delta County Housing Authority, the new Fertile Edge Community Land Trust, local non-profit organizations, and employers). It does not address all possible actions or strategies that are being pursued, or could be pursued in the future, by other entities. These entities should proceed with their efforts and coordinate with the Town where appropriate. **Partnerships across the public, private, and non-profit sectors will be paramount.**

The plan relies heavily on input from residents, stakeholders, and Town of Paonia staff and trustees gathered over the course of this project. Information included in Part 1 – Housing Needs Assessment is not repeated and should be referenced often during plan implementation. The plan is purposefully concise for ease of use, allowing for quick review of priority and future actions.

HOW TO USE THIS ACTION PLAN

This plan is not intended to be rigid, static, or to sit on a shelf; **it is a living document**. It is not a description of aspirations to strive for, but rather a list of actions to take in the near term, and strategies and actions to be pursued over time. As with any plan, the Town will need to sort out the specifics of each action as they are implemented. Actions may evolve into something different than described herein and priorities may shift—that is okay. The intent is to start addressing housing issues, and this plan offers a path to do that.

> Don't let this sit on a shelf – set priorities and do something! You have to start from where you are, set the plan and push through the small percentage of nay-sayers and do-nothings!
> – Open House participant

This plan is based on opportunities, constraints, and community input in 2023. The local housing market will continue to change along with local concerns and desires, so it is recommended that the Town of Paonia revisit it periodically and adjust priorities as appropriate. Moreover, opportunities should be capitalized upon when they arise even if they are not spelled out or are out of sync with the strategies and timeline herein. Housing issues are complex, and it is important to avoid analysis paralysis and strive for continuous improvement.

Continuous improvement – As the Town of Paonia's first housing action plan, the goal is to take action in the near term, learn as you go, and continue to refine and build capacity to address housing needs and challenges over time. When it comes to community housing, there is no silver-bullet solution.

Plan → Act → Monitor → Learn → Refine
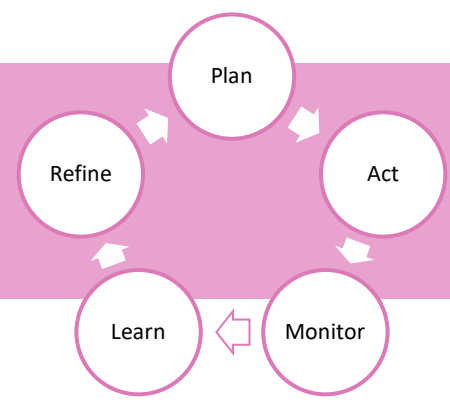
The action plan is divided into three action categories—start now, start next, and future actions. Actions to start now are to be started right away, at least within the first 2 years following plan adoption. These actions are outlined in the most detail. Actions to start next were identified as less of an immediate priority and are to be implemented in years 3 to 5. Finally, numerous future actions are identified, which should be prioritized after the actions to start now and start next are addressed or as opportunities arise. Revisiting and reprioritizing this housing action plan is recommended in about 5 years.

Years 1-2	Years 3-5	Years 5+
Actions to Start Now	Actions to Start Next	Future Actions

RECURRING THEMES

Throughout this project the following themes emerged based on public feedback, employer input, interviews, targeted outreach, and other community outreach.

Focus on Locals

Paonia residents care deeply about their community and want its future to be created by and for locals. Regarding housing, the following themes emerged:

- Increase housing security for locals.
- Create pathways for locals to build home equity.
- Discourage profiteering by out-of-town investors.
- Use local expertise and labor as much as possible.

> I am genuinely concerned for our current locals who rent and those of us who depend on a work force that can afford to live here.
> – Local employer

Maintain Community Character

Throughout the process, residents and stakeholders indicated a clear desire to retain Paonia's character while seeking to do the following:

- Provide housing for the community—this includes housing for people of varying ages, household types, and income levels, and those who want to rent or own.
- Improve the existing housing stock.
- Integrate new housing into the fabric of the community.
- Design and build sustainable homes.

> Old housing stock shouldn't be torn down. New housing is never as charming and aesthetic.
> – Open House participant

Use the Water Tap Moratorium as an Opportunity

In early 2020, the Town of Paonia enacted a moratorium on new water taps. The moratorium set criteria to be met prior to it being lifted. The Town is diligently working to meet those criteria, but estimates it will be about 3 years until the moratorium can be lifted.

While the moratorium is in place, the Town has a unique window of opportunity to begin implementing this plan. Without the ability to purchase new water taps while the moratorium is in place, new construction is severely constrained. This reduces Town time commitments to review new development proposals and process residential permits, which allows more time to be devoted to plan implementation and the creation of a solid foundation upon which to build. Waiting to implement this plan until the moratorium is lifted is a missed opportunity.

Leverage the Town's Capacity

Implementing some of this plan's actions will be complicated and time consuming, and Town staff and trustee time is not boundless. It is important, therefore, to focus on "quick win" actions early on to

> We should prioritize impact in a timely manner.
> – Open House participant

build momentum and not get bogged down with lengthy and costly analysis and consideration of all possible options. It is recommended that the Town consider and seek to minimize the administrative burden associated with plan implementation to the extent practicable.

The Town can also leverage its capacity through collaboration and partnership with others. Focusing on what the Town can do and provide, while engaging and using the expertise and capacity of others, is more likely to enhance the success of numerous plan actions.

Resources

Two great online resources contain a plethora of information to help communities understand and respond to their housing challenges. As the Town begins to implement actions in this plan, or as new ideas arise, it will be helpful to consult the following resources:

Affordable Housing Toolkit for Local Officials, DOLA's Division of Housing
https://officials-housing-toolkit.cdola.colorado.gov/

Housing Policy Library, Local Housing Solutions
https://localhousingsolutions.org/housing-policy-library/

NEW HOUSING PRODUCTION GOAL

There is a need for at least 100 new homes over the next 5 years in the Paonia area (see Part 1 – Housing Needs Assessment). As explained in the housing needs assessment,

> **New housing production goal:**
> 25-35 units at or below 120% AMI

many households want to live outside of Town or in other communities for a myriad of reasons and therefore less than 100 housing units need to be built in the municipal boundary. The consultant team recommended setting an aggressive but attainable housing production goal.

The Town of Paonia's housing production goal once the moratorium is lifted is to build 25 to 35 new units as quickly as possible at prices affordable to households earning no more than 120% AMI. Most, if not all, of these units will require some financial subsidy because the amount local households can afford to pay is less than the cost to build them. It is important to note that in general, government funding is not available for projects serving households earning more than 120% AMI.

To address the housing needs of the community, new units are needed for homeownership and for rent. The following number of units by housing tenure and price can serve as a guide but should not be considered set in stone. Adjustments may be needed due to changes in the market, available financing and partners, etc.

- 5 to 10 homes for sale (generally affordable to households earning from 80% AMI up to 120% AMI)
- 20 to 25 homes for rent (generally affordable to households earning up to 80% AMI)

While the data supports more homes are needed for rent, community outreach efforts indicated a strong desire for homeownership opportunities.

B. ACTIONS TO START NOW (YEARS 1-2)

Actions to start now, following adoption of this plan and within about 2 years:
- Regulate short-term rentals
- Allow for accessory dwelling units
- Explore public-private partnerships to build Housing for the Community
- Establish partnerships for a sweat equity program
- Use, promote, and build on existing resources

REGULATE SHORT-TERM RENTALS

Overview

Regulating short-term rentals (STRs) was the community's top priority during 2023 community engagement efforts. This action focuses on updating the municipal code to regulate STRs, which are typically defined as a dwelling unit or portion of a dwelling unit that is rented on a short-term basis, typically 30 days or less. There is some confusion about the Town code already prohibiting STRs, specifically within the definition of a dwelling unit. Establishing clear regulations will help address this confusion and other concerns raised by the community.

In Paonia, there are about 30 documented STRs. Community input received during this project identified pros and cons to having STRs in Paonia. Pros included that STRs provide more lodging options (e.g., for people visiting their families), income for local businesses due to visitor spending, and income for local STR owners. Cons included that STRs reduce the supply of housing for the community, provide income and profit for out-of-town STR owners, and negatively impact community and neighborhood character and residents' quality of life.

Addressing Recurring Themes
Regulating STRs can benefit locals by helping retain the supply of much needed long-term rentals and discouraging out-of-town investment. This can also help maintain community character by regulating things important to the community like parking. Regulating STRs can be implemented quickly by the Town with minimal resources, as long as the regulations are kept simple and easily enforceable.

Time Needed to Complete
4-6 months

Implementation: easy
Impact: medium
Timing of Impact: short term

As part of this project, the consultant team will deliver a first draft of proposed code revisions to regulate STRs. This first draft will be based on community input received throughout this project and the

Regulate short-term rentals! This is the most-obvious, biggest bang-for-buck tool in our kit.
– Open House participant

consultant teams' expertise. This draft will jump-start implementation of this action and can be revised through the Town's typical process for code revisions. Developing clear and easily enforceable regulations is recommended.

An additional fee or tax on STRs, like a regulatory fee or excise tax, could be considered but should not delay adopting regulations. Establishing a new fee or tax requires ample time to analyze the possibilities (which may be limited due to Paonia being a statutory town), conduct legal review, and seek and obtain voter approval if a tax is desired.

Implementation

Step	Lead/Partner
1. Discuss and gather feedback on the first draft of proposed code revisions to regulate STRs as delivered by the consultants. This could entail the planning commission (PC) holding a public meeting, the Town hosting an open house, or other methods determined to be the most productive way to deliberate and collect community input.	Town staff, board, PC/citizens
2. Refine the first draft of proposed code revisions based on feedback. Prepare an ordinance to amend the municipal code.	Town staff
3. Go through the Town's process to review and consider an ordinance to revise the municipal code. Edit the ordinance as needed.	Town staff, board, PC/citizens
4. Finalize and adopt the ordinance.	Town staff, board
5. Publicize the newly adopted regulations to the community, and consider allowing a little time to gain compliance.	Town/STR operators
6. Monitor and enforce the new regulations.	Town

Examples

- There are a lot of different ways to regulate STRs. The Colorado Municipal League published a table with communities' regulatory approaches to STRs that can be found online: https://www.cml.org/docs/default-source/uploadedfiles/issues/economic-development/short-term-rental-ordinance-matrix.pdf?sfvrsn=96264f69. When looking at other communities' regulations, consider the recurring themes in this document to be sure any new regulations help achieve the community's overall desires. Also consider the cost and enforceability of the regulations.
- The Colorado Lawyer published a comprehensive article in April 2022 with an overview of STR regulations in Colorado: https://cl.cobar.org/features/the-state-of-short-term-rentals-in-colorado/.
- Local Housing Solutions published a brief on regulating STRs: https://localhousingsolutions.org/housing-policy-library/regulating-short-term-rentals/.
- Educate the community through a "rent local" campaign—partner with local organizations and businesses to communicate the need for and benefits of renting units to locals rather than as an STR.
- In the future, and if funding is available, consider incentivizing the conversion of STRs to long-term rentals. These programs require ample funding but often result in many conversions. The Town of Winter Park runs an incentive program: https://wpgov.com/stf/. Summit County also has an incentive program: https://www.summitcountyco.gov/1461/Lease-to-Locals.
- A regulatory fee on STRs could be considered like in Breckenridge, Pagosa Springs, and Estes Park. This can generate funding for affordable housing but is most effective in areas with a lot of tourism and STRs. The fee amount needs to be based on the relationship between STRs and employment generation that leads to the need for affordable housing, which a study will help determine.
- An excise tax could also be implemented on STR stays like in Ouray (15%), Crested Butte (7.5%), and Telluride (2.5%). Note that these examples are all home rule municipalities and Paonia is a

statutory town, which may limit taxing options. Any tax increase must be approved by the voters through an election. This is most productive in areas with high tourism and a lot of STRs.

Resource Needs and Funding

- Town staff, board, planning commission, and attorney time will be needed to prepare and adopt an ordinance. Town staff time will also be needed for ongoing monitoring and enforcement.
- The Town may choose to engage a consultant to assist with drafting and refining the code language.
- Consider implementing a licensing fee that will offset all costs of administering the STR regulations, including staff time to review, monitor, and enforce code compliance. A licensing fee does not require a study or voter approval; it should simply be informed by the staff time and resources needed to implement the regulations.
- STR operators should already be paying 9.5% sales tax and the 2% Delta County lodging tax. Ensure these existing taxes are being remitted.

ALLOW FOR ACCESSORY DWELLING UNITS

Overview

Allowing accessory dwelling units (ADUs) was identified as another top priority by the community. Typically, an ADU is defined as a dwelling unit that is clearly incidental and subordinate to a primary dwelling unit and located on the same property. They are often smaller dwelling units that are rented to smaller households at more affordable prices. In Paonia, there are currently both historical and non-conforming ADUs.

To allow for ADUs, the Town will need to modify the municipal code to establish clear parameters regarding where and under what conditions they are allowed. The Town will want to ensure they contribute to the housing stock while still maintaining the community's character. The Town will also need to sort out if an ADU will require new taps and/or tap fees.

As part of this project, the consultant team will deliver a first draft of proposed code revisions to allow for ADUs. This first draft will be based on community input received throughout this project and the consultant teams' expertise. This first draft will jump-start implementation of this action and can be revised through the Town's typical process for code revisions. The regulations should be kept clear and easily enforceable.

Addressing Recurring Themes
ADUs can help local owners build equity while providing local renters more affordably priced rentals. ADUs can also help maintain community character by adding housing units to the community slowly, without overwhelming the existing building fabric. Items important to maintaining community character can also be regulated. This could be implemented quickly by the Town without significant outside resources.

Time Needed to Complete
4-6 months

Implementation: easy
Impact: medium
Timing of Impact: long term

> More apartments or accessory dwelling units for singles, low-income folks and elderly are needed.
> – Open House participant

Implementation

Step	Lead/Partner
1. Discuss and gather feedback on the first draft of proposed code revisions to allow for ADUs as delivered by the consultants. This could entail the PC holding a public meeting, the Town hosting an open house, or other methods determined to be the most productive way to deliberate and collect community input.	Town staff, board, PC/ citizens
2. Refine the first draft of proposed code revisions based on feedback. Prepare an ordinance to amend the municipal code.	Town staff
3. Go through the Town's process to review and consider an ordinance to revise the municipal code. Edit the ordinance as needed.	Town staff, board, PC/citizens
4. Finalize and adopt the ordinance.	Town staff, board
5. Publicize the newly adopted regulations to the community, and consider allowing a little time to gain compliance.	Town
6. Monitor and enforce the new regulations.	Town

Examples

- There are a lot of different approaches to allow for and regulate ADUs. For example: https://accessorydwellings.org/adu-regulations-by-city/. Consider the recurring themes in this document when making decisions on regulations. Also consider the cost and enforceability of the regulations.

- The Town may consider promoting the ability to have or build an ADU through an informational handout that can be on the Town's website and provided to anyone interested. Be prepared to share the need and benefits of ADUs and explain the regulations through meetings with property owners, builders, and banks. See Grand Junction's ADU Toolkit for an example: https://www.gjcity.org/DocumentCenter/View/8907/ADU-Toolkit?bidId=.

- The ADU Amnesty program in Durango aimed to catalog the existing ADUs in Town, legal or not. The city asked owners to come forward with their existing ADUs to get logged into the city's inventory. Owners were asked to pay a fee and sign an affidavit confirming the unit was safe for human occupancy. In return, the city issued an acknowledgement to confirm that the unit could exist and be used.

- Tap fees for ADUs vary across communities: in Ridgway they are waived if the ADU is not used as an STR, in Salida tap fees are 40% of the standard single-family fee, and in Durango tap fees are 50% of the standard single-family fee.

- Partnerships could be created with organizations like Habitat for Humanity and Fertile Edge Community Land Trust to get ADUs built. This can be a shared-equity model, which is typically a partnership between a homeowner and an entity such as one of the above non-profit organizations where the non-profit subsidizes construction costs and shares equity in the property and/or its use for a defined period. The homeowner may contribute time, money, existing assets, or a commitment to rent the ADU at an affordable rate. See CLTPlusOne of Durham Community Land Trust (https://dclt.org/current-project/clt-plus-one/) or Y-Help of YardHomes (https://yardhomesmn.com/y-help) for examples.

- In the future, if funding is available, consider implementing something like Durango's "ADUs for Locals" rebate program. This program provides 10 grants of $8,000 for homeowners to build or legalize an existing non-conforming ADU. The ADUs must then be leased to an individual or family working at least 32 hours a week for a business or organization in La Plata County and must be leased for 6 months or longer. The unit must also remain as a long-term rental. For more information: https://www.durangogov.org/850/ADU-Program-Information.

Resource Needs and Funding

- Town Staff, board, planning commission, and attorney time will be needed to prepare and adopt an ordinance. Staff time will also be needed for ongoing monitoring and enforcement.

- The Town may choose to engage a consultant to assist with drafting and refining the code language.

- Consider adjusting the Town's permit fee schedule to cover the administrative expense of monitoring and enforcement of any new ADU regulations.

EXPLORE PUBLIC-PRIVATE PARTNERSHIPS TO BUILD HOUSING FOR THE COMMUNITY

Overview

This priority action focuses on exploring public-private partnerships to build more Housing for the Community in Paonia. Public-private partnerships to build housing typically involve the Town partnering with a carefully selected developer who has experience developing affordable housing. It is vital for Paonia to clearly outline the terms and conditions with which it would enter in a partnership and what the Town is prepared to contribute. This may include contributions of land, fee waivers, density bonuses, and/or leveraging grant opportunities.

When considering a public-private partnership to build housing, it will be important to reference the Housing Needs Assessment in Part 1 of this report to ensure the project helps meet the housing need in Paonia, including the following:

- A more diverse housing stock to provide households with housing choices as their life circumstances change.
- Smaller homes for seniors, first-time home buyers, and renters.
- More rentals to increase the share of renter-occupied homes in town.
- Below market rate housing.

The information contained in Part 1 may also help determine the type, size, and price of new housing.

Addressing Recurring Themes
Building Housing for the Community will add housing units to the current stock. With this type of partnership, the public sector sets the vision, ensuring the project serves locals and maintains community character. Planning for such a project could be started as the water tap moratorium gets sorted.

Time Needed to Complete
At least 2 years, likely 3-6 years

Implementation: difficult
Impact: high
Timing of Impact: long term

> Dedicate housing to minimum wage employees who work in the town.
> – Open House participant

Implementation

Public-private partnerships vary significantly depending on the exact project. It is not uncommon for communities to leverage surplus public land for affordable housing projects. Should the Town decide to leverage surplus Town property for this purpose, it could be done in a few ways, including a simple transfer of property or a long-term ground lease in exchange for affordable housing units. The Town could also complete entitlements, since providing certainty in a development project can be worth a lot to a developer.

The table below outlines a sample approach that is described in more detail in Section F – Potential Housing Development.

Step	Lead/Partner
1. Develop a vision and consider what the community is willing to bring to the partnership (land, infrastructure, etc.).	Town/ community
2. Select a site and gain site control.	Town
3. Create a conceptual site design grounded in the original vision along with physical and regulatory opportunities and constraints.	Town/ community
4. Identify a developer through a request for qualifications (RFQ) process.	Town
5. Finalize development details—partnerships, site and building design, agreements, financing, etc.	Town/all partners
6. Groundbreaking celebration to mark the start of construction.	Town/community, all partners
7. Project construction and compliance monitoring.	Town, developer/ all partners
8. Project operations and open house.	Developer or property manager, Town

Examples

- The City of Craig recently used its housing authority to leverage $4.25 million in state housing grant funding to build a 20-unit attainable housing project.
- Rural Homes is building affordable housing projects in rural Colorado, such as Pinion Park in Norwood, a 24-unit modular housing project. Their approach focuses on low-cost capital, low-cost construction, and donated land. For more information: https://www.ruralhomes.co/.
- The Basalt Vista project created 27 workforce homes near Basalt High School through a partnership between Habitat for Humanity Roaring Fork Valley, Roaring Fork Schools, and Pitkin County. Home prices were determined by family income and size and have a price appreciation cap of 3% annually. For more information: https://habitatroaringfork.org/pages/basalt-vista.
- Habitat for Humanity Vail Valley has partnered with the Eagle County School District, who donated land to the project. They are building 16 for-sale modular homes, mostly for local teachers. Other partners include the Town of Eagle, Eagle County/Eagle County Housing and Development Authority and the Department of Local Affair's (DOLA) Division of Housing. For more information: https://habitatvailvalley.org/2023/06/habitat-vail-valley-prepares-to-break-ground-on-16-modular-homes-in-eagle/.
- The Anvil Mountain project near Silverton was developed by San Juan County in partnership with the Town of Silverton and many others. Twelve income-restricted apartments were created along with market rate lots, resulting in about 50 housing units/lots. This was developed on a Brownfields site that was cleaned up prior to development through a partnership with San Juan County; Colorado Brownfields Foundation; multiple state departments; the Environmental Protection Agency; and the Bureau of Land Management.

Resource Needs and Funding

- Partnerships to develop housing require significant Town staff and board time. Ample Town attorney time will also be required.
- For potential funding, see Section F – Potential Housing Development, below.

ESTABLISH PARTNERSHIP FOR SWEAT EQUITY PROGRAM

Overview

Sweat equity programs provide low-interest loans and technical assistance to low-income homebuyers for the construction or rehabilitation of their future home. These programs require a large time commitment from the homebuyer and the program administrator but result in ownership and equity building opportunities for locals. Such programs are typically administered by an organization with this expertise and capital resources rather than a municipality and typically make a slow but meaningful impact in the community.

Just as with creating impactful public-private partnerships, organizations administering a sweat equity program are encouraged to reference the Housing Needs Assessment in Part 1 of this report to inform their efforts.

Addressing Recurring Themes
These programs help locals who would otherwise not be able to enter homeownership. This provides housing security and an equity building opportunity. Typically, the projects are small and fit right into the fabric of the community. The partnership and planning work can be completed while the water tap moratorium gets sorted.

Time Needed to Complete
Ongoing

Implementation: easy
Impact: medium
Timing of Impact: long term

Implementation

Step	Lead/Partner
1. Reach out to potential partners like Habitat for Humanity Delta and Community Rebuilds for a preliminary discussion of opportunities in Paonia.	Town/Habitat for Humanity, Community Rebuilds
2. Follow up on any potential opportunities. Determine what role the Town could take to help get a sweat-equity project built in Paonia.	Town

Examples

- Habitat for Humanity runs the classic example of a sweat equity for homeownership program: https://www.habitat.org/stories/what-is-sweat-equity. There are eight ways Habitat generally accepts homeowner sweat equity including, but not limited to, preforming construction work on their home or another home in the program, clearing debris from a building site to prepare for new construction, working at a ReStore, preforming administrative tasks, and making lunches for volunteers on a building site.
- Habitat for Humanity Delta, in partnership with Elevation Community Land Trust, is rehabilitating four homes in Delta for low-income individuals or households: https://www.hfhofdelta.com/.
- U.S. Department of Agriculture (USDA) Rural Development Mutual Self-Help Housing Technical Assistance Grants provide funding to organizations that run sweat equity projects: https://www.rd.usda.gov/programs-services/single-family-housing-programs/mutual-self-help-housing-technical-assistance-grants.

- Community Rebuilds based in Moab, Utah, income qualifies future homeowners with financing partners. They also raise funds to support student interns learning about straw-bale construction. The interns and qualified homeowners work with instructors to build their energy efficient, low-carbon home. For more information: https://www.communityrebuilds.org/.

Resource Needs and Funding

- Town staff and/or board time will be needed for initial outreach and continued partnership.
- This action relies heavily on partners to bring resources and funding to the table along with future homeowners to dedicate their time.
- This is a great opportunity for the community to donate their time or money directly to a project.

USE, PROMOTE, AND BUILD ON EXISTING RESOURCES

Overview

This action focuses on using and promoting existing housing resources that serve Paonia. There are a lot of resources that local and regional organizations currently provide that are not widely known, like housing rehabilitation and weatherization assistance. Actively promoting these resources to be sure locals use them would take little effort from the Town and other partners with the potential to make major impacts. See Appendix C – Existing Public Housing Resources for a detailed list. For example, a local household receiving down payment assistance to buy their first home would create housing stability for that household and allow them to build home equity. Local households receiving assistance with home weatherization improvements are likely to realize a notable reduction in monthly utility costs.

Not all existing resources need to be promoted at once. The Town can pick which ones may serve the highest need or be the easiest to share.

Addressing Recurring Themes
Existing resources can benefit locals and assist with an array of housing-related issues and challenges. Such programs are already staffed and funded, requiring minimal Town staff time to help promote.

Time Needed to Complete
Ongoing

Implementation: easy
Impact: high
Timing of Impact: mid to long term

> Why not use existing resources – Delta Housing Authority. Don't recreate [the] wheel.
> – Open House participant

Implementation

Step	Lead/Partner
Keep the Existing Public Housing Resources document updated, perhaps annually, and make it widely available to the public—not only on the Town's website but also partner websites and at physical locations.	Town
Establish and sustain relationships with the organizations providing services to Paonia and with the Colorado Housing Finance Authority (CHFA) by maintaining regular communication. Start with an initial meeting between the Town and the organization to learn more about the services they provide and partnership opportunities. Keep up to date with current efforts and needs.	Town/CHFA, non-profits
Work with these organizations to promote their resources and services to the community.	Town
When resources allow, coordinate with these organizations to build on their existing efforts to make an even larger impact in Paonia.	Town/non-profits

Examples

- See Appendix C – Existing Public Housing Resources for a detailed list.
- The Delta Housing Authority serves all of Delta County, which includes Paonia. They have a strong track record of building and managing affordable housing and currently administer 30 Housing Choice Vouchers in Paonia. If a local property owner wants to become a Housing Choice Voucher landlord, they can coordinate with the Delta Housing Authority to do so.
- Housing Resources Center of Western Colorado runs a weatherization and rehabilitation program that the older homes in Paonia could significantly benefit from. The Town could champion an effort in coordination with them to publicize the opportunity and even provide technical assistance to homeowners in applying for and using the funds. The Town could potentially find additional funding to assist even more property owners.
- Counseling and educational resources are available from numerous organizations in the area including Housing Resource Center of Western Colorado and Community Resources and Housing Development Corporation. Share these services with citizens so they can get professional assistance as first time homebuyers, renters, and landlords. These organizations help with homebuyer and post-purchase education, foreclosure and default assistance, reverse mortgage and financial capability assistance, and more.
- Downpayment/mortgage assistance and rent/security deposit assistance can help locals secure housing and begin to build equity. Community Resources and Housing Development Corporation, USDA Rural Development, and Delta Housing Authority provide some of these services.
- CHFA provides mortgage assistance to eligible home buyers and works through participating local banks to provide down payment assistance. Buyers are often required to complete a financial wellness class as a requirement for assistance.
- The Town could work with the Technical College of the Rockies to build upon their Carpentry/Carpenter program and add other building trade programs. This could help strengthen the local building trades workforce, making it easier to build in the area.
- School districts in Aspen and Frisco are exploring programs in which students help build tiny houses for educators and staff to occupy: https://coloradosun.com/2023/09/15/aspen-frisco-tiny-homes-built-for-teachers/?mc_cid=cd2ba79b18&mc_eid=05dd0b8305.

Resource Needs and Funding

- Many programs are already in place and funded. Some Town's staff time and revenue could be directed toward educational and promotional campaigns to ensure Paonia residents are fully using existing resources. See Appendix C – Existing Public Housing Resources for details.
- Local banks often have Community Reinvestment Act requirements and may help fund promotional efforts or a local program to build on existing resources.

C. ACTIONS TO START NEXT (YEARS 3-5)

Actions to start next, in Years 3 to 5 after adoption of this plan
- Update land use regulations to remove barriers and add flexibility
- Align community infrastructure investments
- Acquire land/bank land

UPDATE LAND USE REGULATIONS TO REMOVE BARRIERS AND ADD FLEXIBILITY

Overview

The Town's land use regulations control what can be built and where within the community. This action focuses on revising the land use regulations in the municipal code to remove barriers and add flexibility to what can be built and where. This can help allow the market to meet the current housing demand while also adding flexibility for public projects. Priority revisions include regulating STRs and allowing for ADUs as described in detail above. Additional edits could be made to the code to make it easier to create Housing for the Community.

Multiple recent public engagement efforts have highlighted the importance of updating the Town's land use regulations. This includes the following:

Time Needed to Complete
12 to 18 months

Implementation: moderate
Impact: medium
Timing of Impact: short to long term

Funding
- Local Planning Capacity Grant Program, DOLA
- Energy and Mineral Impact Fund, DOLA

- The 2023 Town of Paonia Priorities survey (not part of this project) identified "Municipal code rewrite – Update the Town code and resolve its flaws" as having the highest importance or being very important.
- "Zoning rules contain barriers to affordable housing" was identified as the 6th most pressing issue at the community-wide open house held for this project. Many written comments from the open house included statements about the need to update land use regulations. This was also mentioned often during interviews conducted by the consultant team.

How to Implement

- See the first draft of proposed code revisions to allow for small square footage residential unit size and the creation of an expedited development review process submitted by the consultant team as part of this project. Consider taking this to the planning commission for their recommendation to the board.
- Have community conversations around what is appropriate for the community based on the list of potential code revisions in Section E – Land Use Regulations Review, below. Talk about each potential revision, how it could impact housing affordability, and other potential community impacts. Decide what topics the community wants to address and what specific regulations fit Paonia best.

- Codes can be updated one topic at a time by existing Town staff with the help of the Town attorney. To expedite the process and make many code revisions at once, the Town could hire a consultant with expertise in land use codes. Using consultants with this specific expertise would be an effective way to walk the community through the process of considering changes and their implications to ensure they align with the community's vision outlined in the comprehensive plan. The Town is currently working on obtaining funding for a full code update.
- When ready to amend the code, create an ordinance and schedule it for hearings as Town regulations dictate.
- Educate the community about any revised regulations and enforce them.

Examples

- See Section E – Land Use Regulations Review, below, for a detailed review of the Town's municipal code and consultant-recommended edits to remove barriers and add flexibility related to affordable housing.
- With the help of state funding, multiple Colorado communities are undertaking updates to their land use codes with a focus on housing affordability. This includes Cortez (https://www.cortezco.gov/870/Land-Use-Code-Update), Delta (https://cityofdelta.net/cd/page/municipal-code-update-building-subdivision-zoning), and Grand Junction (https://gjspeaks.org/projects/zdcupdate).
- Allow for small dwelling units. This was mentioned a lot during community engagement efforts, specifically the desire for tiny homes. Remove any restrictions on minimum house size and consider allowing for tiny homes and houses as regulated by DOLA.
- Allow gentle density, like allowing duplexes on lots that currently allow just one single-family unit or allow for a few more units on multifamily lots. This not only provides an opportunity for the Town to protect agricultural land surrounding the Town but also promotes a sustainable development pattern that is more affordable for the Town to maintain over time. It is important to underscore the fact that density will be added gradually over time rather than all at once. Consider allowing multifamily housing like what exists in town today (e.g., the Maple Leaf Apartments, apartments on Onarga Avenue, and Creek Vista Senior Living Apartments).
- Revise parking regulations as follows:

  » Reduce parking required for certain uses or in certain areas, like multifamily development and/or residential uses downtown.

  » Reestablish a fee-in-lieu program where one can pay a fee into a fund for parking rather than providing the parking on-site.

- Consider adding a density bonus or other incentives while looking at all other code revisions. While adding a density bonus is included in Section D – Future Actions, below, it could be much more efficient to consider it at the same time as other code revisions rather than on its own. It may also affect how the community wants to adjust other regulations.

ALIGN COMMUNITY INFRASTRUCTURE INVESTMENTS

Overview

This action focuses on aligning the Town's infrastructure investments with potential affordable housing projects. While the Town plans and completes multiple infrastructure projects to lift the water tap moratorium, there is an opportunity to include some minor additional improvements to serve potential future affordable housing. This approach is likely to save money in the long run due to efficiencies with contracting, mobilization, and more.

Time Needed to Complete
Ongoing

Implementation: moderate
Impact: medium
Timing of Impact: short to long term

Funding
- Proposition 123 funding for infrastructure improvements, DOLA
- Energy and Mineral Impact Fund, DOLA

How to Implement

- Complete a quick study to overlay planned infrastructure improvements with opportunity sites for Housing for the Community. Identify where infrastructure gaps may exist. Consider filling those infrastructure gaps during planned projects. For example, this could include extending a main water/sewer line just a bit further than otherwise planned.
- The Town and anyone exploring the creation of Housing for the Community should maintain regular communication to coordinate infrastructure plans and needs.

Examples

- If a clear opportunity site for affordable housing is identified, coordinate any utility work near the site to extend main utility lines and/or add taps for future use. This example would need to consider the status of the water tap moratorium.
- Create a funding agreement with a property owner to install taps for future use while main lines are replaced. This example would need to consider the status of the water tap moratorium.
- See the Town of Buena Vista's new Water Allocation Policy: http://buenavistaco.gov/2242/Water-Department. This policy allocates the Town's available and usable water rights to align with community goals and needs. This policy specifically allocates a significant percentage of water to various types of affordable housing with the intent to incentivize the development of these needed housing types.

ACQUIRE LAND/BANK LAND

Overview

Acquiring or banking land for the eventual development of affordable housing limits upward appreciation of the land to help reduce the cost of future dwelling units developed on that site. It can also allow the community to have some control over future development since the goal will be to leverage the land in exchange for affordable housing.

There are a few ways the Town could approach acquiring land or banking land. The first would be to set aside current Town-owned property or find a site to purchase for this purpose. Another approach would be for the Town to partner with a community land trust that can purchase or be granted land to steward for affordable housing. The third way a Town can approach this is to form a land bank, which is not recommend for Paonia at this time.

Time Needed to Complete
Ongoing

Implementation: easy
Impact: high
Timing of Impact: long term

Funding
- Proposition 123 funding for land banking, CHFA (may open again as early as 2024)
- Donations

While this action was not identified as one to start now, the opportunity to acquire land does not happen often. Should an opportunity to acquire suitable land for housing present itself, either directly or jointly with a partner or partners, the Town should strongly consider prioritizing such an investment given the potential for long-term benefits.

How to Implement

- Create and maintain a partnership with the local Fertile Edge Community Land Trust and/or another land trust interested in working in Paonia. Request to have a member of the Town board serve on the organization's board of directors and maintain regular communication.
- Identify potential sites in Paonia that could be used for affordable housing. If it is a Town-owned property, consider setting the property aside for that purpose. If it is not a Town-owned property, engage in informal discussions with property owners regarding their willingness to sell. Discussions should be handled carefully to not inflate the market and discourage private activity.
- Acquire property through voluntary donations, grants, or funds raised by the community land trust. Seek to leverage grant opportunities that the Town may qualify for.
- Once land is acquired, it can then be leveraged with private or non-profit developers in exchange for affordable housing units. The community land trust can be involved in the development, or a public-private partnership can be formed to do the development.

Examples

- Fertile Edge Community Land Trust is a new and local non-profit that is currently finalizing their organization and setup. They will be able to own land, develop housing, and provide access to affordable housing (often ownership) and equity building opportunities. In partnership with this community land trust, the Town of Paonia submitted a letter of intent in the summer of 2023 to access Proposition 123 funds to acquire land, but was not placed on the list inviting them to apply. The community land trust will continue to track Proposition 123 that has funding specifically for land banking and will soon benefit from tax exemptions passed via House Bill 23-1184.

- The Town of Ridgway acquired a privately owned site that was found to meet their vision for an affordable housing project. The site is now home to 30 affordable units for low and very low income households.

- The Chaffee Housing Trust purchased land from the Town of Salida to build six units of affordable housing: https://www.chaffeehousing.org/.

- The Moab Area Community Land Trust received a donation of land in 2017 that is currently being developed into a large development of permanently affordable housing called Arroyo Crossing: https://www.moabclt.org/arroyo-crossing.

D. FUTURE ACTIONS (YEARS 5+)

The following actions may be considered in the future. They are presented in order of priority, but implementation of these actions should be considered as opportunities or needs arise.

Future Action	Explanation	Considerations
Update Annexation Policy	Negotiate affordable housing as part of annexation agreements. The Town has discretion in negotiations.	• This can ensure that any additions to the Town help with affordable housing. • This is only effective if annexations are happening, which will most likely be limited while the water tap moratorium is in place. The current comprehensive planning efforts should discuss if the community even desires outward growth and where.
Create a Dedicated Funding Stream	Many action items need funding to execute. Start to determine a funding source that could work for the community and get that going through something like a regulatory fee or a tax. The funds could go toward what the community desires.	• It can take a community years to determine what funding might work and to get it in place. It is good to start this conversation sooner rather than later. • This will require research to determine what sources could be used and for what purpose, like subsidizing infrastructure costs, land banking, building, etc. • This may have to go to a formal vote of the citizens. • This could be similar to the Occupation Tax created in 2021 on marijuana to help fund infrastructure improvements.
Create a Density Bonus	Allow for additional density for affordable housing projects that meet defined criteria.	• Bonuses must be large enough to entice development yet small enough for livability and compatibility. • This can be an incentive to build just one or a few more units.
Create a Deed Restriction Policy	Establish template deed restriction language and 1) Require a certain percent of deed restricted units for all planned unit development requests, and/or 2) Promote voluntary deed restrictions in which one could add a deed restriction to their own property.	• Having the same/similar deed restriction language simplifies compliance monitoring. Can make deed restrictions self-executing, requiring little staff time. • Item 1: Sets expectations for future developments and ensures any growth contributes to the provision of affordable units. Only helps if development is happening. • Item 2: A great way to promote and encourage residents to leave a community legacy. See Town of Mountain Village's, YES Deed Restriction Program: https://townofmountainvillage.com/community/housing/yes-deed-restricted-program/

Future Action	Explanation	Considerations
Establish a Housing "One Stop Shop" Hub	Create and maintain a housing resource hub that can provide information on programs, resources, available housing, roommate matching, and more. May assist with housing search and/or provide education and counseling. Could be online or a physical location.	• This can make a big impact without a lot of resources. • It requires informed staff and time. • This could match seniors with roommates to help them age in place, or match employers who can provide housing with workers who need housing. • The new Existing Public Housing Resources document would help inform this effort. • This could be run by the Town if resources are allocated or by a non-profit.
Obtain Right of First Refusal on Housing	Town or non-profits secure a right of first refusal on "naturally occurring affordable housing" properties, so when they are ready to be sold, the entity can purchase the property and preserve it as affordable.	• This can help avoid outside investors buying up affordable properties as well as reduce short-term rental creation. • It requires a lot of funds to make the initial purchase. • This is more appropriate for a non-profit to do, like a community land trust or Habitat for Humanity.
Allow for Fee Deferrals	Allow for builders/developers of truly affordable housing to pay fees/taxes at a later time rather than up front.	• Deferred fees are typically due any time before a certificate of occupancy is issued so the Town retains leverage to collect payments. • This can change the Town's cash flow but should not impact revenue. • This can reduce cash needed at the start of a project and make it more feasible to undertake.
Allow for Fee Reimbursement or Waiver	For defined affordable housing projects, waive fees or reimburse people for their building permit fees, water/sewer tap fees (once moratorium is lifted), or other fees. Can be in part or whole.	• This is often applied to incentivize development of affordable units, typically with a deed restriction or some mechanism to keep the unit affordable into the future. • This improves the financial feasibility of the developer/builder's project. • This reduces the Town's revenue, or even costs the Town, which could be difficult given the costly infrastructures improvements needed to lift the water tap moratorium.

E. LAND USE REGULATIONS REVIEW

Local land use policies set the stage for what housing can be built within the community and where. Per the awarded scope of work, the consultant team conducted a review of the Town's municipal code and interviewed code users to ascertain how the land use and regulatory environment may be creating barriers to housing production. The following table contains consultant-recommended edits to the land use regulations that would better facilitate the creation of Housing for the Community in Paonia. Any changes to the municipal code must go through the Town's established process. During that process, the community can decide which of the below recommendations to make and how.

Note that it is good practice to update land use regulations as a first step to implement a new or updated comprehensive plan. This way, the code can be edited to better align with the goals and policies of the plan.

Code Section	Recommended Edits	Explanation
Ch. 16-18, overall	Clean up the code to make it easier to use	Check and update all cross references, reorganize for better flow (e.g., all processes in one location), move applicable regulations to Town standards for infrastructure, add a link to the referenced fee schedule.
Ch. 16-18 Enforcement	Modify to more easily enforce	Clean up violations for Ch. 16-18. It appears as if any violation is a municipal misdemeanor, which is either a fine up to $2,650, up to 1 year in jail, or both. Allow for official notice to be given with a timeline to cure, then assess a fine commensurate with the violation and/or a stop work order. Establishing a fine schedule that increases by day can be helpful in gaining compliance.
Chapter 16 Zoning		
16-1-100 Definitions	Revise building height definition	Consider measuring height to the midpoint on a pitched roof. The current definition could encourage flat roofs rather than pitched roofs, which better match the character of older homes in Paonia.
	Revise dwelling, multiple-family definition	Expand to more than just 3 units, or add other residential building types to the definitions and use tables to allow for more variety of housing types by right.
	Revise dwelling unit definition	Use the same definition adopted with the International Building Code, "A single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation." If the definition is not replaced, remove "on a monthly or longer basis" from the existing definition as regulations do not belong in definitions and this has caused confusion as to the regulation of STRs.

Code Section	Recommended Edits	Explanation
	Revise family definition	Expand to include more than just 3 unrelated individuals. This is restrictive to roommates wanting to rent a larger single-family home, which is mostly what is available in Paonia.
	Revise lot line definition	Remove the last sentence that constrains corner lots to larger setbacks.
	Refine manufactured building, manufactured home, manufactured housing unit, and mobile home definitions	These terms are defined later in Ch. 16 and 18. Reconcile and update all definitions of these terms and related terms and locate with all other definitions.
	Delete rooming unit definition	It does not appear to be used in the code anywhere so there is no need to define it.
16-2-10 Zoning districts	Consider removing zoning districts not on the zoning map	Estate Residential (E-1), Mobile Home Park Subdivision (MH, MH1, MH2), and Industrial (I-2) districts are not on the zoning map. Once an updated comprehensive plan is adopted, consider removing these districts if they are not desired in the future and add districts that are desired. Keep in mind that the Mobile Home Park districts may provide opportunities for affordable housing and other higher density districts can help with the cost of housing.
Zoning map	Update zoning map	Most properties are zoned R-1. Consider changing some to R-2 to allow for gentle density. Properties zoned R-3 are mostly small lots where multifamily housing would be very difficult to develop. This indirectly prohibits multifamily—thus affordable—housing. Once an updated comprehensive plan is adopted, consider rezoning properties to meet the community's vision.
16-3-20 Schedule of uses, residential districts	Allow more residential uses in more residential zones	For example, allow duplexes in R-1, allow multifamily by right in R-2, and allow multifamily 6+ units by right in R-3. Currently any residential development of more than 6 units is not allowed by right anywhere in Town. Also consider defining more residential use types, like cohousing, and allowing for those by right in many districts.

Code Section	Recommended Edits	Explanation
16-3-30 Schedule of requirements, residential districts	Add flexibility	Allow for smaller lot sizes in all districts for all uses. Consider using one front setback requirement per zone, rather than having different setbacks based on the street frontage classification. Consider reducing setbacks for all residential districts. Reduce minimum lot widths. Remove minimum lot coverage. If regulations are not necessary to preserve community character, increased flexibility can improve affordability. Let the building code regulate building spacing and other safety concerns.
16-3-40 Average lot area	Reduce minimums to add flexibility for smaller units	This is a great option but reduce the minimums in this section to allow for more flexibility.
16-3-70 Schedule of uses, commercial and industrial districts	Expand by right residential uses in C-1 and C-2	Allow dwellings as part of a business use and multiple family dwellings, especially if part of a mixed-use development. Residential uses in upper floors should be encouraged.
16-5 Planned Unit Development (PUD)	Allow for more flexibility	PUDs are supposed to allow for more flexibility than existing regulations. This section seems more prescriptive than standard regulations. Consider removing detailed standards from this section and if desired, move them to subdivisions and/or Town specifications. Some could even go in future design standards or guidelines. Allow for more density than permitted by right.
16-5-10(a)	Allow for smaller projects	Consider allowing for PUDs on lots smaller than 5 acres.
16-5-330	Remove spacing requirements	Remove spacing requirements and allow the building code to regulate it.
16-5-240(c)(13) and 16-5-410(2)a	Refine references to low- and moderate-income housing	Edit requirement in 16-5-240(c)(13) to show it only if required as part of the PUD. Edit 16-5-410(2)a to explain that, if required, the provision applies.
16-5-530(f) and (h)	Common and private open space	Consider reducing the required 20% open space requirement. Consider reducing or removing the private open space requirement.
16-6-10 Off-street parking spaces required	Reduce parking requirements	Consider 1 rather than 1.5 for efficiency/one bed, and 2 spaces for all other residential units, rather than basing it on number of bedrooms. Consider further reductions downtown.
16-6-20	Allow for shared parking	When uses have different parking demand times, consider allowing shared parking, like offices and residential.
16-6-40	Allow off-site parking for residential uses downtown	The provision exists for businesses uses. Consider expanding to allow for residential uses in downtown or commercial districts.

Code Section	Recommended Edits	Explanation
16-6-50	Re-create the parking fund	Consider revisiting and reestablishing the parking fund to allow for a fee to be paid in lieu of providing parking downtown.
16-6-60	Add flexibility	Expand exception to allow additional residential use types to not have to hard surface their parking areas, like maybe up to 6 units. Increase the number of spaces in a parking area that trigger landscaping requirements from 6 to maybe 20. Or only require landscaping of parking areas for non-residential uses.
16-8 Manufactured/ mobile home requirements and regulations	Update and reconcile various related regulations throughout the code	Revise and reconcile regulations with other parts of code (e.g., definitions and the newly adopted 18-5), as well as DOLA's processes and regulations for manufactured/tiny homes and houses. Allow for state-inspected residential housing anywhere residential uses are allowed. If certain design standards within these regulations and similar regulations throughout the code are found to be necessary and important to the community, apply those to all residential development.
16-8-240 and 250	Add flexibility	Allow for mobile home park subdivisions on properties smaller than 4 acres and allow more density than 7 units per acre.
16-8-330	Add flexibility	Only require two direct access points to a public road when over a certain number of units, like 25. Allows internal circulation roads to be private driveways and not be constructed to public road standards.
16-8-400	Update and reconcile	Reconcile definitions and allowances for manufactured housing.
16-11-30 Renting of rooms	Delete	Consider removing this section completely. This is difficult for the Town to enforce and is not necessary for the Town to regulate.
16-11-60 Requirements for accessory buildings and uses	Add flexibility	Do not add larger setbacks or more restrictions on accessory buildings; this will be especially pertinent if allowing for ADUs. Reconcile this section with 18-13 Accessory Buildings, Structures and Uses.
Chapter 17 Subdivision		
17-3-40 Dedication of land for public use	Increase trigger for land dedication	Rather than requiring for all subdivisions resulting in 1 or more dwelling or lot, increase that number to something like 10. Also consider if the Town has the capacity to take care of more land for public use.

Code Section	Recommended Edits	Explanation
Chapter 18 Building Regulations		
18-5-40	Remove minimum lot size	Let the zoning code regulate lot size for mobile and modular homes and consider reducing minimum lot sizes as stated above.
18-12-10 Temporary uses	Add option to live in RV while building	Consider adding a temporary use to include owner occupancy of an RV/5th wheel/full-service camper on-site for up to 1 year during construction of the owner's dwelling unit on the same site.
Misc.		
7-7-30	Establish a limit on dogs/cats	Consider adding a limit to the total number of dogs and/or cats that can be on one property. With potentially increasing density in Town, concentration of domestic animals can become an issue.

F. POTENTIAL HOUSING DEVELOPMENT

SAMPLE DEVELOPMENT STRATEGY

Possible Town Roles

Housing development is a long and challenging process. A project usually takes about 2 years from concept to occupancy, assuming no unforeseen issues arise. For a small town like Paonia, when contemplating where the community can invest its limited resources to support the growth of new Housing for the Community, it is important to first understand the general real estate development process. See the image below for a quick overview.
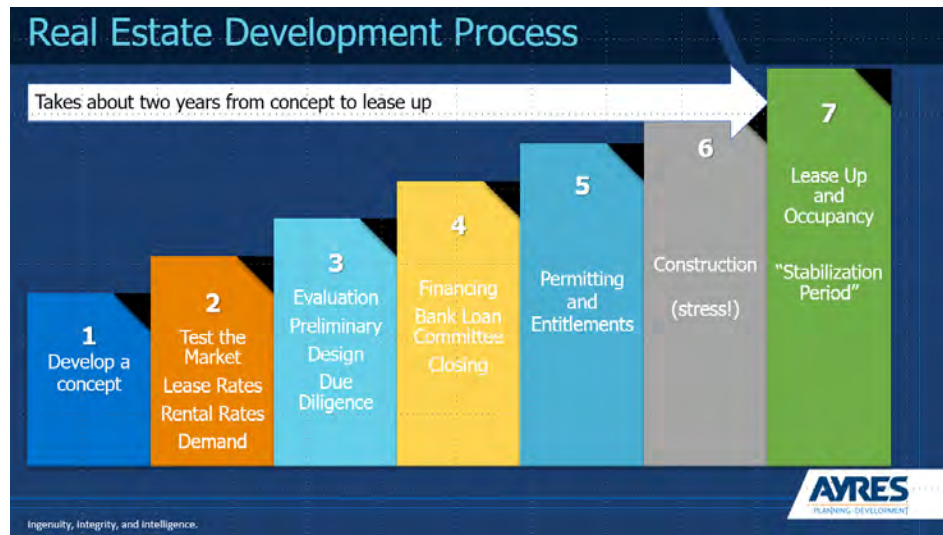
The Town can take a variety of roles in the development of Housing for the Community. There are generally four main roles the Town can play:

1. The Town could take a **regulatory approach** and create a flexible land use code allowing for more housing types and uses. Under this approach, the Town is seeking to create the best possible economic conditions for private development to meet the market needs. *Note: this approach is identified as an action in this Plan.*

2. The Town could also take an **incentive approach** by identifying desired housing development outcomes and providing incentives to make it more desirable or feasible to build. Incentives can take many forms, including a density bonus, fee reimbursements/waivers, and fast track processing. *Note: creating a density bonus and allowing for fee reimbursement or waivers are identified in this Plan as actions to consider in the future.*

3. The Town could **develop housing directly**. Acting as the developer is the most challenging role the Town could play. Given the Town's size, staff capacity, and other pressing issues, *this role is not recommended at this time.*

4. The Town could be a **land partner**. The Town's main role using a land partnership approach would be to leverage existing Town-owned property for new housing development. Alternatively, the Town could identify and buy a suitable site, or gain site control through a

contract with another public entity to market and develop the site in partnership or on behalf of the organization. Site control is the first step in any development project. The Town can then contribute its land through a partnership agreement to incentivize and facilitate new housing construction. *This is a suitable role for the Town*, given its current land holdings and its limited capacity.

Steps for a Land Partnership Approach

The following steps are based on using the land partnership approach, whereby the Town's contribution to a housing development is the land/property. The use of this approach mitigates the front-end risk to private developers who like to avoid lengthy or costly negotiations to acquire land.

Using this approach, the community can seek to meet its housing goals without having to act as the developer. It is important to recognize that while this approach can be less risky, the Town will need to commit staff time, including legal services and some land planning.

The following steps are presented in an order that is common for private development, but are not exhaustive. The Colorado Affordable Housing Developer's Guide provides additional details and considerations for development of affordable housing: https://developers-guide.chfainfo.com. Housing development is an iterative process that requires constant refining and revisiting. The iterative nature of development will become evident as the first three steps are worked through. Also know that site constraints or cost may limit the ability to achieve the full vision. It is important to remain flexible throughout the process. There are many variables that can change along the way, such as a spike in interest rates or increases in the cost of lumber.

1. Develop a Vision

Establish a vision that answers the question, "What does success look like?" This should include programmatic goals and areas where the Town is willing to play a key role, like providing land. It is important to commit to something as either an official policy, or an approach that communicates what the community is willing to support. Articulating a clear vision will assist in attracting a good developer.

During this project, the following development attributes were identified that may assist in more clearly establishing the Town's vision.

- Up to 35 units
- Smaller scale development on well-designed sites that is consistent with the local building character
- A mix of for-rent and for-sale housing units
- Preferably a mix of incomes and home sizes, including smaller homes for one- and two-person households

For Sale vs. For Rent
When considering supporting a housing project, keep in mind that the ability to finance a project plays a critical role in its success. Having a mix of for-sale and for-rent units in the same project can complicate the financing, making the development challenging. Generally, it is recommended to choose one or the other based on the site.

2. Select a Site

In this example, the assumption is that existing Town-owned property is used (Town has site control). Consider the following when selecting a site:

- Review the site's zoning, infrastructure, topography, and other constraints to ensure the site could accommodate the vision, or at least get close to achieving the vision.

  » Note: later in the project the developer will perform a detailed feasibility analysis, although the Town should be prepared to assist. This may include providing a utility map, topographic map, list of required public improvements, and fee estimate (if possible).

- Having an appraisal done is useful, but they can be expensive and they expire.

3. Create a Conceptual Site Design

Complete a preliminary conceptual design grounded by the original vision that accounts for the site's physical and regulatory opportunities and constraints. The design doesn't need to be complicated but should indicate the layout, number of units, and infrastructure. Consider the following when creating a conceptual site design:

- The Town can do something as simple as printing out a map of the site and sketching a concept. If a larger site is selected, consider completing a master plan for the full site. It is good practice to include the community leadership in conceptual site design efforts to the extent practicable.
- This could be done in-house, by a consultant, or through a program like University Technical Assistance described in the Funding for Development section below.
- It is important to keep conceptual site design plans grounded in market reality. Including additional items like parks, trails, greenspace, and other amenities is nice but they cost money and impact project feasibility.
- Approach the building(s) design with cost in mind, especially when building affordable units. Attractive affordable housing units exist across the state, but some features are more expensive than others. Scale and replicability are important to keeping costs down. The Town may need to consider compromises to the vision to ensure project affordability.
- It is important to have a market study to support the vision and design. A private developer will likely have to complete their own market study to satisfy the requirements of their lenders. This is a normal expense that is built into their financial plan. Part 1 – Housing Needs Assessment will provide a solid foundation for such a study.

4. Identify a Developer

Real estate development is difficult, and construction can be even more difficult and stressful. It is important to determine who the project developer will be since in this land partnership approach they will be the ones to hire the contractors and obtain financing. The two common approaches to find a developer are requests for qualifications (RFQs) and requests for proposals (RFPs). Keep in mind that the Town's procurement rules need to be adhered to regardless of which approach is used.

Consider using an RFQ instead of an RFP. Too often communities load RFPs with requests for site plans, sketches, and financial plans. This costs a developer time and money with no assurances that they will be awarded the project. Good developers usually have numerous projects in the queue and are reluctant to respond to an RFP because they are not reliant on such processes to procure work. Remember, time is money. RFPs also often have artificial timelines that are inconsistent with the development process, including things like scheduling subcontractors, weather, and the timing of financing.

The RFQ can and should be simple—ask for a letter of interest and some background on similar projects. Issuing an RFQ with a rolling deadline that remains open until a developer is identified is recommended as it ensures public transparency and mitigates the RFP issues identified above.

Once the RFQ is prepared, the next step is ensuring potential developers receive it. The developer could be a private developer, a non-profit partner, housing authority, or other entity. Keep in mind that developers typically don't monitor platforms like Rocky Mountain BidNet, which is a platform many Colorado communities use to publish RFQs and RFPs.

Establish a leadership team that can review responses to the RFQ and negotiate with the developer. Make sure those on the leadership team are empowered to make decisions and direct staff. Considering a normal development process takes up to 2 years, the Town will be entering a long-term relationship with the developer, so it is important to allow ample time to find a good fit for the community.

When the community receives a response to the RFQ from a developer they are interested in partnering with, consider offering the developer an Exclusive Right to Negotiate (ERN) as opposed to awarding the project. An ERN will allow for time to complete a development agreement that meets both the community's and developer's needs. In this instance, if the Town enters into an ERN with a developer and through development agreement conversations determines they are not a good fit, the Town can simply reopen the RFQ.

Be Proactive

- Consider identifying already-built affordable housing projects that might fit well in Paonia and reach out to each community they are in. Ask that community about the developer and their experience working with them. This is a good way to learn from others.
- If the developer sounds like they could be a good fit in Paonia, invite them to share their experience. Start with a simple question, "How would you approach this project if you were the developer?" Developers like to be asked, and they like to share their opinions. Not only will such conversations be informative, but they can also bring focus to the local project. If their response presents an interesting enough opportunity, ask them to submit a response to the RFQ.

Consider using a "Term Sheet" to outline the deal points in a future development agreement. Using a Term Sheet allows for greater efficiency in negotiations. Essentially, a Term Sheet articulates what the Town plans to contribute to the project and what a developer will do in return. It should define the affordability requirements, project quality, and other details.

5. Finalize Development Details

This step consists of sorting out all the details needed to get to construction including partnerships, site and building design, agreements defining roles, financing, and more. The steps to finalize development details are dependent on the specifics of the development project, and adjustments will happen as these items are worked through. For example, a potential funder might require a change in the mix of units, or a new partner may need to be brought on board to assist with a particular funding source.

As explained in the Capital Gap section of Part 1 – Housing Needs Assessment, the cost of constructing new housing affordable to locals will likely exceed local households' ability to pay for it. Filling in this capital gap is paramount. The selected developer should play a major role in determining how to fund the project through completion. For rental projects, this includes ongoing operations and property management.

There are currently tremendous state grant opportunities available to Colorado communities (see Funding for Development, below). Grant funding can vary from technical assistance grants to planning and assessment grants to grants for large-scale infrastructure needs. The Town will likely need to bring grant funding to the table to help the project work financially. Keep in mind, the higher the grant amounts the more likely the Town will need to demonstrate readiness. The Town may also provide labor to assist with public infrastructure work for the project like utilities and roads.

6. Groundbreaking Celebration

Once the project is fully financed and entitled, be sure to schedule a groundbreaking event inviting the whole community to celebrate on-site. Thank and recognize all partners to date, explain the impact the project will have on the community, and take pictures.

7. Project Construction and Compliance Monitoring

In this example, the Town's selected developer will manage construction and monitor compliance with development and funding agreements. The Town's building inspector will need to provide inspections as required and the Town should communicate with the public about any construction impacts, like road closures. Town staff should be in regular communication with the developer, tracking applicable agreements and grants.

8. Project Operations and Open House

The developer/property manager will want to start selling/leasing the units before construction is completed. They will need to ensure compliance with all funding source restrictions and requirements, like income restrictions. Once construction is completed, schedule an open house celebration with the community to allow for tours of the completed project.

Potential Partners

Potential partners for a housing project could include the following:

- The Delta Housing Authority. This partnership could capitalize on this organization's experience and expertise, as well as other benefits such as a property tax exemption. They can be a great resource or a special limited partner on a development project.
- Fertile Edge Community Land Trust or other land trust non-profits. The Community Land Trust model is a "shared equity housing" model where the land trust owns the land, and the homebuyer/household owns the house. Households get a below-market price and often the opportunity to build equity (usually capped), while the land trust ensures the home remains affordable over the long term.
- Local banks. Banks provide financing to real estate projects and local banks may be willing to participate. They also work with CHFA and have access to programs including down payment assistance for individual buyers.
- Delta County. There have been successful projects across the state where the county plays an integral role in the development of Housing for the Community. The county may be able to provide labor, equipment, staff time, or even funding.
- Delta County Joint School District. Local school districts can be key partners in the development of Housing for the Community. They may be able to bring land to the table, staff time, student time, and even funding.

- Local employers. As seen in the graphic below, about 30% of employers responding to the employer questionnaire indicated they would be interested in opportunities to help with housing for local employees in the future.

Yes, for my employees only
12%

Yes, for any employee in the community
19%

Uncertain, need more information
53%

No, I am not willing to or cannot support housing for employees
16%

n=49
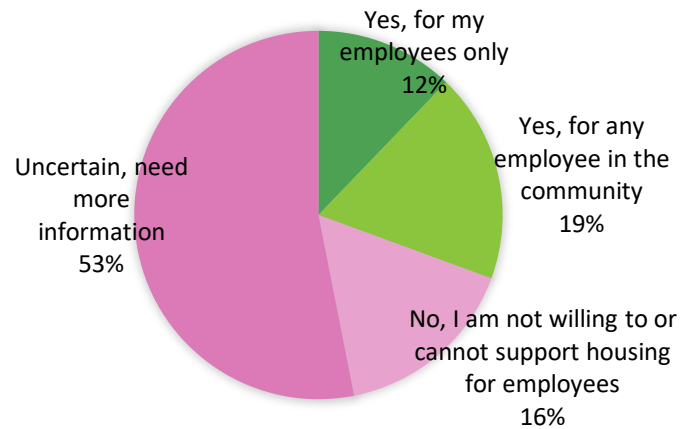
Funding for Development

There are numerous public and non-profit entities that could help fund an affordable housing project in Paonia. The two primary state funding entities in Colorado are CHFA and DOLA. CHFA provides technical assistance and financing for affordable housing projects. DOLA has substantial pools of grant funding for housing.

Examples of funding and programs that could assist in Paonia include the following:

- CHFA's Small-scale Affordable Housing Technical Assistance Program. Potential small-scale projects, of 30 units or less, may apply for affordable housing planning and development technical assistance services and pre-development grants to further their work. https://www.chfainfo.com/community-partnerships/technical-assistance
- University Technical Assistance Program. Offered by DOLA and the Colorado Center for Community Development at the University of Colorado – Denver can provide initial planning and design work. A program like this may be helpful in master planning for a larger development site. https://dlg.colorado.gov/university-technical-assistance-program
- Proposition 123 funding. Paonia has filed their commitment to increase affordable housing above a baseline amount to be able to apply for funding under Proposition 123. Rental program funding can be found at https://coloradoaffordablehousingfinancingfund.com/ and homeownership program funding can be found at https://cdola.colorado.gov/office-of-housing-finance-sustainability/funding-application.
- Housing Tax Credits. The federal Low-Income Housing Tax Credit (LIHTC) program provides tax credits to developers of affordable rental housing, incentivizing investors to invest in affordable housing construction. Colorado State Housing Tax Credits are also available. Tax credits are administered by CHFA and provide a significant source of equity for affordable housing projects. https://www.chfainfo.com/rental-housing/housing-credit
- Impact Development Fund. This is an example of a non-profit that helps finance affordable housing projects in Colorado. https://impactdf.org/

There are many other funding sources that could be used. The CHFA Funding Sources Inventory tool is a useful resource to identify possible funding as a development vision and concept begin to take shape. It can be found at https://developers-guide.chfainfo.com/funding-sources-inventory.

POTENTIAL DEVELOPMENT SITES

The following is a list of public sites in Paonia that could be considered for the development of Housing for the Community. The owners' willingness or desire to change the use of the property will have to be investigated before moving forward. Each site has different opportunities and challenges, which will also need to be considered in detail before any decision can be made to try to develop the property.

Site	Location	Owner	Property Size	Building Size	Zone	Notes and Considerations
Old Sewer Lagoon Site/ Twin Lakes	S of Samuel Wade Rd., near river	Town	3.5 ac	NA	I-1	Vacant site. Completed Targeted Brownfields Assessment. [1]
Public Works Warehouse and Property	401, 403, and 405 2nd St.	Town	0.52 ac (in 2 parcels)	4,000 sf, 2,000 sf, 4,500 sf	C-2	Occupied by Town and EMS. 2021 Capital Improvements Plan states buildings are generally in good shape.
Riverside Estates Lots 12-15	W side of 4th St., north of library	Town	0.56 ac (all 4 lots)	NA	R-1	Appears to be part of the library's landscaped area.
Public Parking Lot	Main Ave. behind Town Hall	Town	0.8 ac	NA	C-1	Currently used for public and Town Hall parking.
Public Parking Lot	236 Main Ave.	Town	0.153 ac	NA	C-1	Currently used as public parking.
Old Paonia Middle School/Vo-tech building	218 4th St.	DCSD	5.6 ac (2.53 ac was for sale)	33,860 sf	P	Vacant building. Town has considered purchasing in the past. [1]
School Bus Barn	135 Main Ave.	DCSD	0.23 ac	7,000 sf	R-2	Currently used as the bus barn.
South vacant portion of K-8 Lot	846 Grand Ave.	DCSD	~10 ac	NA	P	DCSD may have plans for the vacant area, and it may be in the floodplain.
USFS	403 Rio Grande Ave.	USA	3.28 ac	NA	DR	The USFS may have plans for the property's vacant area.
USFS	117, 119, 121 Clark Ave.	USA	0.24 ac	710 – 800 sf	R-1	3 small single-family homes currently on-site.

[1] Numerous members of the community identified these sites as top locations for new Housing for the Community during this project.

USFS – United States Forest Service; DCSD – Delta County Joint School District 50J; PW – public works; EMS – emergency medical services; ac – acres; sf – square feet.

SOURCE: DELTA COUNTY ASSESSOR, TOWN OF PAONIA ZONING MAP, CONSULTANT TEAM

Map of Potential Development Sites

SOURCE: DELTA COUNTY GIS, CONSULTANT TEAM

APPENDICES

APPENDIX A – FAMILY INCOME VS. HOUSEHOLD INCOME

The body of this report relies on the 2023 Colorado income limits, which are based on the Department of Housing and Urban Development (HUD) fiscal year 2023 (FY2023) Multifamily Tax Subsidy Program income limits. The federal HUD income limits are prepared annually and are the result of numerous data sources, tests, and adjustments. Details of the methodology are publicly available on HUD's website (www.hud.gov) and briefly summarized below, relying heavily on language from HUD documentation, as applicable to Delta County, Colorado, for FY2023.

1) HUD begins with historical American Community Survey (ACS) data (in this case 2017-2021 ACS) and uses the change in consumer price index (CPI) to adjust the historical ACS data to arrive at the rounded FY2023 estimate of median family income ($75,900).

2) In Delta County, 50% of the Colorado non-metro median family income ($45,450) is greater than half of the median family income presented in #1 above ($75,900/2 = $37,950), and therefore the higher amount is used and then adjusted. In this case, the adjustment is based on the maximum allowed increase from FY2022 and rounded down to $43,500.

3) This figure (very low income, or 50% AMI for a family of four = $43,500) is then adjusted for each family size from one to eight. Family sizes smaller than four are reduced by 10% per person, and those greater than four are increased by 8% per person.

4) The very low income, or 50% AMI figures, are then increased or decreased to match the AMI percentages. For example, the 100% AMI income threshold by family size is twice that of 50%.

Family Income

HUD income figures are predicated on the incomes of family households. Because family households tend to earn more than non-family households (people living alone and households comprised of unrelated roommates), the income dollar amounts for each AMI level are higher than if it accounted for all households in Delta County. This is true regardless of the Colorado non-metro median family income adjustment.

Why is this important?
Federal and state housing funding is linked to Area Median Income (AMI) figures. Because the AMI amounts are higher than household incomes, more households in Paonia would qualify for housing developed with federal and state housing funding.

With this in mind, the household income and family income statistics reported by the U.S. Census Bureau's American Community Survey (ACS) are included below for reference.

Household Income

The median income of all households in the Town of Paonia (not just family households) is about $53,600 per year. This means half of the households have an annual income lower than this, and half have a higher income.

There is a very large difference between households who own and those who rent. Renter households in Paonia have much lower incomes than owners (39% lower according to the most recently available 2015-2019 ACS 5-year estimate). Renters across the county and state have incomes that are roughly half that of owners—52% and 47%, respectively.

Household Income, 2021

	Colorado	Delta County	Town of Paonia
Average income	$107,446	$72,549	$72,552
Median income	$80,184	$51,803	$53,646
Median owner household income	$99,715	$61,544	$48,438
Median renter household income	$53,087	$29,611	*Not available*

SOURCE: U.S. CENSUS BUREAU, 2017-2021 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES

According to the 2017-2021 American Community Survey, the median family income in Paonia was $69,167 and the median income of all households was $53,646. This disparity is important in that single and roommate households, often renters, can afford a lot less than families that are larger (average family size is about three people). In addition, the most recently available median family income estimate in Paonia ($69,167) is much lower than HUD's FY2023 published median family income of $75,900, which means even more local households fall into lower AMI brackets.

APPENDIX B – AREA MEDIAN INCOME

The Area Median Income (AMI) is included throughout this report because it is a metric used by affordable housing funders. AMI is published annually by HUD for each county and varies by household size.

Delta County 2023 Income Limits

AMI	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30%	$18,270	$20,880	$23,490	$26,100	$28,200	$30,300	$32,370	$34,470
50%	$30,450	$34,800	$39,150	$43,500	$47,000	$50,500	$53,950	$57,450
60%	$36,540	$41,760	$46,980	$52,200	$56,400	$60,600	$64,740	$68,940
80%	$48,720	$55,680	$62,640	$69,600	$75,200	$80,800	$86,320	$91,920
100%	$60,900	$69,600	$78,300	$87,000	$94,000	$101,000	$107,900	$114,900
120%	$73,080	$83,520	$93,960	$104,400	$112,800	$121,200	$129,480	$137,880
160%	$97,440	$111,360	$125,280	$139,200	$150,400	$161,600	$172,640	$183,840
180%	$109,620	$125,280	$140,940	$156,600	$169,200	$181,800	$194,220	$206,820

SOURCE: CHFA 2023 INCOME LIMITS, CONSULTANT TEAM

Households by AMI

The income distribution of households in the Town of Paonia by AMI is shown on the next page. It is the result of comparing the Delta County income limit figures above with what households in Paonia make. Because AMI represents the median family income of an area, it does not incorporate incomes from non-family single and roommate households that represent over half (54%) of households in Paonia. Therefore, household incomes in Paonia are generally lower than the family income limits presented above (see the detailed explanation in Appendix A), and as a result, the share of households with incomes less than 100% AMI is more than 50% of households.

Why is this important?
Federal and state resources for homebuyers and housing development subsidies use AMI to determine whether families are eligible.

A large percentage of households in Paonia are in the lower tiers of the income scale. This aligns with other indicators of income disparity in Town, such as the share of households in poverty or using other public assistance programs.

- Almost one in five (18%) Paonia residents live in poverty, which is similar to the poverty rate in Delta County.
- Roughly 10% of Paonia households receive food assistance through Food Stamps/Supplemental Nutrition Assistance Program (SNAP) benefits.

The income disparity by tenure is highlighted in the figure below, which includes the income range of a two-person household for reference. About 59% of renter households and 37% of owner households have incomes of 80% AMI and under.

Town of Paonia Household Income Distribution by Tenure and AMI, 2023

AMI	Household Income Range (2-person household)	Renter Households	Owner Households	All Households
<= 30%	$0-$20,880	34%	12%	17%
30.1 - 60%	$20,881-$41,760	17%	16%	16%
60.1 - 80%	$41,761-$55,680	8%	9%	8%
80.1 - 100%	$55,681-$69,600	6%	10%	9%
100.1 - 120%	$69,601-$83,520	2%	9%	8%
120.1 - 160%	$83,521-$111,360	10%	17%	16%
160.1 - 180%	$111,360-$125,280	6%	6%	6%
> 180%	> $125,280	17%	21%	20%
	Total (2023 estimate)	150	525	675

May not sum to 100% due to rounding.
SOURCE: CHFA INCOME LIMITS 2023 (DELTA COUNTY), RIBBON DEMOGRAPHICS, LLC, CONSULTANT TEAM

About half (52%) of senior households (age 65+) have an income corresponding with 80% AMI or less. This includes 73% of senior renter households and almost half (47%) of senior homeowner households.

APPENDIX C – EXISTING PUBLIC HOUSING RESOURCES

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EXISTING PUBLIC HOUSING RESOURCES – JUNE 2023

Program	Population Served	Contact
Home Ownership		
Permanently Affordable Homeownership, Delta	Low-income individuals and households, 4 homes currently being rehabilitated	Habitat for Humanity, Delta County hfhofdelta@gmail.com AND Elevation Community Land Trust 720.822.0052 info@elevationclt.org
Want to help? Volunteer for Habitat for Humanity of Delta County 970.985.8489 or makisheila@yahoo.com		
Home Buyer Education Classes – in-person (Grand Junction) or virtual classes held monthly	Prospective homebuyers	Housing Resource Center of Western CO 970.241.2871 Debh@hrwco.org
Home Loans, downpayment assistance and more, various types	First time homebuyers, VA, conventional, low-income	Community Resources & Housing Development Corporation 720.595.3704
Single Family Housing Direct Home Loans – payment assistance to help reduce mortgage payments temporarily	Low- and very-low-income	USDA Rural Development, Colorado Delta Office 970.399.8198 victoria.martinez@usda.gov nicki.barks@usda.gov
Rental Housing		
Housing Choice Vouchers (previously called Section 8)	Low-income people including elderly, disabled, families, and singles	Delta Housing Authority 970.874.7266 voucher@deltahousingauthority.org
Want to help? Become a Housing Choice Voucher landlord Delta Housing Authority, 970.874.7266 extension 3 or 5		
Project Based Voucher (PBV) for Creek Vista Apartments, Vista Drive, Paonia	Low-income people 62 years or older	Delta Housing Authority 970.874.7266 pha@deltahousingauthority.org
Project Based Voucher (PBV) for Residences at Delta Villa Street, Delta	Low-income people 62 years or older	Delta Housing Authority 970.874.7266 pha@deltahousingauthority.org
1-bedroom apartments and 2-3-4 bedroom single family homes Various locations, Delta	Low-income including elderly, disabled, families, and singles	Delta Housing Authority 970.874.7266 pha@deltahousingauthority.org
Alta Vista de la Montana Agricultural Worker Housing 7108 Hwy 50, Delta	Agricultural workers	Community Resources & Housing Development Corporation 970.874.6166

Program	Population Served	Contact
Home Repairs and Modifications		
Handy Helper – minor home maintenance and repairs	People over 60 years of age	Habitat for Humanity, Delta County AND Region 10 For services: 844.862.4968
Want to help? Volunteer as a Handy Helper 970.318.0995 or dobermeyer@region10.net		
Rehabilitation Loan Program – technical and financial assistance for general repairs and improvements	Low to moderate-income homeowners	Habitat of the San Juans 970.650.2502 steve@buildinglives.org
Want to help? Volunteer for Habitat for Humanity of the San Juans 970.650.2509 or whitney@buildinglives.org		
Weatherization Assistance Program – free energy efficiency and health and safety services	Income qualifying residents, including homeowners and renters	Housing Resource Center of Western CO, in partnership with Colorado Energy Office and DMEA 970.241.2871
Single Family Housing Repair Loans and Grants – loans for homeowners to repair, improve or modernize their homes; grants to elderly homeowners to remove health and safety hazards	Loans: Low- and very-low-income homeowners Grants: 62+ and unable to repay a repair loan	USDA Rural Development Delta Office 970.399.8198 nicki.barks@usda.gov
Counseling and Education		
Counseling and Education – pre-purchase, post-purchase, reverse mortgage (has a fee), financial capability, default	Everyone	Housing Resource Center of Western CO Intake: 970.773.9188
Counseling and Education	Prospective homebuyers, those in foreclosure, those wanting to improve their financial capability	Community Resources & Housing Development Corporation 303.428.1448
Walk-In Resource Center, Free Every Wednesday 11am-1pm	Everyone	Westminster Hall 135 4th Street, Delta, CO 81416 970.874.7911
Emergency and Transitional Housing		
The Abraham Connection Homeless Shelter – emergency nightly shelter	Emergency shelter for men, women, and families. October 23 – mid-April, annually	The Abraham Connection 970.773.8290 abrahamconnectiondelta@gmail.com 480 Silver Street Delta, CO 81416
Haven House – transitional housing	Primarily serves families with children without safe housing	Haven House 970.323.5280 nfo@havenhousehomeless.org 4806 North River Road Olathe, CO 81425

Program	Population Served	Contact
Additional Resources		

Fertile Edge Community Land Trust: Currently being established. mmommaerts@gmail.com, 970.312.7489.

Colorado Housing Connects: Provides Coloradans with general housing and fair housing resources.

Colorado Low-Income Energy Assistance Program (LEAP): Provides assistance in paying for winter home heating costs for low-income households.

Colorado Housing and Finance Authority (CHFA): Offer financial resources to strengthen homeownership and affordable rental housing.

Colorado Department of Local Affairs, Division of Housing: Partners with local communities to create housing opportunities from homelessness prevention to homeownership.

USDA Rural Development: Invests in rural America with loans, grant, and loan guarantee programs.

AARP Foundation: Hosts a rent and mortgage assistance resource center online.

APPENDIX D – OPEN HOUSE SUMMARY

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OPEN HOUSE - SUMMARY

HELD JULY 13, 2023, 5:30PM – 8:30PM

ELLEN HANSON-SMITH (TEEN) CENTER

Publicizing the Open House

The event was publicized widely via

- fliers on posting boards around town,
- Facebook posts on both the Town's page and the Paonia Colorado Message Board page,
- published in a Town Board meeting packet,
- added to the Town's website and calendar,
- listed on KVNF's event page (and requested to be shared verbally on the radio),
- emailed directly to all emails collected during this project,
- emailed to organizations for them to share with their email lists, and
- fliers passed out at the farmer's market.

Attendees

The project consultants from Urban Rural Continuum hosted this Open House and were supported by the following six volunteers throughout the evening, most of whom are also members of the Housing Task Force.

- Alicia Michelsen, The Learning Council
- Dave Knutson, Town Trustee
- Lyn Howe, Planning Commissioner
- Paige Smith, Town Trustee
- Patti Kaech, Realtor, Paonia Realty
- Jeremiah Paul, Fertile Edge Community Land Trust

Throughout the evening, 31 community members and the volunteers participated.

Overview of Event and Feedback

The event was set up in a circuit with five stations.

1. **Start Here -** participants were greeted by volunteers and given instructions along with a handout, pen, 3 blue dots, and 3 yellow dots.

2. **Project Background -** participants learned a little about this project including how it came to be and what remained.
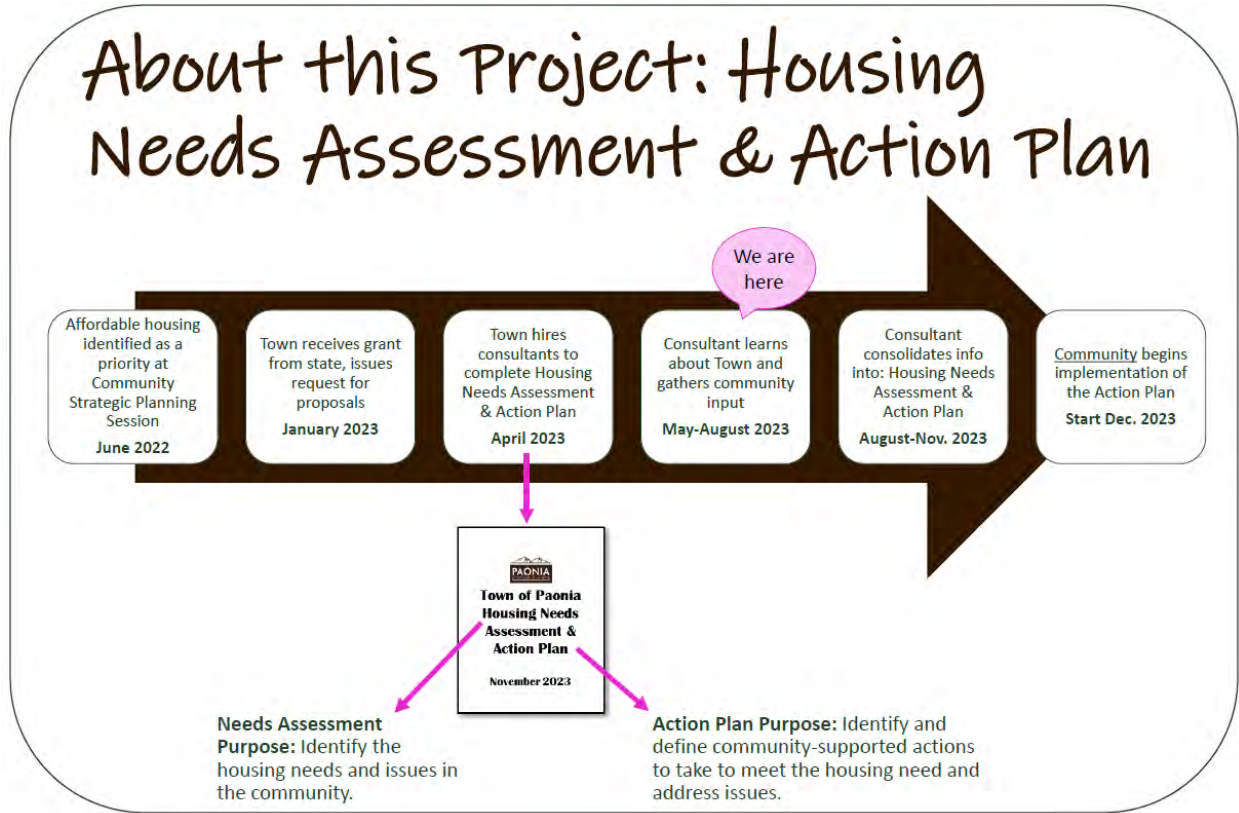
3. **Data & Issues -** participants were encouraged to read the two boards below, which framed the issues through data and other information.

Participants were then asked to vote for their top three issues, although all three votes could go to one issue. Votes are tallied in the table below.

Issues	Votes Received
Short-term rentals have reduced housing choice.	21
The water tap moratorium has fixed the supply of housing.	17
Rental options are limited and unaffordable for many locals.	15
Too few homes for sale affordable to locals.	9
Home prices have increased three times faster than wages.	7
Zoning rules contain barriers to affordable housing.	7
Building costs exceed what most locals can afford.	6
The housing stock is very old and many need repairs.	4
Home size is misaligned with household size.	2
Locals struggle to compete with cash buyers.	2
Commuting to work is prevalent and expensive.	1
The housing stock is very homogenous.	1
The town's population has changed very little over time.	0
The town's population is aging. 43% of residents are 55+ years old.	0

4. **Tools -** participants were asked to vote for their top three tools. All three votes could be applied toward one tool if desired. The boards offered quick explanations of each tool and participants could read printed handouts with additional considerations if desired. Many participants took their time and sat down with the handouts to read through them, then placed their votes. Many conversations were held among participants, consultants, and volunteer Housing Task Force Members. Votes are tallied in the table below.

Tools	Votes Received
Short Term Rental (STR) Restrictions	13 [1]
Allow for Accessory Dwelling Units (ADU)	12 [2]
Public-Private Partnerships to Build Affordable Housing	11
Small Scale Development and Sweat Equity for Homeownership	10
Allow Gentle Density	8
Align Community Infrastructure Investments	7
Utilize, Promote, and Build on Existing Resources	7
Acquire Land/Bank Land	6
Update Zoning Regulations to Remove Barriers and Add Incentives	5
Annexation Policy	4
Dedicated Funding Stream	3
Create a Density Bonus	2
Deed Restriction Policy	2
Housing "One Stop Shop" Hub	1
Right of First Refusal on Housing	1
Revise Parking Requirements	1
Fee Deferral	0
Fee Reimbursement or Waiver	0

[1] The consultant team heard a lot of support for STR restrictions prior to this Open House so votes could be applied to either or both of the two STR restriction options presented - 7 votes were received for "Prohibit completely" and 6 were received for "Limit the total allowed."

[2] The consultant team heard a lot of support for ADUs prior to this Open House so votes could be applied to either or both of the two ADU options presented if desired - 5 votes were received for "Allow in all residential areas" and 7 votes were received for "Allow in some residential areas."

5. **Next Steps –** participants were presented with the board below that identified next steps, the timeline and deliverables of this project. Handouts were also collected at this final station. All submitted handouts are attached. The consultant team has reviewed all comments and will incorporate, as appropriate, in the development of the Needs Assessment and Action Plan.

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Paonia Housing Needs Assessment & Action Plan
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1) Review the board to learn about this project.

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Station #3 Data & Issues

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2) **Vote on your top 3 most pressing issues** by placing a <u>blue</u> dot in the designated area.

3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

I appreciated the info on seniors and that you included a "tool" to try and match/seniors living alone with a roommate to help them out. Tricky but I have seen it work successfully.

Station #4 Tools

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2) **Vote on your top 3 most favored tools** across all 3 boards by placing a yellow dot in the designated area.

3) Comments on tools (details about tools on the boards or other tools you would favor):

> The difficulty we have getting changes through the town board of trustees is an issue. Accordingly, I voted for the "low hanging fruit" but I do see the value of adjusting the zoning laws and fee structure once the moratorium has lifted. I would like to see follow up tools or have a follow up discussion once some changes have been made.

Station #5 Next Steps

1) Other comments:

> see above. Communication is key! — Keep the public apprised of what is happening (and how those actions were selected) at every step of the way.

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

Basic economics says to grow there needs to be jobs —

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3) Comments on tools (details about tools on the boards or other tools you would favor):

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3) Comments on tools (details about tools on the boards or other tools you would favor):

Why not use existing resources — Delta Housing Authority. Don't recreate 'wheel.

Provide accessible to water — West Elk taps available ???

Work w/ low income homebuyers — loans, etc

Station #5 Next Steps

1) Other comments:

Keep public informed

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

With the large number of seniors I would image
the demand for smaller homes would be greater.
Is there any way to capture if that is actually
the case? Realtors?

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3) Comments on tools (details about tools on the boards or other tools you would favor):

I would promote land banking if it was paired with the development of affordable housing. My 4th choice was to limit STR to some properties and to allow owners who live on the property and have been running one for years to continue.

Station #5 Next Steps

1) Other comments:

I greatly appreciate this exercise and especially the data presented before we were asked to make decisions. It helped me make more informed choices.

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

Missing data
Total # of housing units
# of units being used for STR
# of units unoccupied (perhaps due to real estate
speculation)
# of long-term rentals
average lease length on rentals
average rental price

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3) Comments on tools (details about tools on the boards or other tools you would favor):

Many of these tools have very different impact windows and fail to estimate the impact. For instance, a STR rental ban would add 100 units overnight, while affordable housing initiatives with new construction might add 20 units over a 5 year period. We should prioritize impact in a timely manner

Station #5 Next Steps

1) Other comments:

Any solution should emphasize community led initiatives over the current affordable housing industrial complex that is mainly profit driven and operates on a scale that is too large for a town of 1500.

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

① Need local (town only) data on needs assessment - What is the quantifiable need for what demographic groups

② Need to consider employment opportunities - current & future

③ Need to consider sources of income - there is a high percentage of "mailbox income" in town & in the county.

④ The town needs to increase population in order to survive - Towns < 2000 are at a serious disadvantage be

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3) Comments on tools (details about tools on the boards or other tools you would favor):

There is an educational opportunity for informing the public about the role of the Town in the process. Many people object to the Town paying for housing. Informing about private-public partnerships - Look at what Ridgway has done - they have several on-going housing projects

Station #5 Next Steps

1) Other comments:

Don't let this sit on a shelf - Set priorities and do something! You have to start from where you are, set the plan and push through the small percentage of nay-sayers & do-nothings!

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

"Affordable" is a term fraught with problems, It sidesteps many issues that effect us. "Price controlled" "low income"

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3) Comments on tools (details about tools on the boards or other tools you would favor):

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

- Covers a lot - thanks -
- at first look - a couple things were surprising to me but upon further consideration - not really -

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2) **Vote on your top 3 most favored tools** across all 3 boards by placing a yellow dot in the designated area.

3) Comments on tools (details about tools on the boards or other tools you would favor):

- Awesome information on whats available.
- I'd like to see movement in the ADU area — one might see current homeowners put "tiny home" in their yards to rent out — as long as infrastructure is available — it may help —

Station #5 Next Steps

1) Other comments:

Bigger picture area — business owners who want to expand — cannot due to lack of infrastructure to place building — etc — my business will plateau due to those lacks —

thank you for doing this

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

   I found it surprising that so many homes were purchased with cash in 2022!

   Affordable housing is very important for young families in Paonia! Both rentals and home purchases.

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2) **Vote on your top 3 most favored tools** across all 3 boards by placing a <u>yellow</u> dot in the designated area.

3) Comments on tools (details about tools on the boards or other tools you would favor):

There are a lot of tools, I found it hard to vote for only 3.
The topics and explanations are easy to understand.

Station #5 Next Steps

1) Other comments:

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

address zoning barriers to affordable housing
limit/cap/tax short-form rentals
use ad-hoc committees (trustees + public) to address priority
projects/funding that will overturn to water moratorium

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2) **Vote on your top 3 most favored tools** across all 3 boards by placing a yellow dot in the designated area.

3) Comments on tools (details about tools on the boards or other tools you would favor):

Lots of free $ out there for land banking & building public/private/non-profit partnerships are key

updating zoning regs a no-brainer

Station #5 Next Steps

1) Other comments:

Prioritize affordable housing & taps once H20 moret. is lifted. Creative strategies. An ad-hoc committee? Non-profit partners may be more suitable than Partnerships w/ private sector with more vested interest.

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

- ~~I believe the 30~~
- How did you come to find that there are only 30 short-term rentals?
- Are these Airbnb only? I believe there are many more.

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2) **Vote on your top 3 most favored tools** across all 3 boards by placing a yellow dot in the designated area.

3) Comments on tools (details about tools on the boards or other tools you would favor):

-I am for allowing more ADUs to increase density
-More regulations on Airbnb (30 days) or less and rentals (6 months or less)
there is so much stress (BSP) to move from one home to another only because landlords want more money or because they want to use their power.

Station #5 Next Steps

1) Other comments:

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Station #2 Background

1) Review the board to learn about this project.

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Station #3 Data & Issues

1) Browse through the data on the boards. Read through the issues.

2) **Vote on your top 3 most pressing issues** by placing a <u>blue</u> dot in the designated area.

3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

a complete inventory of the housing & vacant lots would there been useful as well as % of them being AirBnBs

Station #4 Tools

1) Read through all 3 boards of potential tools to address housing issues. If you want to learn more about any of these tools, read the printouts that include detailed considerations. You can also visit https://officials-housing-toolkit.cdola.colorado.gov/ on your phone to learn even more.

2) **Vote on your top 3 most favored tools** across all 3 boards by placing a yellow dot in the designated area.

3) Comments on tools (details about tools on the boards or other tools you would favor):

annexation will be fought tooth & nail because no one in the eq wants to be under the Towns rule for building etc.

Station #5 Next Steps

1) Other comments:

2) Please **drop off this paper** in the drop box or with a volunteer.

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Open House Handout
Paonia Housing Needs Assessment & Action Plan
July 13, 2023

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[handwritten text, illegible]

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3) Comments on tools (details about tools on the boards or other tools you would favor):

✱✱ Labor Challenges – having low income housing prioritized for people who work in Paonia would be awesome ✱✱

✱ For those of us just outside town limits having resources for how to build housing / ADU's on personal property

✱ Would love more info on the current annexation policy

→ oops, these are just random notes

Station #5 Next Steps

1) Other comments:

I'm wondering how to continue to be involved, only found out about this by luck at the farmers market on Tuesday. We live in the county but still happy to help! Feel free to reach out via email -

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Dedicate housing to minimum wage employees who work in the town. As Hotchkiss and Delta grow, employers will not be able to offer competitive wages to get employees to commute to Paonia. This will put a bigger strain on small businesses that will shut many down as time goes on.

Station #5 Next Steps

1) Other comments:

With the aging population of Paonia, making sure there is affordable housing for the people who will take care of the elderly, who work in the shops, public servants, and small businessess. No one is going to drive 30 minutes for $31,000 a year, when they can get the same money living and working in Delta.

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3) Comments on tools (details about tools on the boards or other tools you would favor):

Too much info to read, comprehend & decide on in this amount of time!

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

Provide networking for people living in more space than they need to find people who need housing
Encourage cooperative household/community houses as rentals
Give incentives to build actual cohousing rather than mini subdivisions
It was surprising how many houses are inhabited by single individuals
Hire a building inspector as a service position rather than a corporate entity motivated to collect as many fees as possible.

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

We need carpenters/apprentices for people power to build/training
Involve local banks and accountants
Teach people skills to be able to upgrade their home
Providing jobs and developing an apprenticeship program

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

Very complete appearing. Complex issues & potential solutions

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3) Comments on tools (details about tools on the boards or other tools you would favor):

So many good ideas. Question is which are really practicable.

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Let FREEDOM REIGN
Let BUSINESS FLOURISH
✱ No NON-PROFITS & NO GOV'T
INTERFERENC

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3) Comments on tools (details about tools on the boards or other tools you would favor):

NONE

Station #5 Next Steps

1) Other comments:

PREMATURE TO BE PLANNING THIS NOW
MORATORIUM WON'T BE LIFTED UNTIL WATER SYSTEM FUNCTIONING

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Require air BNB to also rent to locals. Example: Local can rent 3/4 of square footage with privacy; remaining 1/4 footage can be Air BNB

Station #3 Data & Issues ~~blue~~

"Old housing is irrelevant; some old houses are better than new ones

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

{ one choice "Building costs exceed what most locals can afford"
The word "building" is confusing. It assumes a new structure?
Would "Housing" be a better word?

{ "The water tap moratorium has fixed t. supply of housing" Is someone playing games? I have heard water supply is seasonal & that town is dumping excess water at those times of abundance instead of storing it.

zoning chart in your display made ∅ sense to me; needs explanation key

{ people age differently today: one of my grandma's was in a nursing home around my age; whereas I maintain home & acreage

Station #4 Tools Yellow

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- Question: How many of the short-term rentals are owned/operated by people who **reside** locally? vs. How many STR's are owned/operated by outside interests?

- It was surprising and helpful to see the disparage between housing needs and housing availability (Not enough one-room dwellings)

- Very surprised to see the prevalence of commuting in our community. Why can't the people who work here afford to live here?

- Most surprising data was the dramatic increase of "cash" home purchases made in 2022 vs. 2021. Are these buyers moving to Paonia and living here?

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3) Comments on tools (details about tools on the boards or other tools you would favor):

1. Update Zoning! ~*allow for ADUs or *allow gentle density
   update parking requirements
   Align community Infrastructure Investment
   Annexation Policy
   Right of first refusal on housing.

2. Regulate Short term Rentals!
   This is the most obvious, biggest bang-for-buck tool in our kit. STRs must be regulated AND enforced.
   Regulation should allow local residence to generate income from rentals while prohibiting outside investors from making a business from to Paonia rental income (which essentially commercializes our residential district.)

Station #5 Next Steps

1) Other comments:
   It seems to me that many of the tools presented could be implemented by the town for low cost by changing the zoning and codes and allowing Paonians to grow Paonia.
   Help Paonians use/find the resources available to maintain aging home
   Allow ADUs or multi-family units in more areas of town.
   Add density and preserve green space and public access recreation areas.

   !!! DO NOT ENCOURAGE (or ALLOW) DEVELOPERS !... ||-|

   Paonia is a very special place, full of unique and creative individuals.
2) ~~Please drop off this paper in the drop box or with a volunteer.~~ We challenge the status-quo and unsustainable paradigms. ~~████████~~ Yes, we need more housing, more affordable housing, but we do not need outside developers to solve this problem! Use the existing infrastructure map to
   ~~Thank you for your participation and interest in Paonia remaining a~~ guide rezoning ~~complete and vibrant community!~~ to allow the residents of Paonia to profit from the "growth" in Paonia.

The simple answers may be the most effective here.

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3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

Very limited options in Paonia

Seniors stuck in large houses ⎫
Families stuck in too small homes ⎬ *Do something about migrating*
Similarly — 80% residents commute out while 80% job holders " in

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3) Comments on tools (details about tools on the boards or other tools you would favor):

Being really creative about a housing program that combines public ownership of the land, private equity funding & sweat equity by future owners that helps the family build wealth

Station #5 Next Steps

1) Other comments:

Try to avoid clustering low income people together in one place - isolating them from the diversity of our community

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who are the people who need housing? Do they work? Are they old, young? Are they short term? Do they want to experience a hipster mountain town for a few months and then move on could they rent rooms or do they need houses?

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commuting statistic was interesting but where does the data come from? How long is the commute? average?

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*old housing stock shouldn't be torn down. New housing is never as charming & aethetic
Where are the local jobs for new residents. There isn't much here (look at help wanted ads!)
We shouldn't encourage commuting & Paonia becoming a bedroom community forcing low income people to commute to Delta & Montrose & Junction.
Maybe we don't make global warming worse with commuting by housing people who are forced to find work elsewhere*

[left margin, vertical handwriting:] I don't want my tax dollars subsidizing others while I struggle and cut back from dependable lumber. Sales tax revenue "should be self-supporting" Departments (water/sewer/trash/gravel) Paonia feel building Apartment

[margin notes, left side vertical handwriting:] Zone an area for a tiny house development, offer entry level / affordable price for 1st time buyers, or tiny house on small lots in (affordable) Cheap up Twin Lakes Duck apartments with cute porches. But don't give it away! If they buy it — it's theirs. Buyers can sell if they want to.

[top handwriting:] # from Twin Lakes will pay down ~~the cost of current users~~, check out community rebuild in moab,

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3) Comments on tools (details about tools on the boards or other tools you would favor):

[handwritten:] Delta housing Authority no longer does low interest loans for Rehab because commissioners eliminated the federal program administered by Delta Housing (Can this program be revived?)

Old housing needing repairs & rehab. Hire a less expensive Building inspector - County administer Town Building Dept & get rid of the for profit Contracted Company. Look at permit/costs for Hotchkiss & Cedaredge & bring them more in line

Fund to match tree work on town ROW trees.

Don't let surrounding ADUs and density impact property values of properties that only have one home.

High Taxes make life unaffordable

Station #5 Next Steps

[handwritten inserted:] Encourage single people in multiple bedroom homes to house share. Impossible with current building inspector if things need fixing up # $ # !

1) Other comments:

[handwritten:] Zoning — building height and shading to next door property don't allow "boxes" Write the code for 25' height x feet in from the boundary

[diagram labels:] sun VS 25Ft Height / require greater setback / house 1 / 25 ft high / house 2

2) Please **drop off this paper** in the drop box or with a volunteer.

[handwritten:] Maintain & repair old homes don't be overly strict with unrealistic modern codes

Thank you for your participation and interest in Paonia remaining a complete and vibrant community!

[handwritten:] Have a tree maintenance match fund. Home owners shouldn't have to spend 20% of their Annual income pruning Town trees that everyone benefits from

Open House Handout
Paonia Housing Needs Assessment & Action Plan
July 13, 2023

Station #1 Start Here

1) **Directions:** Please visit each station in numerical order, review the boards, and follow instructions on this handout and on the boards to provide input. If you need any help, find someone with "Volunteer" on their name tag.

2) **Goal:** To gather input from the community to inform the development of an implementable Housing Action Plan that the community supports by:
   a. Determining which housing issues are most pressing to the community.
   b. Getting input on which tools are most favored by the community.

[handwritten: ★LOW-COST BUILDING PERMITS]

Station #2 Background

1) Review the board to learn about this project.

2) Things to keep in mind:
   o Housing is affordable when the monthly payment (rent or mortgage, plus utilities) is equal to no more than 30% of a household's gross income (i.e., income before taxes). This applies across the income spectrum, from minimum wage to six figures and above.
   o There is no one solution to housing affordability.
   o ~~Public,~~ private, and ~~non-profit~~ sectors have a role to play in housing solutions in addition to community members.

[handwritten: PRIVATE & FREE ENTERPRIZE]

Station #3 Data & Issues

1) Browse through the data on the boards. Read through the issues.

[handwritten: NONE] 2) Vote on your top 3 most pressing issues by placing a blue dot in the designated area.

3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

[handwritten: Top Paonia responsabilities LIMITED to planning & zoning ★NOT Buying LAND or Properties RENOVATE OLD HOUSES
Building Permits are extremely expensive discouraging rehab
Get RID of SHUMCODA # DAN REARDON #
FREE!!! Market
Property Home owners build their ADU's, set the rental cost and find tenants]

Station #4 Tools

1) Read through all 3 boards of potential tools to address housing issues. If you want to learn more about any of these tools, read the printouts that include detailed considerations. You can also visit https://officials-housing-toolkit.cdola.colorado.gov/ on your phone to learn even more.

None

2) **Vote on your top 3 most favored tools** across all 3 boards by placing a <u>yellow</u> dot in the designated area.

3) Comments on tools (details about tools on the boards or other tools you would favor):

Station #5 Next Steps

1) Other comments:

UNTIL THE WATER SYSTEM IS REPAIRED/REPLACED (+/- 5 Years) STUDIES/SURVEYS LIKE THIS ARE NOT APPLICABLE

2) Please **drop off this paper** in the drop box or with a volunteer.

SAVE IT FOR 2028!

Thank you for your participation and interest in Paonia remaining a complete and vibrant community!

Open House Handout
Paonia Housing Needs Assessment & Action Plan
July 13, 2023

Station #1 Start Here

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   o There is no one solution to housing affordability.
   o Public, private, and non-profit sectors have a role to play in housing solutions in addition to community members.

Station #3 Data & Issues

1) Browse through the data on the boards. Read through the issues.

2) **Vote on your top 3 most pressing issues** by placing a blue dot in the designated area.

3) Comments on data and issues (anything missing, inaccurate, surprising, etc.):

I feel that short term rentals are the biggest, and most easily fixed issue. It's my opinion that the town of Paonia should prohibit the short-term rental of entire houses.
More apts or accessory dwelling units for singles, low-income folks + elderly are needed.

Station #4 Tools

1) Read through all 3 boards of potential tools to address housing issues. If you want to learn more about any of these tools, read the printouts that include detailed considerations. You can also visit https://officials-housing-toolkit.cdola.colorado.gov/ on your phone to learn even more.

2) **Vote on your top 3 most favored tools** across all 3 boards by placing a <u>yellow</u> dot in the designated area.

3) Comments on tools (details about tools on the boards or other tools you would favor):

I don't think that the Town of Paonia should be in the housing business. The Town is not equipped to add more to its management plate.

Affordable housing is crucial to the town for many reasons, including allowing people who work in town afford to live in town

Station #5 Next Steps

1) Other comments:

As a business owner in town, I see affordable housing availability as a constant stress for my employees. When someones rental is sold to an out-of-towner to be airbnb'd, there's a big concern that another place will not be available.

2) Please **drop off this paper** in the drop box or with a volunteer.

Thank you for your participation and interest in Paonia remaining a
complete and vibrant community!

APPENDIX E – TASK FORCE MEETING SUMMARIES

[intentionally blank]

PAONIA HOUSING NEEDS ASSESSMENT AND HOUSING ACTION PLAN

Housing Task Force Meeting 1 - *Summary*

Wednesday, May 24, 2023

5:00 – 6:30 pm

Town Hall

Introductions

In attendance: Patty Kaech, Dave Knutson, Bobby Reedy, Alisha Michelsen, Marissa Mommaerts, Linda McCone, Paige Smith, Mary Difranco, Andrew Coburn, Shay Coburn

Top housing issues: housing affordability in general, people wanting to maximize sale prices/rental income, lack of good jobs, aging housing and residents, need for housing upkeep/maintenance, high utility costs, short term rentals, water moratorium, health impacts, out of town investors, and more.

Project Overview

This project includes using data to identify the housing needs and issues in the community (Needs Assessment) and developing a plan to help meet that need and address issues (Action Plan). Please visit www.urbanruralcontinuum.com to see examples from other Colorado communities. While this project will not solve all issues related to housing affordability, it will create a path for the community to address the issues. Although the Town Board plays a key role, keep in mind that this is a community-wide project and the public, private, and non-profit sectors have a role to play in the solutions.

Project Principles

- No surprises: regular Board updates and community participation
- Strong coordination with Master Plan efforts
- Avoid going to the well too many times: don't exhaust public participation
- Don't reinvent the wheel: use past plans and studies when applicable
- Be realistic: see Paonia as it is and plan within its capacity
- Keep it simple: documents will be clear and concise

Role of the Task Force

You are project advocates and champions of this effort for your community. We want you to help connect the community to this project and connect us to the community. We hope you can attend three more Task Force meetings and the housing-specific open house, review draft documents, and provide guidance and input. Trustees Smith and Knutson are the project's Board liaisons.

What Has Been Completed and What is Coming Up

Completed: Kicked off the project, reviewed background docs, worked on forming the Housing Task Force and planned first meeting, started data collection, created list of existing housing resources that will be refined throughout the project, drafted employer questionnaire, created page on Town's website about the project and to collect email addresses for project updates.

We are working on: Finalizing the Housing Task Force, publishing the employer questionnaire, preparing for interviews/focus groups, conducting interviews and focus groups, data analysis, and developing an initial list of strategies.

Monthly updates are being provided to the Town Board for the first meeting of each month. Please see the updates for more information.

For Discussion

- Schedule
  - Task Force meeting #2 for the week of June 19 – *Planned Wednesday, June 21, 5-6:30pm*
  - Open house for the week of July 10 – *Planned for Thursday, July 13, 5:30pm, location and other details to be determined.*
- Terminology – affordable housing, community housing, etc.
  - What term(s) should we all use and not use?
  - Affordable housing is typically defined as housing that costs no more than 30% of a household's gross income. This way it is a simple math problem that is applied the same way whether a household's income is $25,000/yr. or $250,000/yr.
  - *"Affordable housing" can be a problematic term and is mis-used by many. We will use the definition that housing is affordable when the monthly payment (rent or mortgage, plus utilities) is equal to no more than 30% of a household's gross income (i.e., income before taxes). This definition is industry standard and used by federal and state housing programs. This applies across the income spectrum, from minimum wage to six figures and above.*
  - *"Housing for the Community" is the Task Force's preferred term and it means, dwellings occupied by residents who live and/or work in Paonia. This concept is sometimes referred to as "workforce" or "attainable" housing. The intent is that community housing meets the full range of rental and ownership housing types and prices needed to support household changes over time and ensure Paonia remains a complete and vibrant community.*
  - *The consultant team will be sure to define any technical terms used. Terms can be revisited with the Task Force later in the project if needed.*

- Employer questionnaire – what is this and why is it helpful? Please review. What is the best approach for us to publicize this to local employers?
  - *The consultant team hopes to learn from employers about the demand for housing, commuting patterns, impact of housing on operations and housing issues and needs. This is data that is not available elsewhere.*
  - *This questionnaire will first be shared with the Task Force for their input. Then it will be shared with businesses in and around Paonia, not employers solely in other towns.*
  - *The Task Force expressed concerns that the Paonia residents who employ themselves through one or more cash jobs will likely not fill out the survey which may leave a gap in the data.*
  - *The Task Force will help spread the word to employers and those self-employed to fill out the questionnaire.*
- Interviews/Focus Group – we need to connect with local realtors, property managers, builders, and others to help inform the Needs Assessment. Discuss who might be helpful to connect with.
  - *The group brainstormed a list. The Consultant team will connect with those identified.*
- Project goals.
  - *The group brainstormed what people were not yet represented by the Task Force. Those identified will be contacted with an invitation to the Task Force.*

What the Task Force Should Do After This Meeting

- Save the date and plan to attend the next Task Force meeting and Open House. *See dates above.*
- Complete a test run of the draft employer questionnaire and send comments to andrew@urbanruralcontinuum.com by end of day on Friday, May 26. Also help us get local employers to fill it out. *Link to be provided via email.*

PAONIA HOUSING NEEDS ASSESSMENT AND HOUSING ACTION PLAN

Housing Task Force Meeting 2 - *Summary*

Wednesday, June 21, 2023

5:00 – 6:30 pm

Town Hall

Introductions

In attendance: Linda McCone, Alicia Michelsen, Bob Reedy, Dave Knutson, Paige Smith, Jennica Schevene, Patti Kaech, Gia Fanelli, Marissa Mommaerts, Mary Difranco, Lyn Howe, Molly Wheelock, Andrew Coburn, Shay Coburn.

Consultant Update: What Has Been Completed and What is Ongoing or Coming Up

Completed: project kick off, formation of the Task Force, Task Force meeting 1, review of past plans and studies.

In progress: employer questionnaire (getting a good number of responses, will work to get more), interviews (completed about 10, have about 5 more), drafted resources list, data gathering and analysis, drafted issues, drafted potential actions list, and planning for the Open House.

Coming up: targeted outreach, Open House event, draft Housing Needs Assessment, and continue to refine the list of strategies.

For Discussion

- Housing Resources Document – <u>see attached</u>, review and finalize
  This document summarizes existing public housing resources. This will be clarified on the document. The Task Force was concerned that many of these resources are Delta-centric and expressed a desire for more in Paonia.

- Open House: July 13, 5:30-8:30pm, Teen Center – *the Teen Center is now called the Ellen Hanson-Smith Center, but people may not know it this way. When publicizing the Open House also say something like "Teen Center in Paonia Town Park"*
  - o Format – *a true open house where people can arrive at any time and stay for 30 minutes to the full 3 hours. This will be made clear when the event is advertised.*
  - o Content – *there will be a circuit for people to follow beginning with a Start Here table that gives instructions for the event and defines the goals. The 2nd station will include information about the project. The 3rd station will be about existing conditions and issues – and voting on top issues. The 4th station will display potential actions and provide an opportunity to vote on preferred actions. Consultants will create a summary of feedback received during the Open House and share that with the public.*
  - o Plan to publicize – *fliers will be posted around town, shared on Facebook, sent to email addresses collected thus far, and some other organizations will share with their members. KVNF was identified as another important way to publicize the event.*
  - o Will need volunteers to help host a station – *many of the Task Force members volunteered to help at the Open House. Consultants will be in touch with roles and details.*
- Review Initial Issues and Actions – <u>see attached</u>, review and refine to assist consultant team in preparation for the Open House

  Issues: A few surprising items were discussed like age distribution showing an aging community, the number of short-term rentals not being higher, and how cash purchases of homes have increased. Discussed that most data shared at the meeting is representative of residents living within the town boundary, which is the geographic scope of this project. Some data inclusive of nearby areas in unincorporated Delta County will be used/referenced (like area jobs data to inform housing demand). Discussed many issues happening in the area and nationally. The information in the issues document is generally okay to present at the Open House with a few tweaks.

  Actions: The water moratorium was discussed and some of the actions will be adjusted to clearly reflect that reality. Discussed current zoning and it was clear there is a desire to dig into that topic further to potentially adjust current zoning regulations and the zoning map. Generally, the list of potential actions presented is okay to present to the public during the Open House with the few edits discussed at the meeting.
- Schedule Task Force meeting #3 – July 31, August 1 or 2 – *likely August 2 at Town Hall. The meeting date and details will be confirmed via email.*
- Targeted Outreach – we plan to connect with various groups to gather more input. Any ideas and contacts? *A list of ideas was compiled. The consultants will reach out to this list.*

What the Task Force Should Do After This Meeting

- Plan to attend the Open House on July 13, 5:30-8:30pm, Teen Center.
- Plan to attend the next Task Force meeting as planned during the meeting. Schedule time ahead of the meeting to review the Draft Housing Needs Assessment.

PAONIA HOUSING NEEDS ASSESSMENT AND HOUSING ACTION PLAN

Housing Task Force Meeting 3

Tuesday, August 1, 2023

5:00 – 6:30 pm

Town Hall

Please review all attached materials prior to the meeting. There is a lot to cover in 90 minutes, so targeted feedback is requested.

Introductions

In attendance: Linda McCone, Dave Knutson, Lyn Howe, Molly Wheelock, Bob Reedy, Paige Smith, Mary Difranco, Patti Kaech, Andrew Coburn, Shay Coburn.

Consultant Update: What Has Been Completed and What is Ongoing or Coming Up

Completed: project kick off, formation of the Task Force, Task Force meeting 1, review of past plans and studies, Task Force meeting 2, Existing Public Housing Resources document, employer questionnaire, interviews, and community-wide Open House.

In progress: finishing up targeted outreach, draft Housing Needs Assessment to be reviewed by Task Force today and then by Town Board 8/22, and draft Housing Action Plan.

Coming up: final Task Force meeting 4 and optional add-ons as approved by the Board 7/25 (first draft of updated code language for up to 4 of DOLA's qualifying strategies and a strategy for development of an affordable housing project).

For Discussion

- Open House debrief, see Summary

  This document summarizes the Open House process and input received. It will be an appendix to the final report and put on the Town's project webpage in the meantime. Observations were discussed from the event and from the input received. It was noted that many of the participants spent considerable time providing thoughtful input and that the results of the voting and comments are very important to consider for the Action Plan.

- Review Draft Housing Needs Assessment

  The draft Housing Needs Assessment was shared with the Task Force a week before this meeting for their review. The purpose of this review was to identify inaccuracies, etc., prior to going to the Town Board. This is part one of the project, with part two being the Action Plan. This Needs Assessment includes more detail on the data and issues presented at the Open House.

  Discussion included a comment that some information was surprising to learn about (i.e., commute costs), the impact that the eventual coal mine closure will have on the community in the future, tourism, the need for higher paying jobs, the water tap moratorium as it relates to mine owned taps and housing strategies, pets in relation to ADUs and rentals, a desire to start action planning and ideas or preferences for strategies, and the importance of actually taking action based on this assessment and the forthcoming action plan.

  Task Force comments will be accepted on the draft until the end of the day on Friday.

- Schedule Task Force meeting #4 – *Scheduled for Thursday, August 31 5-6:30pm at Town Hall.*

What the Task Force Should Do After This Meeting

- Plan to attend the next Task Force meeting as planned during the meeting *(8/31)*. Schedule time ahead of the meeting to review the Draft Housing Action Plan. *The draft Action Plan will be in more of a draft form than the Needs Assessment from this meeting.*

- *Plan to attend the Board meeting on 8/22, where the Town Board will review the draft Housing Needs Assessment.*

PAONIA HOUSING NEEDS ASSESSMENT AND HOUSING ACTION PLAN

Housing Task Force Meeting 4 – *Summary*

Thursday, August 31, 2023

5:00 – 6:30 pm

Town Hall

.

In attendance: Gia Fanelli, Dave Knutson, Linda McCone, Molly Wheelock, Lyn Howe, Paige Smith, Mary Difranco, Bob Reedy, Andrew Coburn, Shay Coburn.

Consultant Update: What Has Been Completed and What is Ongoing or Coming Up

Completed: Finished targeted outreach - had detailed discussions with 36 community members, sent the draft Housing Needs Assessment to the Board of Trustees which was then discussed at the Aug. 22 regular board meeting, prepared a working draft of the Action Plan for this meeting.

Coming up: consultant team to address comments received on the draft Housing Needs Assessment, send the draft Housing Action Plan to the Board prior to the work session scheduled for Sept. 11, review the land use code, prepare first drafts of 4 targeted code edits, prepare the example development strategy, and compile the final document (expected end of October 2023).

For Discussion

The consultant team noted that the purpose of this task force meeting was to review the working draft of the Action Plan and ensure that it is aligned with the issues and favored actions identified by the community during this project prior to it going to the upcoming Board of Trustees work session.

Review Draft Housing Action Plan

- Goal for this plan:
  - Create a clear and concise plan for the community to address housing issues.

Thank you to the Task Force for your time and input through this project. We couldn't have done it without you!

- o   Reach community consensus on the plan which is "we all agree that we can live with the actions in the plan and won't actively undermine it." The distinction is you don't have to wholeheartedly agree, but "understand and can live with it."
  o   Seek action plan acceptance among the broader community so the plan can be implemented.

The above goals for the plan were understood by the Task Force.

- What to review:
  o   Are any actions missing?
  o   Do the action items align with what you have heard and what you think the community supports?
  o   Does the priority level align with what you have heard and what you think the community desires?

Each attendee provided their feedback on the above questions. Generally, no actions were found to be missing from the plan. Attendees delved into the details on some of the actions to ask questions, share ideas, and clarify details.

- Input on site for sample development strategy.

The consultant team is under contract to create a sample strategy for the potential development of an affordable housing project. The task force discussed publicly owned properties in town and which property might serve as a representative example for the consultant team to use. The old sewer lagoon/twin lakes site was identified as the favored site. It was noted that regardless of the site the consultant team focuses on, the information to be provided is intended to be educational and illustrative in nature. It does not commit the town to anything and does not mean that a development will come to fruition on any particular site.

- Input on first draft code revisions.

The consultant team is going to prepare a first draft of code revisions as a separate deliverable from the combined Housing Needs Assessment and Housing Action Plan. The first draft of code revisions will address 4 topic areas: A) The creation of an expedited development review process. B) Authorizing accessory dwelling units where appropriate. C) Ensuring small square footage residential unit sizes are allowed. D) Regulating residential units rented on a short-term basis (30 or fewer days). The intent is for the Town to use this first draft to begin the process of updating the land use code through their typical process.

The consultant team recommended that the regulations be simple and enforceable, and that the most important things are regulated first and adjusted later once more is learned about what is working and what is not. The consultants shared their suggestions for regulating short-term rentals and allowing for ADUs based on all public feedback received over the course of this project as well as their experience. Attendees provided input and discussed the pros and cons of different approaches.

What the Task Force Should Do After This Meeting

- Consider attending the Town Board work session for their review of the draft Housing Action Plan. We will email you with more information.

  The work session is planned for September 11, 5-7 pm. The aim is to be able to accept public comment at this work session.

- Plan to attend the Board meeting where the Housing Needs Assessment and Housing Action Plan will be considered for adoption. We will email the Task Force with more information.