



Preservation of Housing in Rural Colorado

RMLUI Western Places/Western Spaces

March 5, 2020



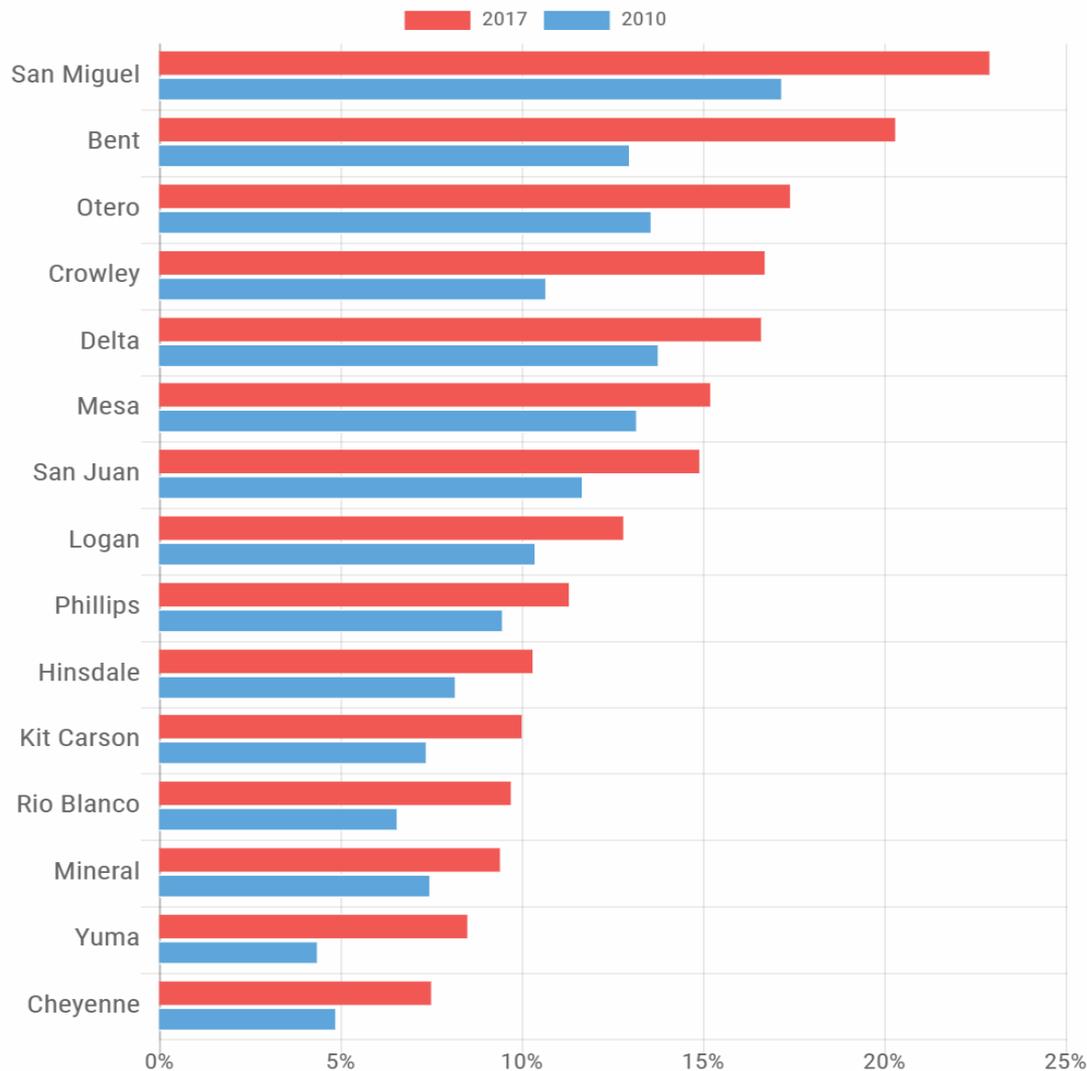
Why Preservation?

- Costs less than new construction
- Prevents displacement
 - Keeps low -income individuals and vulnerable populations such as Seniors & People With Disabilities Housed
- Keeps a Valuable Subsidy In State
- Avoids NIMBYism
 - Already developed, sited

Why Rural?

- Poverty remains a challenge in many rural communities. 70 percent of the 473 "persistent poverty" counties in the United States are rural.²
- USDA Section 515, the largest federal affordable rental housing program for rural communities is largely at risk of losing restriction and rental assistance.
- LIHTC New Construction Not Reaching Many Rural Communities (size, scale, incentives)
 - Incomes
 - Cost of Construction
 - Market
- Rural communities in Colorado are significantly cost-burdened

Colorado counties severely cost-burdened by housing

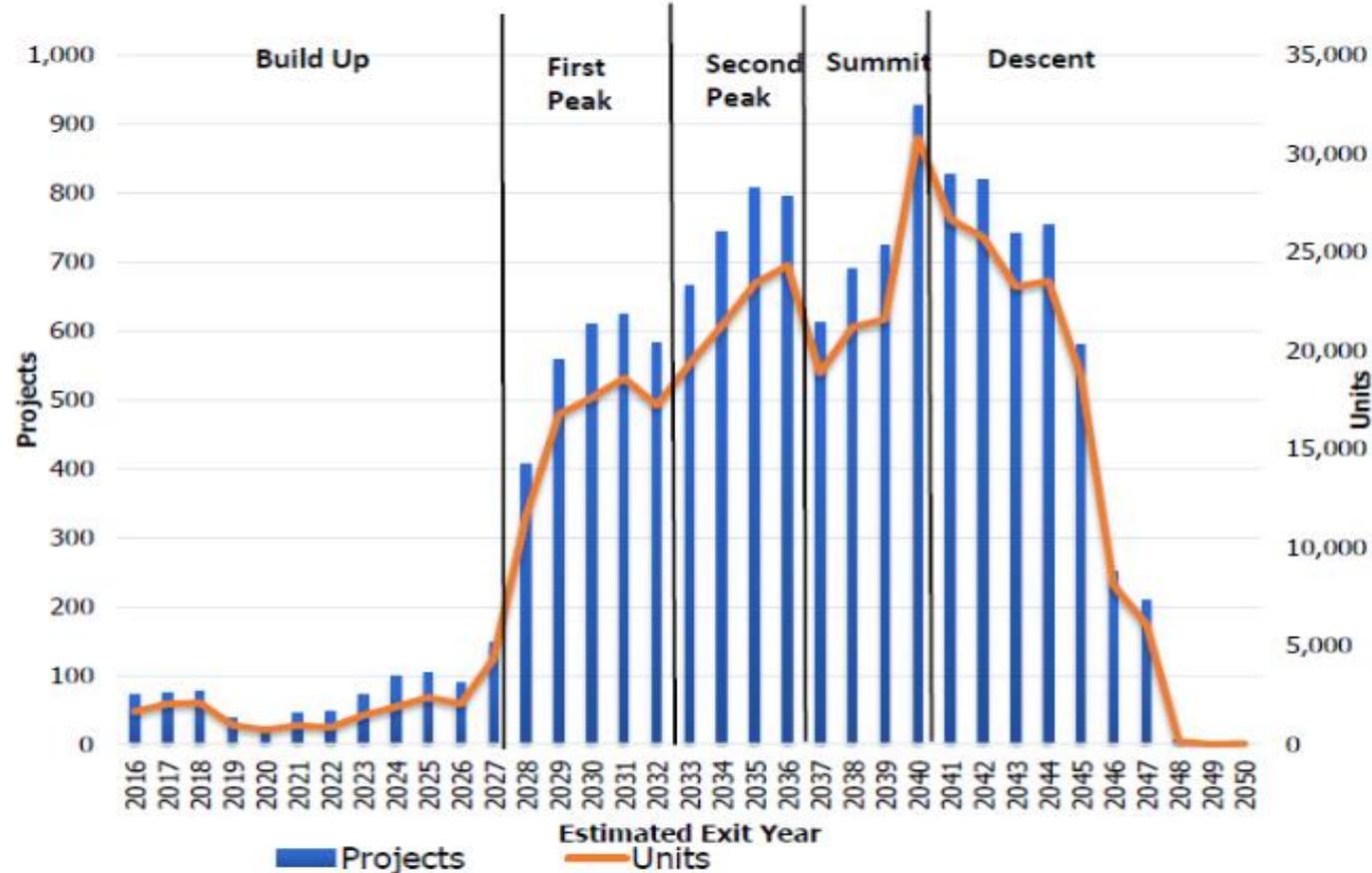


SOURCE: PEW RESEARCH CENTER
BASED ON AMERICAN COMMUNITY
SURVEY

DATA DESIGN: ERIC LUBBERS, THE
COLORADO SUN

Affordable rural stock is at high risk of being lost

Maturing USDA Section 515 Rural Multifamily Loans Estimated Loss of Properties, 2016 - 2050



Source: Housing Assistance Council. (2018). *Rental Housing for a 21st Century Rural America: A Platform for Preservation*.

At risk in Colorado

USDA 515 Stock in Colorado

- 129 projects in Colorado financed through USDA RD 515/514-516
- 3,738 affordable units.
- Many of these units are at risk of losing their Rental Assistance (RA) once the properties exit the program when the mortgage matures.
 - Tenants living in the units receiving RA will be hardest hit, since they have very low incomes averaging about \$10,000 annually.
- Primarily developed in the 1970's and 1980's and the housing is in need of recapitalization and rehab.

CHFA Preservation Database

- 1,400 Multifamily Properties and 72,000 Affordable Units
 - Expiring in the coming 15 years
- 260 Properties on Prioritization Flag List
 - 13,600 affordable units
 - All expiration dates < 3 years

Where? By whom and with what?

- Existing owners who want to preserve affordability in the long-term
- Sellers who see the value of preserving affordable housing and are willing to work with buyers to make that happen.
- Mission-oriented buyers
- Resources:
 - Energy Outreach Colorado
 - Colorado Division of Housing (CDBG), Housing Trust Fund
 - CHFA is developing a new product for preservation

Case Study: Manzanola Gardens

- 10 units for families at 30% AMI
- Built in 1973, rehabbed in 1982, 2014
- Improved energy efficiency, interiors, electrical & plumbing, walls, mechanical, accessibility
- Total Project Cost: \$614,188
- 28% CDBG, 72% new USDA 50/yr loan at 1% interest
- USDA deferred existing mortgage for 20 years



*Location: Manzanola, CO
Otero County
Project Type: Rehabilitation
Owner: Otero County
Housing Authority*

Cedar Village & Canyon Country Mobile Home Parks

- 48 mobile homes located in two parks
- Built in early 1960s
- ROC USA and Thistle provided technical assistance to residents to form a cooperative and purchase their mobile home parks
- ROC USA pre-development funding and permanent loan of \$2 million
- DOH grant of \$600,000 to assist with infrastructure improvements



Location: Cañon City, Fremont County
Project Type: Mobile Home Park Purchase
Owner: Rocky Mountain Homeowners Cooperative

What's needed to make preservation possible

- **Local and state resources** to match federal funds;
- **Developer capacity** to coordinate multiple funding streams and put together complex deals;
- **Collaborative relationships** between buyers and sellers;
- **Local policy context** that allows for innovations in the field; and
- **Policy networks** that allow for transfer of knowledge, techniques, and interventions from one place to another.

What is Enterprise Doing?

- **Rural Preservation Academy** (Starts April 7)
- **Rural & Native American Initiative**
- **Section 4 Capacity Building Grants**
- **Training & Technical Assistance**
 - Capacity Building for CDC's, CHDO's, Tribal nonprofits
 - Rural Preservation Academy- this year in CO
 - Technical Assistance Contract with USDA on Maturing Mortgages and 515 Transfers

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