Preservation of Housing in Rural Colorado

RMLUI Western Places/Western Spaces

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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
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

Data 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.

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
- 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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