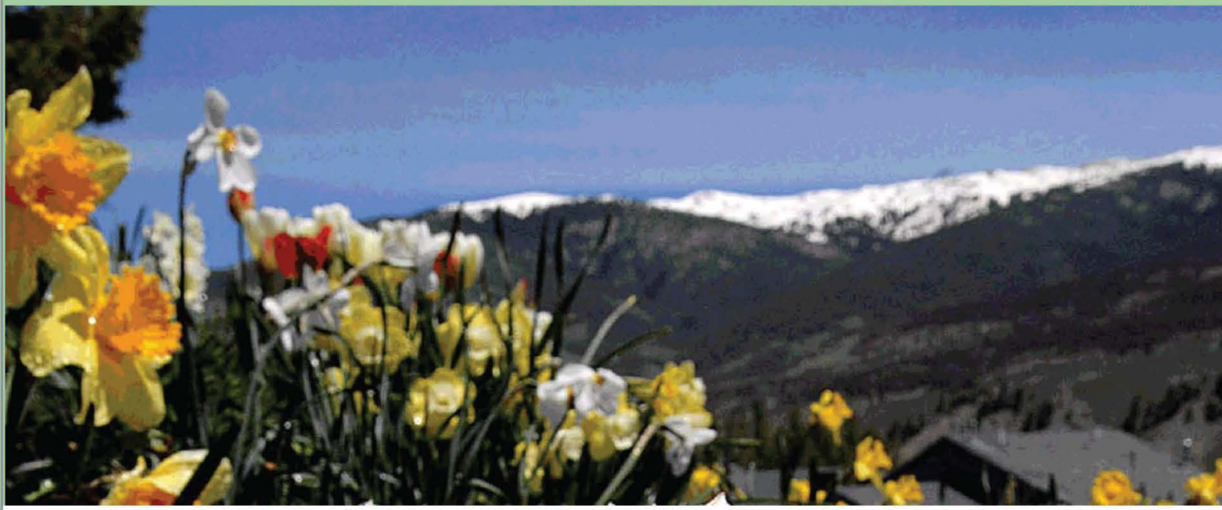
Northwest Colorado
Council of Governments

eNews

April 2022



From the Director's Desk -

Prioritizing “Rooftops over Tents”

What happens when a mountain community approaches workforce housing as if responding to a disaster?

Those of us in attendance at the Spring Colorado City and County Managers Association (CCCMA) conference in Glenwood on April 14th got a glimpse of two communities that recently treated housing as a crisis. The panel included Winter Park Manager Keith Riesberg, and Salida Administrator Drew Nelson. Both reported a rapid acceleration of housing policy since the Summer of 2021 motivated by community input to their organizations. What they heard? Move now on housing. Unlike typical policymaking, the the housing policy time horizon is changing from years in the future to, “how do we roll something immediately?"

Reisberg credits an actual disaster with informing Winter Park’s approach. “It was community response to the East Troublesome Fire” when many Short-Term Rental (STR) owners in the upper Fraser valley contacted the town to offer their STR units as long-term rentals to the “several hundred” households displaced by that fire. Prompted by compassion, and success placing families, a different relationship soon emerged between the town and STR owners. Concurrent with the COVID pandemic, that fire “brought community leaders together to ask how they could get something done this year.”

One approach in Winter Park was that the assistant town manager, Alisha Janes, effectively became a full-time housing responder tasked with standing-up an STR program for workers quickly. Janes said that a committee hatched the “pay for STR” idea last August. It was implemented through emergency ordinance. Forms were drafted and a website created by October. The first transaction occurred before November in preparation for the influx of workers for ski season. Reisberg said, “once you launch, you need to start addressing the policy questions.”

In moving quickly, not all obstacles can be anticipated. In spite of a willingness to help, it turns out that many STR owners are wary of seasonal workers. STR owners, Reisberg noted “were hesitant” to rent directly to workers passing through a seasonal revolving door. Their solution was to use general fund money to pay STR owners a

margin on what they perceive as a loss and have established business owners who are clamoring for employees be the lease-holders for the tenants. This provided the STR owner a "higher level of security" and because of Colorado law, also makes it easier to remove a problem tenant. The short term communications program is known as "Good Neighbor" while the program entitled "Short Term Fix" offers cash for the season to STR owners who instead lease to workers, in increments depending on the length of lease and number of bedrooms, from $5,000 up to $20,000. It is a program that existed until the $325,000 allocated by the town ran out in December. As of April, the program has not been started up for 2022 yet.

The rapid deployment of policy can be messy. Salida also developed a relationship with their STR owner community recently. Asked how, Nelson smiles, shakes his head, "we did a good job of getting our STR owners engaged by pissing them off. We slapped the beehive." The engagement tools were policies adopted by the town council, capped licensed STRs to one per block, no more than 3.5% of total residential units in town and limited STR license holders to Chaffee County residents only. Those regulations vary per zone district. After a rough start, Nelson notes, "we are seeing the dividends of that engagement."

The towns are not alone in taking a learning-by-doing approach to what Nelson describes as Salida's "sizable un-housed population." Another signal to Nelson's council about the nature of the crisis has been the number of new Not for Profit Organizations (NPOs) emerging to serve workers. Those include Chaffee Hospitality Inc. which operates pop-up shelters in churches and other locations. Another new NPO called BETCH Salida (Bringing Everyone Through the Crisis of Housing) is providing rental assistance and safe outdoor space according to their website. The fact that the community was mobilizing prompted the town to innovate on the fly, like Salida buying 10 RVs to populate a new RV park on a site originally proposed for tiny homes. The RV's for this site will be purchased in 2022 utilizing ARPA funds.

The trends impacting these municipalities are national. Across the country, both individual and institutional investors are gobbling up housing stock. Many owners are converting units to short term rentals for income generation, often taking long term rental units off the market. An increase in remote workers renting units that were previously only sought by workers also has impacts on a seasonal workforce being able to find a roof as well as for local businesses that want to employ them. Nelson credits the success to the fact that "all of our programs are run through the business community." One slap to the beehive is the policy that only locals can own STRs. Take in that limit to property rights in for a moment. Asked if push-back to that idea put a wet blanket on leaders who are typically risk-averse, both Reisberg and Nelson reported that elected officials instead were emboldened by others taking action in the community and by clear support from local business owners.

Despite the name, Winter Park is becoming a year-round destination with workers coming and going for various jobs each season. Unlike some other resort towns, Winter Park has many more private rental units than hotel beds. Salida also has limited overnight lodging for the number of visitors. The seasonal flow of Salida's workers tends to coincide with runoff, and the beginning of many raft companies summer season on the Arkansas river. Nelson was surprised to learn that the need for a place to stay for a few nights for work also extends to hospital workers who don't want a 6-month lease to work for a multi-day contract. Salida has named their STR program Open Doors.

The housing issue isn't new to either municipality. Salida's administrator says the town had been moving deliberately forward on housing policy since a 2016 needs assessment. Inclusionary zoning was added in

2018. Salida enacted a multi-jurisdictional housing authority in 2021, a solution that Grand County officials from Winter Park to Granby are currently discussing. Salida was also "looking at" acquiring property for housing. Last summer the town was in discussions with local Federal land managers who were considering closing dispersed camping near Salida. Asked when Salida realized it was in crisis, Nelson said, "when citizens started coming before city council at every meeting to ask if they could just camp in town." Those requests reframed the urgency. Soon thereafter Salida allowed camping workers to stay outside city hall where bathrooms and nearby amenities existed.

The conversation at CCCMA was unusual for anyone who's participated in housing policy discussions for the past couple decades expecting risk-averse leaders to cogitate on what certain time-tested approaches might be acceptable in their communities someday. What is different now? For one, the urgency was defined by the business community. For two, leaders are shaping their policies on the run. How do they get away with that?

Reisberg is quick to also say that their approach is informed with cautions. Paying STR owners in Winter Park, Reisberg says it had to make economic sense to the owners. Town is aware that those dollars are not a long-term investment in solving the issue. He points out that council weighs every housing dollar spent or invested against the number of workers housed or units created. Town is wary of getting itself into the landlord or property management business. The backdrop has generated unusual political license to act swiftly rather than trying to answer all the possible questions up front.

The urgency is bending political norms. Noting how the crisis has impacted Salida and Chaffee County's rather conservative politics, Nelson said that the city had little opposition recently when it utilized eminent domain "for the first time since being founded in 1880" to acquire a failed apartment project to build housing on the site. It has also recently increased its inclusionary zoning ratio for new development from one unit per 8 to one per 6. Does inclusionary zoning drive developers away? Nelson insists instead that it signals for them to come to the city to negotiate up front and get creative. For developers who build housing for under 60% AMI, he points to a developer who came in requesting to do a Low-Income Housing Tax Credit (LIHTC) project at one location in town if they could transfer those credits to build market rate units in another location.

Towards the end of the session, moderator Kim Newcomer of Slate Communications asked how often the two managers had been tasked with evaluating or re-calibrating their approaches to the crisis. Reisberg quipped "every two weeks when we have a council meeting." He insists that in Winter Park, "we are viewing this as a temporary solution." Nelson said they have "changed fees" or enacted new housing policy in Salida "each month for the past six months." Though both noted that they are trying to address the housing crisis with existing staff without making many long-term commitments they also acknowledged that operating in crisis mode for so long will likely have to shift to more sustainable approaches.

Asked "how does this end?" Nelson said, "when we get through the emergency phase, I hope we can prioritize rooftops over tents for people. Housing insecurity is going to send workers somewhere else." A crisis puts everyone out of their comfort zones, the choice of roofs or tents is not something one expects to hear from leaders in mountain communities.

Both leaders express hope that many approved but unbuilt units in each of their communities will come on line soon, and that other long-term public housing investment strategies that involve years instead of weeks to bear fruit will do so within the next 12 to 24 months so that the churn of temporary solutions can slow.

Jon Stavney
Executive Director - NWCCOG
JStavney@nwccog.org

Northwest Loan Fund provides much needed equipment for fast growing business

Steamboat Springs - It all started in Sam Nelson's kitchen. He was craving a good tasting, organic energy bar to fuel his outdoor activities – the kind he'd had while working as a guide in the Fjords of Iceland. Nothing commercially available at the time could quite measure up. He just started experimenting. He said, "When I started, I didn't measure anything, I'd just spread the ingredients out and eventually started keeping track of the ratios, until I finally got it right. I shared the bars with my friends and people started

Sam (left) and Jason (right) enjoying a break trekking the Westfjords of Iceland.

wanting to buy them."

One of those friends, Jason Friday, convinced him to get serious about his creation and turn it into a business. And that's what happened. Sam and Jason started producing and selling Sam's creation.

The first retail sales of BAR-U-EAT was in January of 2020. At that time, they had no interest in getting more money for production, they were profitable and growing, but at a certain point they realized demand was picking up and there was the opportunity to grow more business immediately. They looked at all their options and came to terms with the fact that they'd need more money to grow, as they could no longer fund out of their own pockets – "we were paying ourselves below minimum wage and it was really not sustainable" but they were at max production and knew if they wanted to grow, they needed more investment to get into more stores.

"When COVID came along," Sam said, "it really killed the business – we had no online sales at all." They used the COVID down-time wisely to build their business plan and website. When it was done, they came out of it feeling better about what they were doing. Sam said, "We prepared for new flavors, new presentation, new packaging – we were ready. We tested the merchandise at the Steamboat Springs Farmer's market to wild acclaim." The new packaging arrived, and in spring 2021, they launched the new product lines and flavors with their compostable packaging.

Realizing they would need additional capital, the pair looked to the SBA for loan assistance and at traditional banks – but because they had under 2 years of sales – even with being in over 120 retail accounts – it just was not enough for conventional loans. Matt Mendisco, Town Manager of Hayden, and his team gave Sam and Jason a list of contacts and connections. Sam connected with OEDIT and received a grant from the Rural Jumpstart program and Jason met with Anita Cameron with the Northwest Loan Fund. She immediately saw the opportunity and worked with them on a loan to help purchase additional equipment.

While still not fully capitalized they had a solid business plan that enabled them to interest additional investors.

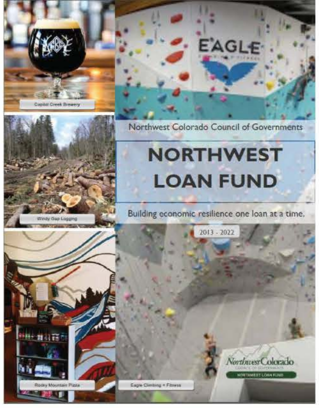
When asked why the NLF loan was important to the business, Sam answered, "Equipment – we needed equipment before we could have the conversation with investors – the loan from NLF helped us clear the biggest hurdle -- since we were at max production. With new equipment, over time, we can make 35 to 45 times more bars per year than we can now."

With more and more customers asking their local stores to carry the BAR-U-EAT brand, production must increase. The equipment will begin to arrive gradually, and the team has a strategic growth strategy so that before they enter a market, they've done sampling and marketing on the ground, so people are familiar with and interested in their products. Their primary testing ground will be with events that feature biking, river sports, and running. "Athletes are the ones who love our products and are our biggest market."

The partners appreciate being able to operate their business in Steamboat. Sam remarked, "It's inspirational being among entrepreneurs who will freely give advice, it's great to be a part of that network. We also like the constant challenges of owning a business, of being creative, of seeing the growth, watching the team grow. We'll be having employees soon. Here there is such an incredible support network, volunteers, all of that. We like the idea of helping to transition from old industries in Steamboat to helping to create outdoor brands and new industries. Making our products here locally is just really affirming."

The NLF is pleased to provide equipment to this growing business.

The Northwest Loan Fund has compiled a "sample" of the kinds of loans being made in the Region.



For many business owners there comes a time in the phases of starting, growing, and expanding their business, where additional funds are needed - for inventory, equipment, operating capital, real estate acquisition, business acquisitions, and the like. Funds that can mean the difference between moving ahead or falling behind. In these days of increased lending regulations, it has become even more difficult for small businesses, especially in the start-up phase, to get access to needed funds. Enter the Northwest Loan Fund.

To see examples of of our loan fund clientsclick here. I you have questions about the NLF contact Anita Cameron at Anita@NorthwestLoanFund.org.

Combating Calamity with a COOP

After two years of cancelations and moving to virtual platforms, the era of in-person conferences is back (albeit, masked-up). Vintage team members, Tina Strang and Erin Fisher, presented at the American Society on Aging's annual conference in New Orleans in April. Their presentation, *Combating Calamity with a COOP: Your Agency's Guide to Emergency Planning*, taught attendees why preparing for emergencies also assists in succession planning and makes one's team stronger and more resilient.

The Vintage team had been focused on COOP planning for just over two years utilizing external experts and a sustained focus on how to continue results and outcomes to clients and partners through internal or external risks. "Adapting to the pandemic at Vintage made it clear that this was vital work that couldn't wait. Each of our team members has an array of important duties that deliver value across the region, and people have come to count on us." Tina and Erin had an opportunity to practice their presentation at a recent NWCCOG staff meeting. The COG as a whole has been active in continuity of operations preparations for a number of years now including cross training and written manuals for each position, though it has yet to adopt a formal organization-wide COOP plan.

COOP - Continuity of Operations Plan meant to ensure that Primary Mission-Essential Functions continue to be performed during a wide range of emergencies, including localized acts of nature, accidents and technological or attack-related emergencies.

Rents UP!

After the lead article referencing rooftops or tents, it will come as no surprise that rents have risen at the fastest pace in decades – making housing costlier than ever for many Americans. According to research firm CoStar Group, rents rose and average of 11.3% nationally during COVID and are expected to rise another 6% just this year. Some places, notably in the Sunbelt, rents have gone up as much as 39%!

In our region (as reported by the Washington Post) Routt and Summit were up about 4%, and Eagle was up 11%. Other counties in the region are not listed. As one might surmise, the lowest-income folks, younger households, and minority households are being hit the hardest by rising rents and lack of supply. Remarkably, according to a recent study by the National Low Income Housing Coalition, there is not a single state, metropolitan area, or county where a typical minimum-wage earner can afford a two-bedroom rental.

What does this mean closer to home? We will continue to be unable to attract and retain many of the kinds of workers we need to keep our rural resort industry wheels turning. While leadership in our communities, wrestle with the need to provide adequate housing units, balance the need for short term rentals, and the attendant issues that weigh on these challenges, some open their home ADU's to help off-set essential workers inability to find affordable housing. By working with businesses in need of mid-level employees, many of these workers have been screened by the employer and given positive recommendation to those with ADU's to rent. The owners of the ADU's have prioritized providing an affordable unit for a worker that is providing important work for the community over making more by renting via the STR model. One such owner said, "For us, the situation is a kind of triple bottom line and much better than maximizing profits with random people we don't like or trust under our roof. Our renter is paid well enough to afford our rent expectations and is visibly proud to pay each month. Our renter also is providing a valuable service in our community, and we get modest income from someone we like and trust." Just one example of a win/win solution to a thorny problem.

REGISTER NOW

2022 NWCCOG Regional Economic Summit

Thursday, May 5
at the Silverthorne Pavilion
400 Blue River Parkway, Silverthorne, Colorado
8:00 a.m. - 1:30 p.m.
Broadband Summit following at 2:00 p.m.
Cost: $25
Agenda and registration HERE

Join us for a half-day of engaging discussion on the Forces at Play in our region. The day will be kicked-off with a presentation from Elizabeth Garner, State Demographer, on Demographic and Economic Trends in the region, followed by an interactive discussion led by Insight Collectives, a not-for-profit collaboration of destination travel industry experts working with mountain resort community stakeholders to understand, plan, and navigate the pandemic-influenced economy and its many unintended consequences. The summit will also have panels on Sustainable Tourism/Destination Management efforts in the region as well as a panel exploring the opportunities and challenges of the business community.

Next Council Meeting - Thursday, MAY 26, 2022
Full Council Meeting, EDD Board Meeting
Location: Zoom Conference Call, On-site location TBD
Time: Council 10:00 AM - 12:00 PM - EDD 12:30 PM - 2:30 PM
Primary Agenda Items: Member survey results; approve 1st Quarter financials; review/acceptance of 2021 audit; approve March minutes; overview of Vintage and Energy to budget for Fiscal Year beginning July 1 and any related program changes