

A County and a Town Walk into a Housing
Project...

#6 Gunnison retains public housing as regenerative asset

Continuation

Using Whetstone in Gunnison County as a workforce housing development case study, this issue builds on our [series from last week](#). The story is complex and illustrates the almost insurmountable details that must be considered, hammered out, negotiated, renegotiated, and ultimately approved for a project to result in livable units. Gunnison County has provided detailed edits and signed off. Stay tuned” to this space as each installment builds on the preceding to clearly illustrate the complicated story of affordable housing.



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Gunnison Retains Public Housing As Regenerative Asset

As part of the plan to finance Whetstone, the county will use the rent revenue from Sawtooth, another 50-unit project self-funded by the county utilizing some of the one-time revenue and sales tax increases many local governments have experienced over the past 3 years. Owning a property “is a huge asset, and we shouldn’t just be giving these things away to developers to take profits if we can find a way to keep revenue generated by projects and reinvest into the community,” says John Cattles, Gunnison County Assistant Manager. Having a cost-coverage model allows revenues to be re-invested in the community as opposed to a profit-based model where profits would be extracted. Gunnison County is self-financed with some assistance from the DOLA Division of Housing. “We are holding the debt. Our goal is for the project to be a sustainable revenue source based on rent revenue to pay down debt. We have done various public-private partnerships and LIHTC (Low-income Housing Tax Credit). Still, we advise our board to be careful” of those models. With this approach, “we leverage public dollars so that the County can create longer-term benefit from public ownership.”

Financing and operating the housing projects allows the county to serve renters “as low as 80% AMI.” Cattles points out that issuing municipal debt allows the county to borrow at an interest rate often--2 points below the private sector. In other words, the County has a vision far more ambitious than just

building Whetstone. That is if they can get it through their land use process and three state agencies in a timely manner and start building during a brief construction season at 9000'.

As the public sector struggles to develop enough affordable housing, revelations about the “developer side” of the public land use process are emerging to those who usually manage the other side of the review process. Cattles and Gunnison County strongly believe that the best way to build “affordable” housing is for the public sector to build it.

One Colorado state law on housing policy is already in effect. How it impacts or doesn't impact the speed of local government review of land use involving housing is yet to be seen. Fast-tracking housing is a crucial element of Proposition 123, which created the [Colorado Affordable Housing Fund](#). That is being implemented now by [DOLA](#) and the [Colorado Housing Finance Authority](#) (CHFA). There will be three rounds of funding for housing from 123 funds. Starting this year, many local governments are agreeing to meet certain percentage goals to build a specific number of affordable housing units each year to be eligible for the pool of funds. In the following rounds, there may be less participation as the law requires participating agencies not only to meet the unit goals but also to implement fast-tracking of development proposals. For example, the considerations being made by the Town of Crested Butte about how Whetstone will impact the long-term viability of their utility fund and future impact on customers don't seem too containable in a fast-track box, nor do state agencies that take 12 months to review a permit or 6 months to issue a grant contract check those boxes for fast-tracking. This is one of the policy experiments coming from the state that will test whether the carrot of some additional funding and the stick put to local governments with lengthy review processes will impact the supply of affordable housing. It is a direct call for local governments to “get out of the way” of the private sector.

Please look for Part #7 in the series next week. Previous installments can be seen [here](#).

Photo Credit: Sawtooth Housing Gunnison, Gunnison Times, September 6,2023

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