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Approved by Town Council Ordinance 2021-13 on October 26, 2021
Introduction

The Town of Avon seeks to build upon its long history as a high amenity year-round resort community through the adoption of the 2021 Avon Community Housing Plan and implementation of the strategies within. The Comprehensive Plan sets a vision for diverse opportunities for residents, businesses, and visitors. The current housing market, which offers very few affordable opportunities for year-round residents to put down roots in Avon, poses a challenge to this vision.

“Avon’s vision is to provide a high quality of life, today and in the future, for a diverse population; and to promote their ability to live, work, visit, and recreate in the community.”
- TOWN OF AVON COMPREHENSIVE PLAN, MAY 2017

The potential community benefits of increasing Community Housing efforts include:

- More housing choices;
- Increased economic stability and a more active year-round economy for local residents and businesses;
- Greater ability to retain individuals and families throughout life and career phases, strengthening the sense of community, opportunity, and quality of life;
- Increase Community Housing supply for job recruitment purposes;
- Create Community Housing in closer proximity to job centers with pedestrian connections and availability of transit, in alignment with the Climate Action Plan goals; and
- More full time residents to sustain arts and culture activities.
Goals & Objectives

Avon’s Comprehensive Plan sets two housing goals:

Goal 1:
Achieve a diverse range of housing densities, styles, and types, including rental and for sale, to serve all segments of the population.

Goal 2:
Coordinate with neighboring communities to provide an attainable housing program that incorporates both rental and ownership opportunities, affordable for local working families.
Goals & Objectives

The challenges with regard to housing needs are significant. With this Plan, the Town of Avon is setting goals, objectives, and action steps to respond. The Town’s resources include land, funding, staff time, and policy making. Recognizing that the Town alone cannot address the housing need, these resources will be used to leverage opportunities and create partnerships.

- Support the establishment of a dedicated funding source to sustain the Community Housing Fund;
- Focus on increasing deed restricted homeownership opportunities for households making equivalent of 140% or less of the Area Median Income (“AMI”). A household of three earning 140% AMI is expected to be able to afford a home price of $571,000 in 2021.
- Grow the inventory of homeownership and “missing middle” inventory, in place of additional rental housing stock, to create a more balanced portfolio with a long-term goal of more home ownership opportunities;
- When considering new rental housing, prioritize price point, quality and amenities attractive to “step up” renters and seniors looking to downsize, focusing on the 80-120% AMI level;
- Stabilize or increase the percentage of owner-occupied year-round residents; currently 56.5% of all dwelling units in Avon are owner-occupied by year-round residents;
- Stabilize or increase the percentage of Qualified Employees residing in Avon;
- Seek to add deed restricted units to the inventory through the Mi Casa program and other mechanisms;
- Partner with other communities and entities (i.e. Habitat for Humanity, Vail, Eagle County), and private employers to combine buying power and construct new housing units;
- As sites redevelop, strive for “no net loss” of units in the 80-120% AMI range, and when possible, increase housing serving the local year-round population; and
- Re-evaluate goals and objectives on an annual basis, including the ongoing monitoring of new projects and housing stock in the mid-valley; appendices may be updated by Community Development Department pending updated information.
Demand

Since 2010, and during the COVID-19 pandemic, unfilled job openings and population have been increasing much more rapidly than housing inventory, creating many challenges:

- Employers facing unfilled positions, turnover, higher training costs, and lost productivity;
- Precipitous increases in home prices, well beyond the means of most local residents;
- Loss of historically affordable purchase options to short term rental (STR) use;
- Extremely low vacancy rates, resulting in limited choices and rising costs for renters;
- Negative impacts on individuals and families, who are spending a disproportionate amount of their income on housing, commuting long distances, and living in locations or situations that are not sustainable for the long term; and
- Difficulty for growing families seeking permanent housing or upsizing due to escalating costs.
Housing Costs & Area Median Income (AMI)

**2021 Area Median Income (AMI): $90,000**

**2021 Median Home Price: $635,000**

It is important to review the availability of properties that are attainable through the Vail MLS for local residents and evaluate the percentage of homes purchased for primary residency in these neighborhoods. The median price for all dwelling units (186) sold in the Town of Avon (excluding Mountain Star) in the first 10 months of 2021 was $635,000 (down from $725,000 in 2020). Condominiums accounted for 75% of these sales, with a median price of $545,000 (down from $555,000 in 2020). The median price for single family dwellings, duplexes and townhomes was $1,050,000 (down from $1,297,000 in 2020). A family of three with a median income makes approximately $90,000 per year. This income cannot support mortgage payments for any median price dwelling units in Avon.

The rental market is similarly challenging for local residents. Vacancy rates have been approaching zero, and since 2007, average rental rates have risen 48% across the Eagle River Valley. Recent rental projects have experienced an accelerated cost as compared to increases in the consumer index. Projects completed in 2021 have included rental rates between $1,320 for a studio to over $3,000 per month for a 3-bedroom unit.

To meet the needs of local employees in the Eagle River Valley, it is estimated that over 5,900 additional dwelling units will be required by 2025. In the “mid-valley”, which includes Eagle-Vail, Avon, and Edwards, 1,500 dwelling units will be needed to accommodate a growing population. It is anticipated that subsidies or public/private partnerships will be required to make it financially feasible to construct a majority of these dwelling units.

Avon and the rest of the “mid-valley” are highly desired locations for local residents. In a 2018 survey of Eagle River Valley households, 40% of renters and 39% of owners selected “mid-valley” as their first choice for where they want to live.

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1. Eagle River Valley Housing Needs and Solutions 2018, Rees and Williford
2. (Ibid)
Strengths & Assets

Avon can build upon existing assets and previous housing initiatives, including:

- Adoption of the Mi Casa Avon deed restriction purchase program, with 19 deed restricted units in the first year.
- Several large-scale Town-sponsored rental projects in the 1990s and 2000s, resulting in an inventory of 544 price-controlled units,
- 63 deed restricted for sale units that were a result of successful PUD negotiations;
- A Community Housing Fund balance of $1,150,000. As the Community Housing Fund increases, the additional funds should be leveraged to meet the goals of the plan;
- Community Housing mitigation requirements for new multi-family and commercial development;
- History of regional collaboration with public sector, non-profit and private sector on housing issues;
- Significant opportunities for development and redevelopment, with water rights, transit access, and existing available density on vacant and underutilized public and private parcels;
- Codified Community Housing tax and fee waiver incentives;
- Allowing increased deed-restricted residential density on commercially zoned land that may also be appropriate for residential development; and
- Adopted Comprehensive Plan, which sets housing as a top policy priority.

Image: A Town employee brings a welcome-home basket to one of Avon’s Mi Casa recipients. In 2020, Avon Town Council approved $900,000 in funding for the Program with the goal to provide financial assistance to help 12-16 home buyers purchase homes in Avon by the end of the year.
Housing Policy

The Town of Avon seeks to use both incentives and regulations to create a policy environment that is favorable for local housing. The Town has a strong track record in including Community Housing in PUD approvals. The Town will continue to require community housing mitigation for new planning approvals.

Initiatives to update and strengthen housing policies will include the regular review of existing code provisions for opportunities to increase the year-round occupancy of the existing housing stock, including consideration of short term rentals, accessory dwelling units, and lock-off incentives and regulations. Exploring the regulation of accessory dwelling units in the Wildridge Subdivision may result in additional housing options. Additionally, the Mi Casa program must be reviewed routinely to determine its effectiveness and whether changes to the parameters of the program are necessary given the rapidly changing market conditions. Exploring buy down of free market units to be included in Mi Casa can be evaluated.

Short Term Rentals

Short Term Rentals have grown in popularity nationwide and have the potential to adversely impact the availability of residential housing for long-term rental opportunities. The Town of Avon has a mixture of neighborhoods which do not allow Short Term Rentals (i.e. Wildridge) along with neighborhoods where Short Term Rentals were planned and permitted before the adoption of the Short Term Rental Overlay District. A top priority is to evaluate Short Term Rentals and consider revisions to the existing Short Term Rental regulations, including but not limited to:

- Evaluation of properties which operate as a condo-hotel or timeshare; have traditionally hosted Short Term Rentals; provide amenities that are visitor oriented; or are in close proximity to Avon’s commercial core.
- Evaluation of residential properties that have traditionally not had a significant number of Short Term Rental licenses or units; or are in proximity to community anchors, such as the Avon elementary school, which are more oriented for full-time resident use.
- Reconsideration of the existing boundaries of the Short Term Rental Overlay District.
- Consideration of a second tier Short Term Rental Overlay that requires owner occupancy of the residence while allowing Short Term Rental of a portion of the residence to defray housing costs.
- Consideration of minimum standards for operation and maintenance of Short Term Rental units.
- Review of Short Term Rental regulations adopted by other mountain resort communities, including a cap on licenses.
Community Housing Development and Retention

Cultivating additional public/private partnerships with Eagle County, other municipalities, and local employers are imperative when fostering new opportunities for housing development and retention. Given the lack of available land and escalating construction prices, bold measures must be taken with these partners to make a measurable impact on housing stock. Collaborative partnerships must include land acquisition and producing shovel ready plans in the short term. Leveraging partnerships with state and federal housing assistance money and grants will be imperative.

A top priority is pursuing housing development on Town-owned land. Development of housing on the Swift Gulch property is the best opportunity to build new housing product on Town-owned land. The Town of Avon Properties Plan identified development of Swift Gulch as a priority and it continues to be viewed as a prime property for new housing development.

Preliminary site and design analysis for Swift Gulch takes place in 2021 and 2022, and will include a detailed financial analysis and exploration of public/private partnerships.

To preserve attainable housing that is currently at risk of being lost to locals through rapid price increases and/or redevelopment two strategies are identified. One strategy is to “buy-down” market rate units and preserve their affordability by reducing the resale price and adding permanent deed restriction. Mi Casa will continue to grow and evolve as the primary source of new deed restricted Community Housing stock preserved for local residents.

Another strategy is to explore zoning protections or development incentives that will maintain affordability of our mobile home community, to preserve properties that currently house locals. Zoning protections could include a special zoning category to be applied so that redevelopment for other uses is barred. Or in the event of redevelopment, density and affordability are maintained.

Investing in maintenance of current inventory of deed restricted housing is an important component of housing development and retention. Much of the affordable rental housing inventory has recently been renovated, however, the homeownership inventory needs capital planning and reinvestment. The Town can assist our deed restricted multi-family projects by coordinating capital needs assessments and making a plan for funding and implementing capital improvements. This effort is anticipated to begin in 2022.
Local funding is a key ingredient to building and maintaining housing units. Investing (or “leveraging”) local funds is essential to attracting the outside funding sources such as grants, loans, tax credits and private investments that, when combined, make housing development financially feasible. It is anticipated that the Avon Community Housing Fund will be invested in the efforts outlined in this Plan, and that additional funds will be needed moving forward.

A two-step process is envisioned to secure additional local funds for housing. The first step will be to review current revenue streams and determine if additional funds can be directed to housing efforts through the annual budgeting process. In order to build upon the strength of an increased Avon Community Housing Fund, the Town must then seek opportunities for new funding sources, which could include approaches such as increased linkage fees, use tax on construction materials, regional collaboration, and/or support for a local ballot initiative. Potential revenue from a use tax, for the sole purpose of supplying the Community Housing Fund, were modeled and presented to Planning and Zoning Commission and the Finance Committee for consideration in 2021. Public/private partnerships are also a funding strategy, generating potential access to grants, below market loans, and resources such as the Low Income Housing Tax Credit.

The Town of Avon understands the regional nature of housing, transportation and employment in the Eagle River Valley. In pursuit of local year-round housing, the Town will continue to participate in regional studies, seek opportunities to participate in regionally significant housing developments beyond Town boundaries, and participate in employer forums, and be an advocate for other regional initiatives including the establishment of a regional transit authority.
Investment Guidelines

The Town must invest limited financial resources wisely to meet the goals of this Community Housing Plan. The Town recognizes that Community Housing development opportunities are often specific and unique to an available property, potential partnerships, and financial guidelines for state and federal funding; therefore, differences are expected between ideal projects that clearly meet all guidelines and possible projects. Community Housing programs and projects are not expected to meet all guidelines described below. Rather, the following guidelines are intended to assist with the evaluation of proposed programs and projects. These guidelines are not intended to be exhaustive and additional considerations may be relevant.

- The program, policy or project meets the goals and objectives of the Comprehensive Plan and this Community Housing Plan;
- The investment bridges a financial gap between free market conditions and Community Housing economics that enables a potential program or project to proceed;
- The program or project encourages or incorporates resource conservation, energy efficiency, sustainable development and climate action goals to the extent financially feasible;
- The location of the program or project has reasonable access to public services and amenities that support full-time residential use, including schools, parks, trails, transit, multi-modal transportation options, job centers, neighborhood commercial businesses, and public services;
- The program or project attracts and utilizes the financial participation of partners, including other local governments, state and federal funding, non-profits, and private investors; and,
- The program or project results in positive leveraging of the Town of Avon’s financial investment.
## Appendix A: Definitions & Best Practices

<table>
<thead>
<tr>
<th>Topic</th>
<th>Definition</th>
<th>Best Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inclusionary Housing</strong></td>
<td>A percentage of residential units in new subdivisions/PUDs are workforce housing. Market homes support workforce units. Only effective if new subdivisions/PUDs are developed/redeveloped.</td>
<td>Carbondale, Eagle, Eagle County, San Miguel County</td>
</tr>
<tr>
<td><strong>Linkage/Mitigation</strong></td>
<td>Requiring new residential and/or commercial development to contribute to workforce housing relative to demand generated by the new construction. For residential, mitigation rate often increases with house size, and deed restricted units are typically exempt. Fees in lieu provides revenue stream that fluctuates with building activity. Documented relationship between fee and impact required.</td>
<td>Telluride, Aspen, Mt. Crested Butte</td>
</tr>
<tr>
<td><strong>Fee Waivers</strong></td>
<td>Water/sewer tap fees, building permit or other fees waived in part or whole to reduce cost to build affordable housing. General funds or other source need to cover cost of fees waived.</td>
<td>Breckenridge, Crested Butte</td>
</tr>
<tr>
<td><strong>Dedicated Funding Source</strong></td>
<td>Funding is a core component of building housing and running successful housing programs. Few programs begin with funding; rather finding funding is an incremental process that goes hand in hand with creating goals and objectives, developing policies, securing appropriate land for housing, and moving forward with public/private partnerships. Dedicated funding sources take many forms including grants, fee in lieu payments, taxes, voluntary assessments, proceeds from rents or sales.</td>
<td>Summit County, Steamboat Springs, Crested Butte, Aspen, Telluride</td>
</tr>
<tr>
<td><strong>Public/Private Partnerships</strong></td>
<td>Partnering with developers to build attainable units, typically on publicly owned sites, or using other public resources such as property tax exemption. RFQ/RFP process effective for selecting development partners. Ownership of land can be retained with long-term land leases.</td>
<td>Eagle County, Vail, Breckenridge, Boulder</td>
</tr>
</tbody>
</table>
An individual who is an employee working in Eagle County who works an average of at least thirty (30) hours per week on an annual basis or earns seventy-five percent (75%) of his or her income and earnings by working in Eagle County; or a retired individual, sixty (60) years or older, who has worked a minimum of five (5) years in Eagle County for an average of at least thirty (30) hours per week on an annual basis; or a person who derives income from self-employment whose business is situated in Eagle County; or a person who works for an employer outside Eagle County if that person can demonstrate that the residence subject to this deed restriction is the primary residence for that person

<table>
<thead>
<tr>
<th>Qualified Employee</th>
<th>Vail, Eagle County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy Down of Market Homes</td>
<td>Usually involves buying down units with public funds. Deed restrictions imposed for permanent affordability. Inability to obtain condo mortgages can result in units being rented. Public sector purchases can drive up prices for low-end market units.</td>
</tr>
<tr>
<td>No Net Loss Policy</td>
<td>Requiring replacement of housing occupied by the workforce when redevelopment occurs. Similarly priced units should be replaced on site or another site, or a fee-in-lieu of replacement could be allowed.</td>
</tr>
</tbody>
</table>
Appendix B: Area Median Income for Eagle County 2021

Area Median Income for Eagle County in 2021

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI Classifications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely Low (30% AMI)</td>
<td>$21,000</td>
<td>$24,000</td>
<td>$27,000</td>
<td>$30,000</td>
<td>$32,400</td>
<td>$34,800</td>
</tr>
<tr>
<td>Very Low (50% AMI)</td>
<td>$35,000</td>
<td>$40,000</td>
<td>$45,000</td>
<td>$50,000</td>
<td>$54,000</td>
<td>$58,000</td>
</tr>
<tr>
<td>60% AMI (LIHTC max)</td>
<td>$42,000</td>
<td>$48,000</td>
<td>$50,000</td>
<td>$54,000</td>
<td>$64,800</td>
<td>$69,600</td>
</tr>
<tr>
<td>Low (80% AMI)</td>
<td>$56,000</td>
<td>$64,000</td>
<td>$72,000</td>
<td>$80,000</td>
<td>$86,400</td>
<td>$92,800</td>
</tr>
<tr>
<td>Median (100% AMI)</td>
<td>$70,000</td>
<td>$80,000</td>
<td>$90,000</td>
<td>$100,000</td>
<td>$108,000</td>
<td>$116,000</td>
</tr>
<tr>
<td>Moderate/Middle (140% AMI)</td>
<td>$98,000</td>
<td>$112,000</td>
<td>$126,000</td>
<td>$140,000</td>
<td>$151,200</td>
<td>$162,400</td>
</tr>
<tr>
<td>Upper (200% AMI)</td>
<td>$140,000</td>
<td>$160,000</td>
<td>$180,000</td>
<td>$200,000</td>
<td>$216,000</td>
<td>$232,000</td>
</tr>
</tbody>
</table>

Source: CHFA

Affordable Home Calculation by AMI, 2021

<table>
<thead>
<tr>
<th>AMI %</th>
<th>30%</th>
<th>60%</th>
<th>100%</th>
<th>140%</th>
<th>200%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Income – 3 persons</td>
<td>$26,541</td>
<td>$53,082</td>
<td>$88,470</td>
<td>$123,858</td>
<td>$176,940</td>
</tr>
<tr>
<td>Affordable Purchase price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affordable monthly payment (30%)</td>
<td>$664</td>
<td>$1,327</td>
<td>$2,212</td>
<td>$3,096</td>
<td>$4,424</td>
</tr>
<tr>
<td>Principal &amp; interest (80% of pmt)</td>
<td>$531</td>
<td>$1,061</td>
<td>$1,769</td>
<td>$2,477</td>
<td>$3,539</td>
</tr>
<tr>
<td>HOA, taxes, insurance (20% of pmt)</td>
<td>$133</td>
<td>$266</td>
<td>$442</td>
<td>$619</td>
<td>$885</td>
</tr>
<tr>
<td>Mortgage Interest rate</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Max mortgage</td>
<td>$118,000</td>
<td>$236,000</td>
<td>$394,000</td>
<td>$552,000</td>
<td>$788,000</td>
</tr>
<tr>
<td>Max Affordable Price -5% down</td>
<td>$122,130</td>
<td>$244,260</td>
<td>$407,790</td>
<td>$571,320</td>
<td>$815,580</td>
</tr>
<tr>
<td>Affordable Rent</td>
<td>$675</td>
<td>$1,350</td>
<td>$2,250</td>
<td>$3,150</td>
<td>$4,500</td>
</tr>
</tbody>
</table>

Affordable purchase prices were calculated assuming that a household would have 5% for a down payment, and would qualify for a loan at 30% of their monthly income. HOA, property taxes and insurance of 20% were included in loan amount. The maximum mortgage assumes an interest rate of 5%, which is about half point higher than prevailing rates for 30-year fixed rate mortgages. Interest rates are rising, however, and will have a profound impact on housing affordability. A one-point increase in the rate, as occurred in 2013, would drop the affordable purchase price for a median income household by $30,000 to $35,000.
Appendix C: Implemented Community Housing Strategies

Since this Plan was originally adopted on August 24, 2018, the following policies and resultant projects have been established:

- Ordinance 2019-01, Community Housing Incentives for Sales Tax and Fee Waivers
- Ordinance 2019-03, Inclusionary Housing regulations to include mitigation for new multi-family and commercial developments.
- Ordinance 2019-06, Industrial Commercial Zone District Amendments to permit Community Housing as a Use by Right.
- 2 Deed Restricted for sale units constructed at 1 Waterfront Way.
- Council Resolution 2020-25, Approving Fee Waivers and Deed Restrictions for 9 Rental Units at 77 Metcalf.
- 1 Deed Restricted for sale unit at 1 Riverfront (proposed, yet to be constructed).
- 19 Mi Casa Units with recorded Deed Restrictions.
- 2 3-bedroom Deed Restricted Units at 38460 Highway 6 (proposed, yet to be constructed).
- Council Resolution 2021-08, Approving Fee Waivers for Capital Improvement Project at 1011 West Wildwood Road.
- Council Resolution 2021-20, Approving Short-Term Rental Tax Ballot Question for Community Housing funding.