

Affordable Housing/Neighborhood Preservation

INTRODUCTION

The *Focus on Longmont* vision for Longmont's future as a sustainable, vibrant community contains images of a city that ensures housing for all; specifically, that Longmont is known for its creative approaches to affordable housing and people can live and work in the community. Since the mid-1990's, our City leaders have been at the forefront of this affordable housing vision. In fact, the *Focus on Longmont* Strategic Plan Coordinating Team did not believe it was necessary to include an additional affordable housing policy direction in the City's strategic plan document.

To ensure housing for all, the City of Longmont has implemented a dual approach: new residential developments offer a portion of their units as affordable to residents earning 80% or below of the area median income and that existing housing stock remains in good condition and contributes to the sustainability of Longmont's neighborhoods.

Many of Longmont's affordable housing efforts were developed and implemented during a strong economic period. Over the past few years, however, our local, state and national economies have weakened, which has created some challenges for the City's affordable housing programs and our community. The purpose of this retreat paper is to review the City's housing development and preservation accomplishments and challenges, and to explore future actions that the Council may wish to take to ensure the sustainability of these efforts in the future. This paper is divided into two sections. The first section focuses on the City's programs for home purchase and for rehabilitation of existing housing for residents whose incomes are at or below 80% of the area median. The second section focuses on substandard housing compliance and enforcement.

SECTION I – AFFORDABLE HOUSING

The Inclusionary Zoning (IZ) Ordinance was approved in 1995 as a result of a recommendation by the Longmont Community Housing Committee. This committee was formed after the Council Retreat in 1994 “to assist the City Council in developing local policies and programs that would help Longmont fill the need for safe, affordable housing for all residents.” In 1995, the Ordinance required only that land annexed into the city provide affordable housing opportunities for families below 80% of the AMI, but set few parameters around the program or units. The purpose of the Ordinance was to “provide housing in all areas of the city to maintain diverse and affordable housing opportunities.” City Council has implemented many affordable housing strategies as a direct result of community recommendations, needs or desires, including seeking entitlement status under the Community Development Block Grant Program in 1984, establishing the Fee Waiver program in 1993, creating the Affordable Housing Fund in 1995, implementing the countywide Downpayment Assistance Program in 1997, and joining a HOME Consortium in 2007. Many of the updates to the IZ Ordinance (2001 and beyond) were a result of recommendations of the Affordable Housing Task Force which provided Council with a list of over 20 recommendations in early 2001 as a result of direction to “review, analyze and make recommendations on current housing policies of the City.” A summary of those programmatic changes is shown on Attachment 2.

Economic, social and community changes mean that a periodic review of the City’s affordable housing programs is necessary and appropriate. Changes to the economy, to the community, and to certain neighborhoods, all can impact the programs and who we are trying to serve with them. Since 2003, the last time there was a comprehensive review of the Affordable Housing Programs by Council, many things have changed economically in Colorado and in Longmont. These economic changes have impacted many homeowners’ ability to maintain and sometimes keep their homes and have caused potential home buyers to hold off on purchasing a home. Patty Silverstein, President of Development Research Partners, Inc. in Littleton summarized the issues that Colorado and to a great extent, Longmont, is facing:

"First, there are the employment losses. Even though (most of the state’s) losses occurred in 2002-2003, we’ve seen slower growth in the last few years and we’ve only just recently gotten to the point where we’ve added back all of the jobs lost.

Second is income growth. Some people took out mortgages with the expectation that their income would continue to grow at nearly double-digit rates, as it had throughout the late 1990s and into the year 2000. That certainly did not materialize.

Third ... is energy costs. Some homeowners really had to juggle gasoline costs, home heating and electricity, mortgage payments and putting food on the table.

Colorado has seen strong use of adjustable rate mortgages (ARMs), and we have tended to see a disproportionate share of those mortgages being foreclosed upon. In the second quarter of 2006, about 29 percent of the

mortgage loans in Colorado were ARMs, and 53 percent of the loans in foreclosure were ARMs.

In 2004, Colorado was on the FBI's top 10 list for mortgage fraud. Some of the current changes, requiring registration and that type of thing, are certainly steps in the right direction, but we still tend to be a very unregulated market compared to other states.

And lastly, we're in a slightly different phase of the housing market cycle compared to other parts of the country. We saw a lot of appreciation from 1995 to 2000, while other parts of the country had their growth really in the 2000-2005 period. I think other parts of the country are going to hit the same type of issues that we have, it's just that they're hitting them in a different cycle."¹

This section will further explore the current economic climate and its impact on affordable housing in Longmont and will offer Council discussion points to determine what, if any, additional changes need to be made to the Community Housing Program to preserve the long-term viability of the program and allow it to weather cyclical changes in our economy. The Community Housing Program is Longmont's name for the direction established by the Inclusionary Zoning Ordinance and these terms are used interchangeably in this paper.

BACKGROUND INFORMATION

Longmont by the Numbers

	<u>1995</u>	<u>2000</u>	<u>Current</u>
Number of residents	57,208 ²	71,093	82,798 ³
Number of households	19,644 ⁴	26,667	29,829 ⁴
Number of housing units	22,781 ²	29,092 ²	33,927 ²
Median household income	\$32,534 ⁴	\$51,174	\$51,420 ⁵
Median cost single family home	\$85,600 ⁴	\$222,700 ⁶	\$243,450 ⁷
Average rent for a two bedroom unit ⁸	\$738	\$969	\$759
Foreclosures filed	126 ⁹	193 ⁹	437 ¹⁰
Foreclosures sold/completed			255 ¹⁰
Number of employees ²	32,819	37,935	37,292
% unemployed ²	5.2	3.1	4.6

¹ Patty Silverstein, President, Development Research Partners in Littleton quoted in The Denver Business Journal – November 3, 2006

² From Longmont Community Profile

³ City estimate as of 12/31/05

⁴ From 1990 Census

⁵ 2005 American Community Survey – US Census Bureau

⁶ March 2001 median sales price, IRES from Boulder Area Realtor Association

⁷ November 2005 – 2006 median sales price, IRES from Boulder Area Realtor Association

⁸ Denver Metro Area Apartment Vacancy and Rent Survey Reports

⁹ County Statistics from Public Trustees Office

¹⁰ Longmont only, 2006

Current Affordable Housing Programs and Who They are Serving

Home Purchase Programs -

The Community Housing Program - In 1995, City Council first approved the Community Housing Program to help provide affordable housing. Under this program, 10% of the housing units built in Longmont shall be made affordable through purchase prices to households at or below 80% of the area median income and/or through rents that are affordable to households at or below 50% of the area median income. The homes made available for purchase must be kept affordable for a period of at least 10 years and the rental units must be kept affordable for at least 20 years. The City works with the private developers to income-certify households as eligible and to help market the units to further lower costs. **136 families have purchased homes offered under this program to date – 127 new homes and 9 resales.**

Fee Waiver Program – Fee waivers can be given to developers/builders to offset the costs of providing the affordable homes. From 20% to 50% of 14 development fees are waived for rental units and from 50% to 75% of these fees are waived for for-sale homes. In addition, water and sewer system development fees are offset in developments where more than the minimum affordable units are being built. **140 for-sale homes and 903 rental units have received fee waivers to date. The average amount of fees waived per rental unit is \$2,282 and for for-sale homes is \$4,597.** This amount increases to \$9,132 per unit when water/sewer system fee offsets are paid.

Down Payment Assistance - Down payment and closing cost assistance is provided to households purchasing a home in Boulder County (outside of the City of Boulder). Up to 8.5% of the purchase price (up to a maximum of \$15,000) can be borrowed. Household must provide a minimum of \$1,000. Loans are made at 3% interest and amortized for 10 years. **335 DPA loans have been made since 1998 averaging \$6,265 per loan.**

Independent Development Accounts – Matched savings program to help lower income families purchase a home. Savings must be deposited once a month and are matched with a \$4.00 for every \$1.00 saved. **5 families have purchased homes to date and 12 are still saving to buy a home.**

For these programs:

- The home purchased must be maintained as the household's sole residence.
- Households must attend Boulder County Homeownership Training classes prior to signing a sales contract. A one-on-one financial budgeting session is also required prior to loan closing.
- Total household income must be at or below 80% of the Area Median Income for the household size.
- Priority is given to residents of or persons employed in Longmont.
- Priority is given to first-time homebuyers for the Community Housing Program and is a requirement for the Down Payment Assistance Program.

Homeownership Training – This is a requirement for first time homebuyers, but anyone can sign up and could benefit from this training. This class helps potential homeowners learn about the ins and outs of purchasing a home. Items include: how to qualify for a mortgage, cleaning up credit problems, what a person can afford, working with a realtor, finding and selecting a home, making an offer, contracts, mortgage financing options, closing the loan, budgeting, understanding credit reports, budgeting to be a successful homeowner and where to seek help when needed. This training makes home buyers educated consumers. **848 persons from Longmont have completed the Homeownership Training class from 1999 through 2006.**

Credit Counseling, Financial Management/Budgeting and/or Foreclosure Prevention Counseling – This service helps households obtain and understand their credit report, clean-up any credit problems to increase credit-worthiness, improve money management skills, set savings goals and establish a budget to help achieve those goals. It also helps families having trouble making the mortgage payment to explore options and devise a plan to avoid default or foreclosure. **52 persons have attended credit counseling, financial budgeting and 6 have sought foreclosure prevention counseling, from January – September 30, 2006.**

For these programs:

- The Homeownership Training classes are free, and are offered monthly, once every three months in Longmont, Boulder and Lafayette.
- Credit counseling and Financial Management/Budgeting are offered every quarter and/or by appointment. The Boulder County Housing Counseling Program is part of the Colorado Foreclosure Hotline offered via the 1-877-601-HOPE (4673) phone line.

Existing Homeowners Program -

Housing Rehabilitation Assistance - Loan program to bring single family owner-occupied houses up to code and make other needed modifications. Maximum of \$18,000 per house. A 3% interest loan is amortized for 10 years for households between 51% and 80% of median and for those below 50% of median a deferred loan is made where 1/10th of the borrowed amount is forgiven each year the homeowner still owns the home so that the entire debt is forgiven after 10 years. **80 homes have been rehabbed from 1998 – 2006 averaging \$13,773 per home.**

Accessibility Program for Persons with Disabilities- Completes needed removal of architectural barriers to rental or owner housing so that a disabled occupant can have free access to the property. Improvements can include ramps, widening of doorways, lowering of cabinets, roll-in shower stalls, etc. Assistance up to \$5,000 will be in the form of a grant. Assistance between \$5,000 and \$10,000 will be in the form of a deferred loan which is forgiven after 5 years. Households must be below 80% of the area median income by family size with a priority given to households at or below 50% of the area median. **42 homes have been made accessible from 1998 – 2006, averaging \$7,551 per home.**

For these programs:

- Total household income must be at or below 80% of the Area Median Income for the household size.

HOUSING STRATEGIC PLAN AND ACCOMPLISHMENTS TO DATE

The following table shows the affordable housing needs that were established in 2000 as a part of the Consolidated Plan and what staff have done to meet these goals to date.

Priority	Category	Need	Number	Percentage	Balance
			Met to Date	Met to Date	
New Units Needed					
1	<30% AMI Renter Housing	679	203	30%	476
2	31%-50% AMI Renter Housing	277	305	110%	-28
3	0%-50% AMI Owner Housing	634	23	4%	611
4	51%-80% AMI Owner Housing	896	261	29%	635
5	51%-80% AMI Renter Housing	174	329	189%	-155
	TOTAL	2660	1121	42%	1539
Rehab Needed					
1	<30% AMI Renter Housing	259	34	13%	225
2	31%-50% AMI Renter Housing	311	152	49%	159
3	<30% AMI Owner Housing	94	68	72%	26
4	31%-50% AMI Owner Housing	164	39	24%	125
5	51%-80% AMI Owner Housing	148	19	13%	129
6	51%-80% AMI Renter Housing	199	17	9%	182
	TOTAL	1175	329	28%	846

As you can see, there are categories of housing where we have met or have significantly met the projected need and are making an impact. These areas are:

- New Rental Housing Units for persons with incomes between 31% to 50% of the AMI. Most of this has been met through the various acquisitions by Thistle Community Housing, Longmont Housing Authority and the Longmont Housing Development Corporation such as Parkview Apartments, Terry Street Apartments, Village Place, Aspen Meadow, English Village, etc.

- New Rental Housing for persons with incomes between 51% to 80% of the AMI. Most of this category has been met through the market since the rent levels in Longmont have not increased for several years. The large developments of Cloverbasin Village and Grandview Meadows brought a large number of rental units into Longmont and most were made available in late 1999-2000.
- Rehab of owner-occupied housing for persons with incomes below 30% of the AMI is reaching its goal, but we are finding that this goal is probably understated. With the work we have been doing in the two Neighborhood Revitalization areas, there are significantly more housing units that fall into this category than we thought. The good news is that the Revitalization Program is a bringing awareness of our rehab programs to the people who need it most and is helping to improve the neighborhoods.

Gaps

As you can also see, there are areas where much progress has not been made, including providing new ownership opportunities for households below 50% AMI. This level of homeownership is principally provided by Habitat for Humanity and they have been chipping away at the need. There are also a couple of Community Housing Program units provided that have been affordable at and purchased by households at 50% of AMI.

There is also still a significant need for homeownership opportunities for households with incomes between 51% and 80% of the AMI. This is the area of need that the Down Payment Assistance program and the Community Housing Program were designed to address. Over 600 households are still showing to be in need. While some may have been served by the market, given the data shown later in this paper, there are still few market affordable homes that would address this need without increasing the Rehab need.

Addressing the need for rental housing affordable to households with incomes below 30% of the AMI is still a significant area of need, both in the new units category and in the rehab of existing units category. As you know this is directly related to the decrease in funding for the Housing Choice Voucher Program (formerly Section 8). While the Longmont Housing Authority has been able to secure a few new vouchers over the years, mostly through the new Tenant Based Rental Assistance Program funded by the State, the majority of the units provided to date have been in additional transitional housing units, setting aside units within other affordable rental complexes specifically for this population and providing rent deposits for persons with disabilities so they can live independently in housing that is affordable (most of it at this level).

The rehabilitation of both owner and rental housing is still a large need with only 28% of the goal met to date. There are a couple of opportunities which are in process which may help move the accomplishment of this goal forward. They include beginning the

Rental Rehab program and partnering with Code Enforcement to concentrate education and outreach efforts in the neighborhoods of Historic Eastside and Kensington. This effort has resulted in a new awareness of the City's rehabilitation programs available to fix up housing and of the housing, building, and code requirements in the community as well as what is expected of our residents.

CURRENT AND PROJECTED MARKET REVIEW

This section will attempt to pull together some of the thoughts of local economists on how the economy will do in 2007 and what impacts there might be to the housing market. As you can imagine, there are as many predictions as there are analysts making them.

National and State Economy

According to the US Bank 2007 Economic Forecast prepared by Tucker Hart Adams, Ph.D., US Bank's Rocky Mountain Region chief economist, the following factors make consumers and business people nervous:

- Slower economic growth
- Accelerating inflation
- Rising mortgage rates
- Changes in the stock market
- Softening housing market
- Slow recovery in jobs
- Lack of wage gains

"Consumer financial stress in the face of rising interest rates, along with the potential for housing prices to flatten or fall are the big threats to the Colorado economy in 2007," according to Adams. Colorado housing permits will decline for the third consecutive year by 11.2% in 2007, according to Adams, as both residential and nonresidential construction will feel the effect of interest rates and an oversupply of product. Flat to declining home prices will encourage consumers to increase personal savings, leading to a decrease in consumer spending.

When predicting the length and severity of a recession in 2007, Adams notes, "Colorado is not facing a long, serious recession such as we had in the last half of the 1980's. However, if inflation and interest rates are higher than we project, consumer spending will fall further than in the forecast and the recession will worsen."

When looking at the housing market, Adams notes that not only have rising home prices encouraged consumers to overspend drawing on the over-inflated values of their homes, speculators have poured into the real estate market. Economist Gary Shilling

estimates that 40% of home sales in 2005 and 36% in 2004 were to investors and second-home buyers taking advantage of low interest rates and exotic mortgage products in a search for double-digit investment returns.

This has had a direct impact on the numbers of foreclosures we are seeing. Adams notes that "Colorado consumers show the same signs of stress as consumers in other parts of the country." The state ranked eighth in terms of delinquent bill payments, according to the credit rating agency Experian. The average number of non-mortgage debt payments overdue by 30 days or more rose 31.3% last year. Colorado also has the highest foreclosure rate in the country, almost triple the national average. We lead the nation in reliance on interest-only and adjustable-rate mortgages, and have the second lowest level of equity in our homes among the 50 states.

This is reiterated in an article by Ellen Simon, Longmont Daily Times-Call, December 31, 2006 – "Moody's Economy.com, a private research firm, projected that the median sales price for an existing home will decline in 2007 by 3.6% - the first decline for an entire year in U.S. home prices since the Great Depression. One reason: Speculators fled the market. Not only did they stop buying, they put properties they owned up for sale. 'Investors were a bigger part of the market than many thought, including ourselves,' Ara K. Hovnanian, the president and chief executive officer of homebuilder Hovnanian Enterprises Inc. said in June."

"Colorado's economic growth will outpace the nation's in 2007, but the state's growth rate will be slower than it was this year", predicts Richard Wobbekind, an economist at the University of Colorado at Boulder as stated in the Denver Business Journal, December 4, 2006.

"We think Colorado will have a much more solid economy than the nation and that will feed migration to the state," says Wobbekind. He thinks the population will increase by 2 percent. "If this projection holds up, we will be one of the fastest-growing states in the nation next year, certainly in the top 10 and probably in the top five among population growth in the country." This will help lift the state's unemployment rate to 4.8 percent, compared with a national rate of 5 percent.

As Dr. Wobbekind indicated at the 2nd annual Housing Policy Symposium, held at CU's Law School on September 28, 2006, he feels less pessimistic about the economy than other economists. His presentation indicated that the nation would see:

- Slower job growth
- Little productivity growth
- Slower consumption growth
- Investments remaining solid
- A weaker dollar

The professional and business services sector – which includes high-paying jobs in the legal, engineering, architectural, veterinarian, computer systems design and research-and-development area – will lead job growth in Colorado, speculates Wobbekind. Construction is expected to remain positive, but to grow at a slower rate than in 2006, with a total of 3,000 net new jobs compared with the 7,000 new jobs added this year.

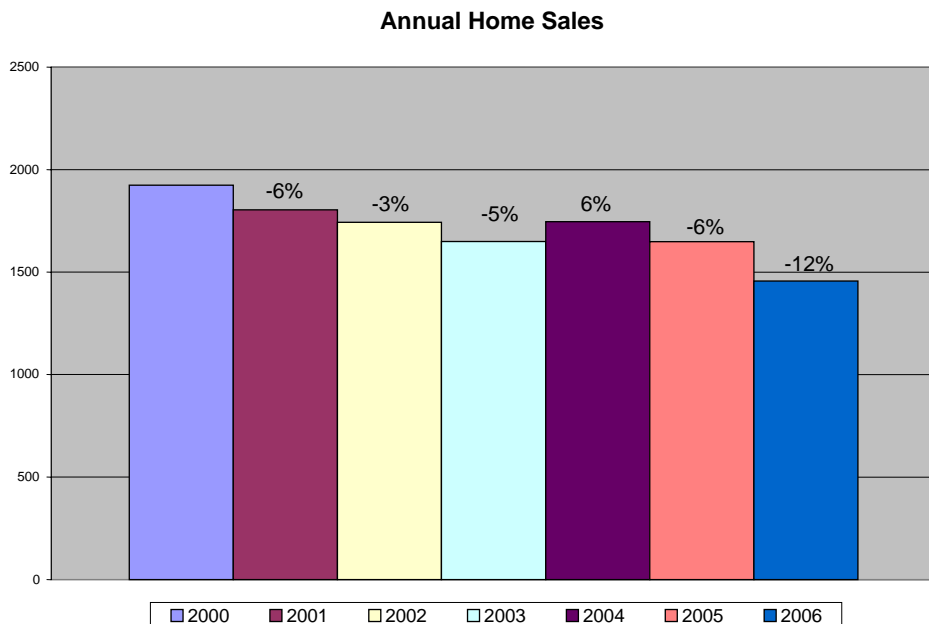
The total number of residential construction permits issued in Colorado will increase 4 percent to 42,400, largely on the strength of multifamily units, Wobbekind forecasts. Single-family housing permits are expected to decline about 1 percent to 32,600.

Housing Market Profile in Longmont

Nationally, new home sales declined 14.2% through July, and the inventory of homes for sale increased 22.4% relative to July, 2005. In July, existing home sales were down 11.2%, while the inventory was 40% higher and foreclosures were 18% higher than a year earlier.¹¹

In Longmont, the inventory of existing homes for sale increased 22.7% comparing July, 2005 to July, 2006. However, existing home sales were down only 4.8% from 2005 to 2006 comparing the annualized sales figures. Foreclosures filed were 87% higher in a month to month comparison for September, 2005 (32 filed) to September, 2006 (60 filed). However, when looking at the longer period of August – Dec. 05 compared to August – Dec. 06, they were up only 33%

A total of 1,456 homes sold in Longmont in 2006. 235 were attached homes and 1,221 were single family detached homes. This was a decrease from the 2005 level of 1,648 and 1,746 in 2004.



¹¹ US Bank 2007 Economic Forecast

Existing Housing Inventory

There were about 830 existing homes on the market in Longmont on 01/05/07. 177 (22%) are attached units and 653 (78%) are detached homes. 15% of these are listed by Builders. Builder listings comprise 23% of the attached homes for sale and 13% of the detached homes for sale.

Existing Homes - There are a total of 706 existing homes currently on the market not including new homes listed by builders. 33% of these (234) are vacant, 4% (25) are renter occupied, and 12% (87) are in foreclosure or pre-foreclosure. 137 or 20% are attached homes. 45% or 62 of these homes are vacant, 13 (9%) are renter occupied, and about 10% are in foreclosure. 569 or 80% are detached homes. About 30% of these homes are vacant (172 units), 2% are renter-occupied, and 14% are in foreclosure or pre-foreclosure.

Existing Affordable Homes - Only 134 existing homes meet our affordable home prices and are not already part of the Community Housing Program. This is 18% of all listings excluding builder listings. 87 of the detached homes meet our affordable home prices which is 16% of all of these homes without the builder listings. 47 attached homes meet our affordable home prices which is 35% of these homes without the builder listings.

However, 85% of the existing, affordable homes are over 20 yrs old and 47% are over 30 years old. 55 or 41% are foreclosed homes, owned by a bank or mortgage company and are frequently in substandard condition requiring significant rehabilitation to bring them up to code. 58% of these units are vacant. Looking at Attachment 5, a map of affordable existing properties shows that the majority of these homes are concentrated between Main and Pace and between 3rd Avenue and 21st Avenue.

New Construction Housing Inventory

By contrast there are about 124 new homes, not already under the Community Housing Program, listed by Builders in MLS in Longmont. Of these 121 are priced above our affordable home prices and 3 are in the affordable range (all 3 are attached homes). Residential construction in Longmont, in general, is down and has been declining for the past five years as shown by building permit data. This is especially true when comparing 2006 to 2005.

<i>Year</i>	<i>Single Family Units</i>	<i>% change</i>	<i>Multi Family units</i>	<i>% change</i>
2000	838		669	
2001	739	-12%	848	27%
2002	675	-9%	308	-64%
2003	579	-14%	287	-7%
2004	536	-7%	307	7%
2005	361	-33%	141	-54%
2006	181	-50%	76	-46%

Ten homes, affordable under the Community Housing Program are currently available (constructed or under construction, but not purchased) and another 40 are pending (no permits pulled, not ready for construction). The chart below shows the status of the Community Housing Program units. Attachment 6, a map of new homes for sale, shows that these homes are, as you would expect, on the perimeter of town (with the exception of Yeager Farm, the only significant infill housing project).

Many of these developments, particularly those with multi-family or attached product, are also struggling to sell their market units. Two developments for which we had data, Sonoma Village and Fox Meadow Condos and Townhomes, show that the average days on market for the non-affordable units were 338 for Sonoma Village and 94 for Fox Meadow. This last development was offering significant financial incentives which dropped the price by \$13,500 if their lender was used.

Development Name	Affordable Units to be provided	Total Units Sold	Total Units currently available *	Total Units Pending **
Single Family				
Eastgate (55+)	10	0	0	10
Village at Creekside	5	4	1	0
Yeager Farms	10	2	0	8
TOTALS	25	6	1	18
Condos				
Fairview Condos	18	7	3	8
Gateway Centre	1	0	1	0
Hover Place (62+)	5	0	0	5
Poplar Grove	1	0	1	0
Solar Village	2	1	1	0
Sonoma Village	22	12	3	7
TOTALS	49	20	9	20
Duplexes				
Pinnacle	3	1	0	2
GRAND TOTAL	77	27	10	40

* Available = Constructed or under construction

** Pending = no permit pulled, not under construction

What all of this would seem to tell us is that homes being sold in the foreclosure process currently comprise a large portion of the home sales market, but it is impossible to tell if this is increasing or decreasing, since we do not have adequate data prior to 2006. The number of affordable existing homes is still a fairly small part of the total inventory, but it is slightly larger than what it has been. Conversely, while there may be more affordable homes available, most are not in good condition and would require upwards of \$10,000 to \$20,000 to bring them up to health, safety and code standards and/or to make basic cosmetic improvements.¹² Newly constructed detached homes being built are still not

¹² Estimate from Summer Youngs, Broker Owner with Property Colorado, Real Estate Brokerage and Management Firm

in the affordable range unless they are required under the Inclusionary Zoning Ordinance; however, three condominiums currently listed by builders would be considered affordable. Condominiums in general, do not work well for families of 4 or more persons.

	All Homes listed on MLS		Affordable Homes		
	Existing Homes	New Construction	Existing Homes	New Construction	CHP Program
Attached	137	40	47	3	31
Detached	569	84	87	0	19
Foreclosed	87	NA	55	NA	NA
Over 20 years old	151	NA	113	NA	NA
Vacant	234	NA	77	NA	NA
Total Units	706	124	134	3	50
Totals by Type	830		187		

Foreclosures

Colorado has been receiving national attention for its high foreclosure rate. The state's third-quarter foreclosure filing rate of one per every 127 households was 2.9 times the national average, according to RealtyTrac Inc., a California company that markets foreclosed properties. By comparison, Longmont's filing rate for the third quarter is one per every 175 households.

Why are foreclosures so much higher in Colorado? The Denver Business Journal in an article published on November 3, 2006 posed this question to local real estate professionals, mortgage lenders, bankers, economists and others. Here's generally what they said:

- Homeowners with Adjustable Rate Mortgages (ARMs) who purchased or refinanced two or three years ago have few options. As their monthly payments go up, their incomes are staying static and their homes are not appreciating. They either have to bring cash to the table to refinance into a fixed rate mortgage or walk away.
- There are mortgage programs that allow for 100+ percent financing, even to the point of sellers being able to pay the buyer's closing costs, prepaid interest, hazard insurance for the first year and all their escrows. These buyers bought homes for zero investment or very little investment. Plus a large number of these buyers were credit challenged with their regular monthly obligations, and now they piled on more debt with a home purchase.
- The information and data on foreclosures seem very extreme, but given the fact that Colorado reports a foreclosure as soon as it is filed instead of only when an actual foreclosure sale happens like other states do, our numbers tend to look worse than the other states.

- The lack of regulation on the mortgage practices in the State of Colorado allows lenders to take more risk. The higher the risk profile, the higher the default rate. Anyone can be a mortgage “professional” since there is no regulation and no laws in place.
- Construction continued in certain areas of the state even after the real estate boom slowed down. Unless and until the market can absorb those units, the builders discount the newly constructed units which makes it harder to sell existing homes.

Data on Longmont Foreclosures

There have been 437 foreclosures filed in 2006. Of these, 79 were cured or withdrawn, 255 went through foreclosure and 103 are still in process. Of those that went through foreclosure in 2006 and were “bought” by the mortgage holder, 25 have sold to new buyers. There are 52 unsold properties on the MLS listing and so there must be 179 still held by the mortgage companies.

The majority of loan types (61%) going into foreclosure were Conventional Adjustable Rate Mortgages (ARMs), followed by conventional fixed rates at 26%. Over 66% of all loans in foreclosure were Adjustable Rate Mortgage products. Fixed rate mortgages accounted for only 34% (Attachment 8). While we do have data on the interest rate at the beginning of the loan, it is difficult to tell if the loan was a predatory one. However, it is apparent that the vast majority of the loans in place at the time of the foreclosure filing were refinanced loans, not the original mortgages.

The Affordable Housing Programs have had several homes go through the foreclosure process in the 10 years of the Down Payment Assistance Program and the 5 years of the Community Housing program. Of the 335 Down Payment Assistance (DPA) loans made to date and the 136 Community Housing Program (CHP) homes sold, 11 DPAs and 2 CHPs have gone through foreclosure. 1 DPA and 2 CHP homes are in the foreclosure process. All of the CHP homes that have been foreclosed or are in process were ones that did not have a Deed of Trust lien filed. For some reason, when a bank refinances a loan, they do not pick up through title work that the home is an affordable home with a Restrictive Covenant that limits the appreciation/value of the home. We found this out about the 2nd year into the program and began placing a \$10 Deed of Trust as a recorded lien against the home. This lien is now picked up during title work and the lender calls the City to find out what the program restrictions are. Again, since this change has been made, none of these participants have gone into foreclosure. Staff is finding that those without the \$10 Deed who are in foreclosure were able to refinance for more than the restricted value of their affordable home.

Impact on inventory

The most obvious impact is the number of lender-owned homes that are on the market. 12% of all active listings are showing as these lender-owned or foreclosed homes. All

of these are vacant and many were “trashed” before the owners moved out. More disturbing is the fact that an additional 166 out of 706 homes are shown on the listing as vacant. Are these homes also in the foreclosure process and are not showing up as such on the MLS or is this another disturbing trend where people are walking away from their homes with no intent to try to resolve the situation or stay in the home?

While the foreclosed units seem to be selling at a pretty good rate (the average days on market for foreclosed homes is only 62), a look at the listing price (which is presumably at least the amount owed the bank plus administrative costs) compared to the sales price shows an average 4% decrease in “value.” Those homes going through a “short sale” process to avoid foreclosure are averaging 115 days on market with a 5% average decrease to their asking price. By contrast, non-foreclosed homes are averaging 110-113 days on market and are getting about 98% of the listing price. Part of the reason for such a relatively small decrease in asking price is that about 23% are actually selling for more than the list price. In this market one can only assume that the seller is financing some of the closing costs and/or the buyer is using a 100+% mortgage (see discussion above on why Colorado has a high foreclosure rate).

A willingness to cut prices by the mortgage company to save costs sets a course of devaluation that will trickle down through the rest of the market. Selling a home can be a long and frustrating experience when foreclosed properties nearby go for much less. This can be compounded in newer areas where a seller with a home that is only one or two years old is competing with a builder discounting newly constructed homes as well as with foreclosed homes.

Impact on neighborhoods

Foreclosed homes have a substantial impact on the neighborhoods they are in. The homes are vacant, upkeep is obviously minimal or non-existent, often the lawn or landscaping is lost, sometimes they need to be secured and so present an unsightly boarded-up appearance. The homes, if not fully secured, can become a haven for drugs, vandals, graffiti, etc. Values can decline as lenders unload houses at discounted prices.

Across Colorado, neighborhoods with lower priced homes have been hit hardest by foreclosures, mostly those under \$200,000. In Longmont, about 64% of the foreclosures filed are in this bracket. Looking at Attachment 7, a map of foreclosed homes, all of the foreclosures sold (the ones that went all the way through foreclosure) are mainly concentrated in two areas - between Main and Lashley and 3rd and 21st and above 17th between Main and Hover.

WHAT CAN BE DONE/WHAT OPTIONS DO WE HAVE?

As mentioned earlier, Longmont is feeling the effects of a slowing economy, particularly in a currently overbuilt and struggling housing market. The Affordable Housing Programs are also feeling the downturn with fewer applicants to all of our programs. This is understandable since those with the lowest incomes are often the most vulnerable to job loss or layoffs. Even with the majority of Longmont's layoffs coming in a higher income wage industry, the ripple effect impacts service, retail and other lower wage jobs that serve those industries and former employees. Lower income folks are particularly vulnerable to credit issues since, as job loss or cut backs come, they often have to choose which bills to pay, put off paying a bill each month in order to pay others, borrow on credit to make ends meet, etc. This then impacts their credit which means a length of time must be devoted to cleaning up those credit problems when their situation improves. It takes many applicants from 6-9 months to clean up their credit enough so that they can qualify for a good, fixed rate mortgage. This, of course, postpones their home buying.

Some have argued that if a prospective home buyer can get a mortgage of any kind, the City should not stand in the way of them purchasing an affordable home. Because of what we have seen in the market, it is important to ensure the long term success of a home purchase through the Community Housing Program. It does no one but the home seller any good to put someone in a home that they cannot afford or maintain over the long term.

This particular housing cycle is just that – a cycle. The market goes up and it goes down. True housing appreciation is always achieved over the long term. This is part of the reason that the 10 year period of affordability was put into place. It allows for enough time for true (although limited) appreciation and encourages a longer term commitment to the neighborhood, and to the community.

As Council is aware, the Denver Metro Home Builders Association has concerns with the City's Inclusionary Zoning program and has suggestions for changes to the program. Attachment 4 is a letter from the Denver Metro Home Builders Association outlining these concerns and their proposal.

There is a distinct difference between what the Metro Denver Home Builders Association would like to have happen and what the City is hoping to accomplish with its Inclusionary Zoning Program. The next section will summarize a survey that was conducted on other communities' Inclusionary Zoning Programs followed by a synopsis of the program's issues, what options there are and what program strategies could be modified to weather these short-term cyclical market changes to ensure the long term viability of the program.

REPORT ON OTHER COMMUNITIES' INCLUSIONARY ZONING PROGRAMS

Attachment 3 summarizes the survey that was conducted on other Inclusionary Zoning programs across the country. This survey generally confirmed that Longmont's program is not out of line in its requirements. It is no more strict and is, in fact less so in some areas, than many of the other communities. Some of the highlights include:

- Longmont and one other community had the lowest affordable housing percentage requirement of those surveyed, at 10%. The range was from 10% to 35%. Most require that the affordable units be similar in exterior appearance, about half required the affordable homes to be of the same type of unit as the market homes, and five require, as do we, that the affordable units be built in the same construction phase(s).
- Most programs require 50+ years of affordability (13 out of 17) for owner units and 11 out of 17 communities require this period for rental units.
- Five communities do not provide any monetary breaks for meeting the minimum requirements. About half provide density bonuses and several provide fee waivers.
- Many more incentives are offered if the builders provide more than the minimally required units – density bonuses, design standards variances/reductions, financial subsidy, etc.
- Four communities indicated that they would negotiate to allow fewer affordable units in return for lower priced units or longer periods of affordability. Ten indicated that they would not allow this.
- None of the 17 communities surveyed allow for alternatives to providing the affordable housing units on-site “by right”, 15 allow them if Council approves them, as we do, and 2 communities require the units to be provided on-site – no exceptions.
- 15 communities allow payment-in-lieu upon approval of Council, 11 allow off-site options (again only with Council approval) and 10 allow land dedication/donation with Council approval.
- Payments-in-lieu (PIL) range from a low of about \$1500 per market unit (but in this instance, only 15% of the 30% required can be in PIL, so half of the required units must be provided on-site) to a high of \$37,690 per market unit. Longmont's PIL is now at \$11,823 per market unit.
- Only two communities allow a “release period” for affordable units that do not sell quickly. One requires the builder to request the release from Council and none

has asked to date. The other allows the unit to be sold at market to a non-affordable buyer, but requires the difference in sales price between the affordable price and the market price to be paid to the program. Most programs have a “first right of refusal” that is available to the community, the local Housing Authority or a non-profit so the unit doesn’t sit for too long. To quote one respondent – “as long as the affordable homes sell out before the market rate homes, there isn’t an issue.”

- Longmont, at an average of 53 units produced per year is in the middle of the pack. For communities that are currently producing affordable units, the highest average is 390 per year and the lowest is 2.
- In almost half of the communities, developers are required to actively market the affordable homes, pay for ads, cover program administration, hold open houses, and follow specific marketing guidelines. We do not require the developers to do anything but provide us with flyers and/or information on the units.

ISSUES/OPTIONS/OPPORTUNITIES

The Needs Chart on page 6 indicates that there is still a need for additional affordable home ownership opportunities and that the market is not providing a sufficient number of affordable units. While the Denver Metro Homebuilders Association claims that Longmont’s IZ program is more burdensome than others in existence, the facts show that Longmont’s program is in line with the other IZ programs as shown by the survey. The number of units that we require is the lowest, the periods of affordability we require are low, the payment-in-lieu is in line with others and our requirement that the City determine how the units will be provided is the same as the vast majority of the other communities.

The current market conditions are putting multiple pressures on homebuilders and sellers. The Denver Metro Homebuilders Association is in turn requesting dramatic changes to the City’s Inclusionary Zoning requirements. Although it would appear to be appropriate to explore ways to “tweak” the program during the current down cycle, evidence does not exist that warrants wholesale changes because of short-term market conditions. Caution and thoughtful discussion and consideration are needed as any loosening of requirements or changes made now could be difficult to reinstate when the economy rebounds.

The matrix, Attachment 1, summarizes issues and concerns about the program both from the Home Builders Association and from city staff. It also lists options and opportunities for changes and shows the pros and cons for each of those.

SUMMARY

The stated purpose of this retreat topic was to review the City's affordable housing goals and accomplishments and discuss the impact of the current economic climate on our affordable homeownership policies and programs. A full list of Attachments can be found at the end of the Neighborhood Revitalization Section.

QUESTIONS TO CONSIDER:

1. What modifications do we want to consider to deal with a depressed housing market?
2. Should we consider reassembling an Affordable Housing task force to further review the options shown or considered here?

SECTION II – SUBSTANDARD HOUSING/NEIGHBORHOOD PRESERVATION

Introduction

As neighborhoods age and the housing stock becomes older, it is critically important that owners continually reinvest in their properties in order to sustain neighborhood and community quality and vitality. Even if well maintained, an apartment complex built in 1970 will no longer be able to attract higher income renters without a major investment in rehabilitation. Small, single-family, one-bathroom homes that were attractive to young families when new, may no longer appeal even to first-time buyers. Larger, quality homes of the past can be made marketable to homeowners through investment in rehabilitation; however, smaller and less expensive houses are often bought by investors as rental income.

Substandard housing can have a major negative impact on a neighborhood. Even one noticeably blighted property can affect attitudes and property values in a neighborhood. Substandard housing is not just a problem for the tenants or homeowners who live in it. It is also a neighborhood problem that, if not addressed, could trigger a downward spiral of deterioration throughout a much larger area. The American Planning Association (APA) in its Policy Guide on Housing states that: “substandard housing, whether due to age-related deterioration, neglect, or poor-quality construction, affects the entire neighborhood. The results are islands of disinvestment, characterized by high concentrations of socially and economically disenfranchised people, isolated from economic opportunity as well as suitable living environments.”

In 2004, as part of City Council’s neighborhood revitalization efforts, Council directed staff to initiate a substandard housing inspection program. The components of the program are education, inspection and compliance. Although enhanced enforcement and consequences were explored with City Council at that time, Council directed staff to proceed with an enhanced education and compliance focus first. An additional Code Enforcement position was added in the 2007.

The following sections define substandard housing, describe the current efforts and program accomplishments thus far, and discuss the issues that the program faces and how staff has been dealing with those issues.

What is Substandard Housing?

The City of Longmont has adopted the International Property Maintenance Code (IPMC), as a City ordinance, for the purpose of ensuring public health, safety, and general welfare of Longmont residents. In general terms, the IPMC defines the minimum standards for housing. It covers issues related to structural integrity, the required water supply, water heating and plumbing requirements, basic heating requirements, electrical standards, fire safety, smoke detection and pest infestation (Attachment 9 contains principle sections of the IPMC). Other sections of the Municipal Code address exterior standards, such as outdoor storage, yard maintenance,

junk/inoperable motor vehicles, trash, debris, illegal dwelling units, and commercial/recreational equipment.

Simply put, substandard housing is the term used to describe housing that does not meet the Municipal Code. Substandard housing can refer to units that contain a multitude of violations. Although a number of violations typically need to exist before a unit could be considered substandard, sometimes only one critical violation (e.g. no water) may dictate that a unit be declared substandard.

A dwelling unit must, by code, meet certain minimum housing standards to continue to be occupied. These are truly minimum standards such as heat, electrical, running water, a working toilet, and structural integrity. Violation of these standards often makes a structure unfit for occupation. If a structure is determined to be unfit for occupation, the City goes through a violation notice/correction order process to ensure that the unit is not occupied and is secured or boarded until repairs or corrections have been made. Under our current code, any building official has the authority to issue a violation notice on property.

Codes that apply to the outside of the home are also minimum standards to protect both the health and safety of the occupants and the community. Violations of these exterior codes can have a significant impact on the neighborhood, but typically do not serve as the basis to prohibit occupation.

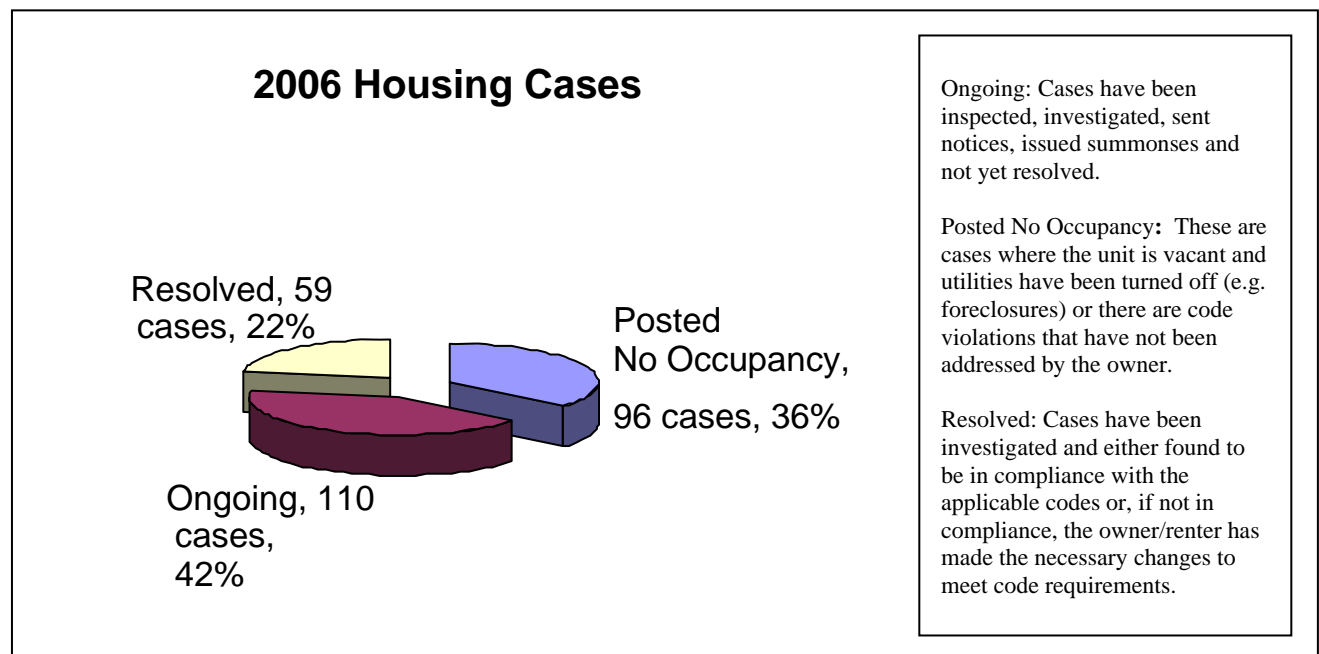
For the purpose of this paper, staff has classified the substandard housing cases into two types: typical and substantial. A typical substandard housing case is one that is fairly straightforward and resolved with minimal resources or intervention from the City. These cases may deal with a myriad of minor housing issues ranging from infestation or lack of exterior maintenance, rubbish, garbage, or occupancy violations. Most often they deal with delinquent water and electricity bills that have resulted in these utilities being shut off for non-payment. A substantial substandard housing case is one that requires a large amount of resources from City staff and others to resolve. These cases often deal with occupancy issues, may include mental health issues, and require special expertise and collaborative efforts from other City departments and/or community agencies to resolve. Case management for substantial housing cases is critical. These cases often take months or even years to resolve and can have major impacts on the occupants and the surrounding neighborhood. Substantial substandard housing cases present a unique challenge to Code Enforcement, Building Inspection and Community Services staff, as well as County Social Services and Mental Health personnel. Although these cases may be relatively small in number, they require an extraordinary amount of time and resources for resolution. In addition, each of these cases is unique and complex, and requires a uniquely-designed intervention process and may involve displacement of residents.

Statistics for Substandard Housing

Throughout 2006, the City’s Building Inspection Division conducted over 700 substandard housing inspections and handled 265 substandard housing cases, which comprised approximately 9% of Building Inspection’s total caseload.

2006 Code & Housing		
Numbers	Cases	Inspections
All Code	3,057	7,621
Housing	265	716
Percent-Housing	8.7%	9.4%

In 2005, the City initiated 260 housing cases, a similar case load to 2006. It is also important to note that from 2002 to 2006 an average 20 percent of the cases rolled over from one year to the next, which has a significant impact on the workload. The following chart illustrates that over one-third of the 2006 substandard housing cases have resulted in properties posted as “no occupancy” and these properties remain vacant today. Nearly half of the cases (42%) are still not resolved, which means that violations have not yet been determined or the case is not yet resolved.



Substandard Housing Efforts and Accomplishments

In 2004, the City expanded its efforts to address substandard housing issues in the Longmont community. The City Council directed staff to develop an educational program to assist in the reporting of substandard housing from various City agencies and others who are likely to encounter these properties. In addition, Council also urged City staff to enhance its enforcement of existing City codes and its efforts to assist property owners to comply with existing City housing codes. This section outlines some of staff's accomplishments in these areas over the past two years, and identifies several ongoing challenges that may require further City Council action and/or City resources in the future.

Education: City staff created a substandard housing education program to help increase community awareness of what substandard housing is, how to report it and how the City will follow through with an inspection. Copies of these informational materials are included in Attachments 10 and 11.

In addition to information distribution, City staff provides training and outreach to other City employees and community members who are likely to encounter substandard housing issues in the course of their work. A substandard housing case typically comes to the attention of code enforcement through walk-in or phone inquiries from concerned family, friends or neighbors. Other common avenues include referrals from other City divisions or outside agencies that have contact with the home owner/renter. For example, Police or Fire Department personnel may observe substandard conditions in the course of a call on another matter. Utility Billing provides Building Inspection a list of properties whose utilities have been shut off. A home health care aide might see inadequate living conditions when s/he makes contact with a new client. Over the last several years, staff has provided training for Police and Fire personnel, presented at the Community and Neighborhood Resources Landlord Symposium and for the Real Estate Board. El Comité, OUR Center, Salud Clinic and other non-profits have also been provided information about the program.

Compliance: To deal more effectively with substandard housing issues, staff has formed a Substandard Housing Team that includes representatives from Community and Neighborhood Resources, Community Development Block Grant program (CDBG), Building Inspection, Utility Billing, Police Department, Senior Services, Fire Department, Code Enforcement and the Longmont Housing Authority. This team primarily focuses on the substantial substandard housing cases to ensure there is collaboration on seeking resolution to these cases and mitigating the impact on the residents and the neighborhood.

Staff has initiated a proactive code compliance and education initiative for the Historic Eastside Neighborhood Association (HENA) and Kensington neighborhoods to support the property maintenance issues that were identified in both of their neighborhood revitalization planning processes. This pilot program provides every property owner in HENA and Kensington neighborhoods with a property maintenance check list, a list of

the City's top 8 code violations, and a door hanger stating that a code compliance officer will return in a few weeks to do an inspection (Attachments 12 and 13). Through this effort in the HENA neighborhood, 96.5% of the households have complied with the code requirements without any official action being taken from the code compliance officer. This effort was only recently initiated in the Kensington neighborhood, so there are no statistics to report for Kensington at this time. This effort is being funded on a temporary basis with CDBG funds and some assistance is available to property owners that need assistance with compliance.

As part of this program, and in collaboration with community members, a number of Saturday clean-ups that involve picking up refuse and transporting it to the waste disposal site have been implemented. Code Enforcement and Community and Neighborhood Resources staff have been highly successful in leveraging volunteer efforts from the faith community, businesses, and other community organizations to provide labor, equipment and supplies. These entities provided help cleaning up yards and homes, and provided assistance to elderly and/or disabled residents. Restaurants provided food to volunteers on clean-up days. Businesses provided trucks and front loaders and hauled trash to the land fill.

There are temporary funds, in the 2007 budget, to maintain the current service level to support the substandard housing compliance efforts through the end of this year. However, CDBG funding for the HENA/Kensington code compliance and education initiative will be depleted by the first quarter of 2007.

Enforcement Issues and Challenges

Of the 265 substandard housing cases in 2006, it is important to note that 16 of those cases account for more than 20 percent of the time spent on all housing inspections. These cases require a majority of staff time and other City and community resources to resolve and are usually complex cases that often involve mental health issues which can impair the judgment of a homeowner. These cases often involve owner-occupants and are not of a "quick fix" nature that may take in excess of 12 months to resolve.

In general, the most complex substandard housing cases involve one or more of the following issues:

- Mental health issues. The substandard housing conditions may be a direct result of the occupant's mental health issues: people with hoarding issues, people who see many real or imagined threats to their person or property, and people who do not know how to maintain sanitary conditions (Attachment 14). Unless these mental health issues are dealt with, the housing issues are a recurring problem. The City has contracted with a private provider to conduct mental health assessments, provide brief intervention, referral and/or case management services as needed to help the City and the occupant be more successful in sustaining compliance over time.

- Occupants of substandard housing may not qualify for CDBG or other assistance. With owner occupied properties or rentals, income levels may be such that owners do not qualify for assistance. This has often been the case where there are mental health issues that contribute to the substandard conditions.
- Occupants of substandard housing may qualify for assistance, but are unwilling to apply for assistance. Some people are concerned about taking assistance because of pride or are concerned that they will be going into increased debt or will have additional liens placed on their property.
- If a unit is a rental, the renter may be displaced and incur considerable relocation expense if they complain about substandard conditions. They are concerned that if they complain there will be retribution from the property owner or the property will be posted no occupancy and they will be forced to move on short notice. In these cases, the balance of the rent and security deposit may not be available to them in a timely manner. There is no reliable resource to help relocate these individuals and families. Often times a renter will report substandard conditions as they are leaving a rental unit.
- One of the most significant issues facing the Substandard Housing initiative is displacement of residents. If a unit is owner or renter occupied, the residents may be displaced and there are no resources available to relocate these individuals or families. City staff is put in the position of looking at the code, determining the impact that a property has on a neighborhood and/or the residents of that property, and then potentially forcing the residents to vacate the property. If the property has multiple units, a number of families may be displaced with no resources to find them housing. If a property is owner occupied, staff is faced with forcing a property owner from their own property.
- With rental units, there are many examples of renters going from rental unit to rental unit where the units are known nuisance properties by police standards, by code standards and by health standards. Often the renters are not causing the nuisances, but this may be the only level of housing they can afford or obtain due to their circumstances. Currently, except for methamphetamine houses, new renters can immediately move into a “drug property”, even if the property was destroyed by the previous renter. Hazardous materials, residue or other health violations could remain.
- Animal safety can also be an issue in substandard housing. Pets may also be at risk and in a number of cases, there can be more pets than the household can support. This may contribute to the substandard condition and is an issue that needs to be dealt with before a unit can be posted as no occupancy.

Included in Attachment 15 are some examples of these types of substandard housing cases that City staff has been working on. These cases were chosen because they illustrate some of the human needs that City staff has to consider as part of the substandard housing inspection process.

Additionally, Longmont (as well as communities throughout Colorado; see Attachment 16) is experiencing an increasing number of foreclosure and/or substandard properties that are sitting vacant and un-maintained for extended periods of time. Currently, Longmont Municipal Code allows the City to abate weeds and graffiti and board up un-secure properties. Neighbors who border these properties are frustrated that these properties are vacant then remain indefinitely in that state and have advocated that the City do more to see that they are maintained and do not create an attractive nuisance.

Staff is finding it difficult to effectively address the types of substandard housing issues described above with the existing resources and tools they have available. The following section explores some additional strategies that the City could consider to enhance its substandard housing compliance and enforcement efforts.

Additional Potential Substandard Housing Strategies

The following is a discussion of additional options and/or resources that the City Council may wish to further explore to enhance the City's capacity to ensure quality housing and preserve the quality of life throughout Longmont's neighborhoods.

Abatement: There are long term negative impacts on a neighborhood from housing that is vacant or unfit for occupation and is not being maintained. Currently, there are no time limits or standards about how long a house can stay in this condition. Neighbors expect the City to correct violations at these properties, but the Municipal Code currently limits the City's ability to effectively deal with these problems.

Currently, the City can correct ("abate") ordinance violations for weeds and graffiti. Those current weed and graffiti abatement procedures prove very effective in obtaining compliance. When a property owner fails to abate a weed violation in a timely manner or does not cooperate with the City to remove graffiti, the Municipal Code provides a way for the City to correct the violation and recover public funds spent to correct violations through a lien against the property. Currently, there is nothing in the Code to allow for these effective abatement procedures for abating trash, dumping, snow and ice, junk and debris or junked motor vehicles on private property.

Abatement ordinances to effectively clean up more than just weeds or graffiti on private property are possible tools that could help address the negative impacts associated with the increasing number of foreclosures and vacant properties in our neighborhoods. Attachments 17 and 18 illustrate how some other communities are using abatement ordinances for this purpose. Although an enhanced abatement ordinance may help to improve the neighborhood appearance, it could create a hardship for a property owner with limited income/resources. Under our current ordinance, a lien is attached to a property owner's tax notice which is then due and payable along with the current property tax for that year. If these assessments are not paid, they are treated like any ordinary tax lien and sold at a yearly auction with typically a three year redemption period.

Existing Public Nuisance sections of the Municipal Code are difficult to enforce effectively or timely in court, because it requires citing the owner into Municipal Court

and absentee owners are difficult to locate and serve. On January 4, the Master Board of Appeals adopted a resolution recommending that Council adopt a more effective ordinance. This ordinance can be available to the City Council for its consideration in the near future. If adopted, Code Enforcement would be able to abate chronic nuisances on private property in instances if the owner cannot be located, the owner is unwilling to make corrections, or on foreclosed properties.

Proactive code compliance: The Code compliance efforts in HENA and Kensington neighborhoods have been very successful in proactively dealing with code violations and substandard housing conditions. Though this approach has been successful in HENA and has worked in other municipalities as well, the cost of resources to support this kind of program make this effort more cost intensive than our current enforcement strategies.

Require properties to have an “Agent of Record”: One of the problems with our current system is that action on many violations requires a summons be served on a property owner. If that property owner is out of state or cannot be found, that summons cannot be served and the process for abating the violation is stalled. While this strategy could assist the City’s enforcement efforts, property owners may feel that government is too intrusive and that it could negatively impact their current business if a registration program is implemented.

Rental Inspection Program: A rental inspection program is one of the proactive concepts that staff has asked Council to consider in the past. A systematic inspection of rental properties ensures properties meet minimum housing standards, is used in other cities, and has been very effective in those communities where dilapidated housing stock is prevalent. However, landlords may not approve of this suggestion, because it could lead to additional costs to them.

Continuation of the Neighborhood Revitalization Program: The City has implemented “pilot” revitalization programs in the HENA and Kensington neighborhoods over the past 4 years. These efforts have been funded with one-time City funds. Both of these neighborhood revitalization efforts identified substandard housing as an issue and included strategies to enhance the quality of the housing stock. This process is also resource intensive to implement and can only focus on small areas at a time, but it has proven to be effective in reducing substandard housing within neighborhoods.

Additional outreach and education: Continue educational efforts with property owners, community advocates, City staff, and the community-at-large. Through the history of this program, staff has found that outreach and education has resulted in additional complaints. If this is an option Council would consider, additional resources to respond to the case load may be necessary as well.

Code Enforcement or Housing Board: A Code Enforcement or Housing Board is a strategy that some municipal governments use to help deal with code and housing issues. These boards typically hear complaints, make independent decisions based on the facts presented and make legal determinations. This board, given the authority, could also impose fines and certify liens on properties to assist in seeking compliance on chronic violations.

SUMMARY

The purpose and goals of our Municipal Code and of the substandard housing program are to assure that Longmont residents have a safe, healthy place to live and that the vitality of our neighborhoods is preserved. City staff members have been working hard to deal with the complex individual and community issues they have encountered while carrying out these substandard housing goals. Staff is continually attempting to find a balance between seeking compliance, dealing with neighborhood issues and displacing residents from their properties. Resolving these complex substandard housing issues come with some significant trade-offs and difficult choice-making associated with prohibiting a housing unit as unfit for habitation when there are inadequate resources available to support displaced residents (owners or renters) and when the house sits vacant in a neighborhood and continues to contribute to neighborhood decline and dissatisfaction.

This paper sought to bring some of these complexities forward to City Council for greater understanding and to explore what additional action or strategies, if any, the City should take in moving toward our goal of eliminating substandard housing in the Longmont community.

Questions to Consider:

1. Is City Council interested in pursuing any of the additional substandard actions or strategies outlined in this paper? What additional information, if any, would Council like staff to prepare in order to help Council make that determination?
2. What other ideas does the City Council have for sustaining the City's substandard housing efforts?

Attachments:

1. Affordable Housing Options Matrix
2. Summary of Inclusionary Zoning Program Changes
3. City of Longmont Inclusionary Housing Program Survey
4. Letter from Denver Metro Home Builders Association
5. Map of Market Properties Listed for Sale – Affordable Price Range
6. Map of Locations of New Homes for Sale
7. Map of Foreclosed Homes
8. Chart of 2006 Foreclosures Filed by Type of Loan Product
9. Principle sections from the IPMC
10. Substandard Housing information brochure
11. Top 8 Code Brochure
12. Code Compliance Pilot Program Door Hanger
13. Code Compliance Pilot Program Door Hanger #2
14. Code Compliance Close Up – *Pack Rat Tales*
15. Case studies
16. *Shuttered homes, blighted blocks*
17. City of Minneapolis – Boarded Buildings
18. Press Release - *Build for a Better New Bedford*