

Issues regarding the future of the Affordable Housing Program

- How much demand is there? How many units do we need? Where do we build them? Aspen UGB only? Downvalley?
- Who is the market we are trying to serve? Rental/For Sale? Long-term/Seasonal? How much should they contribute?
- Can the free market – even downvalley – be counted on to provide workforce housing? Is it a viable option to simply pay people enough to buy in the free market?
- What do we do about the pending retirement wave of baby boomers?
- What is an appropriate level of public subsidy? How can that number be managed when costs will continue to rise faster than category sales?
- What kind of unit is appropriate for affordable housing occupants? Should pets be allowed in all units?
- What kind of density/size/finishes should we build?
- What kind of partnerships should we enter into?
- What is the development model that best serves our purposes?
- What kind of community are we seeking to build?

Aspen-Pitkin County Housing Summit

September 6th & 7th 2007

City of Aspen
City Council
Mick Ireland, Mayor
J.E. DeVilbis, Mayor Pro Tem
Jack Johnson
Dwayne Romero
Steve Skadron

Pitkin County
Board of County Commissioners
Jack Hatfield, Chair
Dorothea Farris, Vice-Chair
Patti Kay-Clapper
Michael Owsley
Rachel Richards

Sara Adams * Joyce Allgaier * Marty Ames * Tom Baker * Steve Barwick * Dave Bellack * Charla Belinski * Chris Bendon * James Berdahl * Dan Blankenship * Debbie Braun * Frank Breslin * Ken Canfield * Bruce Christensen * Cindy Christenson * Stan Clauson * Joe Coffey * Chris Conrad * Donald K. Cramer * Barry Crook * Pam Cunningham * Nicholas Dimeglio * Leroy Duroux * Bill Efting * Ron Erickson * Alan Fletcher * Hilary Fletcher * Russell Forrest * Ernie Fyrwald * Jessica Garrow * Vic Giannelli * Dawn Gilkerson * Mark Gould * Marcia Goshorn * Jennifer Hall * Sally Hansen * Susan Hamley * Michael Hassig * Patrick Jones * Judson Hawk * Jeff Hecksel * Bentley Henderson * Cindy Houben * Stephen Kanipe * Mike Kaplan * Angela M. Kincade * Helen Klanderud * Warren Klug * Laura Kornasiewicz * Jim Laing * Keith Lambert * Jason Lasser * Reed Lewis * Matthew Loden * Phyllis Matise * Jake Mascotte * Tom McCabe * John McBride * Linda Meister * Paul Menter * Doug Mercatoris * Alicia Miller * Dave Moore * Arnie Mordkin * Tom Oken * Giovanna Olivos * John Olson * Elizabeth Parker * Dave Perry * Brian Pettet * Susan Philips * Geneva Powell * Mitzi Rapkin * Randy Ready * Dave Ressler * John Rowley * Kristin Sabel * Sheri Sanzone * John Sarpa * Geray Senih * Don Sheeley * Susan Shirley * Dr. Diana Sirko * Jenny Smith * Sally Sparhawk * Nan Sundeen * John Tangen * Michelle Thibeault * John Wilkinson

Conclusion of participants:

- ✓ 100% indicated that it is very unlikely that Aspen could continue to rely on downvalley free market housing to house half of its workforce
- ✓ 100% conclude that current free market units that house workers will continue to be converted to second homes that do not house workers
- ✓ 100% conclude it is very likely that the continued conversion of local homes to second homes will drive further job growth
- ✓ 83% said we have an “extreme deficiency” regarding affordable housing in Aspen . . . the remaining 17% said there was “not enough”
- ✓ 100% said the lack of affordable housing is an “severe problem”
- ✓ 83% strongly agreed / 17% agreed that problem was so urgent we needed to act immediately
- ✓ 86% strongly disagreed/disagreed that “We shouldn’t put so much effort into building affordable housing because eventually the free market will create an equilibrium between housing, jobs, and wages”
- ✓ 54% strongly disagreed/disagreed that “The elected officials should take steps to limit job growth as a strategy to reduce housing shortfall”
- ✓ Participants were roughly split evenly on the statement “The community should take steps to limit job growth as a strategy to reduce housing shortfall”

**At a recent Council Worksession on
March 25, 2008, Council direction:**

- From the 2007 Housing Summit conclusions and current Council direction:
 - ✓ We have an affordable housing CRISIS
 - ✓ We're behind now in the # of units we need
 - ✓ We're not catching up at current pace
 - ✓ To start catching up, we can't build with available cash only
 - ✓ The "price of money" is less than the "price of inflation" for land and construction
 - ✓ It's cheaper to borrow and build than it is to wait
 - ✓ Be aggressive in buying land and building new units

- Properties to be reviewed for development include:
 - ✓ Burlingame Phase 2/3
 - ✓ 488 Castle Creek
 - ✓ BMC West
 - ✓ One other maybe

- Category Mix should be shifted "left" (towards lower categories) from that used in BG Phase 1 mix.

- In financing new units:
 - ✓ Look to bond election so we can borrow money now and build now
 - ✓ Can make final determinations about product mix as you go and see what the demand is
 - ✓ Fund balances remain healthy – to either pay down debt or spend cash to develop and borrow less later
 - ✓ Taxable Debt versus Tax-Exempt Debt
 - Rules/determination
 - Private Letter Ruling being sought

- Begin conversations around possible partnerships in the development of these properties