



## **ANVIL MOUNTAIN NEIGHBORHOOD AND AFFORDABLE HOUSING**

### **Questions from the Community and Answers from the Project Coordinator**

**What is Affordable Housing?** Housing is considered to be *affordable* when the combined cost of owning or renting –including heat, maintenance, insurance and taxes– does not exceed 30% of a family's income. In some communities, this happens easily because the cost of homes, apartments, and condominiums is very low. In communities like ours in Silverton, the cost of a market rate home is typically above this level and inventory is very limited.

Affordable housing programs typically assist households who earn 80% of the Area Median Income (AMI), which in Silverton is between \$30,000 and \$43,000 depending on family size, with downpayment loans, mortgage guarantees and deed restricted housing development.

**What is Attainable Housing?** Attainable Housing is workforce housing provided to families earning between 80% and 120% of Area Median Income. Communities experiencing a high cost of real estate often develop programs for attainable housing to be able to retain government workers, teacher, law enforcement officers, etc. who make too much to qualify for 'affordable' housing. Downpayment loans and mortgage guarantees are usually not provided by the Federal and State government for this category of buyer, but may be facilitated by local programs and municipal governments.

### **What Affordable Housing Programs are provided in Silverton and San Juan County?**

At the current time, no "affordable housing units" have ever been built by public programs in Silverton or San Juan County. The 16 USDA "Self-Help" homes that were constructed are not part of any affordable housing program. Public funds or subsidies were not spent to construct these homes or purchase the land, and the owners bear the full cost of the home themselves, rather than receiving assistance. These homes are part of a national "First Time Home Buyer Program", which is designed to help families and individuals purchase a home

through hard labor when they don't have cash for a downpayment. The owners are able to work on the home and their "sweat" becomes their "equity" investment. The USDA did include Deed Restrictions in the last 8 homes they built in order to address public concern that these homes would resell at high prices. However, these homes are not part of any tax-funded program.

The Anvil Mountain Neighborhood will not provide subsidy for any homes on the site. Mortgage guarantees, down payment loans and sweat equity will help buyers obtain homes, which will be deed restricted to keep them affordable long term.

**Why did the environmental assessments fail to turn up the extent of the contamination on the Walsh Smelter site?** The Phase I and Phase II EPA-funded assessments were intended to estimate the amount of contamination on the site. The core samples taken systematically from the site varied in depth from a few inches to 8 feet deep. The testers drilled until clean soil was reached. The technique used was scientifically valid, although not foolproof. Environmental assessments have a margin of error. The reason the contamination was underestimated on the Walsh Smelter site was because clean soil had been intermingled with contaminated soil when the site was being used for smelting, which is exceedingly rare. This discovery has changed the way we understand the history of the smelter operations on the site.

**Who takes responsibility for failed assessments and why was a Performance Bond not issued for the sub-contractors?** Assessments do not claim to be error-free. The company that carried out the Phase II assessment - URS Inc. - is a widely-respected international firm. They made the County aware early on that their study was an estimate based on systematic samples. The only way to confirm their samples was to dig into the ground. Much more material had to be moved in the clean-up process than anyone expected, but none of the contractors was negligent in carrying out their duties or can be held financially responsible.

The County's contract with URS, Inc. (as well as SWCA and Fullmer Construction) contained legal recourse if the company failed to carry out their work in an appropriate or professional way. The County's decision not to require a performance bond did not result in the County forfeiting its ability to take action against any sub-contractor that failed to act professionally according to its contract.

**If the assessments can be inaccurate, how do we know the final site testing will be accurate?** Unlike the assessment process, the final site testing being carried out by SWCA, Inc. is not an “estimate” of contamination, it is a final “test” of contamination. The XRF Machine on site - and the confirmation samples sent to the laboratory - have an almost non-existent margin of error. If signs of contamination are found, they must be cleaned up and the site retested until the soils are suitable for residential use. These sites will likely be more safe and clean than most building sites in Silverton when the project is complete.

**There are now two large unexpected holes on the site where more contamination than expected had to be removed. What is the County going to do about those?** The County has applied for an ARRA grant and a revolving loan fund from the Colorado Brownfields Foundation to fill these holes with clean soil. Once filled, they will be suitable for roadways, infrastructure and buildings with basements or deep footers. The site plan must be revised as a result and it is possible that housing units may be moved around or eliminated as a result.

**How much did San Juan County pay for this property, how big is it, and what sources of funds were used for its purchase?** The property cost was \$279,000 for 16 acres on both sides of Highway 550. 3.5 acres stand on the Mineral Creek side of the highway and 12.5 encompass the area on the north side of the highway where the clean-up is in progress. San Juan County paid \$200,000. Housing Solutions for the Southwest and Colorado Housing Inc. also chipped in toward the purchase. The total cost per acre was \$17,437. The County used “Developer Fee-In-Lieu” funds that were paid by Durango Mountain Resort for the right to develop land at the south end of the County. By County rules, these funds are earmarked for Affordable Housing.

**How does the County justify investing between \$700,000 and \$800,000 of taxpayer money and in-kind investment this project?** Approximately \$300,000 of the County funds used for the project came from Developer “Fees-in-Lieu”. These fees are paid by the developer, in this case DMR, to “hire” San Juan County or its agents to develop affordable housing so the developer isn’t required to build it themselves. Since the beginning of the project, the County Commissioners have intended to recoup their financial investment in this project through property sales and developer fees. When the project is complete, the County will replenish \$1.3m or more in cash into its coffers from the sales and fees.

**Why is the County “giving away” these parcels of land for \$10,000 when they paid \$17,000 per acre for the land?** The parcels are, on average, about 50'x50', or 2500 sq. ft. The lots are on average 1/17<sup>th</sup> of an acre. According to the purchase price of the land, the lots should cost \$1000 each. However, the County cannot develop every square foot of the site due to roadways, historic preservation and the containment area. They also must invest in revegetation, sidewalks, lighting, etc. Since the County has been diligent in protecting the public's interest, they calculated the cost of the lots using only the total square footage of *developable* land, which approximately 9 acres. 3 wooded, view lots will be sold at market rate for upwards of \$150,000 each, generating \$450,000 back into the County coffer. The affordable and attainable lots will be sold at an average of \$10,000 each, generating \$430,000 back into the County Coffer. An additional developer fee of \$8,000-\$15,000 will be assessed to each lot to reimburse the County's other investments in the parcel. This fund will generate \$390,000 back into the County Coffer for future infrastructure and land banking projects.

If the County charges higher fees and land prices than these, they will recoup significantly more than they will invest in the site and could be open to substantial criticism for profiteering on affordable housing. Their goal as a local government is to facilitate affordable housing, recoup their investment and plan for future needs. The 3.5 acres of land across Hwy. 550 will remain in the county's asset pool for future use or sale at no additional cost to the county.

**Why don't owners of affordable and attainable housing have to work as hard as I do to own a home in Silverton? Why are the taxpayers helping people buy a home?** No one is handing anyone anything for free in this project. Taxpayer funds are not paying for homes or helping buyers. There is no public subsidy for lots or homes in this project at all. Anvil Mountain owners, and the owners of every “affordable” home built in Silverton thus far, have and will have to pay the full cost of their home, including land, lot infrastructure, tap fees and down payments just like any other buyer. In fact, the owners have to assume the added disadvantage from deed restrictions of lasting limitations on value, residency, rentals, remodeling, size, etc. Homes like this become affordable not because of public subsidy but because no developer “middle man” is taking a big chunk of profit out of the project.

The DOLA infrastructure grant comes from fees paid by the oil and gas extraction industry for the right to pull natural resources out of the ground in

Colorado. We receive it in exchange for dealing daily with the economic impacts of the mining departure. The EPA cleanup grant is funded by bonds paid by mining companies so an agency will be there to clean up, or monitor compliance with clean-up, of polluted, mine-scarred lands. These are not taxpayer funded programs.

The tax-related programs that will be utilized on the site are a) the \$8,000 first time home buyer tax credit, which is available to anyone in the US who buys a home for the first time, a program implemented by President Bush and b) the homebuyer training program that will help new owners manage their responsibilities, which is also available to any homebuyer in Silverton or nationwide.

**Will these affordable houses ruin the value of other homes and bring down the value of real estate in Silverton in general?** No. Every affordable and attainable home in the Anvil Mountain Neighborhood will carry deed restrictions limiting value appreciation, resale, residency requirements, work requirements, etc. Deed restricted homes cannot be used as a comparable sale in a free market appraisal. So the appraisal of a free market house will never be affected by the value of these houses. It is possible that rentals will be vacated as these homes are built. To help with this, SJDA is partnering with Housing Solutions for the Southwest on a Rental Rehab Program to provide low interest loans to landlords who improve their properties. 5 projects are planned for 2010.

**Can a working person in Silverton afford an \$800-\$1000/month mortgage with taxes and insurance?** The San Juan County Needs Study indicates 'yes'. The Area Median Income (AMI) for Silverton is \$43,100 for a family of 2 and \$53,900 for a family of 4. Families between 80% and 120% of AMI can afford \$934-\$1,119 in mortgage, taxes and insurance if they allocate the federally-recommended amount of their income to housing (30%).<sup>1</sup> So the projected costs of homes at Anvil Mountain will be within reach for a strong percentage of Silverton's workforce.

**Where will the jobs come from to support the people who will buy these homes?** The jobs are already here. We do not need to create jobs to justify the Anvil Mountain Neighborhood. SJDA already has 12 buyers pre-qualified for the first phase of three phases of development. The School District, San Juan County,

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<sup>1</sup> San Juan County Housing Needs Assessment, 2008, p

Town of Silverton and private sector businesses add another 31 permanent jobs currently held by workers in rental housing. Most of these renters are paying 50% of their income on housing costs including heat and would buy if an opportunity were available. Added to the pre-qualified list, the total is 43, which is exactly the number of workforce units planned for the site. These numbers hardly take into account Silverton Mountain's 30 employees, many of whom would like to make Silverton their permanent residence. So we do not need to hope for job creation to support Anvil Mountain. The demand is already documented. Also, the homes at Anvil Mountain will not be built on speculation. They will be pre-sold to qualified buyers who have jobs.

**Will people be able to buy these houses as an investment property and go live elsewhere?** The deed restrictions for workforce units will require that owners live in San Juan County and work in/from San Juan or a neighbor county for 75% of the year. Owners will be allowed to apply for a leave of absence to go to school, get job training, handle a family emergency or care for an ailing relative. If they must leave, they may rent their home temporarily for the cost of their mortgage, taxes and insurance plus a 5% fee for property management costs. Their leave of absence and rental rates will be reviewed against the deed restriction requirements every 6-12 months.

**How can the Anvil Mountain project offer single family homes that will be affordable? Why not build multi-family or condominium homes that will be cheaper?** The site plan includes single family, multi-family and duplex homes to create a wide range of sizes and prices. The size of each home and unit will depend on the income and needs of the buyer. Homes at Anvil Mountain will be built using modular, system-built technology and pre-designed floorplans to save on architecture, building costs and engineering. The houses, although indistinguishable from traditional homes, are constructed mostly off-site allowing for greater control of cost. Multi-family and duplex homes cost about the same amount per square foot as single family homes, so these are only cheaper because they are smaller in size on less land. The County purchased the property at an affordable price and added density, making single family houses more affordable than in many other communities.