

ARCHULETA COUNTY HOUSING AUTHORITY

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Pagosa Springs, Colorado, October 7, 2019 -- The Archuleta County Housing Authority (ACHA) announced today the approval by the Colorado Housing and Finance Administration (CHAFA) of the Authority's application for tax credit financing for 34 units of affordable housing in Pagosa Springs.

The housing is to be constructed at a site on Hot Springs Boulevard, on land made available by Archuleta County. The financing approved will be under the federal Low Income Housing Tax Credit program (LIHTC), which CHAFA administers throughout the State of Colorado.

Clifford Lucero, Vice President of the ACHA board of directors, thanked the Archuleta County Commissioners for their vision and commitment to the future of the community in making the Hot Springs Boulevard site available for construction of the housing, and the Town of Pagosa Springs for its multi-faceted role in supporting and approving the project.

Lucero said the plan for the new housing is an outgrowth of the decisions in 2015 by both Archuleta County and the Town of Pagosa Springs to designate affordable housing as a community priority.

Pursuant to those decisions, the County and Town in 2018 granted the ACHA preliminary funding of \$50,000, to support its "bricks and mortar" plans for construction of affordable housing for the community. ACHA's application to CHAFA to obtain the LIHTC project financing was then submitted by the ACHA in June of this year.

Lucero said "CHAFA's approval of our application is a major boost to the community. It will bring substantial funding into the community, and help implement the ACHA mission to build critically needed housing for working families."

In addition to the vigorous support for the project from the County and Town, Lucero said that the ACHA's application was actively supported by the Pagosa Springs Chamber of Commerce, the Archuleta School District, Justice Ministries, the Archuleta Housing Corporation, and the County Department of Human Services.

LIHTC is a federal program, which provides income tax write-offs for private investments in affordable housing. The total availability of the tax credits provided to incentivize such investments nationally is limited by the federal government.

In Colorado, eligibility of a plan to receive any of the limited tax credits available to incentivize investments in affordable housing construction in the state, is dependent on CHAFA approval.

"LIHTC is highly competitive," Lucero commented. The tax credit "is eagerly sought in support of plans for communities throughout the state to build affordable housing. They all seek CHAFA's approval as a gateway for construction."

Lucero commended ACHA management under the leadership of Executive Director Sara Ward for its diligence since 2015 in seeking development of affordable housing in the community, and its hard work in preparing and submitting the LIHTC application in order to make the Hot Springs Boulevard plan a reality.

Ward said the successful application was facilitated by Bill Simpson, who was engaged by the ACHA last year to serve as the project "developer." Simpson was formerly employed as a Manager at the Colorado Department of Local Affairs, Division of Housing.

Simpson will not be directly responsible for the future construction of the new housing on Hot Springs Boulevard on behalf of the ACHA, Ward said. Instead, as developer he was instrumental in preparation and submission of the application to CHAFA, and will be generally responsible for project organization, arranging the private financing partners, coordinating the multiple participants, and ultimate project implementation.

Regarding the ACHA application for LIHTC funding, Simpson commented that such applications rarely succeed on the initial attempt. "Because of the high level of competition, receipt of approval by CHAFA usually demands repeated applications, and the process may stretch out for years."

Simpson said three factors likely combined to win CHAFA's early approval for the ACHA's project: the showing made of a clear and substantial need for affordable housing in the community, CHAFA's confidence in the local team earned in the application process, and the very strong support for the ACHA's plan demonstrated by the community.

Elaborating on the importance of the local team, Simpson noted that during his employment at the Division of Housing, he had frequent contact with the Pagosa Springs community involving its need for affordable housing. In his experience, the ACHA stands out for its willingness to take on this major project.

Simpson commented that ACHA Board President and County Commissioner Steve Wadley, and Board Vice-President Lucero each made impressive presentations to CHAFA on behalf of the Authority. Wadley emphasized the strong community support for the project, and Lucero discussed the local housing need and the ACHA's dedication to the task.

Simpson said that the tax credit financing approved for the ACHA project by CHAFA allows an annual write-off against income tax due of approximately \$1.2 million for a period of ten years. He added the award was "Very large for a community of this size."

The magnitude of the credit is expected to attract a private investment of approximately \$11 million in the affordable housing to be constructed, Simpson said. He added that the ACHA is hopeful it will also receive supplemental financing for the project of \$1 million from the Division of Housing, for a total capital investment contributed of about \$12 million.

At that size, according to Lucero, the 34-unit project may be the single largest capital investment ever undertaken in Pagosa Springs. Likely the size and specialized expertise required for the project will demand hiring a general contractor from outside the community, but he said it is the ACHA's intention to have much of the work performed by local sub-contractors.

ACHA Executive Director Ward said the ACHA will move ahead on the project promptly. Architecture and Engineering proposals will be considered at the Board meeting this week, and it is anticipated that project specifications will be completed by early 2020, and be ready for construction bidding.

The project design will be focused on quality construction, and will match the characteristics of the neighborhood, Ward added. Green material and energy efficiency will be emphasized, consistent with CHAFA requirements.

Developer Simpson said the units to be constructed will be a mix of one, two and three bedroom town homes, and will be made available to tenants at price points set for Area Median Income at the 30, 40, 50 and 60 percent levels.

Construction will potentially take about 14 months, beginning as soon as ground can be broken in 2020. It is hoped that units will be ready for occupancy by mid-2021.