

Nonprofit coalition aims to buy down homes to create affordable housing

By Andrew Travers, Aspen Journalism
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Michael and Sara Carlton reminisce in their kitchen about the process of buying their home in the town of Eagle, which they purchased with the assistance of Eagle County's "Good Deeds" buydown program.

Dan Bayer/Aspen Journalism

As the least pricey free-market homes in once-affordable Colorado mountain towns such as Basalt and Carbondale are increasingly bought up as vacation properties and short-term rental investments, a new nonprofit coalition is aiming to keep them in the hands of locally based workers.

The West Mountain Regional Housing Coalition, formed last year with eight Roaring Fork Valley government entities as its members, is aiming this summer to launch a "buydown" program targeted at helping locals purchase homes listed for \$800,000 or less. The group would give homeowners cash to help make the purchase — \$100,000 or more, coalition members estimate — in

exchange for placing a deed restriction on the properties at purchase to keep them occupied by local people who intend to live there full time.



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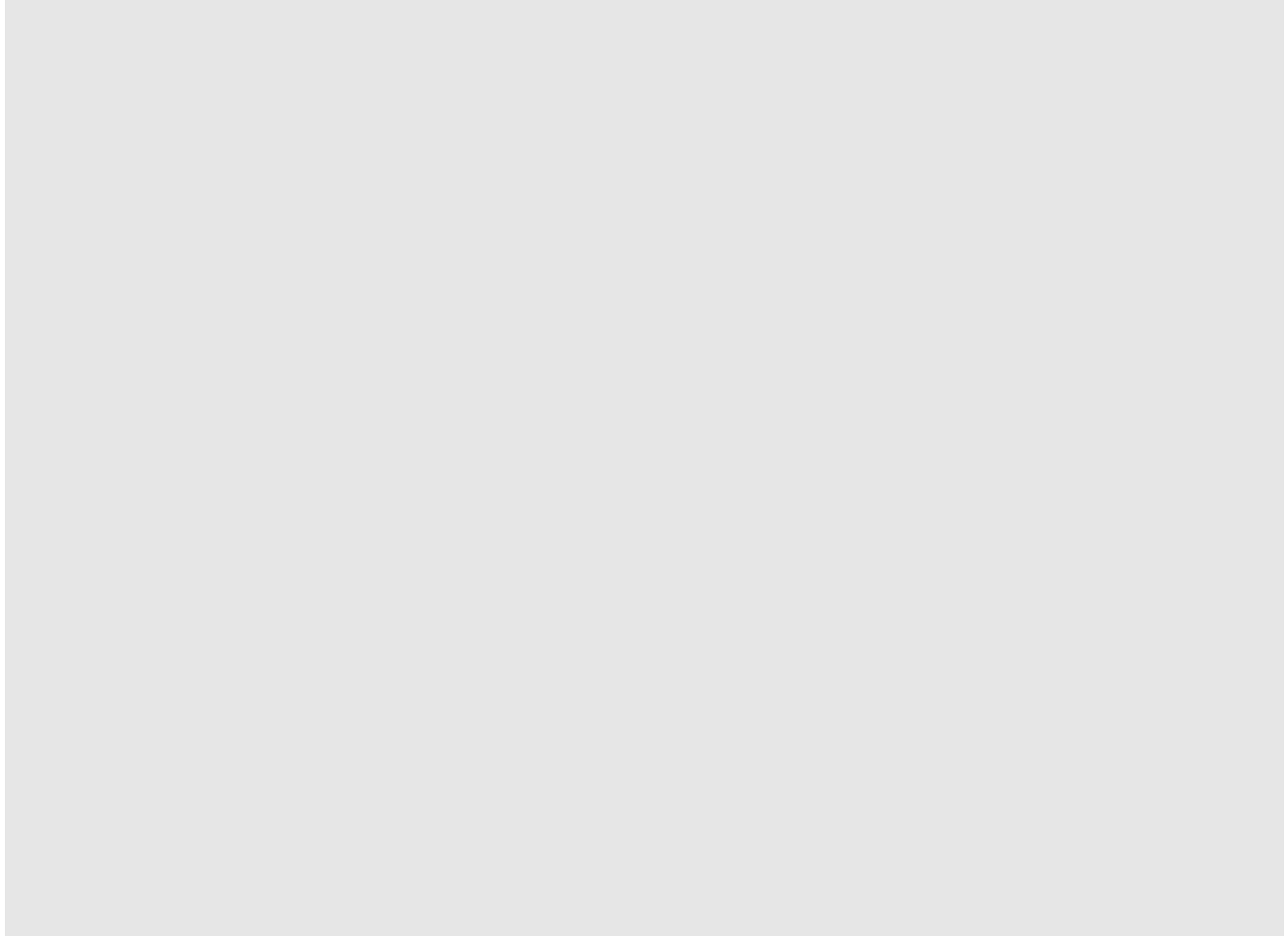
Those homes have been vulnerable to purchase from investors seeking short-term rental properties, from second-home owners and from retirees as sky-high real estate prices in wealthy ski resort towns such as Aspen and Vail creep further beyond their municipal borders into once-affordable communities. According to data prepared for the coalition by two brokers at Aspen Snowmass Sotheby's International Realty, in the first half of 2022, there were a combined 97 free-market home sales in Basalt and Glenwood Springs under \$800,000. Seventy-two of them were in Glenwood Springs, 15 in Basalt and 10 in Carbondale.

The Basalt and Carbondale sales have been of particular interest to the coalition as observers report more sales going to second-home owners, short-term rentals and retirees.

Once that happens, "that inventory is gone and that's a good reason for the buydown program," said Basalt-based attorney David Myler, who is coalition treasurer and at-large board member. "We're preserving what used to be affordable workforce housing primarily in the midvalley."

Teeing up buydowns

The coalition's founding members are the governments of Eagle and Pitkin counties, as well as the municipalities of Aspen, Basalt, Carbondale, Glenwood Springs and Snowmass Village. Colorado Mountain College is also a coalition member. To implement regional solutions to the ski-country housing crisis, the coalition is pooling resources and grant money for new programs that its members hope will put roofs over people's heads and keep the local workforce local.



An aerial view of a neighborhood in the town of Eagle where multiple units have sold to local workers through an Eagle County buydown assistance program.

Dan Bayer/Aspen Journalism

Each entity contributed \$10,000 in seed funds in 2022, with the same amount committed for this year. Garfield County and municipalities in the Colorado River Valley, including New Castle and Rifle, have also been in coalition discussions but are not yet members. Future coalition members may include businesses or other public entities such as school districts and hospitals, members said.

The buydowns are the first on a list of programs on the agenda for the coalition, which has been in the works since at least 2018.

The buydown pilot program would be funded by a \$3 million Affordable Housing Investment Fund grant from the Colorado Department of Local Affairs that the coalition anticipates receiving.

Although the coalition expects to seek private philanthropic funding, it is currently relying on government funds grants: \$160,000 from its members; a \$100,000 housing innovation grant from DOLA being used to pay for analysis of regional land use codes; a \$25,000 planning grant from DOLA; and \$25,000 from the Colorado Housing and Finance Authority to do an “equity scan” that will produce regional data on housing needs for specific demographics, providing a lens on how the Latino community, veterans and others here are being affected by the housing crisis.

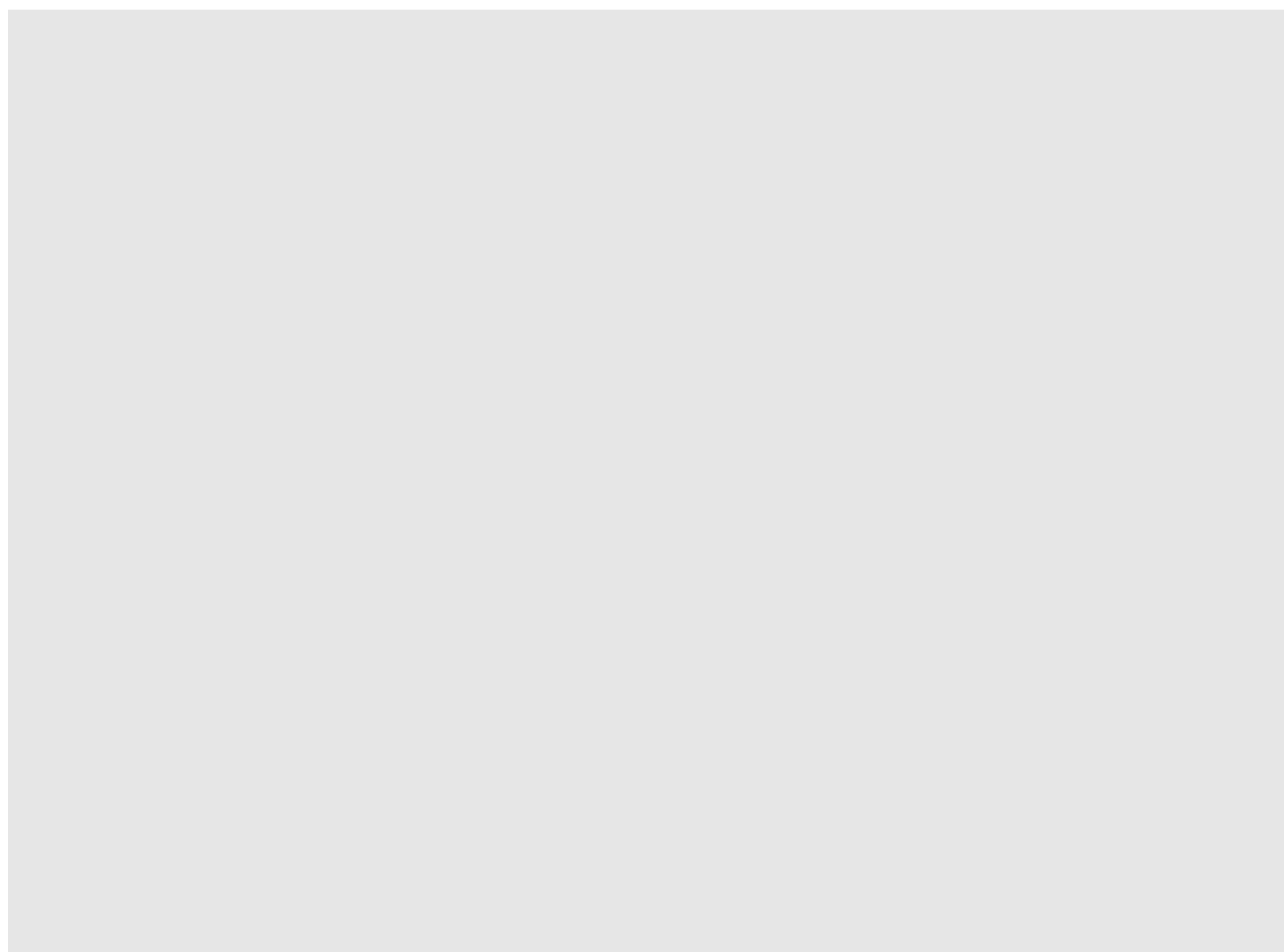
Lately, housing prices have skyrocketed in ski country. The average single-family home price per square foot in the Basalt market, for instance, went up about 130% between 2019 and 2022, according to statistics culled from the 2022 year-end Mid-Valley Market Report prepared by Aspen Snowmass Sotheby's International Realty brokers Penney Carruth and Sara Kurz, who helped compile data for the coalition. In Carbondale, the average price per square foot for single-family homes was up about 70%. This has put starter homes and naturally occurring affordable housing out of the reach of even households with incomes up to \$170,000, creating the so-called "missing middle" in housing stock in the Roaring Fork and Colorado River valleys.

With subsidies up to \$200,000, the coalition's program would aim to support people whose incomes are roughly 90% to 200% of the area median income, or AMI.

State and federal affordable housing programs largely serve households under 80% of AMI, but people with incomes far above that — who would not need assistance in most other regions — do need it here, coalition members said.

"We're trying to provide housing for people who might make \$100,000 a year but can't possibly afford to live here," Myler said.

The long-running upward trajectory of real estate prices in this resort-rich region grew even steeper after the onset of the pandemic in 2020 and the urban exodus of the wealthy. The floor on home sale prices also rose steeply in the midvalley and downvalley communities that had historically been a landing zone for full-time locals priced out of buying a home in Aspen.



The Carlton family plays in the snow in front of their home in Eagle, which they purchased with the assistance of Eagle County's "Good Deeds" buydown program.

Development-neutral 'Good Deeds' to emulate

For its pilot buydown program, the coalition hopes to partner with buyers on at least six home purchases to, in Myler's words, "work on the mechanics of the program."

Among the details still to be worked out include how buyers will qualify and how the coalition will choose whom to help. For the pilot, the coalition anticipates working with buyers who are planning to purchase a home and can identify a property they want to buy now. The coalition would provide them buydown funds to assist in the purchase in exchange for a permanent deed restriction.

"A buyer will walk in the door and say, 'I'm going to buy this townhouse at Elk Run,' and we'll work out the numbers and help them buy it," Myler said.

Buydown models have proved effective in Colorado ski country and are already in place in Vail, Avon, Summit County and Eagle County, which served as a model for the coalition.

In Eagle County, the government's housing and development authority owns and operates a nonprofit real estate company called Valley Home Store, which specializes in deed-restricted homeownership and has been up and running since 2008.

They started their "Good Deeds" buydown program in 2021. Since then, the county has bought down 32 homes so far.

"We had a lot of experience working with clients and talking to buyers who were really struggling in the market and realized that we had to get super creative," said Eagle County Housing Director Kim Bell Williams, also a coalition board member. "And so, for us, that turned into our Good Deeds program."

They offer a 5% cash contribution to anyone willing to buy on the free market and place a "resident occupied" restriction on a home, meaning the owner would have to sell to locals in the future. Eagle also offers a 15% cash contribution for a "price-capped restriction," which caps the home's appreciation level and puts it into a housing authority lottery system for future sale.

Those two incentives aim to take homes off the free market — where they are susceptible to turn into vacant second homes or short-term rental investments — and to ensure they will be homes for full-time community members, Williams said.

Eagle has additional programs in place to keep locals in the valley, including a down-payment-assistance program that loans 5% of the purchase price on homes up to \$850,000 to buyers and its "Locals First" initiative, which is aimed at stopping the phenomenon of wealthy cash buyers outcompeting locals who need to use bank loans for home purchases. Eagle acts as a cash buyer on behalf of locals in exchange for a price-capped deed restriction.

On the rental front, Eagle has also helped landlords convert 16 short-term rental properties into long-term rentals for locals through its "I Rent Local" cash incentives.

The buydowns have proved to be the most effective tool, Williams said, as they have rolled out this array of housing initiatives to keep locals in local homes.

"Our problem is not that we don't have enough houses," Williams said. "It's that we don't have enough houses occupied."

Sara Carlton and her husband bought a three-bed, two-bath townhome in Eagle with help from Good Deeds last March. She said the \$76,500 Good Deeds subsidy enabled them to afford the \$510,000 home.

“We would have had to save for many more years for the down payment in order to buy without the Good Deeds program,” said Carlton, an early-childhood educator. “So it allowed us to get into the housing market. And we’ve recommended it to several people we know who are also trying to buy.”

The couple, who have two children, ages 4 and 2, had rented in Avon and Edwards previously and had discussed a move out of Colorado if they couldn’t find a permanent home. As first-time homebuyers, they learned of the 15% Good Deeds subsidy through the Valley Home Store.

Carlton said she was happy to put a price-capped deed restriction on the home — one of five adjoining units, all occupied full time — to keep it in local hands.

“When they talked to us about the program, they said, ‘When you put a deed restriction on your home, when you move, some other local, who was in the same shoes that you were in, will get to move in.’ And so that was cool, to know that it would continue even after we move out one day.”

Williams said Eagle County’s buydowns haven’t come up against resistance from homeowners associations or other interests that may have concerns about depressing home values.

“The real value is that you’re creating a community by requiring people to live in the property,” she said.

Eagle County has set a goal of housing locals in 400 units using the “development-neutral” model this year. At the end of January, Williams said, they had already counted 186.

The regional coalition aims to scale up this development-neutral approach.

“Let’s create housing without building housing,” Myler said, noting the outsize cost and burdensome red tape of building versus buying. “That’s where the idea of the buydown program came from.”

Development-neutral is also the only possible solution if the goal is to solve an estimated 4,000-home local attainable housing shortfall.

“I don’t know that anybody really believes that we’re going to build 4,000 units because there is no place to put them,” Myler said.

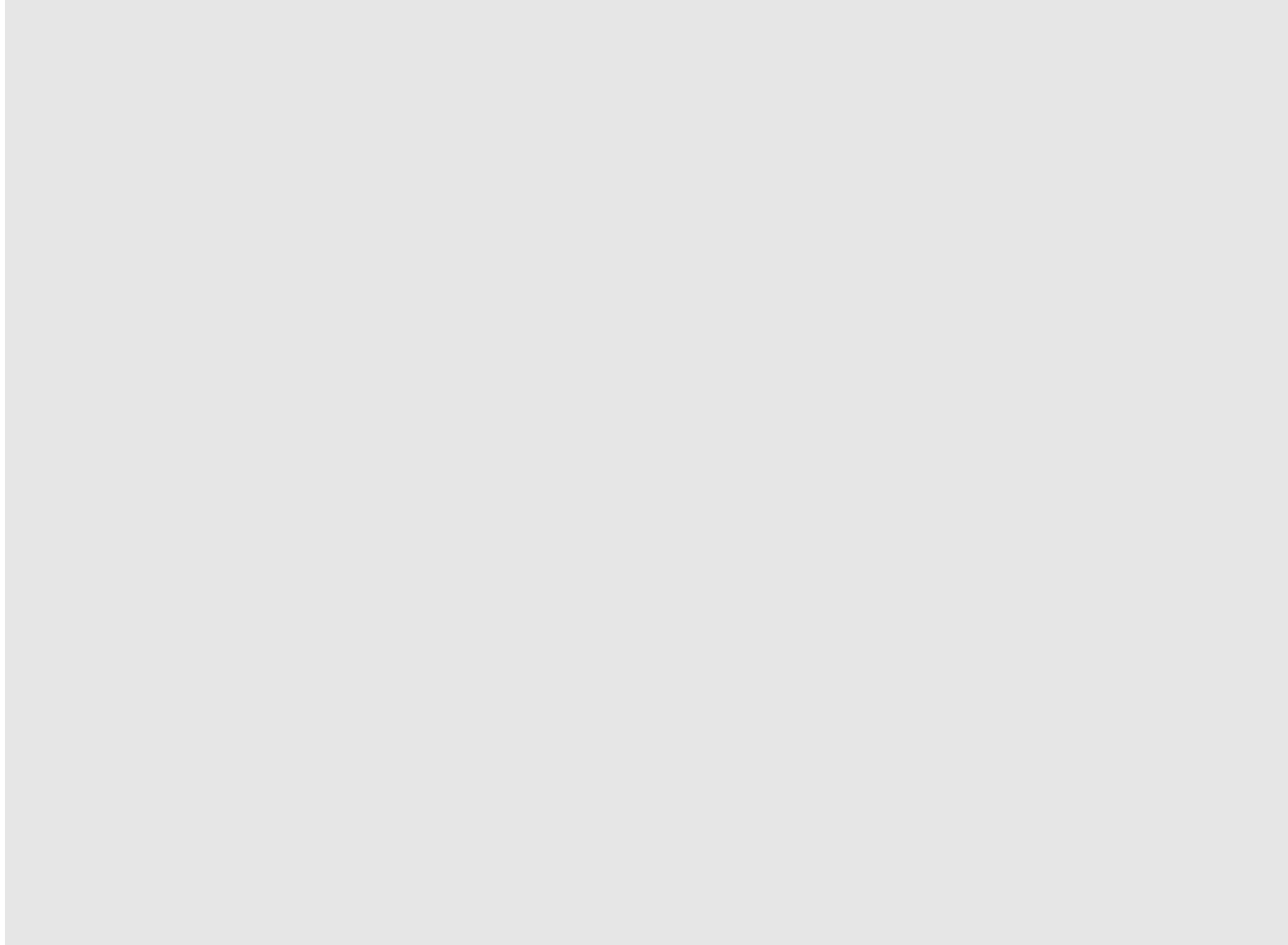
But to be able to give six-figure buydown funds to a significant number of buyers, the coalition will need to fundraise mightily. “We need hundreds of millions of dollars, not tens of millions,” he said.

Eventually, the coalition plans to buy homes itself, then sell them to buyers at a discount with deed restrictions in place. Myler said brokers are eager to sell to the coalition and “send us a steady pipeline of units that would work in our program.”

Long road to a regional approach

The coalition began with the idea of creating a regional housing authority that might collect taxes to fund housing initiatives, modeled after the Roaring Fork Transportation Authority. Led largely by Myler and Bill Lamont — an urban planner based in Carbondale who died in 2020 — it has evolved based on the needs expressed by community members and leaders.

“There just wasn’t the political will for all these entities, at that time, to enter into an intergovernmental agreement to create an authority,” Myler said. “But there was interest built up in the concept of a regional approach.”



A street level view of 1119 Colorado Ave. in Glenwood Springs. The two-bedroom home is on the market for \$669,900. A regional housing coalition is preparing to launch a pilot “buydown” program that would offer downpayment assistance for working locals who would otherwise be unable to afford such a home.

Dan Bayer/Aspen Journalism

With the less-formal approach, they persuaded local governments to fund a landmark regional housing study. Released in 2019, it found that the region had a 4,000-home shortfall just to house its workforce. That number, for the first time, put hard data on the need for affordable housing in the area and became an oft-quoted figure as local governments and employers sought to create housing solutions.

“That opened up a lot of eyes to what the need was,” Myler recalled.

The study covered the Roaring Fork Valley in its entirety and the Colorado River Valley from west of Vail to Battlement Mesa — a stretch of interconnected communities that includes 14 municipalities.

Local governments backed away from taking regional action on housing after the pandemic struck in the spring of 2020 and took the coalition off of their agendas. The coalition group restarted efforts in 2022 with Myler, Williams and former Carbondale trustee Heather Henry in informal conversations. After recruiting their founding members, the West Mountain Regional Housing Coalition registered as a nonprofit last spring.

By that time, the problematic trends the three-year-old study had identified had worsened. And the state's COVID-19 Regional Resiliency and Recovery Roadmaps program — which created a regional framework to spur recovery from the pandemic — was prioritizing and funding regional solutions like those the coalition sought.

After the buydown program launches, the coalition plans to start a rental-assistance program with similar funding models, followed by an initiative to analyze land use codes in the Roaring Fork and Colorado River valleys. The policy initiative — paid for with the \$100,000 federal innovation grant — would aim to create a regional standard for policies such as housing-mitigation requirements for developers and easing barriers for affordable housing development. The coalition has hired Crested Butte-based housing consultant Willa Willeford for the analysis.

Also in the works is a program to incentivize people with additional homes on their properties to keep them filled with local workers. Eagle County is also a model for that program. The county offers a no-interest \$100,000 loan for people to build a so-called “accessory dwelling unit” to house locals.

Although the coalition has the expertise of government housing professionals on its board who meet monthly, it has no full-time staff. Members said they will hire paid staffers to design, implement and manage the buydown program.

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