



Memorandum

To: Vail Town Council
Vail Local Housing Authority

From: Steve Lindstrom, Chair, Vail Local Housing Authority
George Ruther, Housing Director

Date: February 5, 2019

Subject: Long-Term Funding Source Options – Information Update

I. PURPOSE

The purpose of this memorandum is to provide an update on the initiative to establish a long-term funding source for housing. This is the first in a series of tasks to propose long-term funding source options for consideration and evaluation of each. The intended outcome of this effort is to identify, and eventually secure, a preferred long-term funding source to aid the Vail community in achieving the Town's adopted housing goal. To be effective at achieving the housing goal, the funding source must be:

- predictable to allow for accuracy in budgeting,
- a consistent revenue stream absence wide variations or fluctuations in revenue collected,
- adequate in amount to achieve objectives, and
- reliable and dependable over time and free of annual appropriations.

Before a preferred funding source option is selected and pursued, an identification and evaluation of the options is needed. The evaluation of options will come in future phases.

This effort is intended to facilitate the Vail Town Council's 2018-2020 Action Plan goals, initiatives and priorities around growing a vibrant, diverse economy and community and maintain and sustain community through the creation and support of resident housing in Vail.

II. BACKGROUND

The availability of housing remains the #1 most critical issue facing the Vail community. In 2017, the Vail Town Council, in collaboration with the Vail Local Housing Authority, drafted and adopted the Vail Housing 2027 Strategic Plan. In adopting the Plan, the

Town Council set forth a goal of acquiring 1,000 new deed-restrictions by the Year 2027. To realize this goal, a number of strategic actions were articulated. The following actions have been completed or currently underway, in part:

1. Form a new Housing Department within the Town's organization with the single purpose to ensure the Town realizes its vision to be the premier international mountain resort community through the acquisition of resident-occupied, deed-restricted homes for year-round residents. (Completed)
2. Adopt Housing Policy Statements that articulate the approaches the Town will take to achieve its housing goal. (i.e. Goal #10 – Funding is Policy) (Completed)
3. Implement and adequately fund the Vail InDEED Deed Restriction Acquisition Program as this program is an innovative, non-regulatory tool intended to help achieve the housing goal. (Funded for 2019)
4. Identify a long-term source of funding for the acquisition of resident-occupied, deed-restrictions that is predictable, consistent, adequate and reliable. (Underway)

Funding for the Town's housing programs and initiatives currently comes from three main sources, including:

- 1) General Fund,
- 2) Capital Fund, and
- 3) Housing Mitigation Fund.

Projected financial conditions, revenue sources and the annual budgeting structure of the Town of Vail are not sufficient to financially support and sustain the community's desired outcome of acquiring 1,000 new deed-restrictions by the year 2027. A new source of funding for housing is needed.

III. PROCESS OF DETERMINATION AND SELECTION

The Vail Local Housing Authority is prepared to enter into a professional services agreement with Summit Information Services (SIS) and Magellan Strategies to assist in the funding determination and selection process. David Cunningham and David Flaherty, of SIS and Magellan Strategies, respectively, most recently provided professional assistance to the successful 2017 Vail Recreation District "YES on A" ballot initiative to establish a funding source for ongoing capital improvements and recreation enhancements in the community. Combined, SIS and Magellan Strategies bring more than 45 years of successful campaign experience to the conversation. Initial funding for the professional services is coming from the 2019 Vail Local Housing Authority annual budget, with little to no cost to the Town of Vail. The cost for professional services is estimated at approximately \$45,000.

The process for identifying and securing a preferred long-term funding source includes numerous tasks depending upon the preferred option pursued. Likely tasks required include the following:

- Option formulation and articulation
- Option evaluation and consideration
- Development project determination
- Funding demand analysis
- Generate key messaging and identify stakeholders
- Formulate a community outreach and communication plan
- Gather public input
- Community survey and polling
- Financial impact analysis
- Draft ballot question (tax initiative options only)

IV. SCHEDULE

The schedule for determining and selecting a preferred funding option is approximately nine to ten months in duration. The schedule duration is broken down into two phases. The first phase, which includes completion of each of the tasks above, runs from March 1, 2019 to August 15, 2019. The second phase, which begins mid-August, 2109, and lasts until early-November, 2019, begins once, and if, a ballot question is formulated and authorized for inclusion on the upcoming municipal election ballot. During the second phase, an Issues Committee will be formed and tasked with campaigning and advancing the ballot initiative forward to election day.

V. OPTIONS FOR CONSIDERATION

A wide range of funding options are available for further consideration. These funding options can be broken down into the following four general categories:

- 1) Create a new tax or fee
- 2) Reallocate an existing tax or impact fee
- 3) Increase an existing tax or impact fee
- 4) Hybrid, including any combination of the above