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Council commits \$3.9 million for Burlingame subsidy

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Higher subsidy means cheaper affordable housing units

Aspen City Council agreed to commit an additional \$3.9 million to subsidize new apartments at the Burlingame Ranch affordable housing project during a work session Tuesday.

To date, the city has sold 45 of the 48 apartments in Burlingame Phase II buildings 1-4 and two more apartments are under contract, according to Chris Everson, city affordable housing manager. Of the apartments currently sold, the average category is 2.6. The lower the category of the unit the higher the city subsidy — meaning that only high-income earners could purchase apartments that are category 4 and higher.

The city has been able to pre-sell all of its low-category units, but has had difficulty selling high-category units. Categories range from 1 through 7.

Based on that trend, staff members proposed that the city increase its subsidies on the 34 apartments that are currently under construction at Burlingame Phase II buildings 5-7. That would effectively lower the overall average apartment category of the entire Burlingame Phase II project from 3.5 to 2.9, Everson said. It would also increase the public subsidy for the project by about \$3.9 million — from \$22.9 million to \$26.8 million. In total, the project is expected to cost about \$43.5 million.

Ultimately, city staff members think there's more of a demand for cheaper affordable housing apartments, compared to the relatively few who can afford to purchase higher-priced units.

"If you're not building the affordable housing to meet the demand of the workers walking into the affordable housing office, then who are you building for?" Everson said during Tuesday's work session.

Mayor Steve Skadron questioned staff on how it was possible for the city's budget to absorb \$3.9 million of additional subsidies.

"I'm missing something," he said.

Everson pointed to the fact that the city's real state transfer tax (RETT), which pays for city affordable housing projects, has been budgeted conservatively for the past few years.

"The great thing about the real estate transfer tax — regardless of how conservative we project it — it continues to perform," he said.

"We have a tax source in our community that's the envy of everyone else in our state," added Barry Crook, city assistant manager.

The move is a long time coming, according to Everson. In 2012, Aspen City Council agreed to allow staff

to presell lower category units, because it didn't seem like there was a demand for high-category units, he said. That's when the city first budgeted for the higher subsidy, Crook said.

"This is what the budget has been," Crook said. "But council asked us to come back and confirm it."

Councilman Adam Frisch and Councilwoman Ann Mullins agreed that the subsidy should be allowed if it provides locals with housing.

"I think it's the prudent thing to do," Frisch said.

"I'd rather have them sold than unsold," Mullins added.

Skadron hesitantly agreed to it and Councilmen Dwayne Romero and Art Daily did not attend the work session.

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