



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

**TO: MAYOR AND TOWN COUNCIL**  
**FROM: DON REIMER, COMMUNITY DEVELOPMENT DIRECTOR**  
**RE: HOME IMPROVEMENT LOAN PROGRAM**  
**DATE: DECEMBER 13, 2022**

**Summary and Background:** Due to the increasing disparity between the wages earned by the local workforce and the cost of real estate in the Town of Frisco and Summit County, the Town has pursued various methods of increasing the availability of affordable workforce housing in the community for over 20 years. There are now over 150 deed restricted properties within the Town, and additional projects in the queue in the next several years. While this has been and will continue to a success, another challenge is related to the continually increasing costs of homeownership.

In the 2021 Town Council Strategic Plan, one of the goals is increasing the proportion of full-time residents in the Town towards 50%. A key component of this goal is that current full-time residents be able to stay in their residences, whether owner occupied or rentals. There have been instances of maintenance costs or condominium assessments causing a property owner to sell, resulting of a loss of a full-time resident. As a result, it has been suggested that the Town could consider implementation of a program to assist local property owners with unexpected home costs.

**Background & Analysis:** Frisco has a population of residents, whether retired or still working, who own their homes and have built up substantial equity, but may have limited liquid assets or cash to pay for major home repairs. This program is intended to assist these community members to make necessary repairs so they can stay in their home and our community, instead of being forced to sell their home.

While a home improvement loan program such as this does not currently exist within Summit County, there are similar loan programs that have been developed for employees or residents in the region that may be used as examples or guidelines for establishment of a Home Loan Improvement Program for Frisco residents. These include deed-restriction purchase programs (Housing Helps), and Down Payment Assistance Programs managed by SCHA and Town of Frisco.

**Housing Helps.** The Housing Helps program is not a loan, but is an option for property owners wishing to obtain funds for home improvements or repairs. Town Council established the Housing Helps program in 2019 as an opportunity for property owners to place a deed restriction on their properties in exchange for a cash payment equal to approximately 15% of the home value. The program does not specify how the funds are used; most frequently it has been home buyers using the funds for down payment assistance. However, this program could also be used by a current property owner to pay for unanticipated home repairs, home improvements, or homeowners'

association assessments. This program is funded out of the Town's Housing Fund because a permanent restriction is placed on the property requiring that it will be occupied by a member of the local workforce.

Frisco Town Employee Down Payment Assistance Program. With its growing popularity as both a home for full-time residents and a vacation destination for second homeowners, Summit County has become unaffordable for many Town employees. In order to better recruit and retain qualified employees, Town Council established the Town of Frisco Employee Down Payment Assistance Program to assist employees in purchasing a primary residence. This program is funded out of the Town's General fund.

The Town's loan is a secondary deed of trust recorded on the property with a fixed interest rate of 3% amortized over 20 years. The loan is due in 10 years or upon sale or transfer of the home from the employee to another party. The default interest rate of Prime + 3% is put into effect as the new fixed rate upon a payment past due 90 days or greater or 1 year after termination of employment from the Town of Frisco. Eligible activities are down payment assistance for a home purchase, new construction only, or refinance an existing Down Payment Assistance Loan from a prior employer. The assistance is in the form of a loan not to exceed \$200,000:

- Up to 10% of the purchase price for property located within the Town of Frisco or \$60,000, whichever is greater, or
- \$60,000 for property located within the Ten Mile planning basin of Summit County, or
- \$40,000 for property located in other areas of Summit, or
- \$15,000 for property within another Colorado County within a 60-mile radius of Town of Frisco town limits

Additional program criteria include that it can only be used for a primary residence of the employee, must be owner occupied, and the owner cannot own any other property in Summit County.

Summit Revolving Loan Fund: The Summit Revolving Loan Fund ([SRLE](#)) is administered by the Summit Combined Housing Authority as a down payment assistance program for AMI qualified local employees. The program is only available for down payment assistance for a primary, owner-occupied residence, for households earning between 100% and 160% of AMI, who work a minimum of 30 hours per week in Summit County. Among other terms, the maximum loan amount is \$25,000, with a 20-year term and a 3% interest rate. The program is funded using 5A funds.

**Potential Frisco Home Improvement Loan Program:** The programs listed above often apply to properties which are, or will be deed restricted for occupancy by the local workforce. If a Frisco Home Improvement Loan Program was established and opened up to all Frisco residents, not just those in deed-restricted properties, program guidelines should be established to ensure that the program will meet Town Strategic Plan goals. Potential criteria could include:

- Applicant is a full-time resident in the Town of Frisco, and the property is owner-occupied by the applicant.
- The applicant must show they cannot qualify or afford a conventional loan, and must have sufficient equity in the home to secure the loan.

- The loan proceeds are used only for needed home repairs, examples include roofs, electrical, plumbing or mechanical systems, foundations, or other similar structural or systems repairs.
- Loan proceeds could also be used for energy efficiency upgrades such as windows, building electrification, energy efficient heating systems, insulation, and similar.
- Loan proceeds could not be used for aesthetic improvements such as kitchen remodels, deck or patios, driveway resurfacing, painting or siding, or other routine maintenance.
- Loan should accrue interest, suggest 3%, with a default rate of prime +3 at the time of the default.
- If the property ceases to be a full-time residence of the property owner, the default rate shall be applied, and the loan shall be repaid in full within 1 year.
- Loan should be recorded against the property, via a Deed of Trust with the Summit County Clerk & Recorder.
- Loan should have a repayment schedule to ensure fund is replenished for future use.
- Loan should be repaid in full at time of refinance or sale.

Additional criteria for consideration:

- Could an applicant own property elsewhere? The current down-payment assistance programs administered by the Town preclude other property management; however as this program is for a different purpose, different criteria could be applied.
- Could the property hold a short-term rental license? Local residents may rent out an extra room in the full-time residence, or during vacations to supplement income, while retaining the property as the full-time residence.

Because the home improvement loan program is intended to support full-time residents in maintaining their primary residence in Frisco and ultimately is revenue neutral, the program could be funded from general fund or the housing fund per Council's direction. A recommendation for an initial program fund is \$250,000, with a maximum loan amount of \$50,000.

**Financial Impact:** With the parameters suggested above, the program could have a financial impact of up to \$250,000 per year. However, loan repayments would offset some portion of those annual costs. Long-term, the financial impact should be positive, as any loans under the program would be repaid in full over time, in addition to interest payments. Over time, interest payments would likely exceed investment income available from the limited investment options open to municipal governments.

**Recommendation:** Staff requests that Town Council provide feedback on continued development of a Frisco Home Loan Improvement Program.

**Reviews and Approvals:** This report has been reviewed and approved by:

Tom Fisher, Town Manager  
Leslie Edwards, Finance Director

**Attachments:** None