

Staff Housing Tiered Rent Rates: Explanation April 2024

Background

The Staff Housing Committee, made up of a range of certified and classified staff, developed the [tiered rent table](#) that has been approved by the Board and used since the start of RFSD's staff housing program in 2017. Our goals are to have an equitable approach to rent, so lower-income households pay a lower percentage of income than higher earners, while keeping rates for a one-bedroom unit at or below 30% of gross income at all tiers (meeting the general definition of affordable housing). Rent rates for higher-income households approach free-market rates, encouraging higher income earners to seek free-market housing if available, leaving more staff housing units for lower-income households who cannot attain free-market housing.

The rates are based on each household's average income, as a percentage of the current median certified staff salary. Rates for a one-bedroom unit are derived by calculating 26-30% of the lowest salary in each tier. Rates for two-bedroom units are 20% more than one-bedroom units; rates for three-bedroom units are 15% more than two-bedroom units. Notably, only employees at the very bottom of each tier actually pay the set percentage of their income in rent; all others in that tier have higher incomes but the same rent rate, leading to lower percentages of salary. For example, the \$1,726 rent for a 1BR is 28% of income for a household with an average income of *exactly* \$73,985; for households closer to the \$88,782 average income at the top of this tier, \$1,726 is 23% of income.

Certified Median Income									
\$73,985									
2024-2025 Tiered Rent Amounts*									
		Average Household Income Cutoff	Average Household Income Range	Studio	1 BR	2 BR	3BR		1BR Base Set at % Gr Income
Category 1	60%		< \$59,187.99	\$866	\$962	\$1,154	\$1,327	<=	26%
Category 2	80%	\$59,188	\$59,188.00 - \$73,984.99	\$1,199	\$1,332	\$1,598	\$1,838	<=	27%
Category 3	100%	\$73,985	\$73,985.00 - \$88,781.99	\$1,554	\$1,726	\$2,072	\$2,382	<=	28%
Category 4	120%	\$88,782	\$88,782.00 - \$103,578.99	\$1,931	\$2,146	\$2,575	\$2,961	<=	29%
Category 5	140%	\$103,579	>= \$103,579.00	\$2,331	\$2,589	\$3,107	\$3,573	<=	30%

Annual Updates

Rent rates are updated for the next school year every April, after the IBB process sets certified salaries and the new median certified salary is determined. The table below shows the full history of median certified salary and associated one-bedroom unit changes. Note that since the 1BR unit rent is set at 28% of income, staff always retain 72% of their salary increase even after a rent increase. As long as rents are calculated based on a percentage of median certified salaries, rents will increase proportionately with salary increases.

	Median Certified Salary	Median Salary Increase (%)	Median Salary Increase (\$)	1-BR Unit at 100% median income tier	1-BR Unit Increase	1-BR Unit Increase (\$/year)	Median salary increase remaining after rent increase (\$)	Median salary increase remaining after rent increase (%)
2017	\$50,275	n/a		\$1,173	n/a			
2018	\$51,637	2.7%	\$1,362	\$1,205	2.7%	\$384	\$978	72%
2019	\$52,750	2.2%	\$1,113	\$1,231	2.2%	\$312	\$801	72%
2020	\$56,365	6.9%	\$3,615	\$1,315	6.8%	\$1,008	\$2,607	72%
2021	\$55,825	-1.0%	-\$540	\$1,303	-0.9%	-\$144	-\$396	73%
2022	\$62,295	11.6%	\$6,470	\$1,454	11.6%	\$1,812	\$4,658	72%
2023	\$68,760	10.4%	\$6,465	\$1,604	10.3%	\$1,800	\$4,665	72%
2024	\$73,985	7.6%	\$5,225	\$1,726	7.6%	\$1,464	\$3,761	72%
Total changes		47%	\$23,710		47%	\$6,636	\$17,074	72%

What rental revenues are used for

Rental revenues are used to pay property maintenance and management costs (including landscaping, snow removal, repairs, etc); HOA dues; build reserves for future capital improvements on staff housing (ie, new roofs, appliances, boilers); and fund current and future expansion of our staff housing inventory. RFSD secured a \$17 million loan against future rental revenues, and used \$1.3 million in past rental revenues, (plus over \$10 million in additional funds) to finance the 50-unit Meadowood project opening this summer. Payments on that loan are based on forecasts of increased future rent revenues, in line with our historic averages. After all payments are made, we do not generate significant additional revenue from rental revenues.

Comparison to other income-based affordable housing programs

Our staff housing rent rates are closely aligned with other affordable housing programs in our area, with one major difference. Ours is the only program that uses *average* household income, rather than *total* household income, to determine what category each household falls into. This is a major benefit to households with multiple income earners.

For example, two RFSD staff each earning the 2023 median certified salary of \$68,760 would fall into our Category 3, since $\$68,760 + \$68,760 / 2$ income earners = \$68,760, reducing their rent approximately 34% compared to what it would be if RFSD used total household income to set rents. In [APCHA](#) (Aspen-Pitkin County Housing Authority), [Garfield County's](#), or HUD programs, this household would fall into a much higher category based on a total household income of \$137,520, and may not qualify for housing. See examples below. (2023 rates are used based on available data)

	RFSD	Garfield County	APCHA
One-bedroom rent for one person making our 2023-24 certified median of \$68,760	\$1,604	\$1,861	\$1,693
Two-bedroom rent for two people each making our 2023-24 certified median of \$68,760 (<i>average</i> household income=\$68,760; <i>total</i> household income=\$137,520)	\$1,925	does not qualify	\$2,394

RFSD also provides a benefit to single parents, using 80% of their income for categorization. For example, a teacher who is a single parent making the 2023 median salary of \$68,760 would fall into Category 2 instead of Category 3, lowering their rent approximately 22%.

Aspen School District uses a flat rate rather than income-based calculations for their staff housing program.

Comparison to free-market rents

Free-market rent rates have increased dramatically in recent years and it is now difficult to impossible for many staff to find a rental they can afford in our school district boundaries. According to the [West Mountain Regional Housing Coalition](#), median rents in September 2023 are shown below.

	Glenwood Springs	Carbondale	Basalt
1BR	\$1,542	\$2,457	\$2,495
2BR	\$2,588	\$3,748	\$4,004
3BR	\$3,119	\$4,985	\$6,637

For most staff, our tiered rent table leads to significant monthly savings when compared to free-market rents. Using the free market average of \$3,132 (not including Basalt 3BR) and comparing it to RFSD's 2023 average monthly rent of \$1,759, that adds up to approximately \$1.9m in savings for RFSD staff every year when all 116 units are included. Staff who are able to find and afford a free-market rental are helping to preserve limited staff housing for those unable to find and afford housing.

What does the future hold?

We are committed to keeping equity and affordability at the center of our staff housing program, and will continue to review our approach to rent rates each year. As long as we use a tiered income-based approach to rent rates, staff should expect annual rent increases based on increases to the certified median salary. Starting in the 2025-26 school year, tenants will be recategorized every-other year based on average household income (no change in 2024-25). There was originally a 5-year, then a 7-year, limit on residency in staff housing. Now that those limits have been removed and some staff stay in staff housing indefinitely, we need to align rent rates with tenants' current income levels rather than what they earned 5-7 years ago. This is consistent with other affordable housing programs, and makes rent equitable for new and returning tenants.