

Representative Dominique Jackson, Chair
Affordable Housing Transformational Task Force
200 E. Colfax Ave, Rm 307
Denver, CO 80203

Senator Julie Gonzales, Vice Chair
Affordable Housing Transformational Task Force
200 E. Colfax Ave, Rm 346
Denver, CO 80203

November 10, 2021

Dear Chair Jackson and Vice-Chair Gonzales,

Thank you for the opportunity to share the progress of the Affordable Housing Transformational Task Force SubPanel's work. We have now met on 10 separate occasions to develop recommendations to the Affordable Housing Transformational Task Force.

The following recommendations have been formulated by the diverse experts on the SubPanel integrating both feedback from the Task Force and public input via an online survey. These recommendations relate only to the funding set aside by HB21-1329 from the American Rescue Plan Act (ARPA) and do not yet take into account a broad set of policy proposals that we intend to bring before you at a later date.

Within these recommendations, you will note that we propose that both grants and loans be utilized to facilitate transformational change across a wide variety of project types and income levels as it pertains to the production and preservation of affordable housing. Our intent is to give both the legislature and executive branch departments the discretion and flexibility they need to quickly deploy the ARPA funds to ensure that more units of affordable housing are created and preserved in the coming years. We appreciate that these funds are one-time, time-limited funds but hope these recommendations will help to stretch them as far as possible to help alleviate some of the pressure of our continuing affordable housing crisis in the state.


Please know that we have taken seriously the feedback the Task Force gave us at its October 27th meeting and have incorporated as much of that feedback as we could given both the limited timeframe we have had to meet and the limited scope of our mandate. However, some of the issues the Task Force asked us to evaluate will likely be explored further in our policy recommendations. We look forward to once again sharing these recommendations with you at your meeting on November 10th and we welcome the opportunity to share any necessary context that would be helpful in further defining our recommendations

If there are any questions, please feel free to reach out to us.

Sincerely,



Brian Rossbert, Chair
Executive Director
Housing Colorado



Cathy Alderman, Vice Chair
Chief Communications and Public Policy Officer
Colorado Coalition for the Homeless

Cc: Jeanette Chapman, LCS
April Bernard, LCS

Summary of Affordable Housing Draft Priority Funding Recommendation Options

All funding recommendations recognize that if funds are not used at the necessary rate that such funds should revert to DOH's Housing Development Grant Line or to other funding mechanisms where utilization is high and funds are needed by a certain date. The SubPanel recommends that whenever possible, funding should be provided through a loan fund but appropriate funding mechanism (loan or grant, or a combination of both) for any proposed project is to be determined by administering agency pursuant to program requirements and further SubPanel and Task Force recommendations. However, funds should be allocated to both loan and grant lines to account for projects with targeted populations, type of project, and type of organization requesting funds. All recommendations are draft only and subject to change as additional information about other funding sources, programs, and insights from the public survey and task force are gathered. The subpanel recommends that funding allocated to a particular priority area should be adjusted down if funding for that priority is identified and provided by other funding sources. In no particular order, the following recommendations were identified through subpanel discussion and survey.

- A. **Revolving Loan Fund:** Develop or fund flexible low-interest, below market revolving loan funds to support increases in new developments, preservation and rehabilitation of existing housing, property conversions, and non-traditional housing capacity in diverse geographic communities where the economic impact of COVID has significantly impacted housing affordability and availability. This includes development of new affordable housing units or the purchase of existing affordable housing units, either rental housing or for-sale homes, including mixed-income developments. Interest rates should be below market and not exceed those necessary to meaningfully further affordable housing development or preservation in local communities across the state. Funds should be available for a variety of uses needed locally to get the project off the ground, such as to purchase property, support and integrate infrastructure, construction costs, predevelopment costs, and development of other infrastructure such as water and sewer. Funds can be used in conjunction with LIHTC to develop and preserve existing affordable housing and related assets. Priority given to efforts to proactively reach out to properties nearing the end of both the affordability period and the compliance period to see if they are interested in selling. For both new projects and preservation projects, priority should be given to sustainable developments that are green, highly-energy efficient, and electric. Investments should align with other state economic development efforts. Efforts should be made to support innovative financing mechanisms that allow funds to revolve quickly for rapid re-use of funds for ongoing projects.
- B. **Gap Financing to Align with Expansion of Tax Credit and Other Funding Programs:** Expand gap funding for housing development projects with a particular focus on 4% LIHTC transactions, including the ability to purchase existing affordable housing and multi-family structures for populations disproportionately impacted by COVID or in communities where development is difficult, and efforts have been made by the community to encourage affordable housing development. For example, separate funding could accompany state tax credit allocations to bypass limits on private activity bonds.

- C. **Nonprofit and Local Government Grants:** Direct, flexible, and timely grant funding to nonprofits and local governments that have or are pursuing measures in place to facilitate affordable housing development for purchase of land for and development of supportive, rental, and for-sale housing targeted at populations disproportionately impacted by COVID. Ensure flexibility of funding, including allowing for operating grants to community-based organizations and qualified local governments, particularly in small, rural, and mountain resort communities so they can best meet their own development needs. Funds may be used to develop and integrate infrastructure when needed for affordable housing. Also allow for grants to community-based organizations for housing navigation/rehousing support, timely deployment of assistance, and technical assistance. Similar to [HB 21-1271](#) and [HB 21-1117](#), structure funding criteria, especially for development grants, to encourage the use of local policies that allow for affordable housing to be developed and leverage local funding resources. When appropriate, such funds should be aligned with loan funds and priority given to projects that significantly leverage other funding or will be leveraged.
- D. **Maintain Existing Affordable Housing:** Direct, flexible and timely grant funding for preservation or restoration through rehabilitation, retrofitting, renovation, capital improvements/repairs of current affordable housing stock, including Section 8 and public housing, available for populations/households disproportionately impacted by COVID with commitments for long-term affordability. This should include investments for 1) seniors to age in place, 2) remediation of low-quality/condemned properties, 3) housing specifically designed for people living with disabilities 4) weatherization and energy improvements to multi-family and single-family residences to retain/improve quality of affordable homes/rentals, 5) the purchase and transition of current housing stock, including properties currently in use as short term rentals, into affordable housing and 6) programs or initiatives to ensure existing housing remains affordable for local workforce or community households. Funding may support owner-occupied homes as well as small-scale property owners (3 units or less) of affordable rental properties.
- E. **Resident Owned Communities, Mobile Home Parks, and Land-Banking:** Direct, flexible, and timely grants and/or low interest loans for preservation of naturally occurring affordable housing and future development opportunities through land-banking, land trusts, and community-owned land opportunities prioritized for communities and populations disproportionately impacted by COVID. Invest in resident-owned community (ROC) infrastructure to facilitate the purchase by residents who own housing on leased properties that may be coming up for sale or whose deed restrictions might be coming due. This includes purchase by mobile homeowners or community or non-profit organizations under the Mobile Home Park Act in order to prevent eviction and displacement, especially among communities disproportionately disadvantaged and impacted by COVID. Funding may also include rehabilitation of rental units in mobile home parks, to support underlying infrastructure, and capacity building for communities.
- F. **Property Conversion for Transitional or Long-Term Housing:** Direct, flexible, and timely grant funding to quickly develop and build transitional housing for those leaving congregate settings (i.e., criminal justice, hospital, shelter, etc.) or fleeing dangerous home environments, for those who are experiencing homelessness with behavioral health needs, or to address local community housing needs for populations disproportionately impacted by COVID. This includes funding to rehabilitate under-

utilized properties by increasing direct funding for acquisition/conversion of motels/hotels, underutilized government-owned property, commercial properties, or other land or property for immediate conversion into non-congregate shelter, transitional, or long-term housing with set-aside or matched funds for operations to quickly resolve homelessness and housing insecurity/instability throughout the state. This recommendation utilizes the authorization and funding mechanism created in SB21-242. Align funds with Behavioral Health Transformation Task Force funding to provide behavioral health and wraparound services if possible. This may include seed funding and grants for short-term rental assistance programs to help with operational costs.

- G. **Permanent Supportive Housing and Supportive Services Fund:** , flexible, and timely grant funding for the development or creation of permanent supportive housing for individuals experiencing homelessness and those living with disabilities, including behavioral health disorders. Align funds with Behavioral Health Transformation Task Force funding to provide wraparound services. Invest in long-term supportive services funds for existing affordable housing programs that do not have tenancy support services funding to keep people stably housed.
- H. **Sustainable Rental Assistance:** Provide time-limited rental assistance for households disproportionately impacted by COVID and at risk of losing their home or in need of rapid re-housing and additional funds to the state's Eviction Legal Defense Fund given ongoing COVID-related evictions/renters' need. Establish an ongoing time-limited rental assistance fund available to tenants and property owners/landlords so that people do not lose their rental home because of a personal or unavoidable crisis. Include funding for outreach and education efforts including housing navigation to leverage existing emergency rental assistance and other available resources, prevent homelessness, and address housing instability/insecurity among those disproportionately impacted by COVID.
- I. **Home-Owner Obtainment Fund:** Provide direct grant funding to assist first time homebuyers through down payment assistance programs through Division of Housing or the Colorado Housing and Finance Authority for people disproportionately impacted by COVID and with historic barriers to access to affordable for-sale housing.
- J. **Modular Housing:** Provide direct funding aligned with funding from the Economic Development Task Force and local government American Rescue Plan Act (ARPA) funds to attract, encourage, and support the implementation and construction of pre-fabricated housing (i.e., modular, 3-D printed, manufactured, kits, etc.) in diverse geographic areas of the state where communities have been disproportionately impacted by COVID and traditionally lacked access to affordable housing and housing resources. Support opportunities for sustainable, green, and highly energy efficient developments.
- K. **Discretionary Housing Innovation Fund for Division of Housing:** Reserve percentage of funds for Division of Housing to provide direct funding for innovative, community-driven, and outcomes-based solutions and technical assistance for housing development, preservation, supportive services, homelessness prevention or resolution programs, or programs that address housing instability/insecurity and advance equity and access particularly for populations disproportionately impacted by COVID.

Affordable Housing Transformational Task Force Funding Strategy Summary

Mandate: To respond to the public health emergency with respect to COVID-19 or its negative economic impacts for programs or services that benefit populations, households, or geographic areas disproportionately impacted by the COVID-19 public health emergency, focusing on programs or services that address housing insecurity, lack of affordable housing, or homelessness.

Step 1. Development of Priority Proposals		Step 2. Funding Allocation Ranges		Step 3. Strategic Priority Eval					Step 4. Criteria Eval			
Draft Funding Proposals	Low End	High End	0% 10% 20% 30% 40%	Capacity	Stabilize	Safety Net	Equity & Access	Transformative	Leverage \$	Easy to distribute \$	Flexible	Total Score
A. Revolving Loan Fund: New and Existing Capacity	25%	35%		2.7	2.2	1.7	2.3	2.1	2.6	2.3	2.2	2.3
B. Gap Financing Including Expansion of Tax Credit Programs	10%	15%		2.2	1.8	1.8	1.9	2.0	2.6	2.3	2.1	2.1
C. Nonprofit and Local Government Grants	16%	24%		2.5	2.5	2.2	2.3	2.5	2.6	2.4	2.5	2.4
D. Maintain Existing Affordable Housing	9%	13%		1.5	2.4	2.0	2.4	1.8	1.9	2.3	2.1	2.0
E. Resident Owned Communities, Mobile Home Parks, and Land-Banking	7%	11%		1.6	2.3	1.8	2.4	2.1	1.8	2.0	1.9	2.0
F. Property Conversion for Transitional or Long-Term Housing	8%	12%		2.2	2.4	2.5	2.6	2.5	2.0	2.1	2.3	2.3
G. Permanent Supportive Housing and Supportive Services Fund	7%	10%		2.0	2.2	2.5	2.5	2.2	1.8	2.2	1.9	2.1
H. Sustainable Rental Assistance	4%	6%		1.1	2.1	2.4	2.4	1.4	1.3	2.0	1.4	1.8
I. Homeowner Obtainment Fund	2%	5%		1.1	1.4	1.0	1.9	1.5	1.3	2.0	1.1	1.4
J. Modular Housing	8%	10%		2.2	1.9	1.8	2.0	2.3	1.8	2.0	1.6	2.0
K. Discretionary Housing Innovation Fund for DOH	5%	9%		1.9	1.9	1.8	1.9	2.4	1.9	1.7	2.2	2.0
	100%	150%		21.1	22.9	21.5	24.5	22.8	21.6	23.2	21.3	22.4