

Questions Submitted to the Department

- 1) **DOLA staff should be prepared to provide updates regarding all bills that went into effect this year, where they are in the process and if they will come in under or over budget. If over budget, a detailed explanation as to the cause and also why this has occurred.**

HB18-1267

The Home Modification Tax Credit program is proceeding on the expected timeline. We conducted three stakeholder meetings to work on the program guidelines last summer, including consultations with Department of Revenue and the Attorney General's office to interpret the statute. We began developing the software needed to operate the program in September. We plan to publish the program's website, final program guidelines, and application forms by the end of December. Existing Home Modification staff are prepared to work with applicants starting January 1, 2019 when the program formally begins. DOLA posted the job opening for the program assistant on November 29, 2018. By the end of January 2019 we expect to have an online application ready to use and our new staff person on board. We expect to expend the budgeted funds by the end of the fiscal year.

SB17-021 SB18-016

In regards to SB17-021, the Department did not have budget authority to expend funds from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund in FY18. Since July 1, 2018 (beginning of FY19), this funding has been used to enhance the Department's efforts to build on the continuum of housing solutions, including Development Gap Funding, Rapid Re-housing, and Tenancy Support Services, for individuals with criminal and juvenile justice involvement. Since the amount of these funds can vary significantly year-to-year (for example \$4.7 million in FY19 to \$408,000 in FY20), we are planning to expend the FY19 funds over the two years allowable by the law.

- 2) **R01 asks for an increase in funding for the voucher program for affordable housing. In 2014-2015, the cost of a single voucher was \$6,005. Moving forward into 2019-2020, the cost of a single voucher is going up to \$11,840. The Department seems to be saying that the voucher increase are due to increasing rent prices, so we will need clarification. Has rent really increased 97% in the last 5 years? If so, please provide the data to the committee ahead of the meeting. Where were the rents researched? Research for what income levels, population demographics, cost of living and how do the rents differ across all areas of the state?**

The cost of a voucher in this program is based on our actual experience. While DOH estimated that the per-person cost would be \$6,005 in the first year of the program (FY14-15), in reality it was \$7,205. In creating our initial cost estimate, we budgeted for the vast majority of clients to rent one-bedroom units at the payment standard, and we did not anticipate that rents would increase as much as they did from when we created the estimate to when we implemented the

program. These clients sometimes need two-bedroom units for a live-in aide, or they need to spend more to find a unit that is accessible to them. Under the Fair Housing Act, people with disabilities are able to request a "Reasonable Accommodation" from our program rules to enable them to have equitable access to housing. We looked at the data across all of DOH's voucher programs, and 14% of the CCT clients have permission to have more bedrooms or pay more in rent than normal - compared to 3% of all the clients in our other voucher programs. Our average cost per voucher for the last full fiscal year (FY17-18) was \$9,509, based on 186 vouchers. For the current fiscal year, based on our first 4 months of actual costs, we anticipate costs continuing to increase to \$10,723 per voucher. \$11,840 is our best estimate for the next fiscal year. The increasing cost is primarily due to rent increases in the Denver Metro market area, where most CCT clients reside. The Department has an established payment standard, or maximum rent - please see the attached chart for more detail.

3) Please also clarify if the affordable housing includes vouchers for SB17-021 recipients (youth and adults) for the first-step transitional housing that is to be provided when they are released from state correctional facilities. How many vouchers are allotted for SB17-021? There have been some complaints by folks coming out of the correctional system that they are being told they do not qualify for housing vouchers. The staff should have a good, detailed explanation available regarding action being taken to provide vouchers and/or housing to this specific population as clearly outlined in SB 17-021. There was to be funding for this first-step transitional housing in the current housing allotment in the annual Department budget request.

SB17-021 created a cash fund for the purpose of housing assistance for people transitioning from the criminal or juvenile justice system, but it required annual appropriation by the General Assembly to expend the funds. Funds were made available to the Department for the first time on July 1, 2018 (FY19). This funding allows the Department to strengthen the continuum of housing solutions specifically for individuals with criminal and juvenile justice involvement. Since these funds vary in amount each year, they are utilized for one-time shorter term interventions (e.g. housing development gap funding for supportive housing) and time-limited interventions (e.g. Rapid Rehousing and Tenancy Support Services).

For example, this funding is being used to launch the COR3 program, or Colorado Rapid Rehousing Re-entry Program. COR3 aims to end the cycle of homelessness and incarceration by connecting at least 110 individuals who will be exiting or have already exited incarceration to homelessness with affordable, supportive housing each year. COR3 is one of the first programs in the country to implement a Rapid Rehousing (RRH) program for the re-entry population and to implement a Rapid Rehousing + Care model.

RRH is a short to medium-term housing intervention designed to help individuals and families to quickly exit homelessness, return to housing in the community, and not experience homelessness again. The program does so by providing move-in assistance, temporary rent subsidies, and housing-focused case management. The services are time limited and use a progressive engagement approach (participants are provided the minimum amount of assistance necessary to move out of homelessness and stabilize in permanent housing). After services and financial

assistance provided through RRH ends, participants are able to maintain housing through increased household income.

RRH + Care is a service intervention approach utilized by COR3 that prioritizes individuals with complex needs and long lengths of homelessness. To make the temporary assistance effective, RRH + Care intensifies the case management and the typical length of financial assistance is extended to be longer than the standard RRH model.

To ensure this resource is allocated to individuals based on need, COR3 works in partnership with local Continuum of Care regions, local justice systems, and Department of Corrections to identify eligible individuals and prioritize them for assistance.

The Department utilizes other resources, including the funds from the Marijuana Tax Cash Fund, to provide long-term rental assistance vouchers to individuals with justice involvement, including those exiting Department of Corrections or Division of Youth Services facilities. The Department just released two Requests for Applications specific to increasing access to housing for individuals with justice-involvement.

HUD Fair Market Rent (FMR) and DOH Payment Standard (PS) percentages 2014-2019

The U.S. Department of Housing and Urban Development (HUD) annually estimates FMRs by region. HUD uses three sources of survey data to develop the FMR estimates: *The Decennial Census*, *American Community Surveys*, and *Random digit dialing telephone surveys*. Additionally, HUD augments its knowledge of housing market conditions through the use of the *American Housing Surveys*. FMRs are used by Division of Housing (DOH) to determine payment standard amounts for our voucher programs. Annual FMR updates are released by HUD in the 4th quarter of the year preceeding the title year.

The payment standard is the maximum subsidy DOH can pay on behalf of a family for the unit bedroom size and county of residence. DOH updates payment standards annually in the 4th quarter. In 2018, DOH took the unusual step of increasing our payment standards for several counties in the 3rd quarter and again in the 4th quarter to increase access for voucher holders in this competitive rental market.

This comparison spreadsheet illustrates both how FMRs have increased in the last 5 years as well as the percentage at which DOH has had to increase our payment standards over 100% of the HUD FMR in populous counties to keep up with increased area rents.

Percentage FMRs increased from 2014 - 2019

	FMR 1bd	FMR 2bd
Denver Metro Counties	62.26%	57.08%
Boulder County	30.46%	28.69%
El Paso County	33.92%	31.85%
Larimer County	37.77%	39.84%
Weld County	44.46%	39.92%

	2014				DOH % of FMR*	
	FMR 1bd		FMR 2bd		PS 1bd	PS 2bd
Denver Metro Counties	\$ 742.00		\$ 960.00		103%	103%
Boulder County	\$ 952.00		\$ 1,178.00		110%	110%
El Paso County	\$ 622.00		\$ 807.00		106%	103%
Larimer County	\$ 744.00		\$ 896.00		110%	110%
Weld County	\$ 551.00		\$ 709.00		110%	110%

	2015				DOH % of FMR*	
	FMR 1bd	change	FMR 2bd	change	PS 1bd	PS 2bd
	\$ 893.00	20%	\$ 1,156.00	20%	91%	91%
	\$ 996.00	7%	\$ 1,232.00	4.50%	105%	105%
	\$ 659.00	6%	\$ 856.00	6%	100%	100%
	\$ 742.00	-0.26%	\$ 893.00	-0.33%	110%	110%
	\$ 611.00	10.80%	\$ 786.00	10.80%	110%	110%

	2016				DOH % of FMR*	
	FMR 1bd	change	FMR 2bd	change	PS 1bd	PS 2bd
Denver Metro Counties	\$ 965.00	8%	\$ 1,227.00	6%	92%	92%
Boulder County	\$ 1,142.00	14%	\$ 1,381.00	12%	99%	99%
El Paso County	\$ 690.00	4.70%	\$ 891.00	4%	99%	99%
Larimer County	\$ 799.00	7.60%	\$ 975.00	9%	109%	109%
Weld County	\$ 632.00	3.40%	\$ 812.00	3.30%	109%	109%

	2017				DOH % of FMR*	
	FMR 1bd	change	FMR 2bd	change	PS 1bd	PS 2bd
	\$ 1,031.00	6.80%	\$ 1,305.00	6.30%	93%	93%
	\$ 1,021.00	-10%	\$ 1,241.00	-10%	110%	110%
	\$ 737.00	6.80%	\$ 950.00	6.60%	102%	102%
	\$ 817.00	2%	\$ 996.00	2%	110%	110%
	\$ 693.00	9%	\$ 897.00	10%	104%	101%

	2018				DOH % of FMR*	
	FMR 1bd	change	FMR 2bd	change	PS 1bd	PS 2bd
Denver Metro Counties	\$ 1,127.00	9%	\$ 1,418.00	8.70%	93%	93%
Boulder County	\$ 1,195.00	17%	\$ 1,461.00	17%	100%	96%
El Paso County	\$ 793.00	7.60%	\$ 1,020.00	7%	103%	100%
Larimer County	\$ 905.00	10.70%	\$ 1,106.00	11%	107%	104%
Weld County	\$ 744.00	7%	\$ 937.00	4%	100%	107%

	2019				DOH % of FMR*	
	FMR 1bd	change	FMR 2bd	change	PS 1bd	PS 2bd
	\$ 1,204.00	6.80%	\$ 1,508.00	6%	94%	94%
	\$ 1,242.00	4%	\$ 1,516.00	6.80%	104%	97%
	\$ 833.00	5%	\$ 1,064.00	4%	99%	97%
	\$ 1,025.00	13%	\$ 1,253.00	13%	100%	100%
	\$ 796.00	7%	\$ 992.00	6%	107%	102%

*This is the percentage at which Division of Housing set our payment standard in relation to the FMR amount.