



COLORADO
Department of Local Affairs
Division of Local Government

**HB22-1304 Infrastructure and Strong Communities Grant Program
Report Per Colorado Revised Statute 24-32-133(7)(a)**

Infrastructure and Strong Communities Grant Program Annual Report

October 1, 2023

HB22-1304 Infrastructure and Strong Communities Grant Program – Annual Report

Section 24-32-133(7)(a) of the Colorado Revised Statutes (C.R.S.) requires the Department of Local Affairs to provide the Senate Local Government Committee and House of Representatives Local Government Committee an annual report on the results and impacts of the Infrastructure and Strong Communities Grant Program. At a minimum, the report must specify the number of affordable housing units projected to be created; an estimation of the reduction of greenhouse gas emissions; an estimation of the reduction in vehicle miles traveled and household transportation savings; and the number and type of best practices adopted by local government grantees. This document serves as a response to this reporting requirement.

Infrastructure and Strong Communities Grant Program

Funding. The Strong Communities Grant Program was created through Colorado House Bill 22-1304. It is collaboratively managed by the Department of Local Affairs’ Division of Local Government, Colorado Energy Office (CEO), and Colorado Department of Transportation (CDOT). Funding for Strong Communities is appropriated from the Affordable Housing and Home Ownership Cash Fund (created in section 24-75-229(3)(a)), which originated from the Federal Coronavirus State Fiscal Recovery Fund (also referred to as State and Local Fiscal Recovery Funds, or SLFRF).

Purpose. The Strong Communities Grant Program incentivizes local governments to adopt land use best practices, programs, and policies that support sustainable development patterns and affordable housing into the future. This program helps communities align policies and regulations to focus on locating affordable housing in infill locations near jobs, transit, and everyday services; ensure new neighborhoods have housing of all types, sizes, and price points; and are connected by multimodal transportation options. As required by statute, the program created a list of land use best practices that support these goals, as well as administers a grant program to support communities in pursuing this work.

DOLA saw overwhelming interest from local governments who had already adopted several land use best practices and needed infrastructure money now to support their affordable housing projects. As a result, DOLA modeled the program after the successful Innovative Affordable Housing Strategies program in DOLA’s Division of Local Government (created by HB21-1271).

Strong Communities will support up to approximately fifty communities through planning grants and fifteen with infrastructure grants interested in making significant changes to their land use practices. We will work with these communities to review their existing policies and codes and identify strategies they could adopt to create long-term opportunities for sustainable development and affordable housing, reduction of greenhouse gas emissions, and reduction of taxpayer costs.

Land Use Best Practices

DOLA staff reviewed land use practices from a number of cities and reference sources to identify strategies that best aligned with the goals of directing new development to infill locations and creating more opportunities for affordable housing development. Starting with the list of best practices included in statute (section 24-32-133(2)(b)), staff created a list of policies and planning guidelines. The multi-agency team worked closely with a steering committee representing various local governments and land use experts to refine the list of land use strategies representing best practices to create sustainable development patterns. As noted below, several strategies were specifically identified or modified for rural governments. The list includes:

- Higher density mixed use development in core areas
- Higher density near service areas (rural adaptation)
- Density bonus program
- Minimum lot size requirements
- Minimum lot size (rural adaptation)
- Use by right for affordable housing
- Inclusionary zoning ordinance
- Land donation, acquisition, banking program, or land trust program
- Affordable housing subsidies and/or incentives (rural adaptation)
- Reduced affordable housing development fees
- Multi-family housing options as a use by right
- Accessory dwelling units as a use by right
- Alternative building options (e.g., for modular, manufactured, prefabricated homes)
- Annexation policies
- Intergovernmental agreements for growth (rural adaptation)
- Urban growth areas and boundary agreements
- Transfer and/or purchase of development rights (rural adaptation)
- Integrating affordable housing in planned unit developments
- Infill incentive districts
- Mixed-use zoning districts (rural adaptation)
- Cluster and conservation subdivisions (rural adaptation)
- Minimum (or maximum) parking standards
- Multi-modal road standards
- Water conservation
- Water rate structure reductions
- Energy efficiency codes
- High risk environmentally sensitive areas

The list of [land use best practices](#) is posted online and includes a brief explanation for each of the strategies. DOLA provided three educational webinars for local governments on these best practices (tailored for rural, rural resort, and urban communities, including providing for rural flexibility, as the statute directed), which have been recorded and posted [online](#). Additional resources, such as short videos and case studies, are under development and are estimated to be completed by the end of October 2023.

Strong Communities Infrastructure Grant Program

In total, 58 local governments submitted a letter of intent (LOI) to apply for the Strong Communities Infrastructure Grant, requesting \$155,482,339, representing nearly 5 times the available funds (approximately \$33.6 million). LOIs were submitted by 12 counties and 46 cities and towns spanning across every DOLA and DOH region, and are representative of a range of community types (22 urban, 17 rural, and 19 rural resort).

Strong Interest in Strong Communities

- \$155.5 million requested
- ◆ Almost 5 times available funds
- 9,436 units of housing
- 58 LOIs received
- ◆ 46 cities and towns, 12 counties
- ◆ 22 urban, 19 rural resort, 17 rural

DOLA’s Divisions of Local Government and Housing, along with CDOT and CEO, is meeting with all local governments who submitted an LOI. The team is reviewing LOIs to determine eligibility, land use best practice adoption, and project development needs.

Impacts of prior legislative investments. Among the local governments submitting for infrastructure grants, 33 of them were previously awarded a planning grant under the HB22-1271 Innovative Housing Strategies grant program, and had adopted land use strategies with those grant funds, now ready to seek infrastructure funding under this program. Two of the projects among the 58 LOIs had received a preliminary planning and analysis grant under the same grant program, allowing them to move those projects forward and compete now in Strong Communities.

Strong Communities Planning Grant Program

The Strong Communities Planning Grant Program launched the first application cycle on August 1, 2023, and applications are due on October 2, 2023. Based on stakeholder feedback, a second cycle is planned for January 2024, and possibly a third cycle in June 2024 if funds remain. We are anticipating the second cycle will have more applications because due to local capacity realities and competing priorities, many have been focused on the EIAF More Housing Now program, the opt-in process for Proposition 123, and the Strong Communities Infrastructure Grant Program.

The planning grants will provide funding for local governments to review their existing guidelines and policies, identify new strategies to promote sustainable development patterns and affordable housing, and adopt those strategies. Funds can also be used for housing needs assessments and other data collection to support those decisions. Conversations with local governments also encouraged the program to include funding for staffing.

Program Outcomes

In accordance with the statute, the Division is required to report to the Senate Local Government Committee and House of Representatives Local Government Committee with regards to affordable housing units, reduction in green-house gasses, reduced vehicle usage, and the number of best practices adopted. Information on housing units created and land use strategies adopted will be available through the submitted projects, and the program is bringing on a consultant to quantify the impacts of these projects on greenhouse gas reductions, vehicle miles traveled and the correlating transportation savings.

Affordable Housing Units

The final number of housing units will be available once proposals are finalized. An initial evaluation of 58 Letters of Intent provides a preliminary estimate of the production of 9436 housing units, with a significant portion of those being affordable.

Green-house Gas Reductions

Data is pending final awards and project evaluations.

Vehicle Miles Traveled and Household Transportation Savings

Data is pending final awards and project evaluations.

Land Use Best Practices Adopted

The 58 local governments requesting funds report they have cumulatively adopted 554 land use best practices, or an average of about 10 per local government (median = 9). Some jurisdictions have adopted as many as 22 land use strategies. Over 70% of the communities have already adopted strategies that promote higher density in core areas (or in service areas for rural communities), and over 60% have adopted policies to allow accessory dwelling units.

Timeline

Strong Communities Infrastructure Grant Program

- August - October 2023: Meeting with local governments to review projects
- November - December 2023: Most competitive communities apply for infrastructure grants
- January 2024: Application review
- February 2024: Grant awards
- February - April 2024: Grant contracting

Strong Communities Planning Grant Program

- Round 1
 - August - October 2023: Applications for round one are open
 - October 2023: Application review
 - November 2023: Grant awards
 - November 2023 - December 2023: Grant contracting
- Round 2
 - January - February 2024: Applications for round two are open
 - March 2024: Application review
 - March 2024: Grant awards
 - April - May 2024: Grant contracting
- A third round may be possible if funds remain