

Preliminary - For Discussion Only

Expand Capacity Recommendations Options

DOLA Funding/Support

- Add funding to existing programs at DOH (DOLA NOFA and 1271 and housing development grant fund) that would enable counties/ municipalities to build new AH projects. Allow funding to be more flexible to allow for infrastructure (road/ sewer/ water) as well as for land banking.
- Facilitate quick, effective deployment of funds by DOH through specific practices, including: providing grants (not loans) to nonprofit developers and public housing authorities; flexible terms; employing a direct instead of gap financing model for projects with these one-time funds; increasing per-unit subsidy especially in rural areas, for deeply affordable units, and for units with tenant services
- Increase DOLA/DOH 's per unit subsidy in non-metro areas.

Modular Housing

- Create a state contract for the development of modular housing which local governments could then purchase from the state quickly to place on already existing AH parcels.
- Help fund the creation of multiple manufactured and modular factories in Colorado.

Tax Credits

- Gap Funding for 4% LIHTC transactions (which tend to be larger/provide more units)
- Tax credits for residential construction, Exempt residential construction from sales use tax.

Land / Property Purchase or Acquisition

- At least 30% of funding for the purchase of land/ property/ underutilized space current affordable housing stock for immediate housing development targeted to populations at 50% AMI or below based on community standards (with some percentage specifically targeted to households at or below 30% AMI) with a focus on the populations most impacted by COVID (e.g., BIPOC, low-income, people experiencing homelessness, tribal communities)
- Purchase existing stock that can be put into the pipeline immediately.
- Fund land purchases for future development (land banking).
- Incentives that encourage affordable development and developers throughout the state, not just the metro.
- Land banking. Evaluating what public lands or buildings could be available for programming.
- Fund acquisition or conversion of land and existing residential/ commercial/ underutilized properties for affordable/ supportive housing

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- Funding for land purchases for new developments affordable to those under 30% AMI
- Tie Funding to pro-development communities that are serious about addressing affordable housing needs (i.e. zoning, lower tap/permit fees for affordable/workforce housing).
- Increase access to flexible capital sources and allow innovation to reduce cost
- Assist with land acquisition and/or infrastructure to create new developments.
- Require local jurisdictions & municipalities to incentivize developers of AH (not using a "stick approach" as could be the case from the passage of HB21-1117) and penalize local jurisdictions & municipalities that are not working with developers to create AH.

Financial Guarantees

- DOH provide financial guarantees to ensure nonprofit developer capacity

Revolving loan fund

- \$200M 0 to 1% interest loan facility for the acquisition of land and buildings.
- Revolving gap funding program administered through CHFA focused on middle income (80%-120% AMI). The program would be structured as a mezzanine loan fund for new construction. CHFA is able to raise additional \$ from the market and those funds would be further levered by their inclusion into individual deals. For example, CHFA could take \$40m, as the most at risk funds, raise an additional \$40-\$80m and then put those funds into projects covering 10-15% of the project cost ensuring affordability at middle income rental levels. In this example the \$40m could then support over \$800m in project development, assuming \$300k total costs per unit it could result in over 2,600 units on the first outlay (\$15k/affordable unit), since it revolves as it's repaid it could support more in the future. Terms of affordability would be part of the discussion assuming 40 years would equate to a cost of \$375/unit/year of affordability. A similar program could be put together for the workforce (30%-80% AMI) that are supported via LIHTC. Goal would be again to revolve the funds.
- Mezzanine or Pref Equity Funding for workforce/mixed income transactions.

Nonprofit and Local Government Grants

- Direct flexible operating grants to support capacity of local governments, nonprofit developers, and community-based organizations—particularly in small or rural/rural resort communities
- Fund predevelopment costs for nonprofits seeking to build new affordable housing units.
- Prioritized funding for non-profit developers utilizing community-driven development strategies.
- Grant funding in the form of Restricted funds to Nonprofit Development organizations (especially in QCTs, non-metro, etc areas) to build Balance Sheet Strength resulting in ability to leverage for Development Projects.

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- Increase CHDO Operating grant funding levels and for multiple years (such as 3) to at least \$50,000 or \$75,000 per year, especially in non-metro areas lacking access to financial resources.
- Apprenticeship utilization requirements (in conjunction with the State Apprenticeship Agency) for projects funded by these funds -> leads to good jobs and wealth-building for workers and easier pathway for workers to increase industry capacity
- Partnerships with groups developing housing aimed at specific communities of need, such as the AFL Housing Investment Trust
- Incentives to employers (in the form of payroll tax credits or rebates) to recruit and train skilled workers, especially in housing-related industries (such as construction, Housing Counseling, and non-profit organizations).

General

- Ensure that \$300M goes to expanding the continuum (75% new construction and 25% existing) of permanently affordable housing, 35% for Permanent Supportive Housing, 30% for rental workforce housing (30% to 80% or higher in those communities that need to), and 35% for home ownership.
- At least 20% of funds for infrastructure, rental assistance (vouchers), ongoing operational costs to accompany the immediate pipeline identified in priority #1
- Increase new supply of affordable housing rental and ownership

Short term rentals, income based rentals and housing vouchers

- Assessing the short-term rental and second home ownership market as a potential ongoing funding source to invest in affordable housing
- Change RE Tax code to permit taxation at commercial rates for short term rentals and use proceeds for affordable housing development - ST rentals are more like hotels than residences).

Sustainable Housing

- Ensure new construction and rehab are adopting Net Zero Electric for all housing products with support from the State Energy Office
- Require new development to be built to net zero energy standards in order to save costs on utilities in the long run.

Department and Agency Support/Policy Direction

- For-Sale: Support for appropriate agency (suggesting Colorado Division of Real Estate) to administer, set up a review, and certification of housing products subject to CCIOA laws and meeting certain affordability metrics that would allow developers (for-profit and nonprofit) to exempt themselves via HOA and purchase and sale agreement from the ongoing liability associated with construction defect (more on that in the policy recommendation). Further, a re-insurance fund could be established for those projects that meet certain requirements, geographical, income, etc.

Land Use Policy Changes

- Make residential a use by right for all Colorado land, limit HOA participation as plaintiff in residential construction defect litigation
- Use of the 99 year ground lease to protect the \$300M investments
- Lower barriers for zoning and entitlement processes.
- Allow developers that develop non-income-restricted for-sale attached product at price points affordable to certain AMI categories and below (120% AMI) to submit required 3rd party reports to a state agency for certification. So long as those units, when sold, meet the AMI pricing requirement the developer can exempt themselves via the sales documents from certain CCIOA and CDARA requirements. The developer would need to show and obtain 3rd party inspection reports from important consultants (water penetration, structural, mechanical, acoustical, etc.) to ensure homes are built to standards that would minimize potential construction defects that most commonly result in claims. There are various reasons why the condo market has not responded to lower income condos but the goal would be to protect developers that are building middle income (likely stick built) product. These homes could be profitably built and sold in the \$300k's (maybe lower). Certain eligible properties would also be eligible for the reinsurance program. Additional changes to assist in construction defect would be right to cure as well as defining the definition of Damage to one that matches the insurance programs (actual physical damage).
- Incentivizing or mandating flexibility in zoning/permitting to allow for development of traditional and non-traditional housing
- Create statewide zoning that encourages all types of residential structures to be utilized

Marginalized Population Assistance

- Consider background for aging adults, individuals coming out of the justice system and other care facilities
- Direct funding to development accessible to households with lowest incomes (60% AMI or below, including some at 30% AMI) to help meet the greatest need

Other

- Remove limitations in current state funding around AMI - allow local housing needs assessments to dictate what AMI projects are necessary.
- Adopt a statewide building code & general contractors license.

Stabilize Existing Affordable Housing Recommendations

Options

Support current legislation

- Add more funding from Bill number 242 for the purchase and rehab of hotels and motels. Expand allowable use of funds to include Buy-downs and incentives to transition STR's to LTR's

Provide new funding support

- Create preservation funds with private funding sources that are paired with ARPA funds.
- Provide capital funding for affordable transactions that don't have adequate cash flow for maintenance.
- Fund immediate shortfalls

Provide funding support to existing homeowners

- Fund additional housing vouchers, create fund for property damage claims against voucher holders
- 15% of funds for ongoing rental and mortgage assistance to keep people housed through the remainder of the COVID crisis and to serve as seed money for an ongoing emergency funding source in perpetuity so that people do not lose their housing because of a personal or unavoidable crisis.
- 15% of funds dedicated to preservation, rehabilitation, retro-fitting of current affordable housing stock for targeted populations disproportionately impacted by COVID
- Increase funding for weatherization and energy improvements to multi-family and single-family residences to retain/improve quality of affordable homes/rentals.

Stabilizing existing housing through investment/partnerships

- Enhance Market by purchasing and existing affordable housing
- \$100M goes to preserving existing affordable housing , 35% for PSH, 30% for rental workforce housing (30% to 80%), and 35% for home ownership.
- Invest in ROC infrastructure to facilitate the purchase by residents of properties that may be coming up for sale or whose deed restrictions might be coming due.
- Purchase existing affordable housing units or NOAH through CLTs or other avenues.
- Invest in programs that aid senior homeowners in making home modifications that allow them to age in place.
- Enhance Market stability by purchasing and preserving existing affordable housing supply (rental and ownership)
- Provide "seed funding" to local nonprofits to quickly acquire existing housing for affordable housing purposes from an enterprise approach rather than property by property approach.

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- Eliminate "service area/territory" of Single-family Rehab and Down-payment assistance programs for Non-profit organizations, and eliminate local government "approval" for non-profit organizations to provide such service to residents of the community using DOH funding sources.

Create new financing tools or support existing tools that can assist in maintaining ownership

- Fund new financing tools for acquisition and rehabilitation of small, unrestricted, currently affordable rental units and mobile homeowners' purchase of land/parks
- Allocate flexible funding to support a range of services stabilizing those currently at greatest risk of losing their homes, including: multi-year shallow rent subsidies; debt mitigation to benefit landlords/tenants; grants to community-based organizations for housing navigation/rehousing supports and timely deployment of assistance; and additional funds to the state's Eviction Legal Defense Fund given ongoing Covid-related evictions/renters' need.
- Similar type mezz funds can be used in conjunction with LIHTC to preserve existing assets. Policy should be to proactively reach out to LIHTC properties nearing the end of both the affordability period and the compliance period to see if they are interested in selling. Housing Authorities would be the logical buyer in most cases after applying for funds from the program.
- Funding for remediation of low-quality/condemned properties (with focus on ADA compliance)
- Reduction in RE taxation for properties at or below 60% of AMI (i.e. minimum cap rate for valuation, lower tax rate on affordable units).
- Extend tax credit programs to preserve AH multi-family structures.
- Create tax credits or other discounted service programs for property owners to begin to or continue to operate as AH.

Protect Current Mobile Home Housing

- Create low cost/interest loan programs to assist residents with purchasing their mobile home parks.
- Grants and/or loan funding for community purchases under Mobile Home Park Act
- Extend the time period in which MHP residents have to purchase their parks when they are put up for sale.
- Create funding mechanisms that facilitate the purchase of mobile home parks by non-profit entities representing the residents. Pass legislation that enhances mobile home park residents rights vis a vis mobile home park landowners.
- Statewide Tenant Opportunity to Purchase Act

Emphasizing Environmentally Sustainable Housing

- When doing renovations, have the State Energy Office support Net Zero Electric upgrades to make the homes more affordable for both rental and for sale.
- Adopt net zero electric practices with the preservation and renovation.

Short Term Rental Reforms

- There is a long list of needed short term rental (STR) reforms. At the bare minimum we should recommend that the legislature consider taxing STR's as commercial entities. We should consider platform transparency, allowing Counties to use Lodging tax dollars for housing, removing the 1000 dollar restriction for Counties on STR fees, and adding a formal definition of STR's to state regulations.
- STRs - tax STRs as commercial properties
- Create licensing requirements for short term rentals and create a fund from the fees to create new AH.

Maintaining Inventory of Existing AH Stock

- Ensure that any housing developed with federal and state funds have covenants in place to ensure long term affordability in both home ownership and rental markets
- Limit the ability of out-of-state, for profit investors to purchase property for redevelopment into market/luxury rate housing. If purchases continue, require investment into an affordable housing fund. Allow local communities "first right of refusal" on property.
- Use policies/covenants and other tools to ensure long-term affordability
- Grandfather all housing built in conformity with codes at the time of construction for continuing residential (exempt from retrofit requirements)
- Short Term financing for affordable developers to help them purchase affordable properties quickly (mandate longer term restrictions for such acquisitions).

Financing

- Create a sustainable system that can continue to fund affordable programs moving forward that do not depend only on tax credits.
- Tie requirements for long-term affordability to preservation financing
- Make housing stability funds more effective by streamlining DOH administration as much as possible (e.g. combining instead of segmenting funding when appropriate) and making grants based on outcomes-driven metrics to help ensure households actually remain housed as a result of services
- DOH Single-Family Rehab and DOH Down-payment/closing cost assistance to 150% Loan-to-value of after-improved value in non-metro areas of the state.
- Using policies to as a tool to ensure affordability

Land Use Covenants

- Any municipal or state land used for affordable housing should be structured as a land lease with appropriate protections and step-in rights to preserve affordability.
- Covenants and other strategies to ensure permanent affordability (99 years)
- Use of the 99 year ground lease when possible to protect \$100M investment of existing affordable housing

Strengthen the Safety Net Recommendations Options

Focus on Supportive Services

- 20% of funds for supportive services seed funding investment (to be matched by Behavioral Task Force funds) for supportive services funding to lift people out of homelessness and ensure they can access and maintain housing
- Invest in wrap-around services for those already in housing who need it.
- Make necessary changes to ensure housing providers' delivery of supportive services is reimbursable by Medicaid, drawing on federal funds and creating sustainable change
- Enable projects with supportive service component to put those services "above the line" in their operating budgets, when being underwritten for subsidy to allow for more initial development subsidy and increased operating income to cover service costs
- Service centered approach, not just a home but services that keep folks housed and moving on a continuum to sufficiency.
- Require systems and institutions to use a housing transition plan with in-house or contracted housing navigators both within the system and community to ensure that people are not discharged into homelessness
- Transition/planning services requirement for institutions discharging individuals
- Support services to keep folks housed, emergency funding similar to the Mile High Flex Fund.

Supportive Housing Funding

- Funding for supportive housing. particularly to pay for services in addition to building
 - More funding for Permanent Supportive Housing (PSH).
 - Invest in intensive tenancy support services through directing funds to supportive housing providers and nonprofit housing agencies serving households 60% AMI and below who also provide services for one-time capital upgrade costs, operational costs, or scaling proven Housing First models like the Denver Supportive Housing Social Impact Bond
 - Ensure that DOH continues to fund services, esp. for Permanent Supportive Housing.
 - Acquire underutilized hotels and motels to be used for transitional housing, convert the meeting rooms, event space, etc. to create wraparound service areas.
- 15% of funds for a revolving loan fund for best practices, interventions, pay-for-success performance based models for people experiencing homelessness like the Denver Social Impact Bond or transitional/alternative housing programs for local communities to leverage state dollars in order to provide housing and supportive services for targeted populations of people experiencing or at severe risk of homelessness

Emergency Rental/Homeowner Assistance

- Additional funding (and use of mechanisms recently created by DOH) for emergency rental and/or homeowner assistance.
- Long Term funding source for such emergency rental/homeowner assistance.

Affordable Housing Voucher Program

- Flexible vouchers with supportive services attached
 - Funding for flexible voucher programs and long-term supportive housing
- Housing Authorities that administer Housing Choice Voucher (Section 8) to receive administrative funding to bridge the gap between what HUD pays in pro-rated admin fee to get to 100% of published admin rate, with 30% "boost" for small HCV programs (less than 200 HCV's).
- Multi-year shallow rent subsidies/person-based vouchers for households 30% AMI and below (adjusted if necessary for community needs) to stabilize renters and landlords longer term
- Reduction in section 8 housing choice voucher payments for units that have deep rental restrictions.
- Establish ongoing supportive services fund so that for every housing voucher made available, some level of matching services dollars will be available from OBH or HCPF or another administrative agency
- State Voucher recipients are required to access/utilize HUD-Certified Housing Counseling agencies to provide budgeting and financial counseling at a minimum, paid via state contracting with the Housing Counseling agency.

Behavioral Health Committee

- Need to understand how the Behavior Health sub committee is addressing the Safety Net. The values of the safety net should be a part of both expanding capacity and stabilizing existing affordable housing.
- Ensure Behavioral Health subpanel and the Housing subpanel get time together to work through the Safety Net funding and focus areas

Educational/Counseling Programs

- Fund HUD-certified Housing Counseling Agencies to provide Home-buyer education, financial counseling, Rental Readiness, Foreclosure mitigation, Homelessness, etc. at adequate levels.
- Create education programs to help transition people to more permanent and stable housing.
- Develop education programs to help all sectors of the housing continuum (with one of the goals being the possibility of obtaining home ownership).

Safety Net Funding

- Invest in homelessness resolution for those who are experiencing it today with vouchers, short term rentals, transitional housing, shared living, and long-term housing options
- Require localities receiving funds to address homelessness to adopt Housing First approach
- Target funding programs a 80% AMI

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- Accelerate the allocation of already earmarked rental assistance and other COVID funds. Change the policy or advocate for changes to the policy at the federal level to remove the moral hazard issue where renters need to fill out paperwork so that landlords can receive back payment. This has generally been difficult in our experience.

General Issues

- I firmly believe that all the \$400m of funds should be considered in the larger context of all of the COVID relief funds. Given the high percentage of direct or pass through payments I believe the \$400m here should be structured in a way that they create self-sustaining programs. That is difficult to accomplish with the safety net.
- Additional/permanent funding for Eviction Legal Defense Fund (research shows that well over 90% of tenants face eviction without legal representation)
- Workforce housing is the greatest area of need
- Greater coordination between health, justice, and housing systems with the goal of not discharging individuals into homelessness.
- Change the way that landlords and funding institutions look at back grounds and income source
- Require local jurisdictions & municipalities to regularly assess their housing stock and the behavioral health needs of the residents in their districts.

Ensure Equity and Access Recommendations Options

Alignment across priorities, and across AH-BH Task Forces

- Ensure that the \$400M being used to expanding and preserve permanently affordable housing adheres to the values of Equity and Access
- Equitable access to homeownership and rental housing, through inclusionary policies, innovative and creative tools for affordable, accessible homeownership
- Expanding Capacity and Stabilizing Existing Affordable Housing need to adhere to the values called out under the Access and Equity
- Need to tie in with Behavior Health subpanel funding

Fund a Housing Needs Assessment

- Fund housing needs assessments in all CO counties that includes a racial equity analysis with the goal of establishing a statewide housing needs assessment.
- Invest in statewide housing needs assessment and strategy to evaluate and respond to housing inequities
- 5-8% of funds for statewide assessment and ongoing evaluation of Colorado's housing and homelessness needs, gaps, and progress towards goals to ensure equitable use of funds and targeted interventions are reaching identified populations disproportionately impacted by COVID and historically marginalized by existing housing policies
- Invest in transforming Colorado's public data infrastructure to fully understand negative economic and health impacts of the pandemic in Colorado's most systemically marginalized communities, e.g. eviction court data filings, tracking acceptance of ERA and vouchers

Prioritized Funding Especially to Historically Marginalized Communities

- Prioritize funding in communities that have been neglected historically.
- Deliver funding for housing/rental assistance through organizations serving low income communities--of special importance in outreach to BIPOC communities.
- Target these unrestricted federal funds to ensuring longer term housing stability for undocumented or mixed-status households, even while prioritizing communities disproportionately impacted by Covid throughout
- A strict adherence to need based allocation should cover this since the disparate impact of COVID left certain populations greater needs.
- Prioritized funding for units at 30% AMI and below (whether new or remediated properties)
- Concentrated outreach to impacted communities of opportunities and programs.
- Ensure that were funding mechanism don't disallow applicants due to immigration status, incorporate robust outreach mechanisms to undocumented communities.
- Reducing barriers to undocumented people including homeownership programs

Address Geographic Disparities

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- Diversify funding to both rural needs and urban needs
- Eligibility for families is set to 80% state-wide AMI level, or up to 120% AMI level for non-metro areas.

Land Acquisition, Banking, and Development

- 10% of funds available to impacted communities for land-banking opportunities within the next 3 years for development, preservation opportunities over the next 10 years
- Assist with land acquisition and infrastructure costs

Regulatory Changes

- Ease of red tape, make programs available and easy to participate in.
- Remove requirement that Colorado Land Board holdings be used exclusively for teacher housing
- Establish a use by right zoning code to allow for building of up to four-plexes in single family residential zones.
- Streamline/simplify State Contracting/procurement to deploy funding more quickly.
- Review regulatory requirements across programs to reduce conflicting programmatic requirements
- Nonprofit entities are eligible entities (not only local governments) to receive any state funding directly.
- Incentivize localities to make zoning changes for tiny homes/ADUs
- Adopt ordinances that create housing representing a diversity of income levels
- Adopt policies that create preferences for existing Colorado residents, families, employees first (versus new Colorado residents).

Community-led AH Development

- Ensure that at least 30% of the funding is supporting BIPOC led affordable housing providers and developers
- Advance engagement/direction from the communities who new development is intended to serve—by definition those disproportionately impacted by Covid—e.g. through requiring advancing community-based agreements, racial equity impact assessments, etc.
- Prioritized funding for housing models with alternative ownership structures, including resident-owned communities, mixed-income neighborhood trusts, limited equity cooperatives, and community land trusts

Vouchers and Supportive Services for the Long-Term

- Create flexible, ongoing, funding for housing vouchers/rental assistance, and supportive services to ensure that people, especially households at the lowest income (30% AMI and below with flexibility to go to 50% AMI if community standards require) can get into and stay in housing in higher economic opportunity areas

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- Elevate housing status as social determinant of health for the provision of primary and behavioral healthcare and other social services. Where care is available and delivered should be an ongoing consideration.

Interagency Coordination

- Ensure sufficient staff capacity and advance interdepartmental coordination to effectively and equitably distribute these and other funds to more holistically support those hardest hit by Covid (e.g. working with necessary agencies to auto-enroll those receiving assistance through one program with others, such as SNAP or property tax/rent/heat credit rebates)