



Agenda Memorandum

Agenda Item – {{section.number}}.A.

City Council Study Session
June 17, 2024

Strategic Priority 1: Access to Opportunity

Advance access to opportunity and prosperity for all in Westminster through diverse housing choices, increased mobility options, safe and walkable neighborhoods, and strong social networks

Subject: Proposition 123 Implementation and Affordable Housing Activities Updates

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Recommended City Council Action:

This report is for information only and requires no action by City Council.

Summary Statement:

- This staff report provides an update on the implementation of the State of Colorado's Proposition 123 (Prop 123) and additional upcoming citywide affordable housing activities.
- Prop 123 was voter approved in the 2022 election cycle. The City of Westminster opted in and filed a commitment to the State's Affordable Housing Support Fund (SAHF) in July 2023.
- The City committed to increasing its affordable housing inventory by at least 271 units by December 2026. If a participant jurisdiction does not deliver on its affordable housing commitment by the target date, the jurisdiction and any proposed developments that would qualify are unable to access SAHF resources for one year from the target date.
- To date in Westminster, two local developers: St. Charles Town Company (St. Charles) and Maiker Housing Partners (Maiker), applied for, but were not awarded, SAHFs. Regardless, both projects are moving forward with City support and their combined unit count of 317 new affordable housing units will surpass the City's commitment to build 271 units by 2026.

- The City has received a request from Maiker for the City's annual allocation of Private Activity Bonds (PABs) to support its development within the greater Uplands Development and for the creation of 70 affordable housing units.
- The Community Development Block Grant (CDBG) Annual Action Plan (AAP) planning and budget process is underway. Staff will return to City Council to request approval of the annual allocation to support existing programs and services on July 22, 2024.

Background Information:

This staff report highlights progress made towards the City's commitment to Prop 123 as well as updates to additional affordable housing activities, which include annual PAB allocation and AAP efforts.

Proposition 123

Colorado voters approved an affordable housing funding ballot initiative, Prop 123, in 2022. This ballot initiative created the SAHF and dedicated one-tenth of one percent of state income tax revenue to support affordable housing programs and projects. The language of the proposition provides 40 percent of funds to the SAHF, which is administered by the Department of Local Affairs (DOLA), and 60 percent to the Affordable Housing Financing Fund, which is overseen by the Office of Economic Development and International Trade (OEDIT) and administered by the Colorado Housing and Finance Authority (CHFA).

Prop 123 establishes affordability definitions for both rental and for-sale housing. Rental is defined as housing that is affordable to a household with an annual income of, at, or below 60 percent of the area median income, and that costs the household less than 30 percent of its monthly income. For-sale is defined as for-sale housing that could be purchased by a household with an annual income of, at, or below 100 percent of the area median income, for which the mortgage payment costs the household less than 30 percent of its monthly income. SAHF funds may be used to:

- Provide grants to local governments and/or loans to nonprofit organizations for acquiring and maintaining land for the development of affordable housing.
- Create an equity investment program that ensures that rent is no more than 30 percent of a household's income.
- Create a debt financing program for low- and middle-income multi-family rental developments and existing affordable housing projects.
- Create a home ownership program that offers down-payment assistance for homebuyers who meet certain income requirements.
- Create a grant program for local governments that expands their capacity to process land use, permitting, and zoning applications for housing projects.

- Create a program that provides rental assistance, housing vouchers, and other case management services to unhoused residents.

Under Prop 123 guidelines, a local government must opt-in by filing a commitment with the State to increase the current threshold amount of affordable housing in their jurisdiction to be eligible for SAHF resources. In June 2023, City Council voted to opt-in to Prop 123. By doing so, local affordable housing partners now have access to this funding opportunity. The current commitment will be met if the City has issued building permits that meet or exceed 271 housing units by December 2026.

In 2023, two affordable housing developers applied for Prop 123 funding to support construction of affordable housing units in Westminster. Neither of the projects were awarded funds in this round. However, both projects' unit counts will contribute to the City's commitment to develop 271 new affordable units by 2026. Information on those two developers includes:

1. Maiker, formerly the Adams County Housing Authority, has an active development application for a 70-unit multi-family property at the southeast corner of West 88th Avenue and Federal Boulevard entitled by means of the Uplands Preliminary Development Plan (PDP) that will serve residents earning between 30 percent and 60 percent of the area median income. This proposed development also includes an Adams County Head Start program that will serve area families. Maiker has requested the City's annual PAB allocation to support this development.
2. St. Charles has an active development application for a 247-unit multi-family housing community located at 8775 Clay Street that was also provided initial entitlements pursuant to the Uplands PDP and that that will serve residents earning between 30 percent and 60 percent of the area median income. St. Charles is in the final stages of the development review process and has expressed gratitude for the City's financial support of the project.

Private Activity Bond

Each year, the City is allocated a portion of the State's PAB. This year, DOLA has allocated \$7,246,554 to the City. Traditionally, and under strict regulations, this has been assigned to stakeholders to advance the development of affordable housing. Maiker has respectfully requested the City assign this year's allocation to support its 70-unit affordable housing development, which is a part of the greater Uplands Development. By assigning the City's PAB allocation, the City is also supporting the Prop 123 commitment to develop 271 units. The formal PAB assignment will return to City Council for formal action later this summer.

Community Development Block Grant Annual Action Plan

As required by the Department of Housing and Urban Development (HUD), City staff will begin drafting the AAP and proposed CDBG budget for this year's allocation. The City held a public input meeting on May 25, 2024 at the MAC and Staff is planning to return to City Council recommending approval of the proposed allocation on July 22, 2024.

The City's Strategic Plan priority of Access to Opportunity is met by implementing Prop 123 and other affordable housing activities, which allows the City to advance access to opportunity and prosperity for all in Westminster through diverse housing choices.

Respectfully submitted,

Jody Andrews

Jody L. Andrews
Acting City Manager