



Agenda Memorandum

Agenda Item – {{section.number}}.A.

City Council Study Session June 5, 2023



Strategic Priority 1: Preparedness and Resilience

Build a system of intentional support for residents, businesses and the environment that mitigates risks and proactively seeks out ways to ensure the community not only endures but thrives.



Strategic Priority 3: Shared Sense of Community

Foster equitable opportunities that help residents feel at home and connected in their community and empowered to live their best lives.

Subject: Presentation on State Proposition 123 from Department of Local Affairs, Division of Housing.

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Recommended City Council Action:

Receive a presentation about the implementation of Proposition 123 from staff experts from the Colorado Department of Local Affairs, Division of Housing (DOLA); review proposed affordable housing baseline data for the City of Westminster; and direct Staff to submit the City's commitment under Proposition 123 to DOLA by November 1, 2023.

Summary Statement:

- Maulid "Mo" Miskell, Deputy Division Director from the DOLA will present on the fundamentals of Proposition 123.
- Proposition 123 was enacted by the voters of Colorado in 2022. It contains many provisions that could create more affordable housing for Colorado residents through access to additional funding and tools to support local housing planning.

- To utilize the State Affordable Housing Fund (SAHF) funded through Proposition 123, interested local governments are required to submit baseline information and commit to increase affordable housing units by nine percent over a three-year period.
- If a commitment is not filed by November 1, 2023, then the local government and any developer of an affordable housing project in the jurisdiction will not be eligible to access the state funding over the next year.
- However, a local government would still have the option to file a commitment by November 1, 2024, with a two-year commitment to increase the number of affordable housing units by six percent.
- According to the DOLA Baseline Assistance Tool, the City of Westminster currently has 3,016 affordable housing units, which means the City would need to add 270 units by 2026. Staff advises this goal is achievable.
- Subject to City Council direction, Staff recommends submitting commitments to DOH no later than November 1, 2023.

Fiscal Impact:

\$0 in expenditures.

Source of Funds:

Not applicable.

Policy Issue(s):

Does City Council wish to receive a presentation on Proposition 123 from DOLA; review proposed affordable housing baseline data for the City; and direct Staff to submit a commitment to DOLA by November 1, 2023?

Alternative(s):

City Council could choose not to receive a presentation on Proposition 123, nor receive information on baseline data, nor provide direction on whether to submit commitments to DOH. Staff does not recommend this alternative, as City Council requested a presentation on Proposition 123 and Staff advises that the affordable housing goals under the program are attainable and will allow a new state source of funding for affordable housing for use by the City and developers of affordable housing operating within Westminster.

Background Information:

Colorado Proposition 123 was on the ballot in 2022 and received state-wide support to create the SAHF, dedicating one-tenth of one percent (0.1%) of state income tax revenues to fund affordable housing programs.

It is important to note that Proposition 123 requires a local government to file a commitment

specifying how it will increase the inventory of affordable housing by nine percent in three years. Local jurisdictions may employ a combination of newly constructed affordable housing units and its existing units converted to affordable housing over its determined baseline number of affordable housing units by three percent each year. DOLA interprets this to mean that ultimately a demonstration of a nine percent increase over the baseline at the end of the three-year commitment period ending on December 31, 2026 satisfies this requirement even if a three percent increase may not be accounted for in a particular year during that time frame.

If a commitment is not filed by November 1, 2023, then the local government and any development of a project in its jurisdiction are not eligible to access the SANF during the 2024 calendar year. If this were to occur, then a local government can submit in November 2024 for a two-year commitment to increase its affordable housing stock by a total of six percent by December 31, 2026.

If a local government is unable to meet its nine percent total commitment by December 31, 2026, then it and any development project in its jurisdiction is not eligible to receive SANF established by Proposition 123 for calendar year 2027. A local government may file a new commitment by November 1, 2027 for a two-year commitment to increase its affordable housing stock by a total of six percent by December 31, 2029.

For this first commitment and future ones, Proposition 123 provides that local governments should prioritize high-density housing, mixed-income housing, and projects consistent with the goal of environmental sustainability, when appropriate, and should prioritize affordable housing in areas in which low concentrations of affordable housing exist.

Note that an interested local government filing its commitment with DOLA by November 1, 2023 does not have to include verification of a fast-track approval process, but will need to for future commitments.

Westminster Baseline Data and Commitment Projections

According to the DOLA Baseline Assistance Tool, the City of Westminster currently has 3,016 affordable housing units, which means the City would need to add an additional 270 units by 2026. This represents 90 new units per year, or three percent per year. Staff advises that this goal is achievable.

Should the City of Westminster decide to file a commitment to provide access to funding for housing development and non-profit partners, it will require an additional 270 units over three years. The actual commitment is evidenced by building permits issued by December 2026 for qualified applications, not finished structures. This level of development would be supported by the City's 2040 Comprehensive Plan.

The SAHF funds can be accessed by affordable housing developments that are currently in process. For example, the St. Charles Town Company, developing the Overlook at Uplands as part of the Uplands development, has 247 affordable units planned. Additionally, Maiker Housing Partners has submitted a pre-application to develop up to 80 units of housing in the Uplands development. These two proposed projects would complete the City's Proposition 123 baseline commitment.

Recommendation

Staff recommends that City Council direct Staff to file a Proposition 123 commitment with DOLA by November 1, 2023 for the development of 270 affordable housing units by December 31, 2026, allowing local affordable housing developers access to the SAHF.

By providing this information and opting in to Proposition 123, opportunities are provided to help residents feel at home and connected in their community and empowered to live their best lives. The City's Strategic Plan priorities of Preparedness and Resilience and Shared Sense of Community are met by building additional affordable housing units, which also builds a system of intentional support for residents, businesses, and the environment that mitigates risks and proactively seeks out ways to ensure the community not only endures but thrives.

Respectfully Submitted,

Mark A Freitag

Mark A. Freitag
City Manager

Attachments:

Presentation on Proposition 123