



Proposition 123 & The Colorado Division of Housing

June 16, 2023



COLORADO
Department of Local Affairs

State Affordable Housing Fund

March 2023 Forecast

- Fiscal Year 2022-2023 - \$151.8 million
- Fiscal Year 2023-2024 - \$310 million

DOH receives 40% of funds. Affordable Housing Support Fund for DOH is estimated to be:

- Year 1: \$60.72 million - up from \$58 million
- Year 2: \$124 million - up from \$116 million

OEDIT receives 60% of funds. Affordable Housing Financing Fund for OEDIT is estimated to be:

- Year 1: \$91.08 million - up from \$87 million
- Year 2: \$186 million - up from \$175 million



Prop 123 Overview

Programs & AMI

DOLA

- Affordable Homeownership Program
- Program Serving Persons Experiencing Homelessness
- Local Planning Capacity Development Program

OEDIT/CHFA

- Land Banking Program
- Affordable Housing Equity Program
- Concessionary Debt Program



Affordable Housing Support Fund

Based on statute, DOH will utilize its 40% of the funds for:

1. **Affordable Homeownership Program** - up to 50%
- \$30.36 million of the anticipated funds in year 1 and \$62 million in year 2
2. **Program Serving Persons Experiencing Homelessness** - up to 45%
- \$27.32 million of the estimated funds in year 1 and \$55.8 in year 2
3. **Local Planning Capacity Development Program** - up to 5%
- \$3.04 million of the estimated funds in year 1 and \$6.2 in year 2



Affordable Homeownership Program

Down payment assistance to first-time homebuyers (prioritize first-generation):

- Income: up to 120% AMI

Grants and loans:

- Nonprofits, local governments, tribal governments, community development financial institutions, and community land trusts to support affordable homeownership
 - Income: up to 100% AMI
- Groups or associations of mobile home owners to assist with the purchase of their park



Homeownership Program priorities and timing

| Homeownership, Year 1 (50% of DOH Allocation) | | \$30M |
|---|---|---|
| 1 | Acquisition/New Const/Rehab (Nonprofits, Local/Tribal govts., Comm Land trusts & CDFIs) | • Monthly Applications |
| 2 | Mobile Home Park Acquisition (Groups or associations of mobile homeowners and their assignees) | • Monthly Applications |
| 3 | RLF Programs: Owner Repair | • Annual Applications July 1st, Special Application September 1st |
| 4 | RLF Programs: Down Payment Assistance | • Annual Applications December 1st |



Program Serving Homelessness

Programs for persons experiencing homelessness or at risk of:

- Rental assistance
- Eviction defense assistance - includes legal, financial, and case management

Grants and loans to nonprofits, local governments, tribal governments, and private entities:

- Development/preservation of supportive housing
- Other homelessness related activities as determined by DOH
 - Includes housing programs paid for by a paid for success basis



Homelessness Program priorities and timing

| Homelessness, Year 1 (45% of DOH Allocation) | | \$27M |
|--|---------------------------------------|-----------------------------|
| 1 | Development of Supportive Housing | • Monthly Applications |
| 2 | Other Activities: Outreach | • Annual ESG NOFA (Fall) |
| 3 | Other Activities: Rapid Rehousing | • Annual ESG NOFA (Fall) |
| 4 | Other Activities: Supportive Services | • Annual PSH RFA / ESG NOFA |
| 5 | Development of Bridge Housing | • Monthly Applications |
| 6 | Prevention: Rental Assistance | • Special NOFA |
| 7 | Prevention: Eviction Diversion | • Special NOFA |



Homelessness Programs excluded from opt-in

Homelessness programs not tied to an affordable housing project (creation of units) can be funded in jurisdictions regardless of local commitment:

- Tenant based rental assistance
- Eviction defense assistance (includes legal, financial, case management);
- Outreach;
- Supportive Services; and
- Rapid rehousing.

Applications will be reviewed on a case-by-case basis by DOH.



Local Planning Capacity Development

Grants to local governments to increase capacity of local govt planning departments responsible for processing land use, permitting, and zoning applications for housing projects.

- Fast-track and other streamlining development processes and systems/technologies
- Land use code amendments that effectively streamline development review (e.g., admin approval)
- Staff or contractor assistance to review aff housing applications within expedited timeline
- Once first commitment accepted, future commitment development

DLG's next steps, in partnership with DOH:

- Additional outreach and engagement for input on this grant program
- Engage planners and developers to create Fast-Track guidance, templates
- Offering assistance this summer to local governments to develop this first commitment



Local Planning Capacity priorities and timing

| Local Planning Capacity, Year 1 | | (5% of DOH Allocation) | \$3M |
|---------------------------------|-----------------------------------|--|------|
| 1 | Grant Program design / guidelines | <ul style="list-style-type: none">• Spring / Summer 2023 | |
| 2 | Fast Track Guidance Development | <ul style="list-style-type: none">• Summer/Fall 2023 | |
| 3 | Pilot Round of Grant Program | <ul style="list-style-type: none">• Opens November 2023 (LOI) | |
| 4 | Eligible Project Types | <ul style="list-style-type: none">• Expedited review staff/consultants, technology, land use code changes, regional collaborations, future commitments, and other. | |



Program Income Limits ^{*} unless Rural Resort Petition approved

Income Limits for Beneficiaries of Eligible Activities by Program

| | 60% AMI | 80% AMI | 90% AMI Avg. | 100% AMI | 120% AMI |
|------------------------|--|--|----------------|---|---|
| OEDIT/ CHFA | Land Banking Rental projects; Concessionary Debt Program 60% Avg | Concessionary Debt Program - LIHTC Predev/ Gap Financing *60% Avg. | Equity Program | Land Banking - Homeownership projects | |
| DOH | | | | Affordable Homeownership Program, Grants and Loans/Mobile Home Parks | Affordable Homeownership Program, Down Payment Assistance |

Income Limits Not Applicable to: Program Serving Persons Experiencing Homelessness



General Requirements

Deadlines for municipalities and counties for unincorporated, and tribal governments to file a commitment:

- Initially by November 1, 2023
- Subsequent 3-year cycles also by November 1st

Required to first develop a baseline of affordable housing:

- The American Community Survey (ACS)
- Comprehensive Housing Affordability Strategy (CHAS) - HUD retabulations of ACS



Petition Process & Commitment Goal

Petition:

- Neighboring county's AMI
- State Median Household Income

Objective:

- Increase baseline # of affordable housing by 3% each year
 - New construction or converted from unaffordable
 - Must increase by at least 9% by December 31, 2026



Compliance

Funding Timeout

- ★ November 1, 2023 - deadline to file commitment
 - Ineligible for funding 2024 calendar year
 - May file a 2-year or 1-year commitment to finish out 3-year cycle

- ★ December 31, 2026 - deadline to meet 9% increase
 - New housing - permitted
 - Existing housing (converted to or newly deed restricted as affordable) - permitted and/or fully funded
 - Ineligible for funding 2027 calendar year
 - May file a 2-year commitment by 11/1/27 and be eligible for funding again in 2028



Local Government Commitment Filing Process LIVE

Commitments may be filed by authorized local officials from now until November 1st to unlock funding.

Commitment process involves:

- Setting a baseline amount of affordable housing
- Backup documentation on baseline methods
- Commitment to increases in affordable housing

Commitment Filing Site:



<https://bit.ly/co-123-commit>



Affordable Housing Baseline Assistance Tool LIVE

Localities must determine their baseline amount of affordable housing in compliance with statutory definitions in order to make a commitment. Instead of developing their baseline alone, localities may use the baseline assistance tool to:

- ✓ Estimate the amount of affordable housing at individual price levels.
- ✓ Customize a baseline to reflect current conditions.
- ✓ Learn about data sources and math used in baseline development.

Baseline Assistance Tool:



<https://bit.ly/co-123-baseline>



Local Government Commitment Status Update

Commitments may be filed by authorized local officials from now until November 1st.

Commitment process involves:

- Setting a baseline amount of affordable housing
- Backup documentation on baseline methods
- Commitment to increases in affordable housing

DOH launched the **commitment filing process on May 10**, which includes an interactive baseline assistance tool to help a local government first establish its baseline of affordable housing.

Two jurisdictions have filed: Salida's has been accepted; City of Boulder currently under review.

Fast-Track Approval Process

Working with DLG and local/tribal governments to establish

- **Not required** until November 1, 2026
 - Must be in place for commitment due then
- Final decision on a **complete application** (special permit, variance, or other development permit)
 - 50% or more of the units constitute affordable housing (does not apply to subdivisions)
 - 90 calendar days
 - Option to extend for an additional 90 calendar days at the request of the developer
 - Grant extensions for additional information or revisions
 - **30 days** from response (5 business days to respond)
- DLG and DOH will seek input from govts and developers to create guidance and template



Rural Resort Petition Process

Use different AMI% for some Prop 123 programs

1. Land Banking Program
2. Affordable Housing Equity Program
3. Concessionary Debt Program, specifically Debt Financing Programs

Process

- ❖ Based on the average needs identified in a housing needs assessment
- ❖ Post petition on DOH website
- ❖ Procedure for public comments
- ❖ DOH may approve if certain requirements are met



Rural Resort Petition Process

DOH Approval

1. Housing Needs Assessment
 - a. Local or published by the State
 - b. Supported by data (State Demographer or other public sources)
 - c. Completed within the past 3 years
 - d. Explain why other funding sources cannot satisfy funding needs
2. Demonstrated housing and workforce needs requiring different eligibility standards
 - Taking into consideration regional workforce commuting trends
3. Establish the percentages of AMI based on the average needs
4. Does not impact program priorities, e.g. high density, mixed-income, and environmental sustainability



Government Coordination

Regional collaboration and partnership is encouraged!

Local governments and tribal governments may enter into written agreements with other local governments and tribal governments that allow each jurisdiction to receive partial credit towards the local government's or tribal government's growth requirement of 3% each year of a filed commitment.

The sum of the total units credited to the local governments and tribal governments shall not exceed the total number of units produced through the collaboration.





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