Tourism, Resorts & Economic Development Steering Committee
Thursday, April 7, 2022 | 2:15 PM – 3:15 PM (approx.)

Agenda as of 4/6/2022

Welcome/Introductions

Chair: Commissioner Richard Cimino, Grand County
Vice Chair: Commissioner Jeanne McQueeney, Eagle County
CCI Staff: Daphne Gervais (dgervais@ccionline.org | M: 720-635-4705)

New Legislation for Discussion (2 Bills)

HB22-1304, State Grants Investments Local Affordable Housing			
H-Spon	D. Roberts & M. Bradfield	**S-Spon**	J. Coleman & J. Gonzales
Summary	The bill implements a funding recommendation from the Affordable Housing Transformational Task Force (AHTTF) by creating two new state grant programs available to local governments and non-profit organizations for affordable housing projects. The **Local Investments in Transformational Affordable Housing (LITAH) Grant Program** would receive $150 million from State American Rescue Plan Act (ARPA) funds and would be administered by the Division of Housing (DOH) in the Department of Local Affairs (DOLA). This program would be available to fund: - Infrastructure projects tied to affordable housing development, including funding for capital construction and cost of infrastructure design - The costs of construction, including but not limited to construction costs, land acquisition costs, tap fees, building permits, and impact fees - Gap financing for housing development projects (including transactions under federal LIHTC program and the affordable housing tax credit, for the purchase or conversion of existing affordable housing and multi-family developments, land, and buildings) - Preservation, restoration, retrofitting, renovation, capital improvement, and/or repair of current affordable housing stock, including public housing, with commitments for long-term affordability. These investments can include but are not limited to: o Senior housing o Remediation of low-quality and condemned properties o Housing for people living with disabilities o Purchase and transition of current housing stock, including short-term rentals, into affordable long-term units o Rental assistance for households disproportionately impacted by the COVID-19 pandemic, including funding for outreach, housing navigation assistance, and legal services o Financing energy improvements in single-family and multi-family affordable housing for existing and new homes and rental units. o Property conversion for transitional or long-term housing o Permanent supportive housing and supportive services o Land banking and land trust strategies for long-term affordable housing planning and development o Funding for eviction legal defense		

In administering the LITAH program, the bill directs DOH to give preference to grant applications that promote one or more of the following goals:

- Increase the supply of housing that is
  - Restricted at income levels demanded by the local workforce
  - Transit-oriented
  - Restricted to persons with disabilities, or to victims of domestic violence or sexual assault
- Leverage capital and operating subsidies from various public and private sources
- Involve the purchase of real property necessary to secure land areas needed for future development
- Represent a one-time funding proposal to the state with minimal or no multi-year financial obligations
- Provide mixed-income developments based on local need

The bill also creates the **Infrastructure and Strong Communities (Strong Communities) Grant Program** that would receive $28 million in state General Fund and be administered by the Division of Local Government (DLG) in DOLA. This program would be available to municipalities and counties that partner with municipalities for infill infrastructure projects that support affordable housing. Grant awards are available to cover planning, infrastructure, and local capacity expenses, and for developments of unused or underutilized land within existing development patterns.

DLG is directed to coordinate with stakeholders, the Colorado Department of Transportation (CDOT), and the Colorado Energy Office (CEO) to identify sustainable development patterns and best practices. This list of best practices is intended to address or promote one or more of the following:

- Enable accessory dwelling units or the use of multiplexes by right in residential zones
- Zoning for mixed-use higher density development in downtown areas of municipalities and around transit stations
- Annexation policies
- Intergovernmental agreements that coordinate future development
- Reduced parking requirements
- Relaxed occupancy rules
- Budgeting policies
- Water rate structures
- Road standards
- Hazard risk reduction and mitigation standards
- Energy efficient building codes
- Zoning for innovative housing options, including modular, manufactured, and pre-fabricated homes

All grants awarded through the Strong Communities Program must be used, in whole or in part, to fund infrastructure projects that (1) are within or adjacent to a downtown, core business district, or transit-oriented development OR (2) assist in increasing the supply of affordable housing. The bill specifies that a portion of any grant through this program can be used for delivery, planning, and community engagement, and encourages a portion of any grant to be used for accessibility improvements or amenities that make the project age-friendly and accessible to people with disabilities.

Status	House Committee on Transportation & Local Government Refer Amended to Appropriations
Position	Pending

	Stakeholders negotiated and reached agreement on regional AMI caps to apply to these grant programs, with urban, rural, and rural resort regions defined by the Strategic Housing Working Group. Urban counties will have an 80% AMI cap for rental projects, 140% AMI for rural counties, and 170% for rural resort counties. A 140% AMI cap would be applied statewide for for-sale projects. All counties would be able to apply to DOH for re-classification into a different region, or for higher AMI caps based on demonstrated needs. Further, this agreement includes a 50/50 geographic split of funds through December 2023 (50% total to urban counties, 50% to rural/rural resort counties) given that a large majority of state affordable housing funds have historically gone to the metro area.

SB22-159, **Revolving Loan Fund Invest Affordable Housing**			
H-Spon	P. Will & D. Ortiz	**S-Spon**	R. Zenzinger & J. Bridges

Summary	The bill implements a funding recommendation from the Affordable Housing Transformational Task Force (AHTTF) by creating a revolving loan fund administered by the Division of Housing (DOH) in the Department of Local Affairs (DOLA) for affordable housing projects. The loan program receives $150 million and is intended to provide flexible, low-interest, and below-market rate loan funding to assist in the development of affordable housing in a manner that generates enough return on loans to replenish the program for future allocations.
	
	The bill authorizes DOH to contract with a third-party entity to administer the loan program, and may also work with the Colorado Housing and Finance Authority (CHFA).
	
	The loan program is available to local governments (including housing authorities), for-profit developers, or non-profit organizations to fund up to 120% area median income (AMI) rental and for-sale housing projects, or projects that incorporate mixed-income development.
	
	Loan projects must do one or more of the following:
	- Develop infrastructure to offset construction and predevelopment costs
	- Provide gap financing for housing development projects (including transactions under federal LIHTC program and the affordable housing tax credit, for the purchase or conversion of existing affordable housing and multi-family developments, land, and buildings)
	- Maintain existing affordable housing through preservation, restoration, retrofitting, renovation, capital improvements, and/or repair of current affordable housing stock, including public housing, with commitments for long-term affordability. These investments can include but are not limited to:
	  o Senior housing
	  o Remediation of low-quality and condemned properties
	  o Housing for people living with disabilities
	  o Purchase and transition of current housing stock, including short-term rentals, into affordable long-term units
	  o Rental assistance for households disproportionately impacted by the COVID-19 pandemic, including funding for outreach, housing navigation assistance, and legal services
	  o Financing energy improvements in single-family and multi-family affordable housing for existing and new homes and rental units.
	  o Property conversion for transitional or long-term housing
	  o Permanent supportive housing and supportive services
	  o Land banking and land trust strategies for long-term affordable housing planning and development			

	o Funding for eviction legal defense - Finance energy improvements in affordable housing to provide funding for incremental up-front costs of installing efficient, electric equipment and renewable energy systems for both existing and new housing. In administering the loan program, the bill directs DOH to give preference to applications for projects that: - Are located in communities that o Face barriers to accessing capital from traditional sources o Have suffered significant negative financial or other impacts resulting from the COVID-19 pandemic o Are otherwise underserved - Align with other state economic development efforts - Create permanently affordable home ownership opportunities - Are highly energy efficient or use high-efficiency electric equipment for space and water heating.
Status	Introduced In Senate - Assigned to Local Government
Position	Pending

<u>Past Legislation to Revisit (1 Bill)</u>

HB22-1282, The Innovative Housing Incentive Program			
H-Spon	K. Mullica & M. Lynch	**S-Spon**	J. Bridges & R. Woodward
Summary	The bill implements a funding recommendation from the ARPA Affordable Housing Transformational Task Force (AHTTF) by allocating $40 million to provide working capital grants, incentives for per-unit development, and loans for factory development available to innovative housing businesses in Colorado. These businesses include those with 500 or fewer employees that manufacture modular, pre-fabricated, kit, 3D-printed, and other innovative and affordable forms of housing. Working capital grants would be available to cover up to 20% of operating capital expenditures (including payroll, inventory, materials, etc.). These grants would be $50,000 minimum, and $75,000 minimum for businesses located in coal transition communities or other areas facing economic crises. Per-unit incentives would be performance-based and available to units manufactured and installed in Colorado, excluding units installed in mobile home parks owned by for-profit entities. This would include a base incentive determined by the unit's affordability to the end user, and additional "plus-up" incentives for units: - Installed in areas of the state with limited economic opportunity, inadequate or poor-quality housing, a lack of housing inventory, or facing other economic factors as identified by the State Office of Economic Development and International Trade (OEDIT) - Meeting resiliency criteria, such as fireproofing - In compliance with international energy conservation code requirements - That are energy efficient in addition to the ICC energy code Loans would be available to fund innovative housing factories. Factories must produce a certain percentage of affordable units to be installed in the state to qualify for loans. Priority is based upon:		

	- Applicant's willingness to dedicate a portion of its production for purchase by nonprofit or public housing agencies (particularly those focused on home-ownership and long-term affordability) at a reduced margin - Applicant's operational capability and financial viability - Applicant's commitment to production of affordable housing units within proposed factory - Economic impact of the proposed factory in the community where it will be located - Level of subsidy required by the applicant in the interest rate structure, degree to which loan is forgivable, position in the capital stack, etc. - Applicant's commitment to production of energy efficient units
Status	House Committee on Business Affairs & Labor Refer Amended to Appropriations
Position	Amend CCI sought an amendment to clarify how the Office of Economic Development & International Trade (OEDIT) is to identify COVID-19 impacted areas of the state. An amendment was adopted to strike the reference to COVID impacted areas, and clarify that OEDIT can offer these "plus-up" incentives to certain areas of the state based on whether a community has limited economic opportunity, inadequate or poor-quality housing, a lack of housing inventory, and other factors. Next, the working capital grants offered through the bill include minimum grant awards that is bumped up in coal transition communities, and an amendment was adopted to allow OEDIT to consult with industry experts and stakeholders to consider other areas that might be eligible for a higher grant minimum. Lastly, an amendment was adopted to prioritize applicants if they are willing to dedicate a portion of their production for purchase by individuals or organizations that provide affordable homeownership opportunities, including opportunities for opportunities that are affordable in the long-term.

Adjourn