

# Proposition 123 Processes



**COLORADO**

Department of Local Affairs

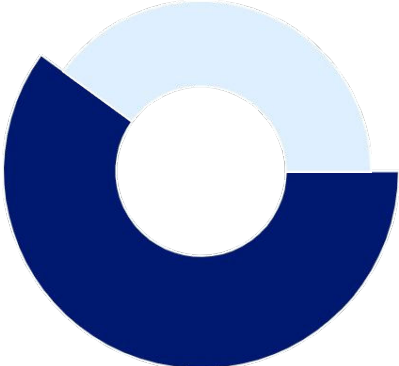


# Commitments: Initial Filings (1 of 3)



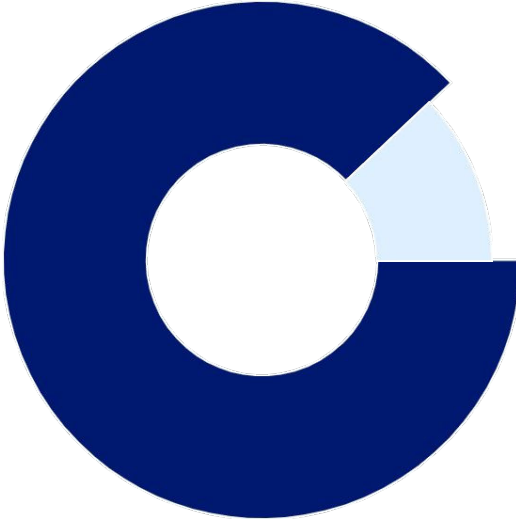
## Increase affordable housing by 3% annually over a baseline set in year 1

- First deadline: Nov. 1, 2023
- Three-year commitment (must increase by at least 9% by Dec. 31, 2026)



60%

jurisdictions



88%

state population

# Commitments: Initial Filings (2 of 3)



Adams, County of  
Akron, Town of  
Alamosa, City of  
Arapahoe, County of  
Archuleta, County of  
Arvada, City of  
Aspen, City of  
Aurora, City of  
Avon, Town of  
Basalt, Town of  
Bayfield, Town of  
Bennett, Town of  
Bent, County of  
Berthoud, Town of  
Boulder, City of  
Boulder, County of  
Breckenridge, Town of  
Brighton, City of  
Broomfield, City and County of  
Brush, City of  
Buena Vista, Town of  
Canon City, City of  
Carbondale, Town of  
Castle Pines, City of

Castle Rock, Town of  
Cedaredge, Town of  
Centennial, City of  
Center, Town of  
Central, City of  
Chaffee, County of  
Cheraw, Town of  
Clear Creek, County of  
Colorado Springs, City of  
Commerce City, City of  
Cortez, City of  
Costilla, County of  
Craig, City of  
Creede, City of  
Crested Butte, Town of  
Crestone, Town of  
Cripple Creek, City of  
Crowley, County of  
Delta, City of  
Delta, County of  
Denver, City and County of  
Dolores, County of  
Dolores, Town of  
Douglas, County of

Dove Creek, Town of  
Durango, City of  
Eads, Town of  
Eagle, County of  
Eagle, Town of  
Eaton, Town of  
Edgewater, City of  
Empire, Town of  
Englewood, City of  
Erie, Town of  
Estes Park, Town of  
Fairplay, Town of  
Firestone, City of  
Flagler, Town of  
Florence, City of  
Fort Collins, City of  
Fort Lupton, City of  
Fort Morgan, City of  
Fraser, Town of  
Frisco, Town of  
Fruita, City of  
Garden City, Town of  
Georgetown, Town of  
Gilpin, County of

Glenwood Springs, City of  
Golden, City of  
Granada, Town of  
Granby, Town of  
Grand Junction, City of  
Grand Lake, Town of  
Grand, County of  
Greeley, City of  
Gunnison, City of  
Gunnison, County of  
Gypsum, Town of  
Haswell, Town of  
Hayden, Town of  
Hinsdale, County of  
Holly, Town of  
Holyoke, Town of  
Hotchkiss, Town of  
Huerfano, County of  
Hugo, Town of  
Idaho Springs, City of  
Ignacio, City of  
Jefferson, County of  
Julesburg, Town of  
Kiowa, County of

# Commitments: Initial Filings (3 of 3)



Kit Carson, Town of  
Kremmling, Town of  
La Jara, Town of  
La Junta, City of  
La Plata, County of  
La Veta, Town of  
Lafayette, City of  
Lake City, Town of  
Lake, County of  
Lakewood, City of  
Lamar, City of  
Larimer, County of  
Leadville, City of  
Littleton, City of  
Log Lane Village, Town of  
Lone Tree, City of  
Longmont, City of  
Louisville, Town of  
Loveland, City of  
Lyons, Town of  
Mancos, Town of  
Manitou Springs, City of  
Manzanola, Town of  
Meeker, Town of

Mesa, County of  
Mineral, County of  
Minturn, Town of  
Monte Vista, City of  
Montezuma, County of  
Montrose, City of  
Montrose, County of  
Mount Crested Butte, Town of  
Mountain Village, Town of  
Naturita, Town of  
Nederland, Town of  
New Castle, Town of  
Nucla, Town of  
Oak Creek, Town of  
Olathe, Town of  
Ordway, Town of  
Otero, County of  
Ouray, City of  
Ouray, County of  
Ovid, Town of  
Pagosa Springs, Town of  
Paonia, Town of  
Parachute, Town of  
Parker, Town of

Phillips, County of  
Pitkin, County of  
Platteville, Town of  
Poncha Springs, Town of  
Pritchett, Town of  
Prowers, County of  
Pueblo, City of  
Pueblo, County of  
Rangely, Town of  
Red Cliff, Town of  
Rico, Town of  
Ridgway, Town of  
Rifle, City of  
Rio Grande, County of  
Rocky Ford, City of  
Saguache, Town of  
Saguache, County of  
Salida, City of  
San Luis, Town of  
San Miguel, County of  
Sedgwick, City of  
Sedgwick, County of  
Sheridan, City of  
Sheridan Lake, Town of

Silt, Town of  
Silver Cliff, Town of  
Silver Plume, Town of  
Silverthorne, Town of  
Silverton, Town of  
Snowmass Village, Town of  
South Fork, Town of  
Southern Ute, Tribe of  
Springfield, Town of  
Steamboat Springs, City of  
Sterling, City of  
Sugar City, Town of  
Summit, County of  
Superior, Town of  
Telluride, Town of  
Thornton, City of  
Trinidad, City of  
Ute Mountain Ute, Tribe of  
Vail, Town of  
Victor, City of  
Walsenburg, City of  
Walsh, Town of  
Washington, County of  
Westcliffe, Town of

Westminster, City of  
Wheat Ridge, City of  
Wiggins, Town of  
Wiley, Town of  
Windsor, Town of  
Winter Park, Town of  
Wray, City of  
Yampa, Town of  
Yuma, City of  
Yuma, County of

## **Future opportunities to file**

- May file a 2-year or 1-year commitment to finish out 3-year cycle
- Next opportunity: May to November 1, 2024 for a 2-year commitment
- Subsequent 3-year cycles also by November 1

## **Required to first develop a baseline of affordable housing**

- The American Community Survey (ACS)
- Comprehensive Housing Affordability Strategy (CHAS) - HUD retabulations of ACS
- DOH method (if others won't work)



- Challenges with the baseline methodology
  - Pre-pandemic data
  - Too reliant on property values
- Local government connections
  - Challenge: confusion about what filing does (no automatic funding)
  - Benefit: add useful leverage to get all hands on deck for affordable housing

# Expedited Review (“Fast Track”)



- Required by 2027: local governments must implement a “fast track” system for expedited review (90 days) of affordable housing
- DOLA stakeholder input process (fall 2023 - spring 2024)
- Newly-published guidance: [cdola.colorado.gov/prop123fasttrack](https://cdola.colorado.gov/prop123fasttrack)
- Local governments determine which strategies are most effective for their processes
- Grant funding and technical assistance available to support implementation

# Rural Resort: Different AMI for Specific Programs



**60% max - rental**  
**100% max - owner**

Land Banking



**90% average or**  
**below**

Equity



**60% average or**  
**below**

Concessionary Debt





## Filing a Project Petition

- Check if the project is located in a county already classified as Rural Resort
  - If not, county must petition DOH
  - If yes, gather documents and details to file the income limit petition through AccessGov

## Division of Housing's Process

- Based on the average needs identified in a housing needs assessment
- Post petition online
- Public comment process
- DOH may approve if certain requirements met

# Proposition 123 Funds



**COLORADO**

Department of Local Affairs

2814 Patterson, Grand Junction

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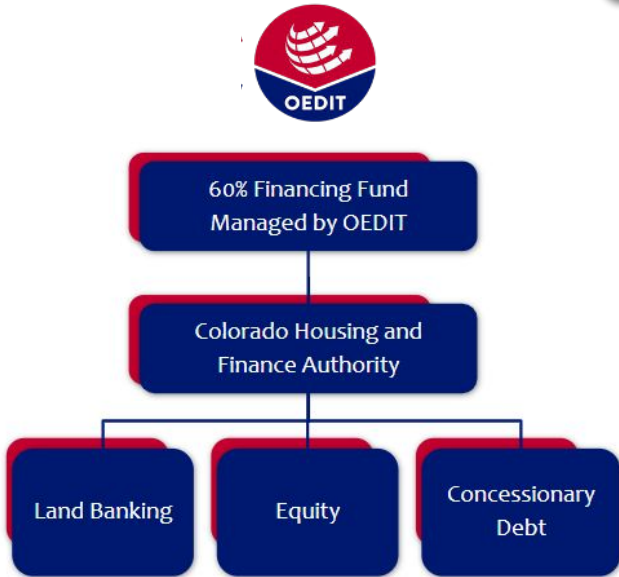
# Proposition 123: Distribution of Funds



Year One Actual: \$96 million  
Year Two Estimate: \$186.84 million

Colorado Income Tax Revenue  
**0.1%**

Year One Actual: \$64 million  
Year Two Estimate: \$124.56 million



December 2023  
Forecast  
Fiscal Year 2022-2023  
**\$160 million**  
Fiscal Year 2023-2024  
**\$311.4 million**



**C.R.S. 29-32-106 Money appropriated must supplement and shall not supplant the level of general fund and cash fund appropriations for affordable housing programs**

# Proposition 123: DOLA Overview



**50%**

Affordable  
Homeownership  
Programs



**45%**

Programs Serving  
Persons  
Experiencing  
Homelessness



**5%**

Local Planning  
Capacity Grant  
Program

# Support Fund: Local Planning Capacity Grant Program



**COLORADO**

Department of Local Affairs

# Grant Program Funding & How to Apply



**Year 1:** Awarded **\$2.6 million**, announced in March 2024

- **25 projects** in **37 jurisdictions** (includes some multijurisdictional projects)
- Land use/zoning code amendments, process efficiencies to implement fast track
- Liaison with developers, public-private partnerships, regional collaboration, planning future housing projects, preservation efforts
- Technical assistance to support local government success with implementation

**Year 2:** **\$6 million** available

- Anticipating 3 funding cycles annually: May 2024, Sept 2024, February 2025
- To apply: [dlg.colorado.gov/local-planning-capacity-grant-program](https://dlg.colorado.gov/local-planning-capacity-grant-program)

# Support Fund: Homelessness



**COLORADO**

Department of Local Affairs



The Lumien Apartments, Durango

# Year 1 Homelessness Achievements: \$28.8 million



Program Model	Amount	Anticipated Outcomes
Homelessness Prevention	Awarded <b>\$1.3 million</b> Anticipated <b>\$4 million</b>	Prevent homelessness for <b>2,000 people</b> and <b>1,350 households</b> Prevent homelessness for about <b>600 households</b>
Street Outreach	Awarded <b>\$1 million</b>	Serve <b>5,600 people</b>
Emergency Shelter	Awarded <b>\$4.5 million</b>	Serve <b>30,400 people</b> and <b>2,100 households</b>
Rapid Rehousing	Awarded <b>\$1.1 million</b>	House <b>4,300 people</b> and up to <b>1,200 households</b>
Supportive Housing	Awarded <b>\$12.2 million</b>	Build up to <b>220 units</b>
Supportive Services	Anticipated <b>\$2.7 million</b>	House and serve about <b>600 people</b>



## January Feedback Forum and Survey

- 100+ individuals registered
- 27 survey responses

## Ongoing feedback

- Web surveys, polls, questions
- Stakeholder discussions
- Summer outreach events

## Homelessness Funding Themes



Fund the entire continuum



Be flexible with funding



Increase connections with other systems



Prioritize collaboration



Provide capacity building

# Year 2 Homelessness Funding: Two-Pronged Approach



## Continue and expand on what works

Fund the continuum of programs and services

More to prevention and supportive housing

**\$56.5 million**

## Innovation & capacity building

Support innovative ideas

Provide capacity building

# How to Apply for Homelessness Funding



Program/Project Type	Funding Opportunity
<b>Rental assistance vouchers and tenancy support services</b>	Annual Request for Applications for the Creation of Supportive Housing
<b>Outreach, shelter, rapid re-housing, and homelessness prevention</b>	Annual Notice of Funding Availability for the Emergency Solutions Grant Program
<b>Development of Supportive Housing</b>	Rolling monthly development fund application
<b>Eviction prevention</b>	Upcoming funding opportunity for the Colorado Renters Stabilization Program

To apply: [cdola.colorado.gov/dola-funding-opportunities](https://cdola.colorado.gov/dola-funding-opportunities)

# Support Fund: Homeownership



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Department of Local Affairs

2814 Patterson, Grand Junction

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# Year 1 Homeownership Achievements: \$30.4 million



Program Model	Amount	Anticipated Outcomes
Acquisition and Development (New Construction and Rehabilitation)	Awarded <b>\$12.2 million</b> Anticipated <b>\$3.1 million</b>	Help <b>10 applicants</b> add <b>236 affordable units</b> Help <b>1 applicant</b> add <b>62 affordable units</b>
Owner Repair	Awarded <b>\$895,000</b>	Help <b>1 entity</b> manage single-family owner-occupied rehabilitation funds
Down Payment Assistance	Awarded over <b>\$9 million</b>	Help <b>5 programs</b> support <b>260 homeownership opportunities</b>

# Year 2 Draft: Acquisition & Development



Challenge	Solutions (\$30-45 million)	Outcomes
Limiting awards to “gap” funding doesn’t meet potential applicants’ needs	<b>Offer expanded funding levels of 50-90% more</b> for projects in qualifying communities	Incentivize and drive development Create more affordable units
<b>NEW</b> Colorado needs more projects that align with state priorities	<b>Provide “bonus subsidies” of up to 10%</b> for projects addressing transit-oriented development, density, energy efficiency, mixed-use, early childhood education	Create affordable housing that contributes to Colorado’s future roadmap
<b>NEW</b> Coloradans need more affordable housing options	<b>Provide “bonus subsidies” of up to 10%</b> for modular projects	Create affordable housing that contributes to Colorado’s future roadmap Create more affordable units
<b>NEW</b> Entities can’t take the risk of purchasing land on top of developing affordable housing	<b>Offer nonprofits and local governments grants to purchase land</b> before building affordable housing	Increase nonprofit participation Create more affordable units

# Year 2 Draft: Down Payment Assistance



Challenge	Solutions (\$7-10 million)	Outcomes
Increasing home prices make down payments challenging for low-to-moderate income Coloradans	<b>Increase max loan sizes</b> up to 10% of purchase price	Allow for greater affordability through increased down payment assistance along with lower mortgage insurance
<b>NEW</b> Payments on down payment assistance loans add to cost burden and reduce affordability	<b>Allow broader use of deferred or interest-only loans</b> for first-time home buyers	Support more first-time and first-generation homeowners
<b>NEW</b> Potential homebuyers struggle with the up-front financial burden of buying a home that needs repairs	<b>Provide consumer construction down payment assistance loans</b> through third-party down payment assistance providers	Make existing homes more affordable Encourage thriving communities via repairs Enhance equity and wealth building options for low-to-moderate income buyers

# Year 2 Draft: Owner Repair



Challenge	Solutions (\$7-10 million)	Outcomes
Home repair costs keep increasing	<b>Increase rehabilitation loan amounts for single-family owner-occupied home repairs</b>	Help residents keep up with costs Allow low-to-moderate income Coloradans to remain in their homes
<b>NEW</b> Coloradans often can't get funding to support repairs and new construction for accessory dwelling units	<b>Make accessory dwelling units an eligible use for owner renovation funding</b>	Create and maintain more affordable units Provide a new source of income for low-to-moderate income households
<b>NEW</b> Mobile home owners have limited options to help with repairs or construction	<b>Fund programs to repair and replace mobile homes</b>	Coloradans are more easily able to make necessary repairs to or replacements of their mobile homes in order to preserve this valuable stock of naturally occurring affordable housing



# Year 2 Draft: New & Innovative Program Ideas (1 of 2)



**\$5-10 million total to explore all new ideas**

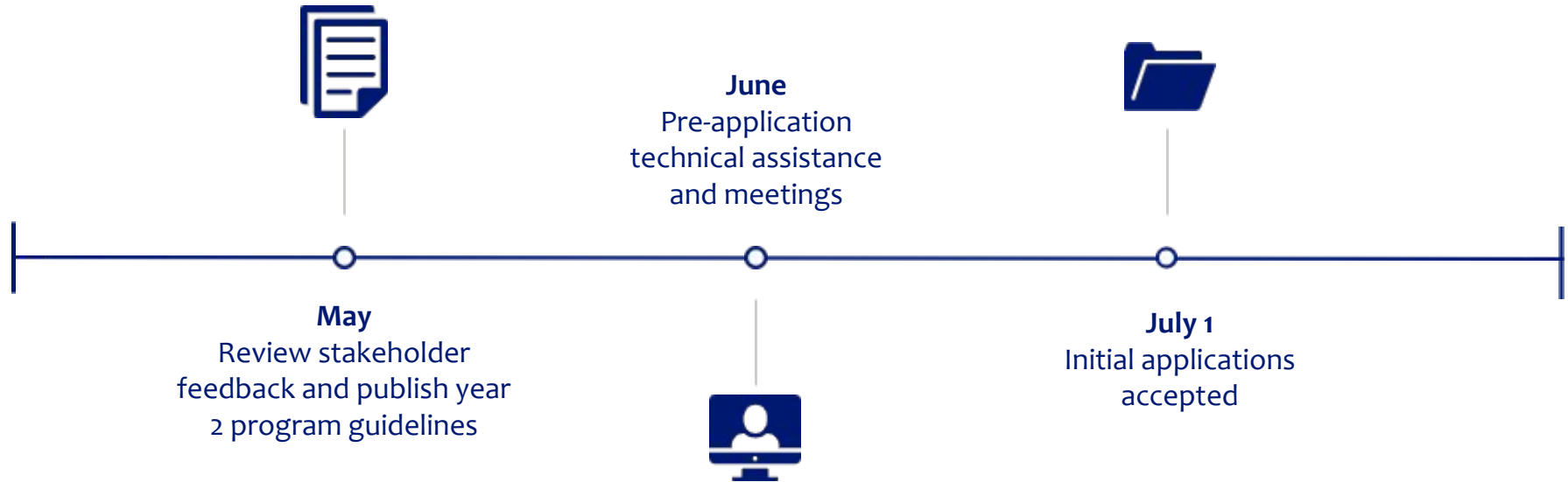
Challenge	Solutions	Outcomes
<b>NEW</b> People struggle to get mortgages for mobile homes in today's market	<b>Assist Coloradans who want to purchase mobile homes</b> through funding for down payment assistance and/or mortgages	More Coloradans purchase mobile homes, which provide affordable housing throughout the state
<b>NEW</b> Nonprofits that want to build housing don't have thousands of dollars to risk on pre-development costs	<b>Provide pre-development grants of up to \$10,000</b> to nonprofits for pre-development costs (appraisals, environmental, engineering, soils, and other due diligence requirements)	More nonprofits will start affordable housing developments  Create more affordable homeownership opportunities



## New ideas that require more exploration

Challenge	Solutions	Outcomes
<b>NEW</b> Small nonprofits throughout Colorado can't keep up with project deed restrictions and compliance	<b>Provide funding for an agency to act as a statewide deed restriction and technical assistance provider</b>	Ease the paperwork burden for small nonprofits Ensure the long-term viability of projects
<b>NEW</b> Low-income families often can't get mortgages through traditional sources	<b>Make or purchase mortgages from nonprofits or community development financial institutions</b>	Lower interest rates make buying a home affordable for more people

# How to Apply for Homeownership Funding



To apply: [cdola.colorado.gov/office-of-housing-finance-sustainability/funding-application](https://cdola.colorado.gov/office-of-housing-finance-sustainability/funding-application)