



# Proposition 123



# Agenda

## **I. Overview & Dedicated Funding**

## **II. Developing Your Baseline and Filing Your Commitment**

- A. Developing your Baseline
- B. Filing a Commitment Walkthrough

## **III. Compliance and Fast Track Approval**

- A. Compliance Process
- B. Fast-Track Approval Process

## **IV. Additional Resources and Technical Assistance**

- A. EngageDOLA.com website overview
- B. Upcoming Technical Assistance Workshops



# Key Players

- YOU!
- DOLA - Department of Local Affairs
  - DOH - Division of Housing
  - DLG - Division of Local Government
- OEDIT - Office of Economic Development & International Trade
- CHFA - Colorado Housing and Finance Authority



# Overview & Dedicated Funding



# Proposition 123 - What is it?

- Approved by Colorado voters in 2022
- Establishes the **State Affordable Housing Fund**
- **OPPORTUNITY** to provide access to a dedicated and sustainable source of funding for affordable housing projects and initiatives:
  - Municipalities, Counties, & Tribal Governments
  - For Profit/Nonprofit Developers & Housing Authorities
  - Nonprofit agencies
  - Other third party agencies
- Requires a commitment filing - which we will go over shortly



# Peer communities have successfully filed!

## Large Municipalities

- ★ City and County of Denver
- ★ City of Colorado Springs
- ★ City of Fort Collins
- ★ City of Arvada
- ★ City of Boulder
- ★ City of Westminster
- ★ City of Longmont
- ★ City of Lafayette
- ★ Town of Erie
- ★ City of Grand Junction
- ★ City of Aurora
- ★ City and County of Broomfield
- ★ City of Pueblo

## Smaller Municipalities

- ★ City of Fruita
- ★ City of Sheridan
- ★ City of Golden
- ★ City of Lone Tree
- ★ Town of Estes Park
- ★ City of Cripple Creek

## Rural Municipalities

- ★ Town of Flagler
- ★ Town of Pritchett
- ★ Town of Rangely
- ★ Town of Parachute
- ★ City of Craig
- ★ City of Rocky Ford
- ★ Town of Paonia
- ★ City of Leadville
- ★ Town of Silt
- ★ City of Glenwood Springs
- ★ City of Monte Vista
- ★ City of Montrose
- ★ Town of Naturita
- ★ City of Brush

## Unincorporated Counties

- ★ Boulder County
- ★ Saguache County
- ★ Chaffee County
- ★ Gunnison County
- ★ Lake County
- ★ Gilpin County
- ★ Rio Grande County

## Rural Resort Municipalities

- ★ City of Salida
- ★ City of Durango
- ★ Town of Frisco
- ★ City of Steamboat Springs
- ★ Town of Telluride
- ★ Town of Hayden
- ★ Town of Ridgway
- ★ Town of Silverthorne
- ★ Town of Bayfield
- ★ Summit County
- ★ Town of Breckenridge
- ★ Snowmass Village
- ★ Town of Buena Vista



# Funding - State Affordable Housing Fund

## June 2023 Forecast

- Fiscal Year 2022-2023 - \$160 million
- Fiscal Year 2023-2024 - \$318 million

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

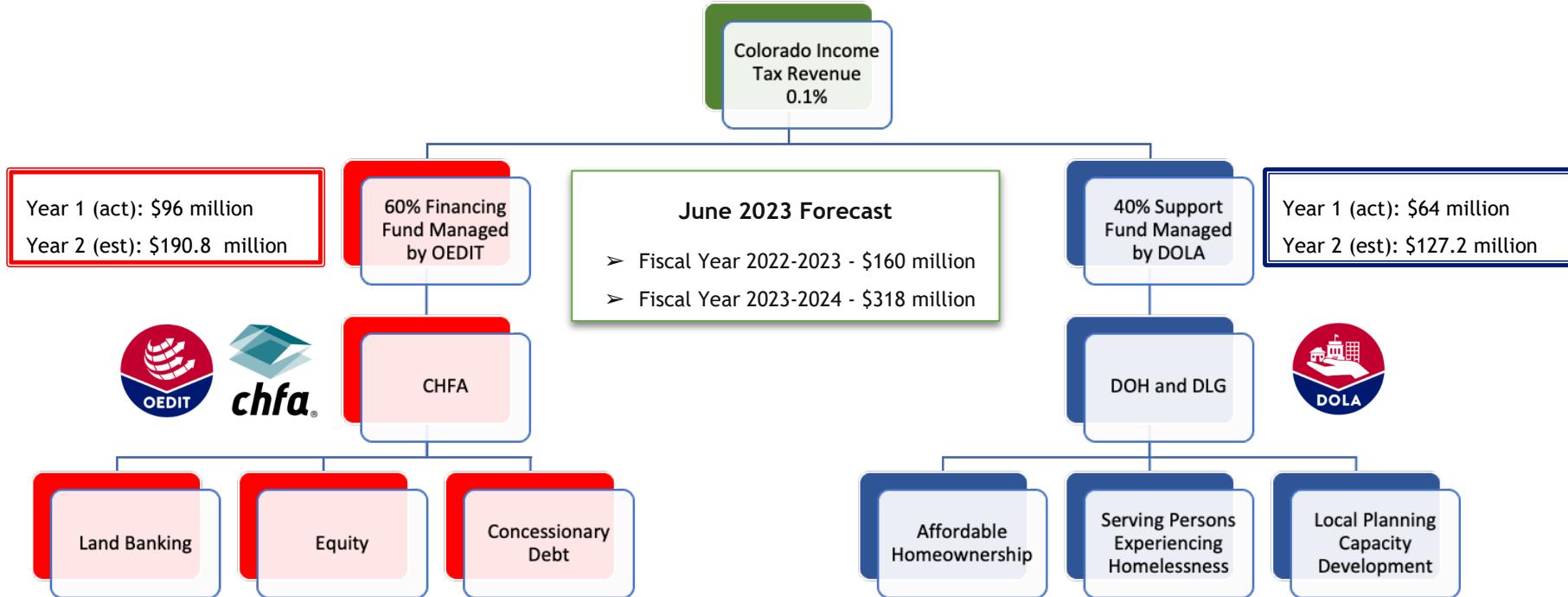
- Year 1: \$96 million
- Year 2: \$190.8 million

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

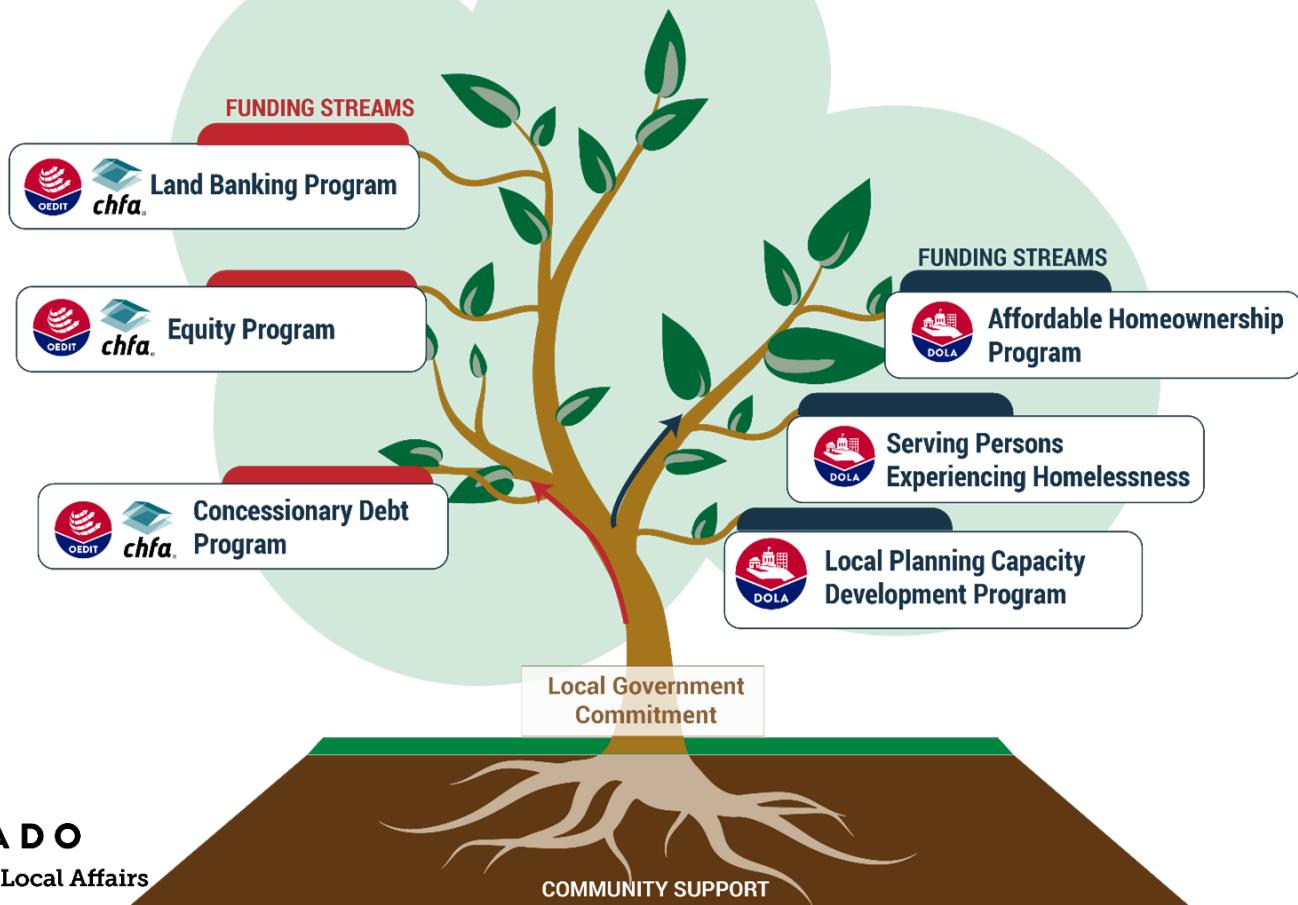
- Year 1: \$64 million
- Year 2: \$127.2 million



# State Affordable Housing Fund



# Funding - State Affordable Housing Fund



# Funding - Affordable Housing *Support* Fund

Year 1 (actual): \$64 million

Year 2 (estimate): \$127.2 million



## Affordable Homeownership Programs

Down payment assistance and grants and loans for homeownership



## Programs Serving Persons Experiencing Homelessness

Funding for people experiencing or at risk of homelessness



## Local Planning Capacity Grant Program

Grants to local governments to increase capacity of local govt planning departments.



# Affordable Housing *Financing* Fund (CHFA/OEDIT)

Year 1 (actual): \$96 million

Year 2 (estimate): \$192 million



## Land Banking

Grants and forgivable loans to acquire and preserve land for affordable housing development



## Equity

Equity investment to support the creation or preservation of low- and middle-income multifamily rental development



## Concessionary Debt

Loans to support the creation and preservation of affordable rental housing



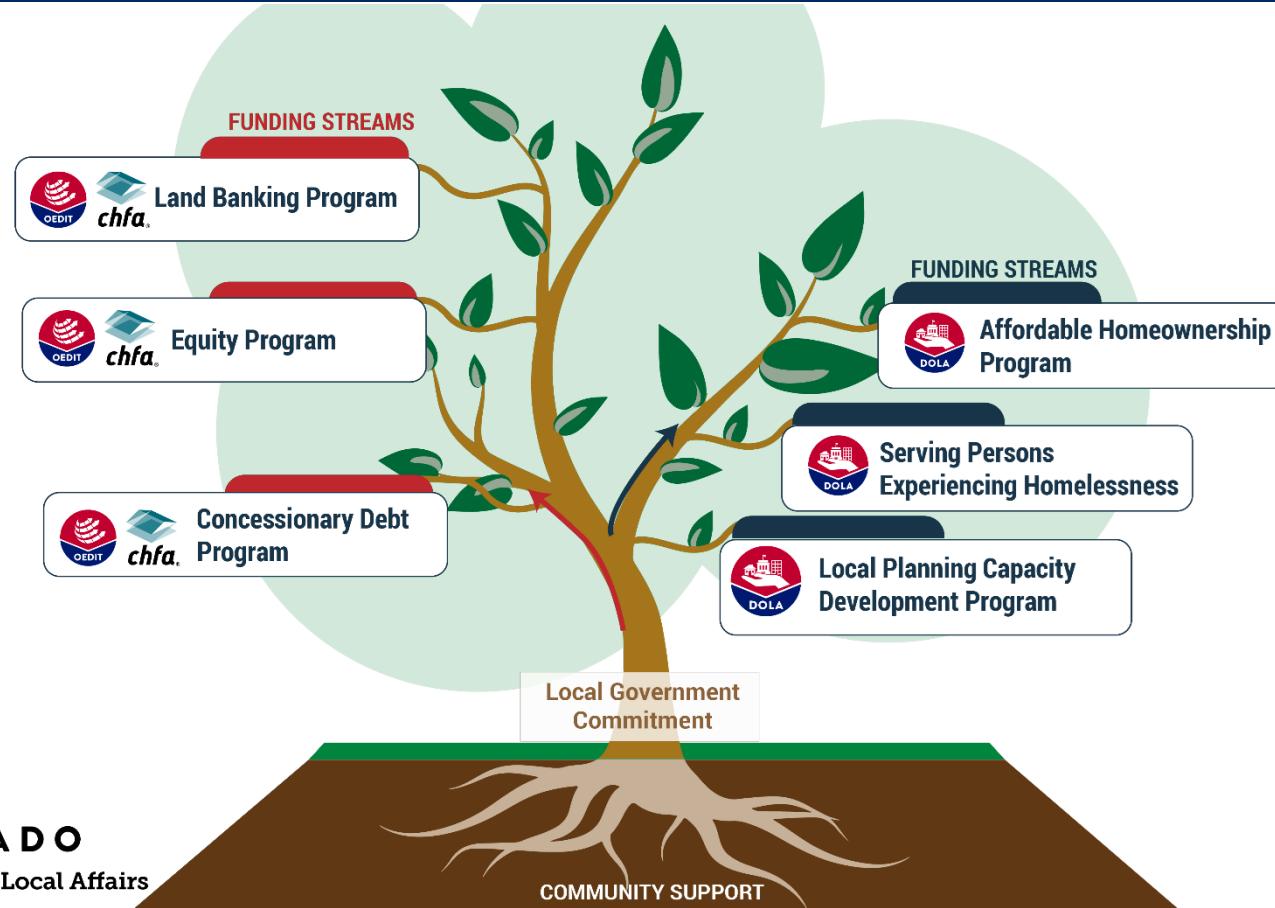
# Program Income Limits \*unless Rural Resort Petition approved

Income Limits for Beneficiaries of Eligible Activities by Program						
		<b>60% AMI</b>	<b>80% AMI</b>	<b>90% AMI</b>	<b>100% AMI</b>	
<b>OEDIT/ CHFA</b>	Land Banking Rental projects; Concessionary Debt Program 60% Avg.	Concessionary Debt Program - LIHTC Predev/ Gap Financing 60% Avg.	Equity Program (90% Avg.)	Land Banking - Homeownership projects		
<b>DOH</b>				Affordable Homeownership Program, Grants and Loans/Mobile Home Parks	Affordable Homeownership Program, Down Payment Assistance	

**Income Limits Not Applicable to:** Homelessness Support Programs & Local Planning Capacity Grants



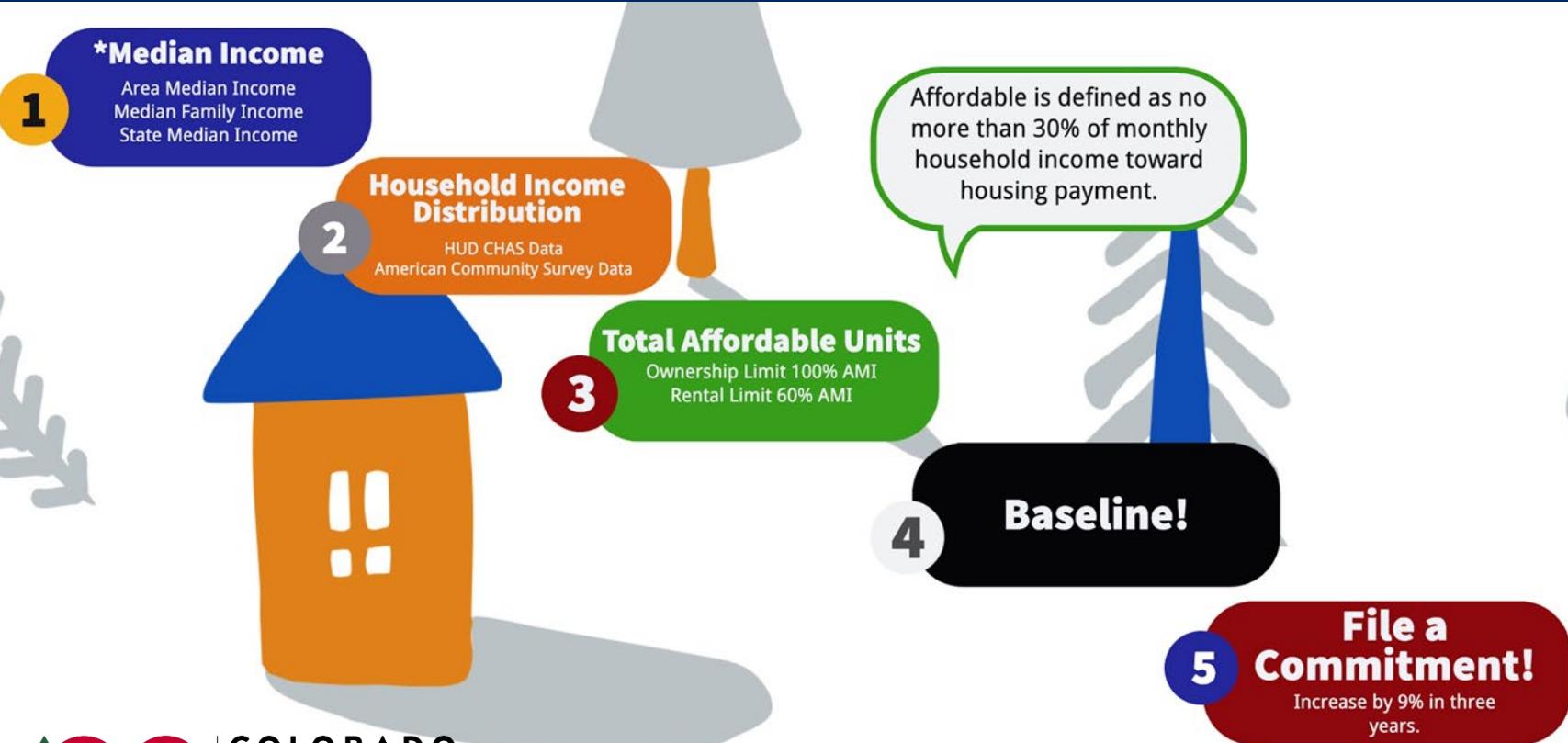
# Funding - State Affordable Housing Fund



# Establishing Your Baseline



# What is the Baseline?



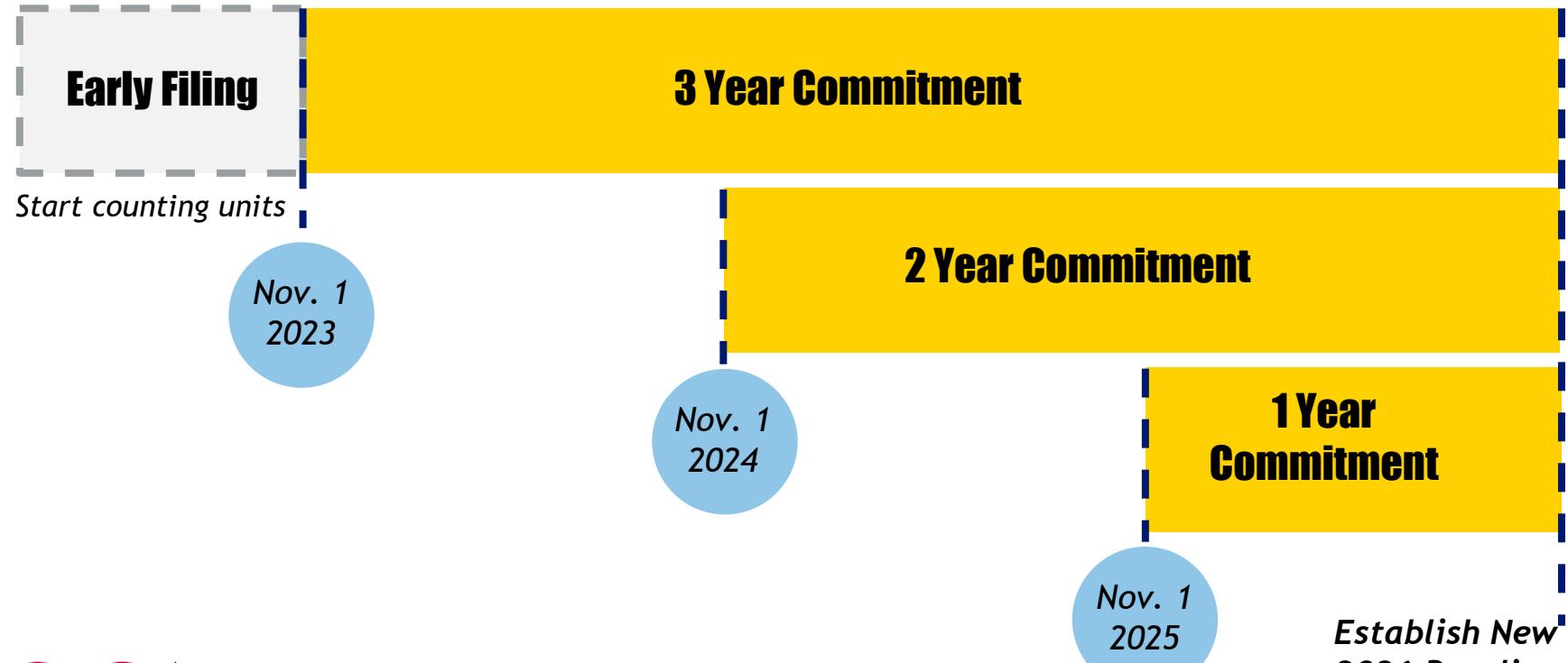
# What is a Local Government Commitment?

Objective: Increase affordable housing by 3% annually (or 9% over 3 years)

- New housing - permitted
- Existing housing - converted from market rate to affordable with some mechanism to preserve affordability, such as a deed restriction or Land Use Restrictive Agreement (LURA).



# What is a Local Government Commitment?



# Baseline Reference Data Table

Local Government Affordable Housing Baseline Reference Data Table

File Edit View Insert Format Data Tools Extensions Help

View only

Locality Name

A	B	C	D	E
Locality Name	Income Limit Type	Affordable Housing Baseline Estimate	Three Year Commitment Estimate	Annualized Commitment Estimate
Silverthorne Town	Neighboring AMI - Clear Creek County, Park County	133	12	4
Silverthorne Town	Neighboring AMI - Eagle County	136	13	5
Silverthorne Town	Neighboring AMI - Grand County	52	5	2
Silverthorne Town	Neighboring AMI - Lake County	53	5	2
Silverthorne Town	Own AMI - Summit County	91	9	3
Silverthorne Town	State Median Income	52	5	2
Summit County (Unincorporated)	Neighboring AMI - Clear Creek County, Park County	748	68	23
Summit County (Unincorporated)	Neighboring AMI - Eagle County	754	68	23
Summit County (Unincorporated)	Neighboring AMI - Grand County	324	30	10
Summit County (Unincorporated)	Neighboring AMI - Lake County	328	30	10
Summit County (Unincorporated)	Own AMI - Summit County	611	55	19
Summit County (Unincorporated)	State Median Income	323	30	10

## Baseline Reference Data Table



<https://bit.ly/3QtZqLN>



# 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>



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# Alternative Income Limits

If baseline is adjusted, the commitment filing will need to clearly explain or justify how this data better reflects local housing and workforce needs.

- An alternative median income is selected and needs to be petitioned
  - Neighboring County's AMI
  - State Median Household Income

**Decision to use:**

- Data tabulated by the locality
- Data not produced by the State



**Petition to use:**

- Area Median Income of an Adjacent Jurisdiction
- State Household Median Income



**Greater amounts of explanation and justification by the local government**



# Filing Your Commitment



# Local Government Commitment Filing Process

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>



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# Local Government Commitment Filing Process

## 1. Set an Affordable Housing Baseline

**Enter the Name of your County, Municipality, or Tribe:** Town of Paonia

**Baseline Amount:** 281

**Baseline Income Limit:** Area Median Income of my Own Jurisdiction



# Local Government Commitment Filing Process

## 2. Provide Information Supporting The Baseline

*Populate the following information that was used to determine your baseline amount of affordable housing:*

**Baseline Data Source:** State of Colorado Provided Resources

**Baseline County:** Delta County

**Baseline Household Size:** 4



# Local Government Commitment Filing Process

## 2. Provide Information Supporting The Baseline

**Baseline Determination Methodology Narrative:** The state of Colorado Department of Local Affairs allows local jurisdictions to utilize the baseline assistance tool. After using the baseline assistance tool with the following selections: Jurisdiction Type: Municipality Select a Municipality: Paonia Town Income Limit Type: Median Family Income Select an Income Limit Year: 2022 Select an Income Limit: Own AMI - Delta County The tool allowed for economic variables to be considered. The Annual average inflation rate is 3.28%, and the slide for the tool was set for 3.2%, which is lower than the FY-2022 rate of 9.06%. On 7/26/2023, the Federal Reserve increased its interest rate by .25%, up to 5.50%, which in turn drives up the interest rate for borrowers. The average interest rate for a median income family with a credit score of 624 is at 6.8%. The tool allows for a mortgage interest rate to be adjusted to 6.8%, and the tool was set to that amount.



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# Local Government Commitment Filing Process

## 3. File a Commitment

### **Commitment Optional Priorities Narrative:**

The town is currently involved in a process to identify and prioritize strategies to implement affordable housing policies. Throughout the process for strategies have been identified for inclusion: The creation of an expedited development review process for acquiring or repurposing underutilized commercial property that can be rezoned to include affordable housing units, including the preservation of existing affordable housing units; authorizing accessory dwelling units as a use by right on parcels in single family zoning districts that meet the safety and infrastructure capacity considerations of local governments; allowing the development of small square footage residential unit sizes; other novel, innovative or creative approaches to incentivize affordable housing development. The Town is also in the middle of a Housing Needs Assessment and once the data is compiled a report will be furnished for policy considerations. The Town may also utilize land banking and infrastructure development to assist with reducing the cost for the end homebuyer.



# Local Government Commitment Filing Process

## 3. File a Commitment

(Optional) List the jurisdictions that you intend to cooperate with for the purpose of collaborative affordable housing growth: Delta County, and the Colorado West Land Trust.



# Local Government Commitment Filing Process

## 3. File a Commitment (continued)

I agree that the three year goal to increase affordable housing in my jurisdiction is 25, and the annualized goal is 8, based on 3% annual increases over the baseline amount of 281. The jurisdiction of Paonia commits to increasing the number of affordable housing units within its territorial boundaries through the new construction or conversion of 36 affordable housing units by December 31, 2026

**I agree with the above statements:**

Yes

No



# Local Government Commitment Filing Process

## Positive highlights of this filing

- Correct administrative information
- Baseline field filled in correctly, annual or three year goal not mistakenly entered
- Baseline references required data sources
- Baseline aligns with required definitions of affordable housing
- Information allows baseline to be roughly reproduced
- Thoughtful use of citations and discussion in determination methods



# Town of Paonia First Hand Experience



Commitment Filing Site



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

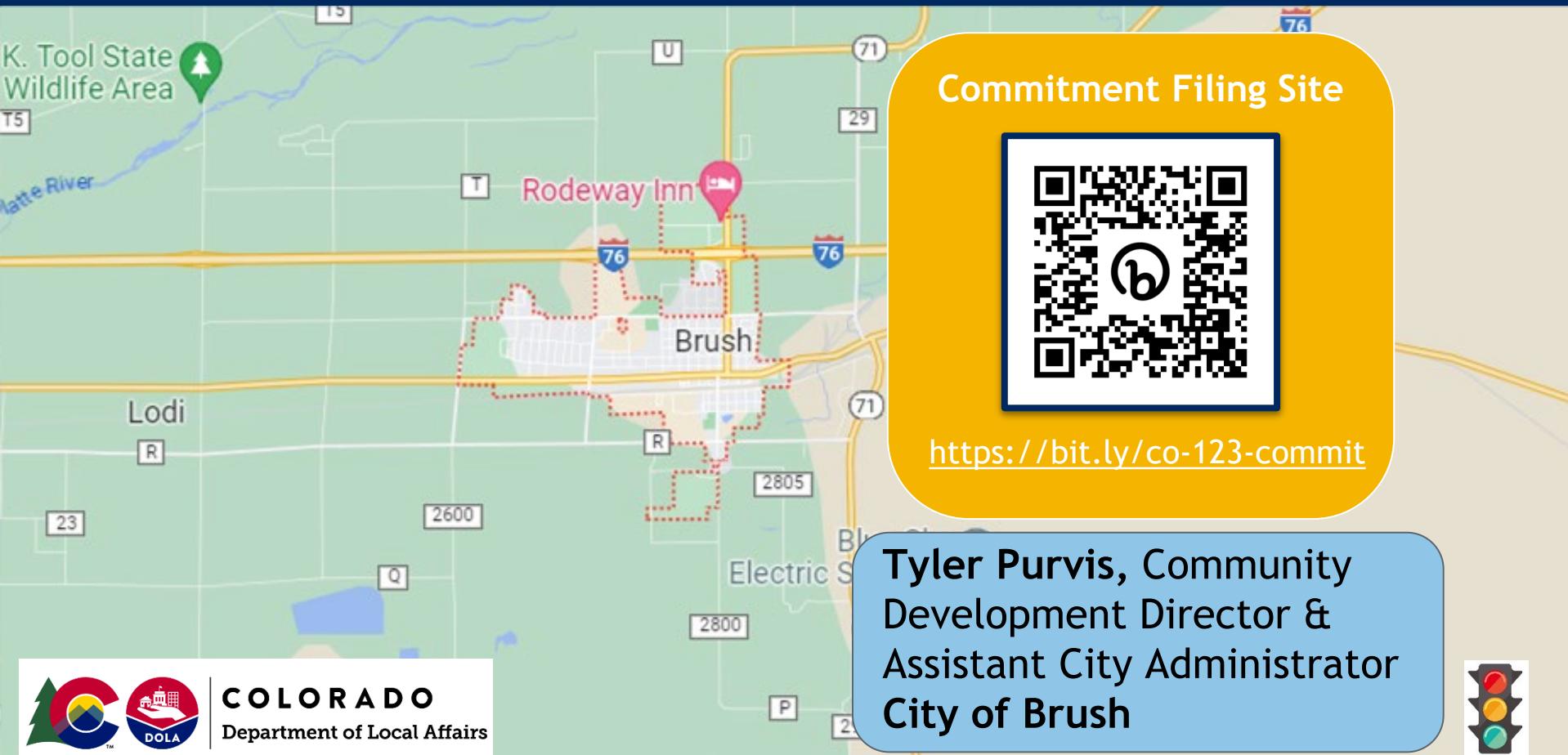
**Stefen Wynn, Town  
Administrator  
Town of Paonia**



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# City of Brush First Hand Experience



# Filing Takeaways

- It does not take much time to file!
- The most successful localities have a 3 year goal which balances needs, capacity and reality
- DOH will only ask you to re-submit your filing if it is incomplete or not compliant with statute
- Only downside of not meeting commitment is you are not eligible for funding in 2027 **ONLY - No repayment of funds will be required**
- Funds are for local governments **AS WELL AS** third parties, developers, nonprofits, homeowners, residents
- Currently, your filing will remain confidential with the exception of your community name and in the future, your baseline and commitment #s.



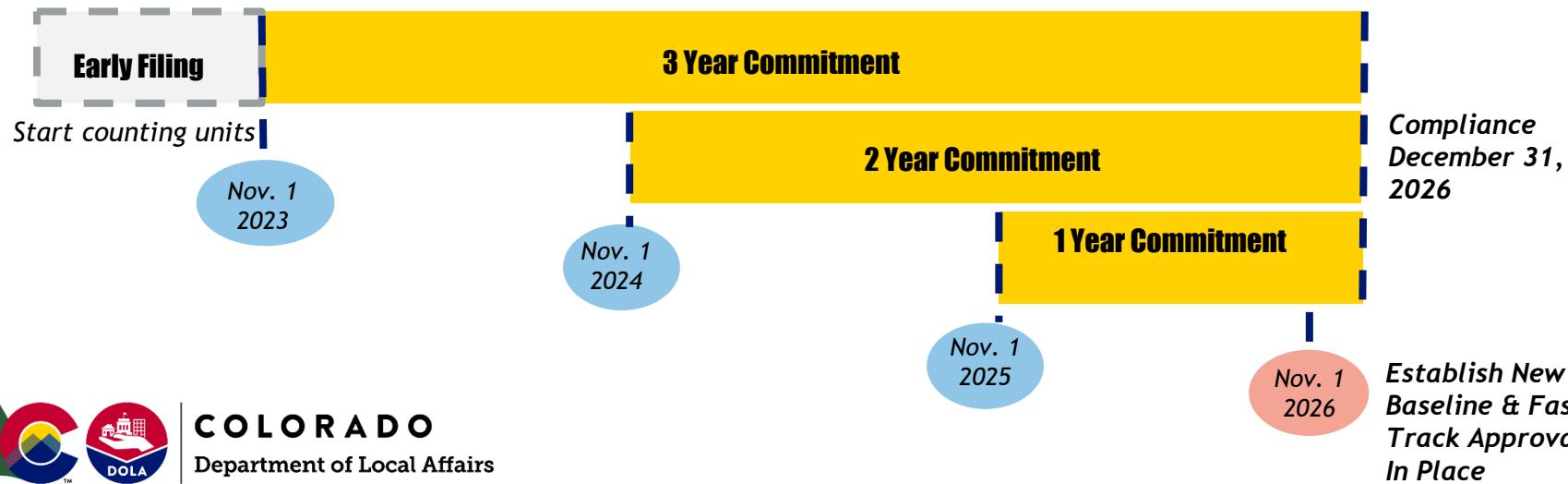
# Compliance and Fast-Track Approval



# Compliance with Local Government Commitment

**December 31, 2026** - deadline to meet 9% increase

- New housing and existing housing - converted from market rate to affordable.
- If fail to achieve commitment target, ineligible for funding 2027 calendar year
  - May file a 2-year commitment by 11/1/27 and be eligible for funding again in 2028



# Regional Partnerships & Collaboration

- Each jurisdiction must establish their baseline and file a commitment separately.
- **Collaboration and partnerships may happen once you're working towards creating new housing:**
  - On development projects
    - Example: County-owned lot located within a municipality
  - Joint funding applications (usually one lead fiscal agent)
    - Municipality & County
  - Counting newly created units
    - HB23-1304 allows for two localities to decide how to divvy up the units (as long as each unit is only counted once)
- Intergovernmental Agreements (IGAs) or Memorandums of Understanding (MOU) are encouraged



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# Why should a Jurisdiction Participate?

- Allows a jurisdiction to **partner on funding** on a project, and if you don't opt in, you'd be ineligible as a partner.
- Opting in also **opens up opportunities to everyone else** (nonprofits, developers, etc) who may want to develop affordable housing.
- If a jurisdiction fails to achieve their commitment target, there's **no penalty or claw-back**; it's better to miss out on one year of funding (in 2027) than to miss out on 3 years of funding by not opting in.
- Choosing to participate would ensure that all options for affordable housing remain available and could potentially **enhance the attraction of partners and funding**.
- Can **agree in writing to share units** among cooperating local governments, preferably through a written agreement such as an Inter-Governmental Agreement (IGA) or a Memorandum of Understanding (MOU). Within this agreement, you can outline a procedure for distributing units, but it's important **not to count any units twice**.



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Division of Housing

# What is a “Rural Resort Community”

- Any county or municipality, whether home rule or statutory, or local housing authority within the County classified as “Rural Resort” by the Division in accordance with section 29-4-1107 (1)(d).
- If classified as a Rural Resort Community, you can chose to petition to use a different AMI with CHFA/OEDIT programs.
- This does not affect your baseline, only what qualifies to meet your commitment.
- Guidance is currently being developed on this process.

## ***County and Municipality Reclassification Request:***

[https://docs.google.com/forms/d/1ndHcRkuk2hW0Yq4gD4Ozhupwk1iNpvt2PugJsmZCQsU/viewform?edit\\_requested=true](https://docs.google.com/forms/d/1ndHcRkuk2hW0Yq4gD4Ozhupwk1iNpvt2PugJsmZCQsU/viewform?edit_requested=true)



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# What is the Fast-Track Approval Process?

- Establish a procedure to finalize a decision on a complete application (such as a special permit, variance, or other development permit) ***within 90 calendar days***, provided that **50% or more of the units constitute affordable housing** (excluding subdivisions).
  - Option to extend for an additional 90 calendar days at the request of the developer or for a review period required by another local government or agency where approval is required.
  - Grant extensions of 30 days from response for additional information or revisions
- ***Not required*** for this first iteration but must be in place for commitment due ***November 1, 2026***



# Compliance and Fast Track Takeaways

- Demonstrate 3% increase annually or 9% over 3 years
- Fast Track is not required now
- Conversion of units also counts towards commitment
- Loss of existing affordable units does not affect meeting commitment
- New units count toward commitment at **building permit** - they do not have to have CO by the end of 3 years
- Can **start counting** units produced as soon as filing is accepted
- Can develop **regional partnerships** to meet commitment if multiple jurisdictions build housing jointly



# Additional Resources and Technical Assistance



# Webinars and Technical Assistance Workshops

- **CURRENTLY** - Educational webinars tailored for types of communities:
  - *Large urban municipalities (complete)*
  - *Smaller urban municipalities (complete)*
  - *Rural resort (complete)*
  - Unincorporated counties (Today!)
  - Rural (August 30th, 1 pm).
- **SEPTEMBER - OCTOBER** - Technical Assistance Work Sessions by Request—
  - More tailored technical assistance in small-group work sessions for regional groupings.
  - Mostly virtual sessions with a few in-person/hybrid sessions



## Resources

[Affordable Housing Commitment Filing Page](#)

[Baseline Assistance Tool](#)

[Proposition 123 Final Text](#)

[House Bill 23-1304](#)

[Colorado Strategic Housing Working Group Final Report, July 6, 2021](#)

[Affordable Housing Baseline Reference Estimates Spreadsheet](#)

[Local Government Commitment Presentation Slides March 2023](#)

## Stakeholder Meeting Recordings

 Local Government Commitment Workshop - March 15, 2023

 DOLA Funding Programs Workshop and Breakout Sessions March 24, 2023

 DOLA Funding Programs Workshop Main Discussion

 Homeownership Breakout Session 1

 Homelessness Breakout Session 1

 Local Planning Breakout Session 1

## FAQs

 Baseline Amount of Affordable Housing

 Compliance

 Funding and Programs

 Opting-in/Filing a Commitment

 Rural Resort Petition Process

# Important Links

DOLA Proposition 123 Home Page: <https://engagedola.org/prop-123>

CHFA/OEDIT Funding Programs: [www.ColoradoAffordableHousingFinancingFund.com](http://www.ColoradoAffordableHousingFinancingFund.com)

DOH Homelessness Support Programs: <https://cdola.colorado.gov/office-of-homeless-initiatives/programs>

DLG Local Planning Capacity Grant Program:

<https://drive.google.com/file/d/1gxTJC4CtQz5kOBjkx-Kkd-buuEgFRDGY/view>

Baseline Reference Table: <https://bit.ly/3QtZqLN>

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

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



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& International Trade



# Questions & Answers

## DOLA Division of Housing

- [Mo Miskell](#), Deputy Division Director
- [Connor Everson](#), Analytics Manager

## DOLA Division of Local Government

- [Andy Hill](#), Community Development Office Director
- [Robyn DiFalco](#), Community Development Office Program Asst.

## CHFA Programs

- [Terry Barnard](#), Multifamily Production and Outreach Manager

## OEDIT Programs

- [Hilary Cooper](#), Director of Innovative Funding for Housing



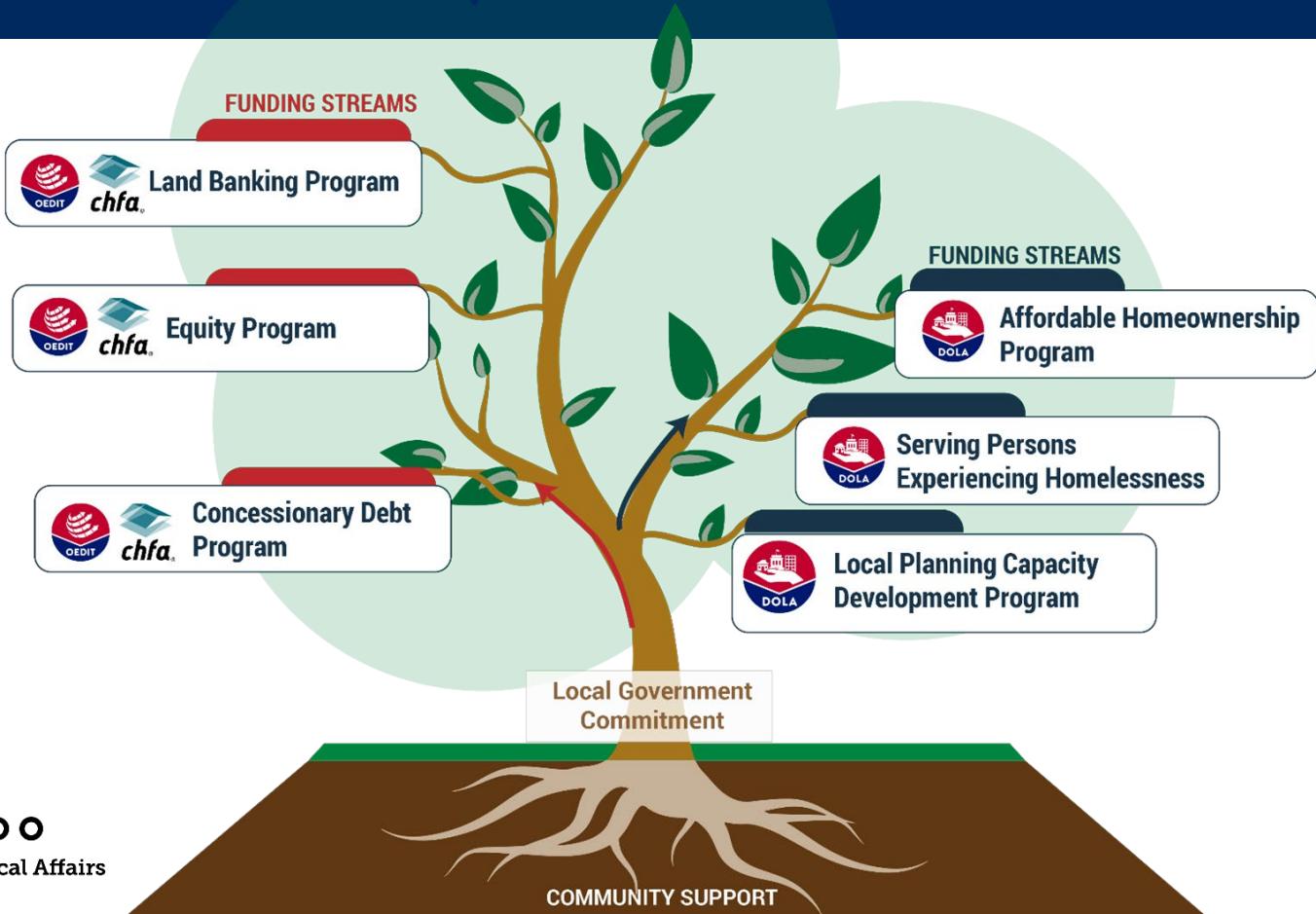
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# Thank you!



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