



## COLORADO

Department of Local Affairs

Division of Housing

DEPARTMENT OF LOCAL AFFAIRS – RFI #3  
FY 2017-18 BUDGET CYCLE

### Cost Effectiveness of Fiscal Year 2017 General Fund Appropriations to the Department of Local Affairs, Division of Housing

The Department of Local Affairs (the Department), Division of Housing (DOH) was asked to submit a report on its affordable housing programs that specifically addresses the following:

- The projects funded with the affordable housing construction moneys provided;
- The per-unit costs of these projects identifying specifically state funds and other funds;
- How the projects funded align with the goals outlined in the Department’s FY 2014-15 budget request to “end homelessness for veterans and chronically homeless”, and “ensure sufficient affordable housing for persons with the lowest incomes”; and,
- What progress the State has made in achieving each of these goals.

The Report should also provide an update on the Department’s plans and progress in using \$15,300,000 Marijuana Tax Cash Funds added in FY 2017-18. This should include information on the steps the Department is taking to ensure the additional funds are used for populations and services that are consistent with the provisions of Section 39-28.8-501, C.R.S.

The following information addresses the affordable housing information request.

The Department utilizes General Fund appropriations to meet affordable housing needs throughout the state. This includes housing for people who are homeless, homeless veterans, disabled, or seniors, as well as workforce housing in the mountains and other tight markets. It is the intent of both the General Assembly and the Department that the appropriations are targeted towards individuals and projects that not only ensure low-income Coloradans, homeless veterans, and the chronically homeless secure, stable, and safe housing, but in doing so, create a reduction in state costs.

Specifically, the Department has invested General Fund appropriations of approximately \$7.95 million to develop additional affordable housing through the Housing Development Grant. Not only have these efforts increased the number of affordable housing opportunities, they have generated new jobs, local income, and local tax revenue **including nearly \$8.6 million in State tax revenue**; leveraged funds and resources; provided housing for persons with the lowest incomes; and ended homelessness for some of the state’s most vulnerable citizens.

#### Housing Development Grant

**Summary:** The Housing Development Grant (HDG) provides funds to housing developers for the acquisition, rehabilitation, and new construction of affordable housing through a competitive application process to improve, preserve, or expand the supply of affordable housing in Colorado. Eligible development projects primarily consist of affordable rental and for-sale housing. The Division awarded over \$7.95 million of HDG funds from its FY 2016-17 appropriation. This included over \$7.57 million for fifteen new construction and rehabilitation

projects and nearly \$400,000 for three programs that consisted of other activities, including a mobile home improvement program, an emergency shelter, and a landlord and tenant counseling program. These three programs have not been included in the program outcomes section below. The Department did not fund any projects in FY 2016-17 from the Housing Investment Trust Fund (HITF) due to the low current balance in this fund.

Project Type	HDG and HITF		HDG
	FY 2014-15	FY 2015-16	FY 2016-17
<b>Total Projects</b>	27	23	18
New Construction or Rehabilitation Projects	22	15	15
<b>Total Units</b>	1,153	1,355	1,011
New Construction or Rehabilitation Project Units	1,048	1,166	959
<b>Total Amount Awarded</b>	<b>\$10,294,772</b>	<b>\$8,700,105</b>	<b>\$7,954,000</b>

Of the fifteen new construction and rehabilitation projects, six were rental new construction, and nine were rental rehabilitation. These fifteen projects will result in 959 housing units, of which 936 are affordable. The DOH investment of over \$7.57 million was leveraged by nearly \$187 million in funding from other sources, a leveraging ratio of 24:1.

The average per unit development cost for the fifteen new construction and rehabilitation projects was approximately \$187,500. The average award of HDG was approximately \$7,900 per unit for these projects, compared to over \$179,600 per unit in leveraged funds. Four of these projects include supportive housing units for formerly homeless persons. The DOH award per unit was \$17,900 for these four projects. One of these four projects, Ute Mountain Ute Supportive Housing, had a significantly higher award per unit at \$79,200. This is the first permanent supportive housing project on tribal land in Towaoc, Colorado, and the Division of Housing was the primary funder, rather than our normal role of a gap financier, of the 11-unit development. Without the Ute Mountain Ute Supportive Housing development, the DOH award per unit for the three other supportive housing projects was \$11,800.

**Units for Homeless Populations and Persons with the Lowest Incomes:** DOH invested nearly \$2.2 million in HDG, leveraged by \$22 million from other sources, in four supportive housing development projects that will serve homeless populations. Together, these projects will result in 66 affordable housing units with supportive services for homeless Coloradans, representing significant progress in achieving the goal of ending homelessness for the chronically homeless. The \$2.2 million investment supported a total of 119 affordable units in four projects that include 66 units for homeless Coloradans. Only one of the four homeless projects funded by HDG received an allocation of competitive Low-Income Housing Tax Credits (LIHTC) in 2016. DOH awarded an additional three homeless projects that received a competitive LIHTC

allocation in 2016 with its non-HDG sources. DOH funded a total of seven homeless projects in SFY17 with federal and state funds which supported 370 affordable units including 222 units for homeless Coloradans.

Significant progress has also been made toward providing affordable housing for persons with the lowest incomes. From the FY 2016-17 appropriation, DOH invested over \$6.7 million to develop 898 affordable units in 11 projects that included 218 units for persons with the lowest incomes, either through units with rents affordable to working poor households earning at or below 30 percent of the Area Median Income (AMI) or through units with project-based rental assistance. While units with project-based rental assistance can have AMI restrictions up to 50 percent AMI, State housing voucher program participants had an average annual income of only \$11,606 in FY 2016-17. These 218 units for households with the lowest incomes represent 23 percent of the units funded by the FY 2016-17 appropriation. These units, affordable to the lowest income Coloradans, will reduce the number of severely cost-burdened households and help prevent homelessness for very low-income families.

<b>Table 2. Persons with the Greatest Need Summary</b>			
<b>New Construction or Rehabilitation Projects - Population</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
<b>Homeless Persons</b>			
Projects	4	5	4
Units	102	264	66
<b>Persons with the Lowest Incomes</b>			
Projects	17	10	11
Units	547	324	218

**Funds Leveraged**

Funds provided by HDG for new construction or acquisition and rehabilitation projects are often significantly leveraged by other sources of public and private funds, which greatly increases the overall impact. The Division estimates that the approximately \$7.57 million awarded for rental new construction or acquisition and rehabilitation projects will be leveraged by nearly \$187 million in other public and private funds.

**Table 3: Return on Investment: Funds Leveraged**

<b>Project Type</b>	<b>Total Projects</b>	<b>Total Units</b>	<b>Total HDG</b>	<b>Average HDG per Unit</b>	<b>Funds Leveraged</b>	<b>Average Other Funds per Unit</b>
Rental New Construction	6	310	\$3,311,538	\$10,682	\$90,113,971	\$290,690
Rental Acquisition / Rehabilitation	9	649	\$4,260,747	\$6,565	\$96,685,885	\$148,977
<b>Totals for Appropriated Funds Invested</b>	<b>15</b>	<b>959</b>	<b>\$7,572,285</b>	<b>\$7,896</b>	<b>\$186,799,856</b>	<b>\$194,786</b>

**Project Summaries:**

<b>Table 9. 2016-2017 Housing Development Grant (HDG) Projects</b>					
<b>Project #</b>	<b>County and Name</b>	<b>Units</b>	<b>Amount</b>	<b>Total Project Cost</b>	<b>Leveraging</b>
15-070	Montezuma County – Ute Mountain Ute Supportive Housing	11	\$871,014	\$1,146,014	0.3:1
16-060	San Juan County – Anvil Mountain Apartments	12	\$305,430	\$1,835,770	5:1
16-061	Larimer County – Village on Shields	285	\$995,722	\$63,559,702	62:1
16-072	Denver County – Comititis, The Castle	7	\$92,978	\$819,615	7:1
16-074*	El Paso County – Springs Rescue Mission Shelter**	42	\$235,715	\$5,773,877	5:1
17-003B*	Larimer County – Mobile Home Improvement Program	10	\$96,000	\$1,073,910	10:1
17-012	Mesa County – Nellie Bechtel Apartments	96	\$952,047	\$6,791,332	6:1
17-026	El Paso County – Fountain Ridge Apartments	36	\$360,000	\$3,074,564	7:1
17-027	El Paso County – Fountain Ridge South Apartments	75	\$230,000	\$4,934,109	20:1
17-040	Denver County – Family HomeStead Parkside	33	\$500,000	\$2,435,500	4:1
17-042	Jefferson County – Villas at Wadsworth Station	100	\$715,000	\$15,853,420	21:1
17-043	Denver County – Lowry Family Housing	72	\$720,000	\$20,141,517	27:1
17-046	Jefferson County – Fifty Eight Hundred	150	\$800,000	\$36,069,110	44:1
17-053	Adams County – BHA Windmill Ranch***	15	\$135,094	\$22,371,166	25:1
17-055	Huerfano County – La Veta Village Assisted Living	17	\$400,000	\$3,058,040	6:1
17-057	Chaffee County – Collegiate Commons	48	\$480,000	\$12,576,838	25:1
17-062	Summit County – Advocates for Victims of Assault Transitional Housing	1	\$15,000	\$420,350	27:1
17-073*	El Paso County – Brothers Redevelopment Landlord/Tenant Counseling (Year 2)	n/a	\$50,000	\$100,000	1:1

\* These projects do not consist of the acquisition, rehabilitation or new construction of homeownership or rental units; they have not been included in the program outcome metrics. They consist of mobile home repair, emergency shelter, and landlord and tenant counseling.

\*\* Project 16-074 total award of \$850,000. Balance of \$614,285 awarded from FY16 HDG funding. Project not included in the program outcome metrics.

\*\*\*Total award of \$850,000. Balance of \$714,906 awarded from FY18 HDG funding. Units are pro-rated (96 total units).

### **15-070 - Montezuma County – South Towaoc Supportive Housing**

The Ute Mountain Housing Authority (UMHA) was awarded a grant of \$871,014 for the South Towaoc Permanent Supportive Housing project located in Towaoc on the Ute Mountain Ute Reservation. This 11-unit multifamily permanent supportive housing (PSH) project will serve Ute Mountain Ute Tribal Members and other Ute Mountain Ute residents who are homeless or at-risk of homelessness and earning at or less than 30% of the Area Median Income. Office space is included in the development for on-site services provision. One unit will house a resident manager. Supportive services and case management will be provided primarily by the Ute Mountain Ute Department of Social Services, but include services from the Indian Health Service, the UMHA, a private licensed clinical social worker for mental health services, and the Ute Mountain Ute Counseling & Treatment Department for substance abuse services.

- The Department received a National Association of Housing and Redevelopment Officials (NAHRO) Award of Merit for the Ute Mountain Housing Authority Supportive Housing project. This project is a first-of-its-kind state housing authority investment in Native American housing. The 11-unit structure is the first State of Colorado-funded housing coupled with federal voucher dollars developed on tribal land.

### **16-060 - San Juan County – Anvil Mountain Apartments**

San Juan County was awarded a grant of \$305,430 for the development of 12 affordable rental units to be located just outside Silverton, a community that has an urgent need for workforce housing. Most of the rental stock was developed between 1880 and 1900. The majority of area's rental stock is over 100 years old and not up to current rental housing standards. The development will consist of 4 one-bedroom/one-bath, 6 two-bedroom/one-bath, and 2 three-bedroom/two-bath units and will serve eight households earning at or below 30 to 60% AMI. The project site is owned by the County and will be annexed into the Town of Silverton upon project completion.

### **16-061 - Larimer County – Village on Shields**

Housing Catalyst, the housing authority for the City of Fort Collins, has been awarded \$995,722 to assist in the rehabilitation of the Village on Shields (VOS) located in southwest Fort Collins. VOS (formerly known as Villages on Cunningham Corner) contains 285 units in three communities that were purchased by Housing Catalyst in 2012. The units were built between 1991 and 1995 and are in need of rehabilitation. VOS will include 52 RAD (Rental Assistance Demonstration) units with Project Based Vouchers for public housing residents (26 restricted to 50% AMI and 26 restricted to 60% AMI) and 230 units at 60% AMI. The project will be financed with 4% LIHTCs, State Tax Credits, and tax-exempt bonds. Rehabilitation work will include re-roofing all buildings, new exterior siding and masonry repairs, repairs to decks, railings, stairs and patios, parking lot resurfacing, site drainage and landscape modifications, accessibility modifications to common areas and units, new exterior doors and windows, replacement of HVAC systems, new Energy Star rated appliances, and low-flow plumbing fixtures, and the replacement of cabinets, countertops, and flooring.

### **16-072 - Denver County – The Castle**

The Comitis Crisis Center DBA Mile High Behavioral Healthcare was awarded a grant of \$92,978 for the rehabilitation of The Castle in Denver. The property provides permanent supportive housing to six households earning at or below 50% and 60% AMI. Comitis makes available to all residents the following services: substance abuse and mental health treatment, access to Medicaid enrollment, referral to primary care, workforce development opportunities, life skill classes, nutrition classes, GED courses and materials, and free bus passes. The rehabilitation of the property will include boiler system replacement, flooring replacement in all units, repairs to the main building evaporative cooler, and electrical upgrades.

### **16-074 - El Paso County – Springs Rescue Mission Shelter**

The Springs Rescue Mission was awarded \$850,000 for the construction of a campus expansion of the current winter emergency shelter (\$614,285 of the \$850,000 is awarded from fiscal year 2016 HDG funding). The completed project will provide an additional 90 emergency shelter beds (for a total of 150 beds) and will allow the shelter to operate year round. The expanded facility will also be able to offer day services such as laundry facilities, showers, community space and electronic access for job searches and application submissions. Meeting rooms will also be available for case workers providing supportive services. The project is the first phase of a three-phase expansion of the shelter facilities. The subsequent phases consist of a kitchen and dining room expansion and the construction of a new welcome center.

### **17-003 - Larimer County – Mobile Home Improvement Program**

The Loveland Housing Development Corporation (LHDC) has been awarded a grant of \$96,000 for a one-year pilot program, as part of the Larimer Home Improvement Program (LHIP), to repair 10 mobile homes located in mobile home parks in Loveland and Fort Collins and their growth areas. This pilot program will provide mobile home owners below 80% AMI with loans of up to \$12,000 (\$6,000 from DOH and \$6,000 from local governments) for necessary health and safety repairs. Historically, the cities of Loveland and Fort Collins (through LHIP) have provided grants of up to \$1,500 to mobile home owners for emergency repairs. The types of repairs anticipated to be performed under this pilot program include roofing repairs, interior ceiling repairs, electrical wiring repairs/replacement, insulation, furnaces, water heaters, exterior siding and skirting repairs/replacement and accessibility modifications.

### **17-012 - Mesa County – Nellie Bechtel Apartments**

The Grand Junction Housing Authority (GJHA) was awarded a grant of \$952,047 to assist with the rehabilitation of the Nellie Bechtel Senior Apartments. Nellie Bechtel is an existing 96 unit senior (55+) rental housing development located in Grand Junction. GJHA will restrict all 96 units to households earning at or below 30% - 50% AMI. The property was built in 1983 and has not had any significant rehabilitation work in its 33-year history. The property is centrally located and close to grocery stores, a bus stop, and within 1-2 miles of two hospitals. Rehabilitation work includes asphalt repair, fencing replacement, lighting improvements, repairing or adding chair lift systems to second floors, community building upgrades, boiler,

evaporative cooler, and hot water heater replacements, fire alarm control replacements, and roofing.

#### **17-026 - El Paso County – Fountain Ridge Apartments**

Archway Investment Corporation was awarded a grant of \$360,000 for the acquisition of Fountain Ridge Apartments in Fountain. The property was developed in 1999 as a mixed-income property with 17 LIHTC units at 60% AMI and is currently in its LIHTC extended use period until 2029. Archway will convert 3 existing 60% AMI units to 50% AMI with existing residents that are already at that income level and restrict the remaining 19 market rate units to 60% AMI upon turnover. The development contains 36 units within four buildings and has 23 two-bedroom units and 13 three-bedroom units. Archway intends to purchase and complete minor rehabilitation at the property. Rehabilitation work will include accessibility upgrades along with exterior stair, handrail, gutter and siding repairs, and interior repairs to address previous moisture damage. The HDG grant will extend the project's affordability requirements to 2047. The Fountain Ridge Apartments will be purchased along with the adjacent Fountain Ridge South Apartments.

#### **17-027 - El Paso County – Fountain Ridge South Apartments**

Archway Investment Corporation was awarded a grant of \$230,000 for the acquisition of Fountain Ridge South Apartments in Fountain. Fountain Ridge South was developed in 2004 under the LIHTC program with 75 total units restricted to tenants earning no more than 30% (four units), 50% (eight units), or 60% (63 units) AMI. Archway intends to purchase and complete minor rehabilitation at the property. Rehabilitation work will include accessibility upgrades and the painting of trim and handrails on the exterior. The current LIHTC compliance period ends in 2019 and is set to extend to 2034. The HDG grant will extend the project's affordability requirements to 2047. The Fountain Ridge South Apartments will be purchased along with the adjacent Fountain Ridge Apartments.

#### **17-040 - Denver County – Family HomeStead Parkside**

Family HomeStead was awarded a grant of \$500,000 for the acquisition and rehabilitation of Parkside Townhomes in the Clayton neighborhood in northeast Denver. Built in 1978, the development consists of six two-story apartment buildings with sixteen 3-bedroom and seventeen 4-bedroom units. Parkside provides emergency and transitional housing for families experiencing homelessness. Family HomeStead has been providing case management to residents and property management and will now purchase the property from the current owner, the Denver Housing Authority. Rehabilitation will include replacing the roof on one building, electrical upgrades in all units, exterior paint, soffit and trim repair, and flooring replacements in nine units.

#### **17-042 - Jefferson County – Villas at Wadsworth**

The Urban Land Conservancy (ULC) was awarded a grant of \$715,000 to support the rehabilitation of Villas at Wadsworth Station, a 100-unit property built in 1971 consisting of

studio, one-and two-bedroom apartments in Lakewood. All of the units are currently at 60% AMI; however ULC has agreed to set 5 units at 30% AMI and 10 units at 50% AMI. The property will utilize 4% LIHTCs and proceeds from tax-exempt Private Activity Bonds. The rehabilitation will include, among other items, new HVAC units, balcony repairs to address life safety issues, exterior asphalt repairs, in-unit upgrades to the bathrooms and kitchens, and appliance, flooring and window replacement, and major sewer repairs. The property is in proximity to a range of services, amenities, and job opportunities in Lakewood and adjacent to the Wadsworth light rail station and multiple bus lines.

#### **17-043 - Denver County – Lowry Family Housing**

Lowry Affordable Housing Partners LLC was awarded \$720,000 for the construction of Lowry Family Housing, a 72-unit development located in the Lowry development, formerly the Lowry Air Force Base, in Denver. During the base closure a 1.5 acre tract was designated for affordable housing that must include 20 homeless units. Volunteers of America (VOA) and Denver Housing Authority (DHA) will co-develop and co-own the property with DHA managing construction and VOA acting as property manager and service provider. The proposed development will have 71 affordable units restricted to households earning up to 30% and 50% AMI with 20 units reserved for formerly and situational homeless households. The project will also be supported by 4% LIHTCs, State Tax Credits, and 33 project based vouchers. Residents will benefit from a resident service plan including nutritional classes, homeownership counseling and adult education, employment assistance, health services, transportation and case management.

#### **17-046 - Jefferson County – Fifty Eight Hundred**

Metro West Housing Solutions (MWHS), the housing authority for the City of Lakewood, was awarded a grant of \$800,000 for the development of Fifty Eight Hundred in Lakewood. Located on West Alameda, the development will contain 152 units of affordable housing with studio, one-, two-, and three-bedroom units for families earning up to 30% and 60% AMI. Fifty-four units will be built in a vacant, blighted office tower on the site, and an additional 98 units will be built on the unused parking lot beside the office tower. The project received an allocation of 4% LIHTCs and State Tax Credits. Residents will have access to employment services, cooking, computer and financial literacy classes, and children's programming on-site. The project is located in close proximity to Belmar, a major retail and service center with a range of employment opportunities, and Ray Ross Park. It is located one block from one of the highest frequency RTD bus routes in Denver along Alameda Avenue and close to Sheridan light rail station. The Food Bank of the Rockies' mobile food pantry will visit the development twice a month providing healthy and affordable fresh food options to residents.

#### **17-053 - Adams County – Windmill Ranch Apartments**

The Brighton Housing Authority (BHA) was awarded a grant of \$850,000 for the construction of Windmill Ranch Apartments in Brighton (\$714,906 of the \$850,000 is awarded from fiscal year 2018 HDG funding). The project was also awarded 4% LIHTCs, State Tax Credits, and solar tax

credits. BHA will be the owner of the property and partner with MJT Properties, who will act as a fee developer, manage construction, and be responsible for project completion. The development will consist of 96 family rental units with 1, 2, and 3 bedroom units restricted to up to 30%, 40%, 50%, and 60% AMI. Fifteen 3-bedroom units will be at 30% AMI and have project-based vouchers. The site is one quarter mile from a bus stop providing transportation around Brighton and to Denver and DIA. Resident services will be provided by BHA and funded separately.

#### **17-055 – Huerfano County - La Veta Village**

La Veta Village Inc. was awarded \$400,000 for the development of La Veta Village, a 17-unit assisted living facility in La Veta. La Veta Village will restore an 11,270 square foot historical structure originally developed as a cheese factory. At present the structure is under-utilized with storage space, one residential rental unit and office space for La Veta Village Inc. Once the renovation is complete, the assisted living facility will provide four Medicaid eligible units, 12 market rate units, and one onsite manager's unit. The development will be financed with a Rural Development (USDA) Community Facilities loan.

#### **17-057 – Chaffee County - Collegiate Commons**

Urban, Inc. was awarded \$480,000 for the development of Collegiate Commons, a 48-unit affordable family project in Buena Vista for households earning up to 30% to 60% AMI. The project will have two three-story buildings with 18 one-bedroom units, 24 two-bedroom units, and 6 three-bedroom units. Collegiate Commons is located two blocks from Buena Vista's main street on the site of a former baseball park. The site is being donated by the Town of Buena Vista. It is two blocks from the elementary school, less than half a mile from the high school and in close proximity to shops and amenities on the main street. Property amenities will include in-unit washers and dryers and private patios/balconies, an exercise room, business center and computer lab and a basketball court and tot-lot. Financing for the project includes 9% LIHTC equity.

#### **17-062 – Summit County - Advocates for Victims of Assault**

Advocates for Victims of Assault, Inc. was awarded a grant of \$15,000 for the conversion of an existing meeting space into a 1-bedroom transitional housing unit in the organization's safe house facility. Advocates for Victims of Assault operates a safe house in Summit County for survivors of domestic violence and sexual assault providing shelter, counseling, financial assistance, support groups, food, and other necessities. The shelter is housed in a 4-bedroom, 2-bathroom house. Currently used as a meeting space, the original attached garage was renovated and includes a full kitchen. Converting the meeting space to an apartment will consist of adding a couple of walls to create a bedroom, closing off the door into the house, and placing a bathroom in what is currently a large storage pantry. Advocates for Victims of Assault intends to charge a nominal rent in order for the resident of the apartment to be able to save enough to eventually transition into the Summit County housing market.

### **17-073- El Paso County – Brothers Redevelopment Landlord Tenant Counseling**

Brothers Redevelopment, Inc. was awarded \$50,000 for the second year of its Rental Counseling Program expansion in El Paso County. The program educates prospective renters on HUD rental and rent subsidy programs; other Federal, State or local assistance; fair housing laws; landlord tenant laws; lease terms; rights of applicants and clients; rent delinquency; reasonable accommodations; and modifications for persons with disabilities, along with providing other housing search assistance.