Affordable Housing Transformational Task Force

Recommendation Report

January 2022

Wellstone Collaborative Strategies

73rd General Assembly

Colorado General Assembly

Developed by the

Affordable Housing Transformational Task Force and Subpanel

with Support by:

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AFFORDABLE HOUSING TRANSFORMATIONAL TASK FORCE

January 2022

Governor Polis & Members of the Seventy-third General Assembly,

Submitted herewith is the final report on the recommendations from the Affordable Housing Transformational Task Force, pursuant to the direction of the Executive Committee of the Legislative Council, authorized by Section 229 of Article 75 of Title 24, Colorado Revised Statutes (House Bill 21-1329).

This report is the culmination of several months of hard work from both legislative and executive branch members of the Task Force, as well as citizen members of the Task Force Subpanel, representing many diverse perspectives spanning the housing spectrum. The recommendations included in this report — which received nearly unanimous support from the Task Force — are intended to utilize a once-in-a-generation funding opportunity to institute transformative policies to Colorado's housing sector that will provide immediate, sweeping, and long-lasting change.

Though it has been exacerbated by the COVID-19 pandemic, the housing crisis that our state faces is not new. For decades, the lack of affordable housing has upended the lives of thousands who face homelessness in the Metro area and across the state, shuttered Colorado businesses and hindered working-class jobs due to a lack of workforce housing, and exacerbated inequities for communities of color.

We know that the recommendations in this report will not solve Colorado's affordable housing crisis completely but we believe they will be a transformational step forward. We are confident that if adopted by the General Assembly and implemented in our communities, these policies will make significant strides in increasing access to flexible capital sources, fostering innovation, strengthening the social safety net, enhancing market stability, and ultimately, promoting more broad and equitable access to homeownership and rental housing for Coloradans in every corner of the state.

Thank you for your consideration and we look forward to working with you in the 2022 legislative session and beyond to make these proposals a reality.

Sincerely,

The Affordable Housing Transformational Task Force

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Executive Summary

Colorado has a once-in-a-generation opportunity to transform its affordable housing system and make sure it works for Coloradans in every corner of the state. The $400 million in unallocated funding from the "American Rescue Plan Act of 2021" (ARPA) offers us a chance to make one-time transformational investments that improve access to affordable housing across the state for those experiencing homelessness and for our essential workers with low to middle incomes.

In order to face these challenges, the Governor and General Assembly formed the Affordable Housing Transformational Task Force and Subpanel to develop recommendations in 2021. Comprised of legislators, executive branch representatives, and diverse affordable housing practitioners and experts, the Task Force and Subpanel undertook a deliberative, iterative, and transparent process. Ultimately, the Task Force came to near unanimous consensus on all funding recommendations and allocations, as well as agreement on several policy concepts.

The outline below summarizes these transformational investments. Such investments will mean more new affordable homes will be built and that existing homes at risk of becoming unsafe or unaffordable are maintained. It will lead to greater innovation for how homes are built, reducing costs and expanding access. The recommendations will help reduce disparities and address homelessness. They will help people purchase homes that were out of their financial reach, which will help build intergenerational wealth. With this significant investment, Colorado can and must rise to the challenge.

Funding Recommendation Summary	*Funding Range*	
	Low End	*High End*
Revolving Loan Fund: New and Existing Capacity	**$150M** (37.5%)	**$222M** (55.5%)
Nonprofit and Local Government Grants	**$150M** (37.5%)	**$222M** (55.5%)
Resident Owned Communities, Mobile Home Parks, and Land-Banking	**$35M** (8.75%)	**$51M** (12.75%)
Property Conversion for Transitional or Long-Term Housing	**N/A***	**N/A***
Permanent Supportive Housing and Supportive Services Fund	**N/A***	**N/A***
Innovative Housing Incentive Program	**$40M** (10%)	**$48M** (12%)
CHFA Middle Income Access Program	**$25M** (6.25%)	**$25M** (6.25%)
Totals	*$400M (100%)*	*$568M (142%)*

* Allocation to be accessed through other ARPA funds.

Affordable Housing Transformational Task Force

Recommendation Report

Introduction

In January 2022, the Affordable Housing Transformational Task Force reached near unanimous agreement on a set of transformational recommendations that will reshape Colorado's affordable housing system. The Task Force was created to ensure that this once-in-a-generation, one-time investment of $400 million, made possible by the American Rescue Plan Act (ARPA), will allow Colorado to better meet the growing challenge of affordable housing, ranging from addressing homelessness to supporting housing Colorado's workforce. With this report, the Task Force submits its consensus recommendations to the General Assembly and the Governor.

The Opportunity

Colorado has been working hard to address the affordable housing crisis over the past few years and is on the precipice of major reform. The Strategic Housing Working Group developed recommendations to address affordable housing challenges. The Division of Housing developed an approach to address homelessness. At the same time, the General Assembly passed a number of bills directed at improving, funding, and incentivizing affordable housing. One key ingredient needed to be transformational is sufficient and flexible funding.

The Task Force

ARPA funds provided the impetus to bring together the legislative and executive branches, as well as diverse stakeholders to tackle the affordable housing crisis and determine where investments would be most impactful. The 16-member Task Force was made up of a bipartisan cohort of ten legislators from Colorado's General Assembly and six agency directors. A 15-member subpanel of diverse affordable housing experts was appointed to advise the Task Force. Additional insights and input were provided through a public survey, stakeholder participation, and public testimony.

The Report

The following report lays out the challenges, outcomes, and recommendations. In order to address these challenges, a series of outcomes are described. The following section provides a summary of the final set of recommendations agreed upon by the Task Force, as well as the policies that were discussed. Following the conclusion, are several appendices, including details of the process of developing and finalizing recommendations.

The Challenges We Face

Our state faces significant challenges with providing affordable housing. We continue to attract new residents and jobs, but with this growth has come ever-increasing housing prices.

Increasing housing prices create a challenge for many low, middle, and working class families who are trying to rent or purchase a home at a price they can afford. In 2019, an estimated 315,000 households in Colorado paid *over 50% of their income* towards housing.

It's no wonder people find housing so unaffordable. The Federal Housing Finance Agency's all-transactions house price index for Colorado suggests that home prices have *nearly doubled* over the last decade.

This is exacerbated by a housing deficit. *225,000 housing units* must be built for current Colorado residents in the next couple years, and an additional 100,000 to accommodate new residents.

These challenges call for transformational change in housing policy.

Not enough new affordable homes are being built. Colorado saw a dramatic decrease (40%) in the number of homes built across the housing continuum between 2010 and 2020. This significant decrease has coincided with a population increase of 14.8% in the state, creating a situation where low supply and high demand have greatly driven up prices. While programs such as the Low Income Housing Tax Credit (LIHTC) and the State Affordable Housing Tax Credit have helped alleviate some of the pressure of construction for low- to moderate-income households, both programs are oversubscribed and unable to meet the demand for these households.

We are losing existing affordable housing at a high rate. While demand for housing has increased, both project-based and naturally occurring affordable housing have been lost to market forces. State data show that the number of units deemed affordable for those making less than $45,000/year decreased by almost 300,000 units in the last decade. These losses have deep implications for low- to moderate-income individuals and families.

Colorado faces a crisis in the number of people who are not housed or are insecure in their housing. While physical and/or mental disabilities, substance use, unemployment or underemployment, and various other challenges are part of the broader picture of homelessness, a leading cause of homelessness is a lack of affordable housing. Almost 10,000 Coloradans were homeless in 2020, up 2.4% from the previous year according to the annual Point-In-Time report. Further, school-based McKinney-Vento liaisons identified over 23,000 students as experiencing homelessness, doubled up, or unstably housed during the 2018-2019 school year. More than 53,000 individuals covered by Colorado's Medicaid system in 2019 were without stable housing.

From 2020 to 2021, first-time homelessness in the Denver Metro area doubled and the number of people accessing emergency shelter increased by 40%. This trend has been reportedly mirrored throughout the state in rural and urban areas with a significant increase in the number of people experiencing homelessness.

A 2021 Urban Institute study showed that it costs on average $20,000 a year to house a person who is experiencing homelessness, as compared to the $30,000-50,000 it would cost to leave them unhoused and using emergency services like jails, detox facilities, shelters, and emergency rooms.

Colorado has lost its factory-built housing capacity. As we try to solve the housing crisis, Colorado has the unique opportunity to position itself as a national leader in innovative building technology. For example, factory-built housing can provide both an innovative, affordable housing option to create scalable, long-term transformational change for local communities, as well as grow businesses and factories operating in this industry. However, while factory-built homes can offer an additional affordable housing option to Colorado communities, this option is currently limited in all four corners of the state. Affordability is impacted by installation cost increases due to transportation costs.

To be an accessible option for communities faced with housing shortages, investment is needed to strengthen this industry, as well as other innovative building technologies, to ensure local community affordability. Such investments will create opportunities to embrace new building techniques that will help solve the state's housing crisis. These include manufactured, prefabricated, and modular housing units. These units can be built at half the cost per square foot (about $50 - $100/sq. ft. or $80-150K per unit) and in a quarter of the time compared to traditional construction. In addition, modular and manufactured construction can be built eco-friendly.

Middle income families can no longer afford to buy or rent a home. A convergence of factors have come together, exacerbated by the COVID-19 pandemic, to create more affordability challenges for middle-income households (60-120% of an area's median income, or AMI). Housing cost burdens are rising across Colorado, especially in high growth areas, creating a significant gap in middle-income housing. People are pushed further and further away from their place of work due to high price and limited inventory, creating more traffic congestion and longer commutes. Existing state and federal resources are limited to address this housing gap, as they primarily support the development of housing for those earning 60% AMI or less. Colorado Housing and Finance Authority's (CHFA) Middle Income Access program (MIAP) can help address the middle-income workforce with incomes too high for Housing Credit units, but who are often overburdened by market rents.

Too many Coloradans from different walks of life experience deep disparities and cannot access affordable housing. According to recent reports by the National Low Income Housing Coalition (NLIHC), Colorado is ranked the 9th least affordable state for housing. For minimum wage earners to afford a modest two-bedroom apartment, they would need to work 89 hours per week. Coloradans with the greatest need are also facing a shortage of housing stock. There are 162,557 extremely low-income households (below 30% AMI) across Colorado, but only 48,767 units are available and affordable to this demographic, leaving more than one in three without an affordable option. Additionally, only one in four eligible households is able to access limited rent assistance through vouchers.

While federal, state, and local governments have acted to create relief funding, many households still face eviction and are at risk of homelessness. There is an overrepresentation of Black, Latino/a, and Indigenous individuals in the homeless population. In the Denver Metro Seven County Area, for instance, there is a significant overrepresentation of Native American and Black individuals who, despite only being 0.7% and 5.3% of the general population respectively, make up 4.2% and 31% of the population of people experiencing homelessness.

Envisioning a New Future

an affordable housing system

1

Is Affordable: Ensures that anyone can access housing for less than 30% of their household income.

2

Revitalizes Housing Stock: Increases housing supply across all price points, especially workforce, transit-oriented, extremely low-income, and middle-income housing, and invest in the preservation of existing housing.

3

Overcomes Disparities, Especially Systemic: Reconfigures housing to undo historic racism, for example redlining, low appraisal rates, subprime loans, and predatory practices, to ensure that marginalized people no longer suffer the most for affordable housing.

4

Addresses Homelessness Quickly: Provides simple access to intentional, statewide resources to quickly and effectively get people experiencing homelessness housed and provide access to critical supportive services.

"Fundamentally, we need more housing opportunities that are affordable for Coloradans for them to live a high-quality lifestyle and... also for our economy to thrive and be able to attract workers"

~ Governor Jared Polis

that:

5

Builds Wealth: Ensures anyone can access housing where they need it, and that they aren't pushed out of current housing due to increasing property values or other market pressures, creating the opportunity to build intergenerational wealth.

6

Is Sustainable: Ensures that housing development is balanced with the preservation of Colorado's natural landscapes, and that new housing is constructed to be energy efficient or zero energy to reduce or eliminate utility expenses. It is important that new affordable housing investments are strategically located and constructed in ways that will both reduce residents' overall costs of living, by minimizing expenditures for energy and transportation, and will support the state's goals for reducing air pollution and greenhouse gas emissions.

7

Is Integrated with Other Systems: Create a system in which housing is integrated with funding and other systems to rapidly re-house people, and with behavioral health and other wraparound services to continue to support them once housed.

8

Removes Obstacles: Does away with unnecessary regulatory barriers (e.g., parking requirements, occupancy limits, and exclusionary zoning) to both development of and access to affordable housing, especially near jobs or transit.

Defining Affordable Housing

A consideration of the term "affordable housing" must include an evaluation of the **full continuum of housing needs** for all people, including those experiencing homelessness, those seeking attainable, accessible, and stable rental housing, and those entering home ownership for the first time.

While certain programs and/or funding sources are tied directly to defined standards of affordability, to the extent possible, a guiding definition of affordable housing for new programs, services, and developments with the ARPA funds should recognize that affordability is tied to people and not to the market. **People should not have to spend more than 30% of their income on housing costs**, inclusive of rent or mortgage and utilities.

When affordability must be tied directly to area median income (AMI) because of program or funding requirements, it should be **responsive to the unique characteristics of that community** (i.e., is it a resort community? Do AMI standards adequately address the workforce? Are there considerations for populations on fixed incomes?). Affordability should also include a sustainability and stability component to **ensure that long-term affordability** can be achieved for both rental and home-ownership opportunities.

Recommendations

The following funding recommendations and allocations were ultimately adopted by consensus-minus-one by both the Task Force and Subpanel. This included broad bipartisan support from the Task Force during their meeting on December 8, 2021. Funding recommendations incorporate proposals submitted by the Subpanel and from the Governor's Budget Proposals related to affordable housing. Guidelines for funding distribution and policy recommendations were developed by the Subpanel and adopted in this report by a Task Force vote.

Achieving this new future would mean that we met Colorado's affordable housing challenges. To accomplish these outcomes, the Task Force unanimously agreed to a series of transformational recommendations.

While this funding alone will not be able to fully realize the vision for a new future, these investments will bring us much closer to fixing a too often broken affordable housing system. The funding allocations are summarized below, followed by detailed descriptions of each. Three sections concerning policies discussed by the Task Force and Subpanel follow the sections on funding recommendations.

All funding recommendations recognize that if funds are not used at the necessary rate, such funds will revert to the Division of Housing's (DOH) Housing Development Grant Line or to other funding mechanisms where utilization is high and funds are needed by a certain date. The appropriate funding mechanism (loan or grant) is to be determined by the administering agency pursuant to program requirements. However, funds should be allocated to both loan and grant lines to account for projects with targeted populations, type of project, and the type of organization requesting funds.

All funding recommendations are also contingent on a full fiscal analysis. Final funding allocations will not necessarily fall within the ranges provided and could be lower or higher for each recommendation. Further, per federal requirements, ARPA funds must be obligated by December 2024 and spent before the end of 2026.

All Task Force recommendations are subject to the final guidance issued by the United States Treasury on the use of State and Local Fiscal Recovery Funds. All legislation drafted by the General Assembly will need further fiscal analysis to ensure compliance, and bills based on recommendations may be funded by ARPA or any other revenue source under the discretion of the General Assembly.

Summary of Funding Recommendations

The following table summarizes the recommendations and allocation amounts approved by the Task Force by a vote of 15-1. Low-end funding allocations indicate the total amount of ARPA funding available for recommendation by the Task Force, and high-end funding allocations indicate an "up to" amount to allow the administering agency flexibility in funding prioritization and disbursement.

Funding Recommendation Summary	*Funding Range*	
	Low End	*High End*
Revolving Loan Fund: New and Existing Capacity This includes aspects of the following recommendations appropriate for loans: • Gap Financing to Align with Expansion of Tax Credit and Other Funding Programs • Maintain Existing Affordable Housing • Governor's Office Proposal: Green Energy for Affordable Housing	**$150M** (37.5%)	**$222M** (55.5%)
Nonprofit and Local Government Grants This includes aspects of the following recommendations appropriate for grants: • Gap Financing to Align with Expansion of Tax Credit and Other Funding Programs • Maintain Existing Affordable Housing • Sustainable Rental Assistance • Governor's Office Proposal: Strong Communities • Governor's Office Proposal: Green Energy for Affordable Housing	**$150M** (37.5%)	**$222M** (55.5%)
Resident Owned Communities, Mobile Home Parks, and Land-Banking	**$35M** (8.75%)	**$51M** (12.75%)
Property Conversion for Transitional or Long-Term Housing The Task Force expressed support for this recommendation, but removed funding with the expectation that the Task Force on Economic Recovery and Relief Cash Fund will provide $200M of funding.	**N/A***	**N/A***
Permanent Supportive Housing and Supportive Services Fund The Task Force expressed support for this recommendation, but removed funding with the expectation that the Task Force on Economic Recovery and Relief Cash Fund will provide $200M of funding.	**N/A***	**N/A***
Innovative Housing Incentive Program	**$40M** (10%)	**$48M** (12%)
CHFA Middle Income Access Program (Governor's Office Proposal)	**$25M** (6.25%)	**$25M** (6.25%)
Totals	**$400M** (100%)	**$568M** (142%)

* Allocation to be accessed through other ARPA funds.

Detailed Funding Recommendations

Revolving Loan Fund

Develop or fund flexible low interest, below market revolving loan funds to support increases in new developments, preservation and rehabilitation of existing housing, property conversions, and non-traditional housing capacity in diverse geographic communities where the economic impact of COVID-19 has significantly impacted housing affordability and availability. This includes development of new affordable housing units or the purchase of existing affordable housing units, either rental housing or for-sale homes, including mixed-income developments. Interest rates should be below market and not exceed those necessary to meaningfully further affordable housing development or preservation in local communities across the state. Funds should be available to local and regional groups and governments to be used for for a variety of needs. These include:

- Develop and integrate infrastructure and offset construction and predevelopment costs.
- Provide gap funding for housing development projects with a particular focus on 4% LIHTC transactions, including the ability to purchase existing affordable housing and multi-family structures, particularly in communities where efforts have been made to encourage affordable housing development.
- Maintain existing affordable housing via funding for preservation, restoration through rehabilitation, retrofitting, renovation, capital improvements/repairs of current affordable housing stock, including Section 8 and public housing for populations/households disproportionately impacted by COVID-19 with commitments for long-term affordability. This should include investments for:
    - Seniors to age in place.

  - Remediation of low-quality/condemned properties.
  - Housing specifically designed for people living with disabilities.
  - Weatherization and energy improvements to multi-family and single-family residences to maintain/improve quality of affordable homes/rentals.
  - Purchase and transition of current housing stock, including properties currently in use as short term rentals, into affordable housing.
  - Programs or initiatives to ensure existing housing remains affordable for local workforce or community households.
- Finance energy improvements in affordable housing, which will provide funding for incremental upfront costs for efficient, electric measures and renewable energy systems for both existing buildings and new housing construction.

Priority should be given to efforts to proactively reach out to property owners whose properties are nearing the end of both the affordability and compliance period to see if they are interested in selling. For both new projects and preservation projects, priority should be given to sustainable developments that are green, highly-energy efficient, and electric. Investments should align with other state economic development efforts. Efforts should be made to support innovative financing mechanisms that allow funds to revolve quickly for rapid re-use.

Funding Allocation: $150-222M

Nonprofit and Local Government Grants

Provide direct, flexible, and timely grant funding to nonprofits and local governments that have or are pursuing measures to facilitate affordable housing development, including the purchase of land. This includes development of supportive, rental, and for-sale housing targeted at populations disproportionately impacted by COVID-19. Ensure flexibility of funding, including allowances for operating grants to community-based organizations and qualified local governments, particularly in small, rural, and mountain resort communities, so they can best meet their own development needs. Also allow for grants to community-based organizations for housing navigation and rehousing support, timely deployment of assistance, and technical assistance. Funds should be available to local and regional groups and governments to be used for for a variety of needs. These include:

- Develop and integrate infrastructure.
- Provide gap funding for housing development projects with a particular focus on 4% LIHTC transactions, including the ability to purchase existing affordable housing and multi-family

structures, particularly in communities where efforts have been made to encourage affordable housing development.

- Maintain existing affordable housing via funding for preservation and/or restoration through rehabilitation, retrofitting, renovation, capital improvements or repairs of current affordable housing stock. This includes Section 8 and public housing for populations or households disproportionately impacted by COVID-19 with commitments for long-term affordability. This should include investments for:
    - Seniors to age in place.
    - Remediation of low-quality/condemned properties.
    - Housing specifically designed for people living with disabilities.
    - Weatherization and energy improvements to multi-family and single-family residences to maintain/improve quality of affordable homes and rentals.
    - Purchase and transition of current housing stock, including properties currently in use as short term rentals, into affordable housing.
    - Programs or initiatives to ensure existing housing remains affordable for local workforce or community households.
- Provide time-limited rental assistance for households disproportionately impacted by COVID-19 and at risk of losing their home or in need of rapid re-housing, including funding for outreach and education efforts, and provide additional funds to the state's Eviction Legal Defense Fund given ongoing COVID-19-related evictions/renters' need.
- Finance energy improvements in affordable housing, which will provide funding for incremental upfront costs for efficient, electric measures and renewable energy systems for both existing buildings and new housing construction.

These potential uses for ARPA funds are in alignment with the Governor's budget priority to invest in strong communities. This includes funding for local infill infrastructure needs to help support and catalyze affordable housing development and further Colorado's sustainable development patterns, provide community benefits, ensure multimodal connectivity, reduce greenhouse gas emissions, strengthen social and environmental equity, and improve quality of life and community resilience. Similar to both HB21-1271 and HB21-1117, the structure of funding criteria, especially for development grants, should encourage the use of local policies that allow for affordable housing to be developed. Funding criteria should also leverage local funding resources. When appropriate, such funds should be aligned with loan funds and priority given to projects that significantly leverage other funding sources.

Funding Allocation: $150-222M

Resident Owned Communities, Mobile Home Parks, and Land-Banking

Provide direct grants and/or low interest loans for preservation of naturally occurring affordable housing and future development opportunities through land-banking, land trusts, and community-owned land opportunities prioritized for communities and populations disproportionately impacted by COVID-19. Invest in resident-owned community (ROC) infrastructure to facilitate the purchase by residents of properties that may be coming up for sale or whose deed restrictions might be ending. This includes purchase by mobile homeowners or community or non-profit organizations under the Mobile Home Park Act in order to prevent eviction and displacement, and build community capacity, especially among communities

disproportionately disadvantaged and impacted by COVID-19. Funding may also include rehabilitation of rental units in mobile home parks to support underlying infrastructure.

Funding Allocation: $35-51M

Property Conversion for Transitional or Long-Term Housing[1]

Provide direct grant funding to quickly develop and build transitional housing for those leaving congregate settings (i.e., criminal justice, hospital, shelter) or fleeing dangerous home environments, for those who are experiencing homelessness with behavioral health needs, or to address local community housing needs for populations disproportionately impacted by COVID-19. This includes funding to rehabilitate under-utilized properties throughout the state by increasing direct funding for acquisition/conversion of motels/hotels, underutilized government-owned property, commercial properties, or other land or property for immediate conversion into non-congregate shelter, transitional, or long-term housing. It also includes set-aside or matched funds for operations to quickly help resolve homelessness and housing insecurity/instability. This recommendation utilizes the authorization and funding mechanism created in SB21-242. If possible, funds should be aligned with Behavioral Health Transformational Task Force funding to provide behavioral health and wraparound services. This may include seed funding and grants for short-term rental assistance programs to help with operational costs.

Funding Allocation: $N/A

Permanent Supportive Housing and Supportive Services Fund[1]

Provide direct grants to fund the development or creation of permanent supportive housing for individuals experiencing homelessness and those living with disabilities, including behavioral health disorders. Align funds with Behavioral Health Transformational Task Force funding to provide wraparound services. Invest in long-term supportive services funds for existing affordable housing programs that do not have tenancy support services funding to keep people stably housed.

Funding Allocation: $N/A

Innovative Housing Incentive Program

In alignment with the Governor's budget priority to invest in the Innovative Housing Incentive Program, provide direct funding in combination with local government ARPA funds to attract, encourage, and support the implementation and construction of prefabricated housing (i.e., modular, 3-D printed, manufactured, kits, etc.) in diverse geographic areas of the state where

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[1] The Task Force strongly supports the recommendations for "Property Conversion for Transitional or Long-Term Housing" and "Permanent Supportive Housing and Supportive Services Fund," but didn't allocate specific dollar amounts with the expectation that the Task Force on Economic Recovery and Relief will provide $200M of funding for the Governor's budget proposal on homelessness, which largely overlaps with these recommendations. This curtails a duplication of efforts. It should also be noted that both of these priorities are recommended by the Task Force as eligible uses of the funds within the revolving loan and grant funds. Lastly, it is expected that funding allocated from the Task Force on Economic Recovery and Relief will compliment the nearly $25M in HOME-ARP funding directly allocated to DOH, the $15M given to HCPF through the HCBS program to support a social impact bond program, the nearly $43 million given directly to local governments through HOME-ARP to address homelessness, as well as other sources of funding received by DOLA.

communities have been disproportionately impacted by COVID-19 and have traditionally lacked access to affordable housing and housing resources. Support opportunities for sustainable, green, and highly energy efficient developments.

Funding Allocation: $40-48M

CHFA Middle Income Access Program

Provide $25M for CHFA's Middle-Income Access Program (MIAP) to fund an increased investment for missing middle, workforce housing. MIAP serves middle income families and individuals (often referred to as the "missing middle") with incomes too high for LIHTC units but who are often overburdened by market rents. Typically, the missing middle is comprised of renters whose income is between 80-120%(AMI. MIAP loans are currently funded by CHFA's Housing Opportunity Fund, which has insufficient dollars to meet the need. Despite this, there is a high degree of interest in this program due to its successes where funding was available, and additional funding would expand both MIAP and its marketing reach.

Funding Allocation: $25M

Guidelines for Funding Distribution

The following guidelines for agencies administering ARPA funds were developed by the Subpanel and adopted by the Task Force. They acknowledged that all funding decisions made by the administering agencies of these funds in Colorado should be made pursuant to the most current federal regulations and guidelines promulgated by the U.S. Department of Treasury, and that the following considerations are secondary to any federal guidance. Guidelines are organized to reflect the funding criteria with which the Subpanel evaluated each recommendation: funding flexibility, funding timeliness, ability to leverage other funds, and potential for equitable distribution. These do not reflect any order of prioritization.

Project Prioritization

Consistent with federal guidance, DOH, CHFA, and other administering agencies should give preference to projects and initiatives responsive to local priorities and needs, particularly those that:

- Ensure long-term affordability.
- Have sustainable energy impact of green build component.
- Are in geographically diverse communities actively working to reduce barriers to development of affordable housing (i.e., similar approaches as identified in HB21-1271).
- Have a measurable impact on workforce development.
- Are targeted to and/or have involved specific impacted populations identified in the Subpanel Funding Recommendations, federal regulations/guidance recognizing that all projects and initiatives must be responsive to communities disproportionately impacted by COVID-19.
- Seek to prevent involuntary displacement.[2]

Recommendations for Agencies to Help Ensure Flexibility

The Task Force and Subpanel identified flexibility of ARPA funds as critical to enable adaptability for local housing needs/conditions and to allow administering agencies additional discretion as they disburse funds.

- Ensure grant and loan applications are easy to access, straightforward, and streamlined.
- Allow for Area Median Income (AMI) flexibility in geographic areas where cost of living and income standards are not consistent with current AMI restrictions, especially in rural and rural resort areas.
- Make/provide considerations for non-entitled communities and communities that have traditionally not had access to state funds.[2]
- Provide flexible capital resources beyond tax credit projects.[2]
- Avoid strict requirements for all projects (i.e., do not require high-density development or ADUs where not a necessity for communities).

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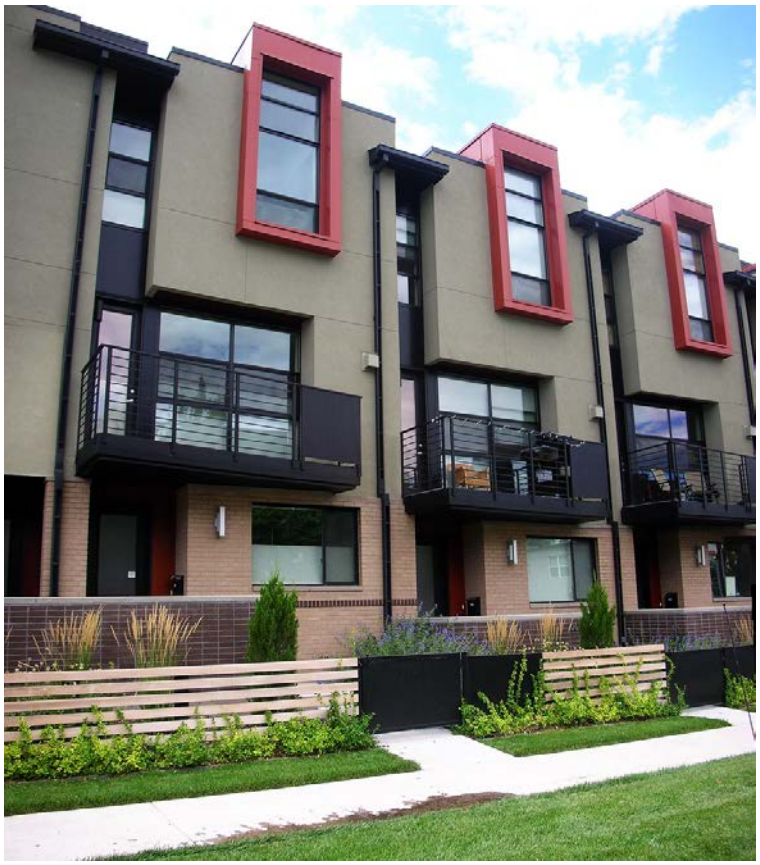
[2] Indicates alignment with the Strategic Housing Working Group's recommendations. Note: Many funding recommendations previously made by the Subpanel also align with SHWG recommendations but are not discussed here.

Recommendations for Agencies to Ensure Timeliness of Funding

In addition to flexibility, the Task Force emphasized the importance of timely funding to address immediate housing needs produced or exacerbated by the COVID-19 public health emergency.



- Fast-track applications, contracting, and distribution of funds.
- Report out regularly on availability of funds, pending applications for funds, and anticipated recapture of funds.
- Provide funding to administering agency for capacity, staff, expertise, technical assistance, etc.[2]
- Provide direct funding instead of only gap financing and loan funds.
- Reduce partnership requirements depending on local community capacity and reduce need to engage in lengthy processes for receiving intergovernmental agreements.

Recommendations for Agencies to Ensure Leveraging

Given that ARPA funds are one-time dollars, the Task Force encouraged they be leveraged to the greatest extent possible to maximize transformational change in Colorado.

- Administer loans and grants for specified programs through DOH and within current mechanisms.
- Administer loans beyond DOH programs/mechanisms through CHFA.
- Lend at low interest or below market loan rates (i.e., 0.5-1.0%).
- Educate borrowers and lenders on the process and timeline for recuperation of funds for re-use.
- Provide timely public reports of timeline for recapture of funds for organizations to plan for applying for funds.
- Ensure that all unused funds revert to the Housing Development Grant Line or other ARPA funding lines with insufficient funds to meet the need.

Recommendations to Ensure Equity

The Task Force identified equitable funding distribution as critical in order to effectively respond to the mandate of addressing disproportionate impacts from COVID-19.

- Prioritize/ensure development for populations most in need, including those at risk of or experiencing housing insecurity or with historical barriers in accessing safe, quality housing.
- Ensure development is provided across the housing spectrum through AMI targeting and/or projects targeting specified project types for identified populations in need.
- Reduce barriers for organizations and households (i.e., use funds consistent with HB21-1054).
- Identify non-traditional partners working with targeted populations.
- Invest in property that could be used for future development.
- Invest in targeted outreach and education to ensure resources reach out to and meaningfully engage marginalized communities.
- Evaluate projects by geography.[2]
    - Per unit subsidies should align with community attributes and standards.
    - Consider impact of Short-Term Rental market on affordable housing.

Other Considerations

Finally, the following three considerations were identified as important but didn't fit into the previous criteria.

- Evaluate projects by their intended outcomes and actual impact on communities and populations.
- Use funds to support recipient organizational capacity, staffing, and expertise to expend the funds quickly and efficiently.
- Set targets for how funds will be distributed.(i.e., for permanent supportive housing and 30% AMI and below rental, traditional/LIHTC rental and preservation, for property conversion and/or transitional housing, and for homeownership or rehabilitation). Regularly report on progress.

Policy Ideas that Achieved Consensus for Inclusion

In addition to previously identified funding priorities and guidance, the Task Force adopted the following six policy recommendations that came from the Subpanel via a vote of consensus. While some policy ideas have a potential fiscal impact, their inclusion here does not represent a commitment to ongoing funding.

Expand the State Tax Credit Program: The housing tax credit program administered through CHFA is a well-utilized and a proven resource in supporting the development of affordable housing. Having more tools to expand affordable rental housing is critical, and we also need a similar tool to increase home ownership production.

Establish a Standing or Interim Committee or Task Force on Housing and Homelessness: Affordable housing will continue to be a critical issue in Colorado and merits specific focus from the legislature. A standing body can ensure streamlining and evaluation of housing legislative initiatives and alignment with any goals and strategies identified by administrative agencies. Key members on such a committee should include legislators, agency and organization staff, local government representatives, and practitioners.

Provide Funding for the Division of Housing within the Department of Local Affairs to Update and Expand a Statewide Housing Needs Assessment: The intent of such an assessment is to incorporate and consolidate existing data resources and local needs assessments in support of HB21-1028. Once established, the Division should provide regular (e.g., annual) public reporting. Important data to come from a statewide needs assessment could include recent (e.g., past 5 years) affordable housing trends, amount and type(s) of affordable housing lost to the market, and existing gaps along the affordable housing continuum. The data could be provided in a dashboard and should align with housing production and preservation goals to demonstrate progress towards those goals. Support to local governments that have or are able to conduct a local housing needs assessment will: ensure existing datasets are up to date and fill data gaps for those local governments with current or in-process assessments; provide incentive to those without a current or in-process assessment; and allow funding for regional needs assessments where local governments indicate a desire to approach housing from this broader perspective.

Ensure Sustainable Funding for Supportive Services, and Integration with Affordable Housing: Fund the current and ongoing need for supportive services. Current state efforts are underway to align funds for supportive services, including an effort by the Behavioral Health Transformational Task Force for "bridge" funding support before the establishment of a long-term solution. Create an ongoing supportive services fund or funding mechanism in partnership with Division of Housing (DOH), the Office of Behavioral Health (OBH), and the Department of Health Care Policy and Finance (HCPF) for a full range of wraparound services and expanded provider types. Require DOH to fund supportive services until such time that a supportive services fund is created for new and existing affordable housing projects. Identify options to sustainably fund supportive services, including putting services "above the line" in operations budgets, and enabling housing providers to receive reimbursement for tenancy support services through sources other than limited housing funds.

Address Short-Term Rentals: Short-term rentals (STRs) have affected the affordable housing market in many Colorado communities, especially in mountain and resort communities. Examine the work of the Legislative Oversight Committee Concerning Tax Policy and Task Force in developing data-driven recommendations for STRs.

Ensure Statewide Homelessness Prevention and Resolution: Develop a statewide strategy for homelessness prevention and resolution that is responsive to and takes into account unique local community needs. Examine the potential for sustainable funding for the Office of Homelessness Initiatives and community partners to assess, create, adopt, and implement a flexible state and local government plan with identified goals to respond to individuals and families experiencing homelessness.

Additional Policy Ideas Discussed

The following issues and concerns were discussed by the Task Force and Subpanel, but did not reach consensus; they are included here as a record of those discussions.

Study of State and Local Factors Impacting the Development of Affordable Housing

- Provide one-time funding for a study of state and local laws, ordinances, regulations, permitting practices, and fees that contribute to or impact the development of affordable housing. The study should identify both barriers and best practices in the development of affordable housing.
- The study should be a collaboration between state and local government entities, should take into consideration any currently available assessments or evaluations, and should include analysis on home-rule and state authority issues.
- The study must be sufficiently robust to provide the information necessary to consider well-informed action and avoid unintended consequences.
- Support for such a study potentially reducing regulatory burden of building affordable housing was expressed. It could provide additional context for elected officials.
- Concerns were raised about whether such a study would provide meaningful data beyond that of a statewide needs assessment, how unique local nuance would be taken into account, and whether this would be an effective use of limited funds.

Statewide Contractor Licensing and Land Use Policy

- Consider statewide zoning incentive programs. The Subpanel was divided on whether local entities should be incentivized to eliminate single-family zoning limits.
- Consider a statewide contractor licensing program. No concerns were raised about a statewide contractor licensing program.
- Consider a statewide building code similar to requirements already instituted for modular housing. Concern was expressed about a statewide building code, and whether it could be effective at meeting local needs.
- Adopt a land use policy, like the 99-year ground lease, that ensures the affordable housing preserved or built today with state and federal dollars will always be a community asset.

First Right of Refusal (Renters and Nonprofits/Developers)

- Assess the feasibility of Tenant Opportunity to Purchase Act (TOPA) and Community Opportunity to Purchase Act (COPA) as a method to limit the loss of existing but expiring affordable housing to the market. Concern was expressed that the first right of refusal could lower property values and/or discourage investor and lender buy-in. It was also mentioned that for existing agreements, this is shifting the ground to which the owner agreed.

Data and Systems Integration

- Design, develop, integrate, and sustain the state's public data infrastructure aimed at identifying and supporting needed investments; support interagency coordination; and track the impact of the state's affordable housing programs.

Workforce

- Incentivize employers (via payroll tax credits or rebates) in diverse geographies to recruit and train skilled workers in housing related industries with intentional effort to provide training, recruitment, and utilization of diverse workers who are under-represented.

- Consider apprenticeship utilization requirements in conjunction with the State Apprenticeship Agency for qualified projects, with a goal of long-term workforce development.
- Coordinate with the Economic Development Task Force to meet workforce and affordable housing funding priorities.

Construction Defect Laws

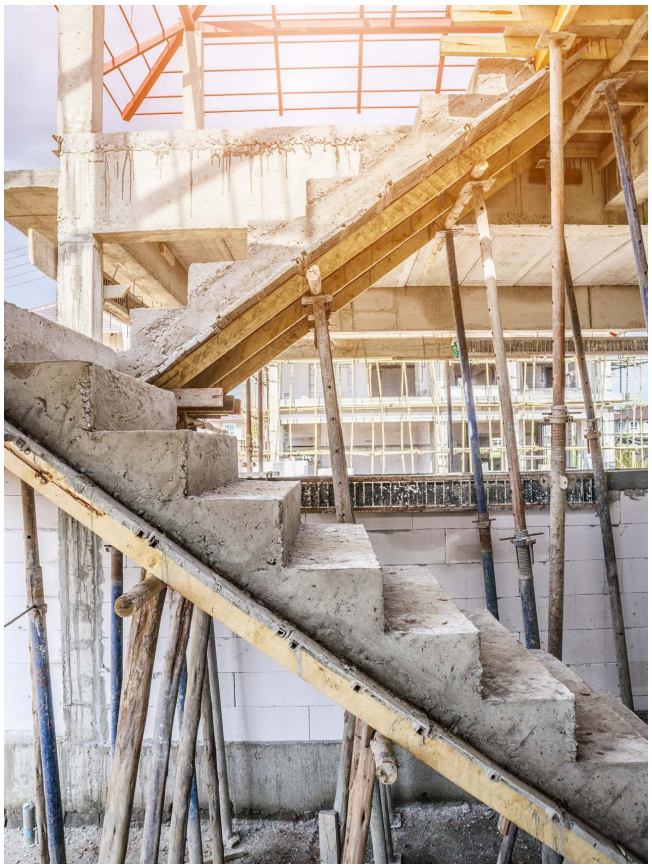
- Recognize that Construction defect laws are an existing policy issue that many developers indicate adds to for-sale costs. Support any examination underway of existing Construction Defect laws to determine if more market-provided for-sale affordable housing opportunities exist while still providing consumer protections.
- Concerns were raised about the balance between developer and consumer roles in construction defect laws, and whether to acknowledge this since other efforts are underway to address it.

Land Banking

- Prioritize the use of land banking and land trust strategies for long-term affordable housing planning and development.
- Recognize the difference between land trusts and land banking — land banking is a longer-term strategy to ensure affordability.
- Concern was raised about the lack of discussion time on this item.

Intergovernmental Agreements

- Eliminate the requirement for Intergovernmental Agreements **(**IGAs) to receive funding unless they are federally required, and eliminate “service area/ territory" especially for DOH & CHFA funded projects, including weatherization.



Subpanel Chair Brian Rossbert and Vice Chair Cathy Alderman speaking to the Affordable Housing Transformational Task Force.

Conclusion

The final recommendations approved by the Affordable Housing Transformational Task Force are expected to make housing more affordable in Colorado and save people money on housing costs. With state revolving loan fund dollars continuing to feed Colorado's affordable housing needs, these one-time ARPA funds will support the creation of affordable housing over the next several years. The flexibility and opportunity to match ARPA funds with local resources will open pathways for even the most challenging housing projects to break ground. It will support communities across the state and where the need is greatest. These recommendations will make a real difference for the many thousands of Coloradans who struggle to find stable and affordable places to live.

Members of the Task Force from both the General Assembly and Executive Branch agencies are broadly united in taking these critical steps to meet this need. This overwhelming level of agreement resulted from a unique process conducted and led by Colorado's General Assembly. The Affordable Housing Transformational Task Force of legislative and executive branch members, supported by an expert Subpanel, was a powerful mechanism to build broad consensus and understanding.

It is with great appreciation of the approximately 1,000 hours of time by Task Force members and volunteer Subpanel members that these recommendations are submitted to the Executive Committee of the Legislative Council and Governor Polis.

Appendix A. Guidance & Foundational Framework for Developing Recommendations

Guidance on Establishing Recommendations

At the first hearing of the Task Force, members agreed on guidance for the Subpanel to guide the development of recommendations. The Task Force determined that funding and policy proposals should meet the following guidance (listed in priority):

1. Be transformative for the long-term.
2. Address populations in need, especially those experiencing systemic disparities (e.g., redlining).
3. Are one-time funding proposals with no or very little out-year costs, or with a financing plan that doesn't increase the state's structural deficit (e.g., reallocating from less effective existing programs).
4. Leverage local, private, and federal dollars, including public-private partnerships.
5. Are evidence-based, and/or best practices in other states, or with certain communities or partners.
6. Are community-based solutions informed by the uniqueness of that community.
7. Are culturally and linguistically informed and relevant.
8. Are consumer-driven, with a strong voice from those most impacted and involved in the affordable housing system.
9. Address the full continuum of affordable housing supports, from prevention to high intensity.
10. Fill the gaps in services, policies, and programs.
11. Are innovative and flexible, when appropriate.

Members of the Task Force also defined transformational change, its top priority, as follows (and in no specific order):

- **Builds Wealth**: Ensures anyone can access housing where they need it, and that they aren't pushed out of current housing due to increasing property values or other market pressures, creating the opportunity to build intergenerational wealth.
- **Revitalizes Housing Stock**: Increases housing supply across all price points, especially workforce, transit-oriented, extremely low-income, and middle-income housing, and invest in the preservation of existing housing.
- **Be Affordable**: Ensures that anyone can access housing for less than 30% of their household income.
- **Be Sustainable**: Ensures that housing development is balanced with the preservation of Colorado's natural landscapes, and that new housing is constructed to be energy efficient or zero energy to reduce or eliminate utility expenses. It is important that new affordable housing investments are strategically located and constructed in ways that will both reduce residents' overall costs of living, by minimizing expenditures for energy and transportation, and will support the state's goals for reducing air pollution and greenhouse gas emissions.
- **Overcomes Disparities, Especially Systemic**: Reconfigures housing to undo historic racism, including redlining, low appraisal rates, subprime loans, predatory practices, etc., to ensure that marginalized people no longer suffer the most for affordable housing.

- **Removes Obstacles**: Does away with unnecessary regulatory barriers (parking requirements, occupancy limits, exclusionary zoning, etc.) to both development of and access to affordable housing, especially near jobs or transit.
- **Addresses Homelessness Quickly**: Provides simple access to intentional, statewide resources to quickly and effectively get people experiencing homelessness housed and provide access to critical supportive services.
- **Be Integrated with Other Systems**: Create a system in which housing is integrated with funding and other systems to rapidly re-house people, and with behavioral health and other wraparound services to continue to support them once housed.

Foundational Framework

Once the guidance was developed, a foundational framework was adopted by the Task Force and Subpanel to focus the recommendations. This foundational framework A) defines affordable housing in the context of their work, B) identifies gaps contributing to Colorado's housing crisis, and C) outlines four strategic priority areas and establishes a vision statement. Furthermore, ARPA Guardrails were used to ensure that the recommendations fit within the federal act. The foundational framework deliberations ultimately led to the set of recommendations approved by the Task Force.

A. Definition of Affordable Housing

The following definition outlines the major facets of affordable housing:

> A consideration of the term "affordable housing" must include an evaluation of the **full continuum of housing needs** for all people, including those experiencing homelessness, those seeking attainable, accessible, and stable rental housing, and those entering home ownership for the first time. While certain programs and/or funding sources are tied directly to defined standards of affordability, the Subpanel recommended that, to the extent possible, a guiding definition of affordable housing for new programs, services, and developments with the ARPA funds should recognize that affordability is tied to people and not to the market. **People should not have to spend more than 30% of their income on housing costs**, inclusive of rent or mortgage and utilities. When affordability must be tied directly to AMI because of program or funding requirements, it should be **responsive to the unique characteristics of that community** (i.e., is it a resort community? Do AMI standards adequately address the workforce? Are there considerations for populations on fixed incomes?). Affordability should also include a sustainability and stability component to **ensure that long-term affordability** can be achieved for both rental and home-ownership opportunities.

To generate this definition of affordable housing in the context of this work, Subpanel members were asked to respond to the question: "What does affordable housing mean to you?" The responses and discussion led to the above definition and adoption by the Subpanel and Task Force.

B. Identified Gaps

Four important areas in which ARPA funds could make a transformative impact were identified. Current local, state, and national data sources should be used to define the following gaps in Colorado's affordable housing crisis:

- Gaps in supply for both rental and home ownership units by income groups.
- Gaps in funding sources for housing development opportunities.

- Gaps in infrastructure needs, the labor market, and supply needs for development.
- Gaps in systems that, with reform and support, could more effectively connect people to housing opportunities.

Similar to above, these gaps were identified by asking Subpanel members the question: "Where are the biggest gaps?"

C. Strategic Priorities

Early on, the Subpanel discussed what an ideal future state of affordable housing would look like in Colorado, and strategies and mechanisms that could be used to manifest that future state. The ideas generated through this discussion coalesced around four strategic priority areas, which the Subpanel and Task Force used to develop and categorize recommendations.

Expand Capacity

- Increase access to flexible capital sources and other funding mechanisms that incentivize innovation and reduce costs.
- Align critical infrastructure investments with housing investments.
- Increase new supply of traditional and nontraditional affordable housing units (rental and ownership).
- Align subsidies and vouchers with unit development whenever possible.
- Purchase land and property to secure them for future development.
- Expand capacity through system changes/regulatory framework.
- Evaluate and secure additional sources for funding for ongoing capacity investment.

Stabilize Existing Affordable Housing

- Keep people housed through investments in emergency rental assistance and mortgage programs that will remain available long-term.
- Enhance market stability by purchasing and preserving existing affordable housing supply (rental and ownership).
- Invest in housing interventions that are specifically tailored to the population being served, including seniors, people living with disabilities, and households with other distinct needs.
- Use policies/covenants and other tools to ensure long-term affordability.
- Implement strategies to reduce the impacts of involuntary displacement.

Strengthen the Safety Net

- Invest in solutions to address housing insecurity and instability to prevent people from entering the cycle of homelessness.
- Invest in transition planning and services for people exiting certain institutions (systems shouldn't be able to discharge people into homelessness).
- Invest in homelessness resolution for those who are experiencing it today with flexible vouchers, alternative or transitional housing, and long-term supportive housing options.
- Reduce the long-term detrimental effects of homelessness on people and communities through enhanced integration of homelessness support systems with other safety net systems and ongoing supportive services policies and funding.

Ensure Equity and Access

- Prioritize historically and disproportionately affected households and communities for investment.
- Invest in statewide housing assessment and long-term strategies to evaluate and respond to housing inequities.
- Promote equitable access to homeownership and rental housing that accounts for transportation, climate, and other community needs through:
    - Inclusionary policies.
    - Innovative and creative tools for affordable, accessible homeownership, including loans.
    - Land trusts and land-banking, economic co-ops, protection of renters/tenants.
    - Expansion of flexible rental vouchers and subsidies.
    - Reduced barriers to access for resources, housing, and subsidies.

In addition to the four above priorities, the Task Force adopted a foundational statement to highlight the interconnection between priority areas and to identify an ideal future state of housing in Colorado:

> Access to affordable, safe, and attainable housing for all, via rental or home ownership, in order to prevent homelessness and housing instability and allow all community members to thrive. When homelessness and housing instability are unavoidable, ensure there are systems in place to make the experience rare, one-time, brief, and quickly resolvable. Solutions to be proposed to the Affordable Housing Transformational Task Force, and ultimately the General Assembly, will be policy or funding oriented.

American Rescue Plan Act of 2021 Guardrails

The following guidelines provided by the Office of Legislative Legal Services were used during this process concerning 1) the permissible uses of money allocated to the state for housing purposes under ARPA; and 2) whether ARPA or its accompanying regulations provide any specificity as to the populations, households, or geographic areas disproportionately impacted by the COVID-19 public health emergency.

1) The federal money received by the state must be broadly used to build stronger communities through investments in housing and neighborhoods to assist those disproportionately affected by COVID-19. Such eligible uses encompass programs or services that alleviate the immediate economic impact of COVID-19 on housing insecurity, as well as programs or services that address conditions that contributed to poor public health and economic outcomes during the pandemic, namely concentrated areas with limited economic opportunity and inadequate or poor-quality housing.
2) The ARPA Regulations make clear that the effects of the pandemic have most severely fallen upon low-income communities, people of color, and tribal communities and, therefore, those are the persons disproportionately impacted by COVID-19. As low-income communities, people of color, and tribal communities are concentrated in certain qualified census tracts (QCTs), the ARPA Regulations specify a presumption that certain types of services, are eligible uses of ARPA funds when provided in a QCT to families and individuals living in a QCT, or when those services are provided by tribal governments. These services may also be provided to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately impacted communities, a recipient of ARPA funds must be able to support their determination that the pandemic resulted in disproportionate public health or economic outcomes to the specific populations, households, or geographic areas to be served.

Appendix B. The Process

The process of developing recommendations to create transformational change in Colorado's affordable housing sphere was designed to be deliberative, iterative, and transparent (Figure 1). Supported by Wellstone Collaborative Strategies' facilitation team and Legislative Council Staff, the Task Force and Subpanel took a broad approach to understand and identify historic and current trends in affordable housing, the current state of the affordable housing crisis in Colorado, the exacerbating impacts of COVD-19, and what an ideal future state of affordable housing in the state might look like. This initially broad approach narrowed as the two bodies identified four key priority areas of focus and began crafting recommendations that addressed the manifold challenges faced by Coloradans. Incorporating input from the public, and with multiple iterations passing between the Task Force and Subpanel, the recommendations became more refined, while still remaining flexible. They concerned how the ARPA funds could best be spent, what kinds of policies might be necessary to enable effective use of funds, and how to alleviate non-funding related housing issues. By the final meeting, the Subpanel and Task Force came to consensus-minus-one on all funding recommendations and allocations, guidance for administering agencies, and six additional policy concepts.

The Task Force

The Task Force was comprised of 16 members, including legislators from both parties of the House and Senate, as well as six agency directors or their representatives (See Appendix D for full list). They met seven times from August 19, 2021 to January 6, 2022 to deliberate and vote on the final set of recommendations included in this report. To achieve the final recommendations, the Task Force completed the following:

1. **Defined transformation and charged the Subpanel:** During their first meeting, Task Force members collaboratively identified what transformative change in affordable housing could look like in Colorado. Based on this definition, they drafted a charge to the Subpanel to guide the development of recommendations.
2. **Received learning presentations on the state of affordable housing:** Throughout the process, the Task Force received presentations from various state agencies, including the Department of Local Affairs, DOLA's Division of Housing, Colorado Housing and Finance Authority, Colorado Energy Office, and the Office of Economic Development and International Trade. All presentations can be found on the AHTTF legislative site.
3. **Adopted a foundational framework and provided feedback to the Subpanel on Priority Areas:** At their second meeting, the Task Force adopted the foundational framework developed by the Subpanel, including a definition of affordable housing, gaps in the system to be addressed, and guidelines related to the use of ARPA funds. In addition, Task Force and Subpanel members collaboratively refined the four Priority Areas.
4. **Considered input from the public input survey:** The Task Force was presented with the results of the public input survey to consider in the context of the four priority areas.
5. **Deliberated on the first draft recommendations from the Subpanel:** The Subpanel Chair and Vice Chair, with support from various Subpanel members, presented each funding recommendation to the Task Force for their consideration, including the full text of the recommendation, average recommended funding ranges, and the extent to which each addressed the four priority areas and four additional criteria. These included the potential for transformation, ability to leverage other funds, ease of funding distribution, and funding

flexibility. Following the presentation, the Task Force provided feedback and directed the Subpanel to develop second draft funding recommendations.

6. **Heard public testimony on draft recommendations:** Over two meetings, the Task Force heard from members of the public, including individuals with lived experience as well as housing advocates and experts, on each of the draft funding recommendations.
7. **Considered the Governor's affordable housing priorities:** After the release of the Governor's State Budget Proposal, members of the executive branch presented affordable housing related budget priorities to the Task Force. These were considered in context with the funding recommendations developed by the Subpanel.
8. **Deliberated on the second draft recommendations from the Subpanel:** Considering the feedback from the Task Force on the first draft of funding recommendations, the Subpanel revised the package and presented the second draft of funding recommendations to the Task Force during their meeting on November 30. Similar to the first draft, this presentation included the full text of each recommendation, recommended funding ranges, and an evaluation of how the revised recommendations addressed the priority areas and other criteria.
9. **Voted on the content of funding recommendations:** In the same meeting, the Task Force debated and voted on the content of the second draft of funding recommendations. This final funding package combined Subpanel recommendations and Governor's Office budget requests.
10. **Considered impact metrics:** Metrics were developed based on historic data to provide rough estimates per recommendation for how many affordable housing units might be created, preserved, stabilized, or maintained.
11. **Voted on allocations for funding recommendations:** After considering the impact estimates, the Task Force discussed and voted on final funding allocations for each of the recommendations moved forward by vote from the previous meeting.
12. **Considered the Guidelines for Funding Distribution and Policy recommendations from the Subpanel:** Once a funding package had been finalized, the Task Force considered both guidelines for agencies administering ARPA funds and policy recommendations and ideas developed by the Subpanel.
13. **Voted to approve a concept draft of the report:** In their final meeting, the Task Force reviewed and voted to approve a draft of the report in concept.

The Subpanel

The Subpanel was comprised of 15 members representing various organizations and geographies, and with a breadth of affordable housing expertise and experience (See Appendix D for full list). They met 13 times from September 1 through December 15, 2021, to develop funding and policy recommendations for consideration by the Task Force (Figure 1).

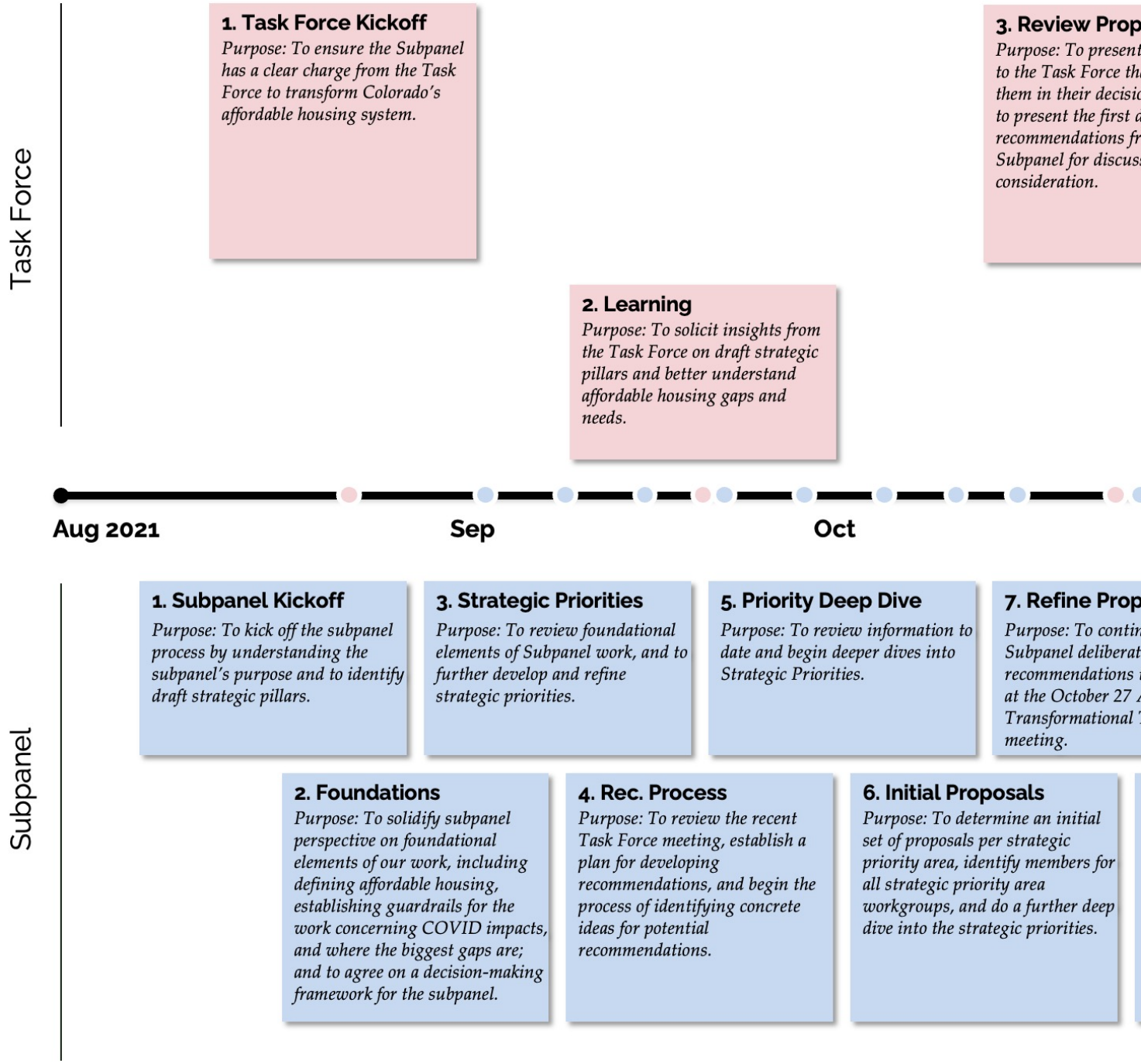
Developing Funding Recommendations

The Subpanel underwent a structured and deliberative process to arrive at their final set of recommendations for Task Force consideration. Beginning with the foundational framework developed during their first two meetings (detail in Introduction), the Subpanel completed the following:

1. **Refined the four Priority Areas:** After identifying the four priority areas of Expand Capacity, Stabilize Existing Affordable Housing, Strengthen the Safety Net, and Ensure Equity and Access in their first two meetings, the Subpanel further refined them. They defined what transformational change would look like for each area. They also identified which important

Colorado Affordable Housing Tran

Process Summary



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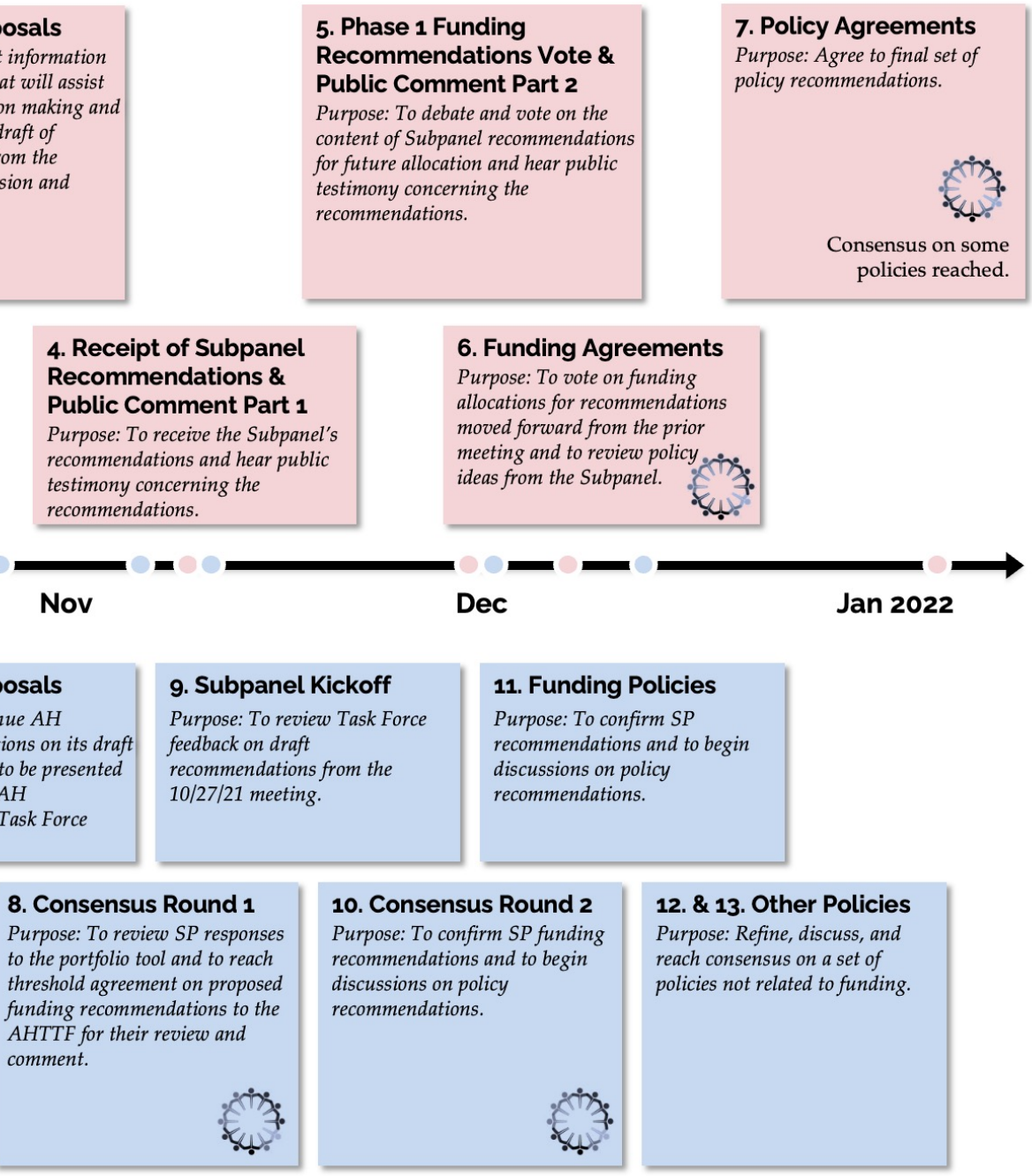

Figure 1: Summary timeline of the iterative process and coordination between the Task Force and Subpanel

policy and funding areas each priority area could address. These fleshed out Priority Areas were presented to the Task Force for feedback and discussion during a joint meeting on September 21, 2021.

2. **Received Task Force feedback on Priority Areas:** Feedback from the Task Force largely supported the direction the Subpanel identified as the four strategic priority areas, with some important new additions and considerations for each.
3. **Generated specific policy and funding ideas:** During their fourth meeting, Subpanel members generated specific funding and policy ideas via survey (see p. 17 for policy). The Subpanel Chair and Vice Chair, with support from Wellstone, compiled and organized the ideas into categories for discussion and prioritization in future meetings.
4. **Prioritized recommendations:** The Subpanel used virtual "dot" polling to assist the them in prioritizing ideas generated via member and public surveys. The highest-priority categories for each Priority Area were identified and taken for further discussion. As funding recommendations were the primary focus of the Subpanel, per a request from the Task Force Chair, policy recommendations were considered near the end of the process (see the following section for details on Policy).
5. **Identified strategies, questions, and concerns about prioritized recommendations:** After prioritizing, Subpanel members further refined high-priority categories with the goal of providing workgroups a clear starting point developed by the entire group. While workgroups were soon after deemed unnecessary, the refinement process was nonetheless a critical step in drafting the first set of funding recommendations. Important takeaways included key strategies to develop, what additional details to include, and questions and concerns related to each category.
6. **Reviewed drafted recommendations:** The Subpanel Chair and Vice Chair drafted an initial set of funding recommendations based on previous discussions and prioritization. The Subpanel then discussed each recommendation in detail during their seventh meeting. They focused on whether the list fully and accurately captured the breadth of prioritized recommendation ideas, the problem each recommendation was striving to address and the intended impact, the extent to which recommendations could make a transformational difference for Coloradans experiencing housing insecurity, and whether the recommendations successfully responded to the mandate of the Subpanel.
7. **Identified how draft recommendations align with priorities and criteria:** Using a portfolio tool developed by Wellstone, Subpanel members had the opportunity to anonymously rank how each recommendation met the four priority areas. Additionally, members evaluated recommendations on their potential for transformation, ability to leverage other funds, ease of funding distribution, and funding flexibility. Finally, members identifies a percentage of ARPA funds they would like to go to each recommendation, including their description of any justifications or concerns (Appendix A). All Subpanel members participated, and individual results were compiled and summarized in the tool for discussion.
8. **Prepared first draft package of funding recommendations:** Subpanel members had an opportunity to discuss the results of the Portfolio Tool, including whether there were concerns about the funding ranges or criteria/priority alignment, pros and cons per recommendation, and any justifications to move lower ranked recommendations up. The Subpanel discussed at length the most effective way to present these results to the Task Force before the document was finalized (see Appendix C).

9. **Presented first draft package of funding recommendations to the Task Force:** Subpanel members supported the Chair and Vice Chair in presenting the first package of recommendations to the Task Force.
10. **Reviewed Task Force feedback on first draft package and prepared a second draft:** After receiving feedback from the Task Force and considering the input from the public received via the Public Input Survey, Subpanel members refined and streamlined a second funding recommendation package, similar to step 6, and completed a second Portfolio Tool to evaluate the rewritten recommendations in the same fashion as step 7. This second draft package of funding recommendations was the final product of the Subpanel's deliberations and was transmitted to the Task Force for deliberation, voting, and funding allocation. It passed the consensus-minus-one threshold.

Developing Policy Recommendations

In addition to funding recommendations, the Subpanel considered various policies to address Colorado's housing crisis. After developing the second and final funding recommendation package, the Subpanel:

1. **Discussed funding-related policy considerations:** Using previously prioritized policy ideas generated in steps 3 and 4 of the above *Developing Funding Recommendations* section, Subpanel members identified the most important policy ideas related to funding for the Task Force to consider. After identifying considerations for each policy idea, the Subpanel approved a set of funding-related policy considerations for administering agencies (found in *Guidelines for Funding Distribution*).
2. **Discussed non-funding related policy ideas:** In addition to funding-related policies, the Subpanel deliberated on non-funding related policies elevated from previous discussions via survey. The group came to consensus on six non-funding related policy ideas, and discussed several others without coming to consensus. The Task Force was provided a summary of each non-funding-related policy idea discussed by the Subpanel. In their final meeting, the Subpanel took Task Force feedback and continued discussion on a handful of the ideas that didn't reach consensus to see if the group could find common ground. Results of this discussion were shared with the Task Force at their final meeting for consideration.

Public Input Survey

After establishing the four Strategic Priority Areas and receiving Subpanel and Task Force feedback on them, Task Force and Subpanel leadership agreed upon the need to solicit feedback from the public. A public input survey instrument was developed by Wellstone and the Subpanel Chair and Vice Chair. The survey instrument received feedback from Subpanel members. It was deployed and active from September 29, 2021 through October 11, 2021. The survey was disseminated by Subpanel and Task Force members to their own networks, and by the Legislative Council Staff on social media and the Colorado Legislative Website.

The primary objective of the survey was to understand the extent to which the public supported each of the four priority areas, how they prioritized the tactics within each priority area, and whether anything critical was missing that the Subpanel and Task Force should consider. During the 13 days it was active, the survey received 715 responses from 46 of the 64 counties in Colorado. Quantitative and qualitative data was analyzed by Wellstone with volunteer support from PhD graduate Lorel Holsinger, and was presented to the Subpanel and Task Force by Wellstone (see Appendix E).

While the survey provided the Subpanel and Task Force with important information about the strategic priority areas and aspects of the housing crisis that should be focal points, there were a handful of limitations as well. First, because the survey was developed and deployed during, rather than prior to, the AHTTF process, it was more effective at confirming existing ideas rather than generating new ideas. Second, respondents were more likely to be those individuals already involved in housing issues in Colorado due to how the survey was disseminated via existing networks, meaning that individuals with lived experience, non-English speakers/readers, and those not connected to existing housing networks may have been underrepresented. Lastly, there were critiques from Subpanel members that the survey contained too much jargon and technical language, which could have further marginalized those same individuals as before.

Public Comment and Testimony

During their November 10 and 30 meetings, the Task Force heard public testimony concerning the draft funding recommendations under consideration. In addition to in-meeting testimony, members of the public also had the opportunity to submit letters and documents to the Task Force via the legislative website. The Task Force received over 40 submissions.

Appendix C. Subpanel Documents

The following documents comprise the body of work developed by the Subpanel, including each transmittal letter to the Task Force, and the original recommendations and evaluations put forth by this body for consideration by the Task Force.

1. Transmittal Letter #1, including the foundational framework and initial strategic pillars (referred to as strategic priorities in this document).
2. Transmittal of Initial Recommendations, including initial recommendation text, initial funding range, and criteria evaluation.
    a. Portfolio Tool #1, a summary of the evaluation of initial recommendations.
3. Transmittal Letter #3, including the second draft of funding recommendations and Portfolio Tool #2.
    b. Portfolio Tool #2, a summary of the evaluation of second draft recommendations.
4. Transmittal Letter #4, including recommended funding ranges.
5. Transmittal Letter #5, including final policy items for Task Force consideration.

Appendix D. Task Force & Subpanel Membership

Task Force Member	Affiliation
Rep. Dylan Roberts (Chair, December 2021 - Present)	CO State Representative
Rep. Dominique Jackson (Chair, August 2021 - December 2021)	CO State Representative
Sen. Julie Gonzales (Vice Chair)	CO State Senator
Sen. Jeff Bridges	CO State Senator
Sen. Dennis Hisey	CO State Senator
Rep. Iman Jodeh	CO State Representative
Rep. Andres Pico	CO State Representative
Rep. Steven Woodrow	CO State Representative
Sen. Rob Woodward	CO State Senator
Rep. Dan Woog	CO State Representative
Sen. Rachel Zenzinger	CO State Senator
Rick Garcia	Executive Director, Department of Local Affairs
Alison George	Director, DOLA, Division of Housing
Kristin Toombs	Director, DOLA, Office of Homeless Initiatives
Will Toor	Executive Director, CO Energy Office
Chantal Unfug	Director, DOLA, Division of Local Government
Cris White	Executive Director and CEO, Colorado Housing and Finance Authority

Subpanel Member	Affiliation
Brian Rossbert (Chair)	Executive Director, Housing Colorado
Cathy Alderman (Vice Chair)	Chief Communications & Public Policy Officer, Colorado Coalition for the Homeless
Steven Cordova	Executive Director, Tri-County Housing & Community Development Corporation
Andrew Hamrick	General Counsel and Senior VP of Government Affairs, Apartment Association of Metro Denver
Wanda Harrison	Senior Care Manager, The Second Chance Center
Kinsey Hasstedt	State & Local Policy Program Director, Enterprise Community Partners

Subpanel Member	Affiliation
Carl Koelbel	COO, Koelbel and Company
Eric Leveridge	Strategic Research Analyst, Colorado Jobs with Justice
Aaron Miripol	President & CEO, Urban Land Conservancy
Adam Paul	Mayor, City of Lakewood
Tawny Peyton	Executive Director, Rocky Mountain Home Association
Julie Piepho	President of Consumer Banking, Adams Bank & Trust
Tamara Pogue	County Commissioner, Summit County
Roberto Rey	Associate State Director for Multicultural Outreach, AARP
Paul Weissman	Senior Managing Director, Head of Affordable Housing Production, Lument

Appendix E. Additional Resources

The following presentations and reports provide extensive context for the historic and current state of affordable housing in Colorado, which was foundational to the Task Force's work of developing recommendations. All additional resources used during the process can be found on the AHTTF legislative website.

Public Input Survey

- Presentation to the Task Force. Analysis of the public input survey was presented to the Task Force at their October 27, 2021 meeting, including demographics, and quantitative and qualitative findings.

Governor's Budget Priorities

- Governor's Budget Priorities for Affordable Housing. Summary of Governor Polis' affordable housing priorities, including proposals for Strong Communities, Financing Green Energy Improvements for Affordable Housing, Housing Innovation Incentive, and CHFA's Missing Middle Income Program.
- Presentation on Governor's Budget Priorities for Homelessness Initiatives. Summary of Governor Polis' homelessness initiatives, including Competitive Grant Program, Denver Recovery Campus, Ridge View Recovery Campus, and Data Collection and Outreach for Homelessness Response.

Additional Reports and Presentations

- Strategic Housing Working Group Report. Final report of the SHWG, which was convened in September 2020 to discuss and make recommendations to the Colorado State Housing Board on long-term strategies to achieve the state's housing policy.
- Special Eviction Task Force Report. Final report of the SETF, which was convened in August 2020 to examine housing instability challenges due to COVID-19 and report these recommendations to the Governor.
- DOLA Presentation on Housing-Related Relief Funding. Summary of the various affordable housing related funding streams in use in Colorado, current and potential expenditures, and eligible uses.
- U.S. Department of the Treasury Final SLFRF Guidance. Final Rule from the U.S. Department of the Treasury on allowable uses of State and Local Fiscal Recovery Funds (SLFRF), commonly referred to in this report as ARPA funds.

Colorado General Assembly
Affordable Housing Transformational Task Force Website

https://leg.colorado.gov/committees/affordable-housing-task-force/2021-regular-session

Wellstone Collaborative Strategies