Housing Advisory Committee
December 6, 2023

1. **HAC Chair Pat Noonan takes attendance**
   Committee members in attendance in person or via Zoom: Pat Noonan, Mindy Mohr, Paul Bunyard, Andrew Heesacker, Roger Jones, Tim Rogers, Matthew Wedell, Harrison Wilterdink

   Committee members absent: Lisa Feret (excused)

   City staff present: Linda Haley, Carrie Espinosa, Jessica Garner, Samantha Bradley, and Lisa Snyder

   Others present: Mollie Fitzpatrick (Root Policy Research), Vanessa Bramante (Root Policy Research), Shawna Ambrose

2. **Updates from the City**
   - No Updates to report

3. **Strategic Plan Items**
   Root Presentation by Mollie Fitzpatrick

   Data Update: Housing Profile & Market Trends
   - Population and Households
     - Population Growth is similar to the Mero overall
     - Job growth far exceeded Housing init production
   - Housing Structure
     - Arvada's housing structure mix is weighted toward single-family (71% of all homes)
   - Sale Market Trends
     - Arvada households need an income of $199,000 to afford the median home price of $606,000.
   - Home Sales Price Distribution
     - Sharp Increase since 2017
   - Rental Market Trends
     - Between 2010 and 2021, Arvada rents rose 72% (from $900to $1,600) while renter incomes rose only 43%

   Housing Affordability
   - Cost Burden
     - Over half of all renters are cost burdened (spending 30% or more of gross income on housing)
   - Affordability Gaps Analysis: Rental
     - Rental Demand vs Rental Supply

- Affordability Gaps Analysis: Purchase
- Worker Affordability by Industry

Engagement: Status Update & Preliminary Survey Findings

- Key Engagement Elements
    - 10 to 15 interviews (and/or focus groups
    - Focus groups in the real estate and business community
    - Resident survey
    - Ongoing discussions with HAC
- Survey Responses
    - 973 surveys up from 598
- In-Commuters
    - Commuters not living here due to mostly affordability

Next Steps: Strategy Discussion

- Arvada's Top Housing Needs-2020 Study
    - Additional affordable rentals specifically for residents earning less than $35,000
    - Starter homes and family homes priced near or below $300,000
    - Increased diversity in housing stock
- How have things changed for 2023
    - Affordability gap increased from 2,275 units to 2,790 units
    - Acute need now goes up to $350 and Market undersupplies up to $450,000.
    - Increase in diversity is still a need

Strategic Approaches to address housing gaps: Affordability, Diversity & Stability

- Fund - Generate resources for affordable housing development, preservation and services
- Build - Support development of dedicated affordable housing
- Preserve - Work to maintain existing dedicated affordable housing
- Assist - Increase access to resident housing services through funding and tailored program development

Discussion

- What is the perception of the City's progress on housing actions to date?
- Where would you like to see more focus moving forward?
- What new strategies would you like to make sure are "on the table" for discussion?
- Topics discussed:
    - Incentives in Land Code
    - Administrative ease
    - Inclusionary Zoning
    - Metro Districts
    - ADUs
        - Incentifying ADUs
        - Difficult to get financed
        - Cohesion of Land Development Code and Building Code

        - Fresh look at Zoning and code
        - Availability on housing
            - Parking reform

4. **Strategic Plan Items**
   <u>Arvada Affordable Housing Fund</u>

    - **Affordable Housing Fund**
        - The Affordable Housing Fund (The Fund) is being used to offer grants and below market financing to projects in the development pipeline to help projects reach closing.
        - Sam created an Affordable Housing Fund chart listing:
            - Upcoming Commitments by Type, Project, year and Description.
            - 2023 Payments by Type, Project, Status and Description
            - Annual Interest, Anticipated Balance 2023 and Anticipated Balance, less upcoming commitments
    - **Recommended Principles of the Affordable Housing Fund (The Fund)**
        1. The Fund is intended to be a renewable source of funding for affordable housing in Arvada;
        2. The initial pool of funds was comprised of payments on loans and grants issued by the City or the Arvada Housing Authority over the last 40 years;
        3. Proceeds from affordable housing projects where the Housing Authorities affiliate, Arvada Housing Partner LLC participates as the Special Limited Partner will be added to the Fund
        4. Interest and Principal payments of loans made from the Fund will be added back to the Fund:
        5. Principal and Interest payments on loans made from the General Fund will be added to the AAHF
        6. Repayments from Federal or State Grants or Loans to restricted-income projects will be added to the AAHF subject to use restrictions
        7. Funds will be awarded to projects based on a competitive procurement process.
        8. All distributions must be approved by Council
        9. Uses and restrictions outlined for he AAHF may be altered to suit the needs of the current climate
        10. AAHF may be used as a supplement to other State, Local and Federal Funds procured by the City on the Project's behalf
        11. For CIty-Led affordable housing initiatives the AHA may at its sole discretion, use the AAHF to help cover soft costs as well as exploratory, predevelopment and acquisition costs

12. 2023 ONLY: Legacy Senior Residences and Marshall Pointe have been grandfathered into an award from the AAHF and will not undergo traditional procurement process
    1. Legacy Senior Residences: $840,000 - will be brought before Council on December 18, 2023 for approval and release of funds
    2. Marshall Pointe: $850,000 - conditionally awarded in July 2023; did not receive 2023 LIHTC Award

- **Recommendations for Eligible Projects**
    - **Threshold Criteria - Projects should meet this criteria to be eligible to apply.**
        - Project must demonstrate a plan to yield or rehabilitate income-restricted units
        - Borrowers must demonstrate a feasible repayment plan for the funds;
        - All distributions will include an interest payment set at a minimum of the Applicable Federal Rate (AFR)
        - Maximum loan term : 30 years maximum loan amortization: 40 years
        - Developer/Applicant Contribution to Permanent SouresNo changes to development plan following notification of award without City approval
        - <u>If Rental</u>: Government entity SLP
        - <u>If Acquisition Funding</u>: Property owner accepts a Restrictive Covenant on the land
    - **Priorities - Projects need not meet these criteria, but will likely be more competitive if they do.**
        - If a Rental: Arvada Housing Partner is the SLP Strategic Plan compliant
        - New construction or conversion of market rate units to income restricted
        - Lower funding request per unit
        - Funds can be released at Conversion/Lease-up instead of Pre-development or Construction
        - Funds used as a Bridge or have a short repayment timeline
        - “Significant” Developer Contribution to Sources - defined in individual application
        - “Shovel-ready”;
            - Property zoned
            - Fully funded

            - Environmental reporting and permitting process is expected to be complete by time of award
            - Applicant provides a proposal for loan terms that are more favorable to Arvada than the minimum terms outlined in the threshold Criteria

- **AAHF Award Withdrawal**
    - **AAHF Awards will be withdrawn for any of the following reasons:**
        - Construction Closing does not occur within the greater of 18 months or two funding cycles from Conditional Award/Greater of 36 months or three funding cycles if funds are used for Acquisition
        - Unapproved material changes to the development plan outlined in the funding application
        - Unapproved material changes to the capital stack that would impact the project's ability to make payments
        - Project is overfunded to where the Developer Contribution or funding from any other sources must be reduced or returned and such actions are taken without approval;it is the expectation that the AAHF Award will be reduced first so that the funds can be re-released to support other projects
        - Removal of AHP, LLC as the SLP without approval

- **Procurement Recommendations**
    - **Pre-Procurement**
        - Total available funds will be determined at the start of the Fiscal Year.
        - Notice of Available Funds (NOFA) will be written based on Threshold and Priority Criteria and published before the end of Q1
    - **Procurement**
        - Applications will be due 45 days following publication of the NOFA
        - Project evaluation and selection will be done by members of the City team
        - The Selected Project will be brought to the next HAC meeting for commentary
            - Harrison Wilterdink suggested that this provision be removed and other HAC members agreed
            - City stated that this provision will not make it into final policy
        - Funds will be conditionally awarded
    - **Post Award**
        - Loan terms will be adjusted to fit the deal
        - When project is ready to close on the funding, the City will bring its recommendation and HAC commentary to Council for approval
        - If approved, loan documents are executed and funds are released on the agreed upon schedule

                ■ If denied, appropriate adjustments are made until Council is ready to approve

- **Ongoing HAC Involvement with the AAHF**
  - **The HAC will be responsible for the following:**
    - Participation in coordination with the City team to determine overall Threshold and Priority Criteria
    - Providing commentary on the selected projects - **HAC member Harrision Wilterdink suggested striking this responsibility from the HAC's purview. HAC agreed to strike**
    - If needed, trigger a re-evaluation of the applicants **- HAC member Harrision Wilterdink suggested striking this responsibility from the HAC's purview. HAC agreed to strike**
    - Advertising the Notice of Available Funds (NOFA)

  - **The HAC will not be responsible for:**
    - Operational management of the AAHF
    - Writing or reviewing the NOFA
    - Evaluating and scoring applications
    - Making a conditional award recommendation
    - Negotiating loan terms for the selected Project
    - Presenting the final recommendation to Council
    - Withdrawing the conditional award should the project fail to meet the post-award requirements

      Additionally, per agreement by HAC:
      - **Providing commentary on the selected projects for conditional awards**
      - **Triggering a re-evaluation of the applicants**

- **Affordable Housing Pipeline and Status**
  - Arvada House - Under Construction
  - Legacy Senior Residences - Fully Funded, Closing set for Dec.31, 2023
  - Ralston Gardens Apartments - Under Construction
  - Vance Street Flats - Under Construction
  - Marshall Pointe Apartments - Pre-Development, was not funded in 2023 LIHTC funding round
  - Habitat for Humanity Townhomes - Pre-Development, seeking gap financing

    - Marshall Street Landing - Fully Funded, COmpleting Design Review and Permitting

- **2024 Work Plan**
    1. Alignment with Writing of Strategic Plan
    2. Q2: Elect Chair and Vice-Chair
- 2024 Tentative Work Plan
    - **2024 First Quarter - January-March**
        - Preliminary Strategic Plan Discussions
        - Announce who is interested in Chair and VC
    - **2024 Second Quarter - May-June**
        - Chair and VC Elections
        - Review of Draft Strategic Plan
        - Finalize recommendations to Council
        - Root Policy contract concluded
    - **2024 Third Quarter - July-September**
        - Publishing and Approval of Strategic Plan
        - If needed, any adjustments to Strategic Plan
        - Planning for implementation Strategies
    - **2024 Fourth Quarter - October-December**
        - TBD