City of Arvada
City Council Agenda
MAY 13, 2024
WORKSHOPS

Councilmembers:
Lauren Simpson, Mayor
Randy Moorman, Mayor Pro-Tem
Shawna Ambrose, District 2
Sharon Davis, At large
Lisa Feret, At large
Bob Fifer, District 4
John Marriott, District 3

Staff Members Usually Present:
Lorie Gillis, City Manager
Linda Haley, Deputy City Manager
Don Wick, Deputy City Manager
Rachel Morris, City Attorney
Jacqueline Rhoades, Director of Public Works
Sharon Israel, Director of Utilities
Jessica Garner, Director of Community & Econ. Dev.
Bryan Archer, Director of Finance
Gabriella Bommer, Director of Human Resources
Rachael Kuroiwa, Director of Communications & Engagement
Kristen Rush, City Clerk

Info: 720-898-7550

THIRD FLOOR CONFERENCE ROOM
EXECUTIVE SESSION
3:00 P.M.
Personnel Matter, Pursuant to C.R.S. 24-6-402(4)(f) Facilitator for appointee evaluations

CITY COUNCIL CHAMBERS
6:00 PM

1. Call to Order/Roll Call of Councilmembers

2. Workshops
   A. Waste Hauling Program Fee Discussion
   B. Revenue Opportunities
   C. Housing Strategic Plan Update
   D. Staff Updates

3. Adjournment

CITY OF ARVADA

REPORT TO CITY COUNCIL	AGENDA ITEM 2.A.

TO: THE HONORABLE CITY COUNCIL DATE: May 13, 2024

SUBJECT: Waste Hauling Program Fee Discussion

Report in Brief

The City team will present a recommendation to increase the City's portion of the Waste Hauling Program fees.

Prepared by:
Christine Gray, Utilities Business Manager

Reviewed by:

Approved by:

Sharon Israel, Director of Utilities	4/22/2024
Bryan Archer, Director of Finance	4/25/2024
Jessica Morales, Assistant City Attorney	4/29/2024
Tammy Hedlund, Legal Specialist	4/29/2024
Don Wick, Deputy City Manager	4/30/2024
Rachel Morris, City Attorney	4/30/2024
Lorie Gillis, City Manager	4/30/2024

Enclosure, exhibits & attachments required to support the report

Waste Hauling Program Fees

City Council Workshop
May 13, 2024

CITY OF ARVADA

Tonight’s Agenda

- Code Requirements for Program
- Republic Contract
- Enterprise Fund
  - Revenue Overview
  - Types of Fees
  - 2023 Revenues & Expenses
  - Options for 2024-25 Fees
- Neighboring Program and Private Hauler Comparisons
- Other Related Work in Progress
- Next Steps

City Code Requirements

- Sec. 90-33. - City residential waste and recyclable materials collection services.
  (a)The city's designated residential waste collection service provider shall furnish residential waste collection services as provided in this chapter for all residents within the city, except those specifically excluded in section 90-37 below.

- Sec. 90-35. - Waste services fees.
  (a)City council shall, by resolution, establish the fees to be imposed on **all** city residents receiving city utility services, regardless of whether the city's residential waste collection services are actually utilized by such resident. The fees shall be billed in conjunction with the charge for city utility services and such fees shall be due and payable at the same time and place as the charge for city utility services.

- Sec. 90-37. - Waste collection services accounting and budgeting.
  The finance director shall segregate waste collection services, expenses and revenues separate from the general fund expenditures and revenues and provide a general accounting for the expenditures and revenues. For each budget cycle, a projection of residential waste collection services expenditures and revenues shall be made as part of the city budget process.

City Code Requirements

- Sec. 90-35. - Waste services fees.

  (c)Waste services fee types and the properties subject to those fees are set forth in the table below:

Fee Type	**Residential Property Subject to Fee**
Bulky Item Events: Spring and Fall Yard Waste Events; Administrative Billing Costs	All residential properties except multifamily dwelling units with eight or more units
Minimum Service Fee	All residential properties that choose not to participate in the city’s residential waste collection services, except those specifically excluded in section 90-37
Residential Waste Collection Services	All residential properties that participate in the city’s residential waste collection services; fees dependent on cart size chosen by residents.

Key Republic Contract Points

- Five year contract implemented in July 2021 with an expiration of July 1, 2026
- Two consecutive one-year renewals are available to the City, to extend until July 2028
- The Republic team notifies the City team by April 1st every year (starting in 2023) of increases as proven by the annual National Water/Sewer/Trash Index. Max increase is 3.50%, Minimum is 2.50%. The increase applies to all Republic contract components.
- As of February 2024, the 12-month running average of the National Water/Sewer/Trash Index (from the Bureau of Labor Statistics) was 5.49%.
- Republic shall pass through any state or federal fees.
- All Republic contract price increases are effective July 1 of each year

Enterprise Funds are Different than the General Fund

- The Solid Waste Enterprise Fund was established to run “like a business”, revenues should cover all of program expenditures.
- An Enterprise is a government-owned business that receives revenue in return for providing a good or service.
- Because this Program operates as an Enterprise fund, the City is obligated to set revenue requirements to cover costs.
- Program subsidization introduces challenges to the Enterprise status.
- Revenue Requirements (rates/fees) are voted on by City Council.

Solid Waste Enterprise Fund Revenue

City Fees Per Ordinance:

- “Program Fee” to support Bulky Item Events, Spring and Fall Yard Waste Events; Administrative Billing Costs
- Fees to support Residential Waste Collection Services
  - Cart replacement
  - Enterprise (debt payments, fund balance per fiscal policy)

Contract “Pass Through”:

- Recycling + Trash Cart Service Charges
- Minimum Service Fee

Calendar Year 2023
Revenue and Expenses

2023 Category - Revenues	Actual Amount
Solid Waste Charge Revenues	$4,448,054
Interest	$28,421
TOTAL 2023 REVENUES	**$4,476,475**

ADDITION TO THE FUND BALANCE	**$270,056**
(Note that Enterprise Fund does not currently meet fiscal policy for reserves.)	

2023 Category - Expenses	Actual Amount
Salaries/Benefits for 2.20 FTE	$152,195
Normal program expenses:printing/supplies/postage/computer/equipment/etc.	$4,196
Large Item Drop-Off Events	$87,106
Mattress Recycling costs	$40,490
Leaf Event costs	$37,958
Republic Contract	$3,273,897
Principal and Interest payments	$490,000
Transfer to General Fund	$44,872
Transfer to Internal Service Funds	$16,333
Transfer to Water Fund	$59,372
TOTAL 2023 EXPENSES	**$4,206,419**

Waste Hauling Program: Types of Fees and Participation by the Numbers

Service Level	Type of Fee	Current Fee/Month	March 2024 Participants
City Program Fee: Assessed to all customers eligible for trash service, including HOA’s.	City	$0.88	40,050
Enterprise Fee: Assessed to all participants enrolled in trash service.	City	$1.06	15,946
Trash Cart Replacement Fee: Assessed to all participants enrolled in trash service.	City	$0.65	15,946
Recycling Cart Replacement Fee: Assessed to all participants enrolled in trash service.	City	$0.65	15,946

Waste Hauling Program: Types of Fees and Participation by the Numbers Cont.

Service Level	Type of Fee	Current Fee/Month	March 2024 Participants
Cart Service fee: Assessed to all participants enrolled in trash service.	Contract	35 Gal - $11.79 65 Gal - $16.06 95 Gal - $20.34	15,946
Minimum Service fee - Assessed to residents who have opted to supply their own hauler.	Contract	$4.40	8,743

*Number of participants changes month to month.

2024-25 Fee Changes - Contract “Pass Through”

- Mandatory increase of 3.5% on all cart service, Minimum Service, and miscellaneous fees, per contract, effective July 1, 2024.
- Republic Services provided timely notice of this annual increase.
- 3.5% is the maximum increase allowed under the contract.
- 3.5% is less than the industry index of 5.3%
- 3.5% applies to all fees in the contract
    - The Minimum Service Fee cannot be excluded.

2024-25 Fee Changes -
City Fees Per Ordinance

- Current fees were based on **estimated** expenses in 2021. They have not been changed.
- Proposed 2024-25 fees are based on **actual** expenses.
- Two Options:
  - #1 Fully Fund Program (Recommended)
  - #2 Reduce Level of Services and continue to fund certain functions from other city funds (subsidy)

2024-25 Fee Changes - City Fees Per Ordinance

Option #1: Fully Fund Program	Option #2: Reduced Service and continue fund subsidy
• Cart Replacement Fee: **Lower** this fee to acknowledge updated replacement costs. • City Program Fee: **Increase** this fee to fully cover actual operating costs • Enterprise Fee: No change	• Cart Replacement Fee: **Lower** this fee to acknowledge updated replacement costs. • City Program Fee: **Lower** this fee to reduce level of service and continue subsidies from other city funds. • Enterprise Fee: No change

2024-25 Fee Options, including Both Contract "Pass Through" and City Fees Per Ordinance

Category	Description	Current Cost/Month	Option #1 Cost/Month (Recommended)	Option #2 Cost/Month
Cart Service: 35-gallon	Contract + City fees	$11.79	$12.71 (+$0.92)	$12.01 (+$0.22)
Cart Service: 65-gallon	Contract + City fees	$16.06	$17.12 (+$1.06)	$16.43 (+$0.37)
Cart Service: 95-gallon	Contract + City fees	$20.34	$21.55 (+$1.21)	$20.86 (+$0.52)
HOA Minimum Service	City fees only	$0.88	$1.50 (+$0.62)	$0.81 (-$.07)
Non-HOA Minimum Service	Contract + City fees	$5.28	$6.05 (+$0.77)	$5.36 (+$0.08)

Neighboring City and Private Program Comparisons for 95 Gallon Cart Service

City of Northglenn $16.00/month In-house program	City of Thornton $17.10/month In-house program	City of Arvada-current $20.34/month Republic contract	City of Arvada-Option #2 $20.83/month Republic contract	City/County of Denver $21.00/month In-house program
City of Arvada-Option #1 $21.48/month Republic contract	City of Grand Junction $22.75/month In-house program	City of Longmont $24.00/month In-house program	City of Golden $31.08/month Republic contract	City of Lafayette $38.49/month Republic contract

The cities of Aurora, Boulder, Brighton, Broomfield, Englewood, Littleton, Wheat Ridge and Westminster do not offer a waste hauling program to their residents.

Other Related Work In Progress:

- **Waste Diversion Action Plan:** Sustainability and Utilities Services are working together to utilize a Grant Opportunity from Technical Assistance Service Provider (TASP) on the creation of a Waste Diversion Action Plan.
- **Producer Responsibility Program for Recycling:** Ongoing collaboration with Republic Services with recently approved legislation (HB22-1355) to understand impacts of legislation on future program expenses and revenues.
- **Climate Action Plan:** Continued Collaboration with Sustainability & Lotus Engineering on the plan.

CITY OF ARVADA

Project Updates:

- Partnership with Jefferson County Open Space @ Tincup Ridge Slash Site
  - Starting in June. Arvada Municipal use will be free of charge on certain days throughout the year.
  - Citizens can pay per load.

Jefferson County Tin Cup Ridge Park

Design and Construction of a Slash Facility in Jefferson County

Purpose of the Project: To divert residential and commercial leaves, grass, and slash (tree and shrub trimmings, limbs, and tree trunks) from landfills, reduce wildfire risk, and improve forest health. Grant funds will support the planning and construction of a permanent slash collection facility. Implementation of this centrally located, easily-accessible site will also assist with wildfire mitigation efforts in Jefferson County, by providing a convenient location to dispose of defensible space slash.

Purchases: Contractual payments for water quality assessment, engineering and design, construction, fencing installation, and signage.

Awarded: February 9, 2022

Award Amount: $1,065,000.00

Area of State: Jefferson County

PDF of RFA 4 Organics Focus

RFA 4 • Local Government • Focus: Organics

CITY OF ARVADA

Question: Can we choose to not increase the the City Program Fee that applies to all customers and instead charge Cart Service Customers to raise the equivalent amount of revenue?

Answer: Yes. But not by July 1, 2024.

- ~$296,000 of fee revenue would need to be reallocated to the Cart Service customers.
- This would increase fees by about $1.55 per Cart Service customer per month.
- The current billing system programming does not readily support a new category of fees to be applied. Additional time and funding would be necessary for technology changes.
- The team can provide an estimate of resources required for this change by the October 2024 budget presentations.

Question: Can we add new services like compost and seasonal yard waste curbside collection?

Answer: Yes. But not by July 1, 2024.

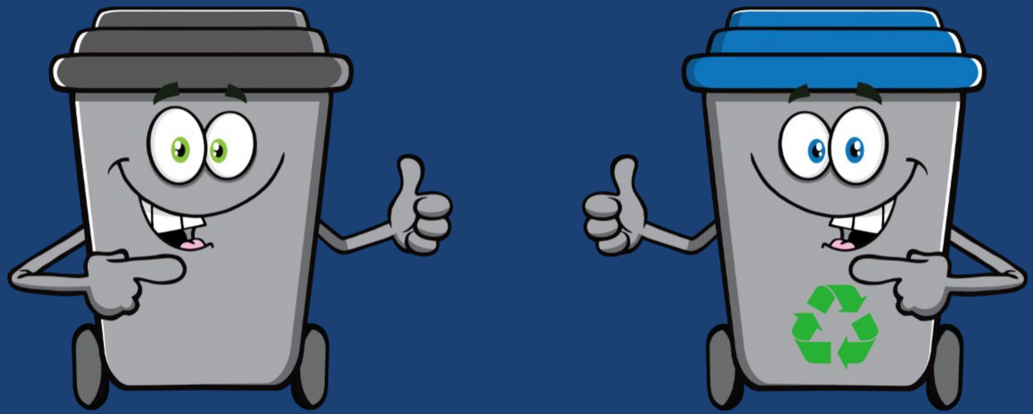
- The current contractor was selected by an RFP and their scope of work does not include these additional service. Negotiating this will take time and resources.
- The current billing system programming does not readily support a new category of fees to be applied. Additional time and funding would be necessary for technology changes.
- The grant we received for 644 hours of technical assistance from the Front Range Waste Diversion Board consultant will result in a Waste Diversion Action Plan that will guide next steps on adding services. This report will be ready Spring 2025.

Next Steps

- June 3, 2024: Resolution to adjust fees
- July 1, 2024: Effective date of new fees
- Summer 2024: Front Range Technical Assistance Kicks Off
- April 2025: Waste Diversion Action Plan Complete

Waste Hauling Program
City Fee Recommendations

City Council Workshop
May 13, 2024



CITY OF ARVADA

REPORT TO CITY COUNCIL WORKSHOP

AGENDA ITEM 2.B.

TO: THE HONORABLE CITY COUNCIL DATE: May 13, 2024

SUBJECT: Revenue Opportunities

Report in Brief

The City team will provide the City Council an overview of our current revenue structure, identify what other revenue opportunities exist and provide a base knowledge for future revenue discussions.

Background

The City team along with the City Council must work on identifying and exploring all available opportunities for revenue generation. This workshop will create the basis for future revenue discussions including the possibility of new taxes and fees or enhancements to the current revenues and fees.

Strategic Alignment

OSE By 12/24 based on long-term financial projections and updated master plans, develop financial resiliency recommendations to ensure adequate and on-ongoing investment in city infrastructure and core services.

Next Steps

FOR WORKSHOPS ONLY

Prepared by:
Bryan Archer, Director of Finance

Reviewed by:

Approved by:

Jenna Belec, Executive Assistant	4/23/2024
Debra Nielson, Deputy Director of Finance	4/24/2024
Bryan Archer, Director of Finance	4/25/2024
Gail Walker, Legal Specialist-Contracts	4/26/2024
Laura Hemler, Assistant City Attorney	4/26/2024
Linda Haley, Deputy City Manager	4/26/2024
Rachel Morris, City Attorney	4/26/2024
Lorie Gillis, City Manager	4/30/2024

Enclosure, exhibits & attachments required to support the report

Revenue Opportunities

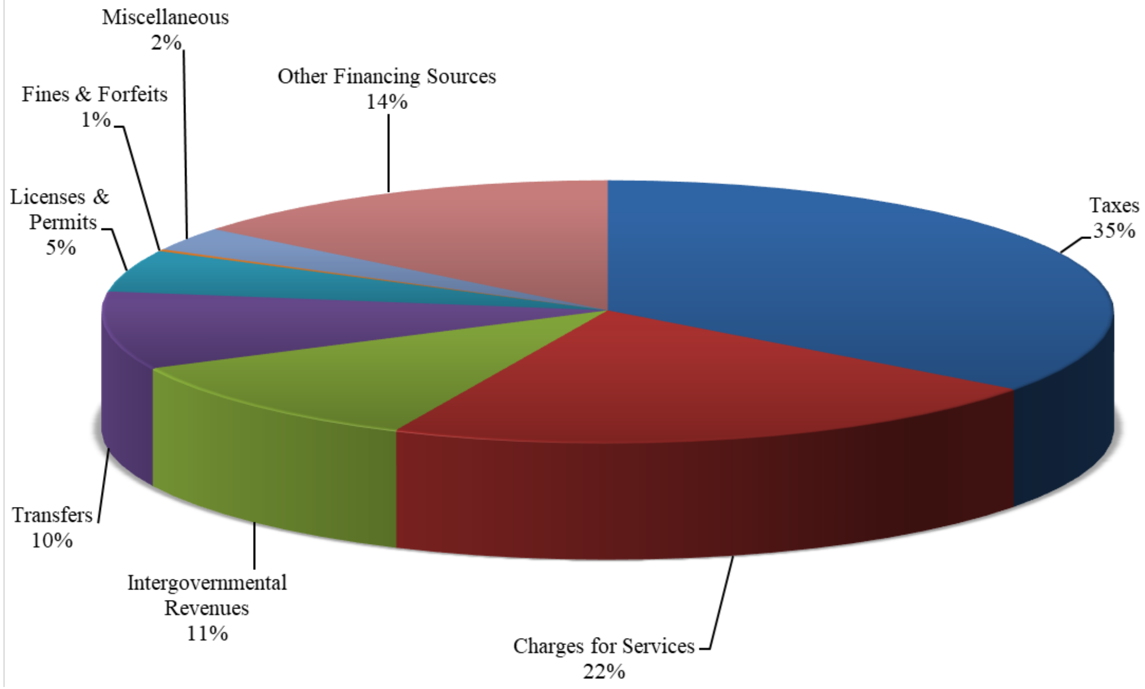
City Council Workshop
May 13, 2024

We Dream Big and Deliver

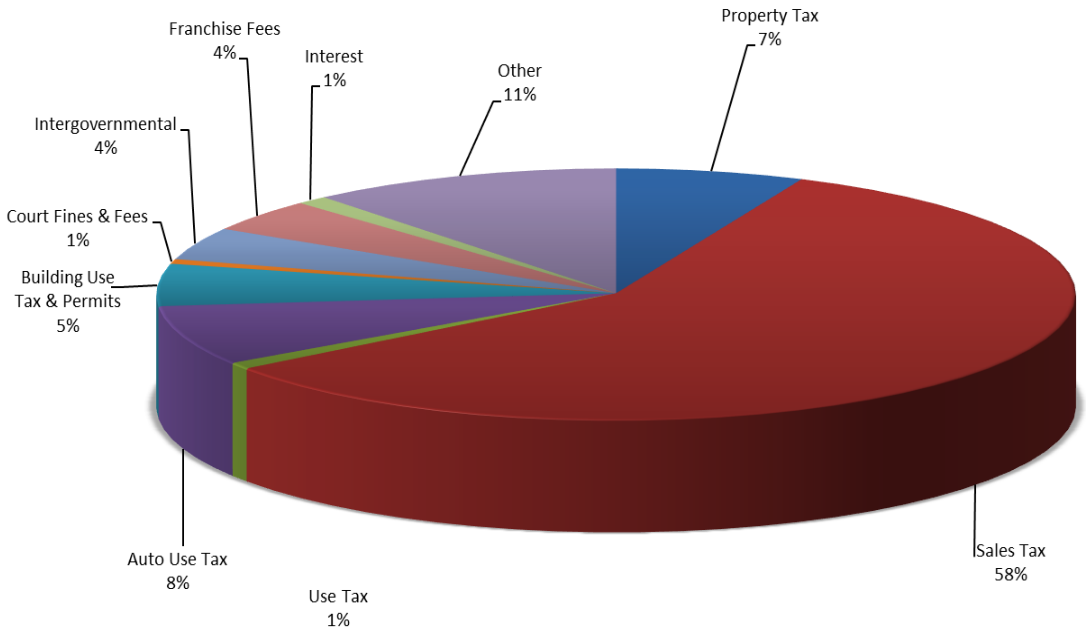
Tonight's Agenda

- Review City Revenues
- Identify New Revenue Opportunities
- Identify Current Revenue Growth Opportunities
- Next Steps

TOTAL 2024 CITY BUDGETED REVENUES



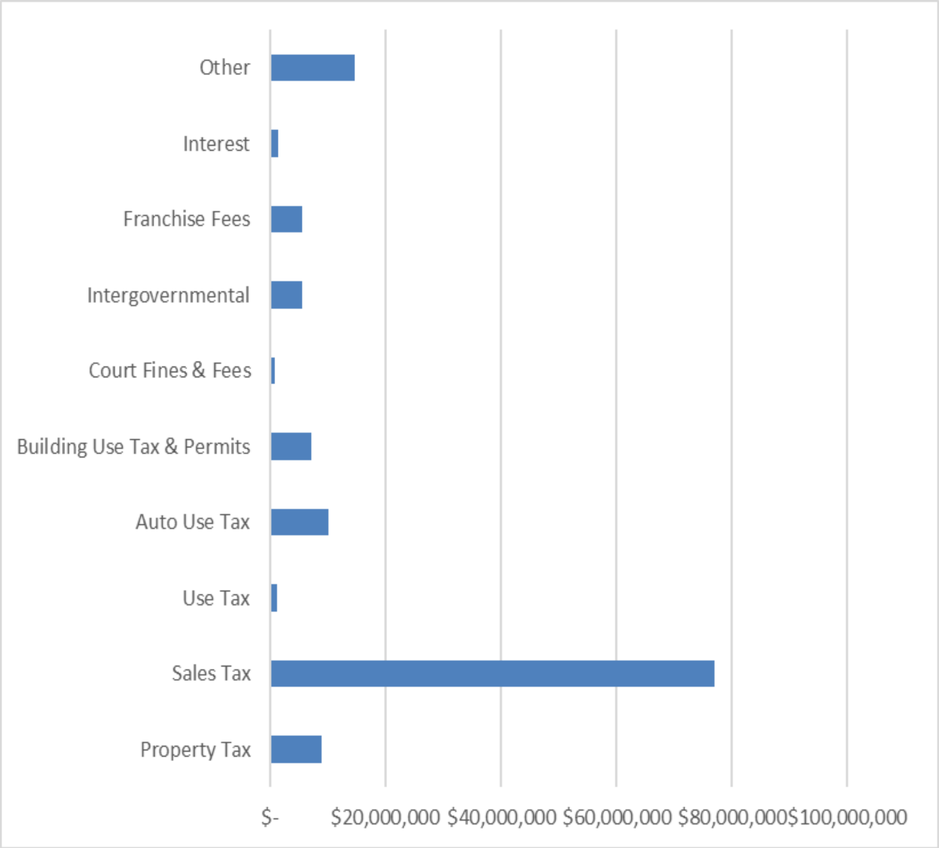
Taxes	$ 123,496,418
Charges for Services	75,753,086
Intergovernmental Revenues	38,165,503
Transfers	3,609,713
Licenses & Permits	18,224,848
Fines & Forfeits	802,079
Miscellaneous	10,416,060
Other Financing Sources	50,075,000
Total	**$ 350,542,707**

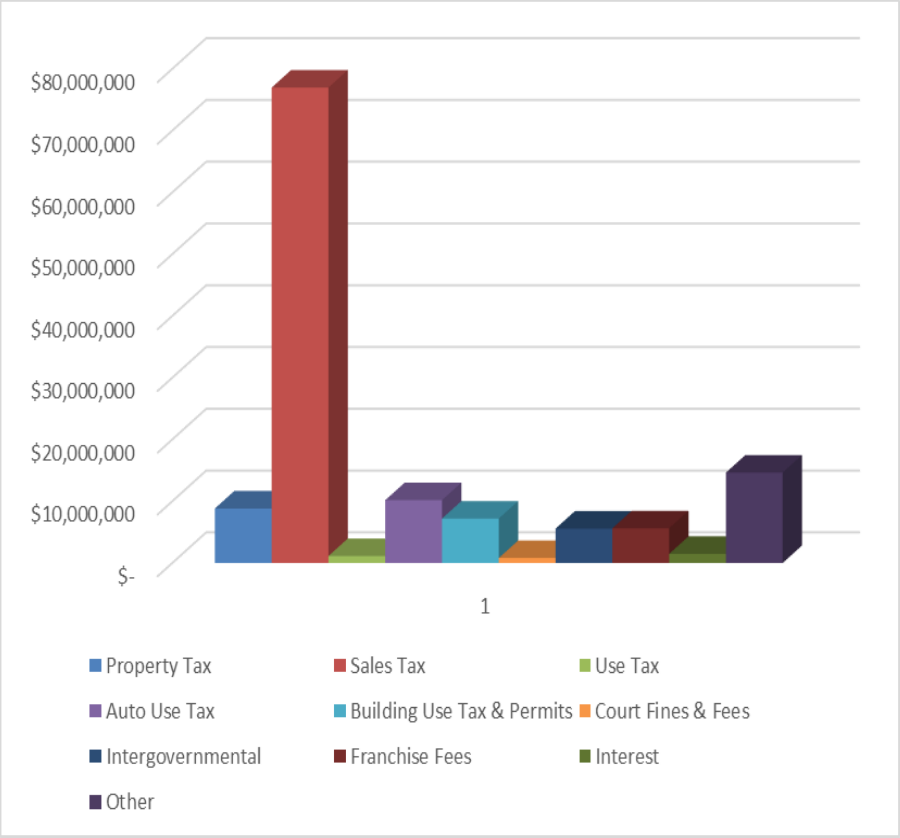


TOTAL 2024 GENERAL FUND BUDGETED REVENUES

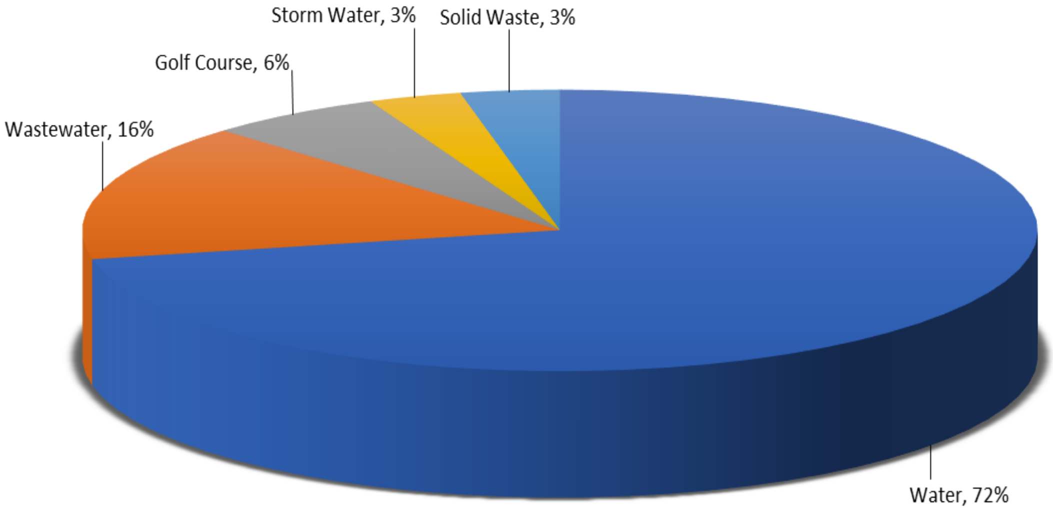
Property Tax	$ 8,825,685
Sales Tax	76,966,761
Use Tax	1,130,512
Auto Use Tax	10,164,999
Building Use/Fees	7,188,253
Court Fines & Fees	802,079
Intergovernmental	5,570,341
Franchise Fees	5,608,379
Interest	1,476,757
Other	14,632,449
Total	**$ 132,266,215**

General Fund Revenues



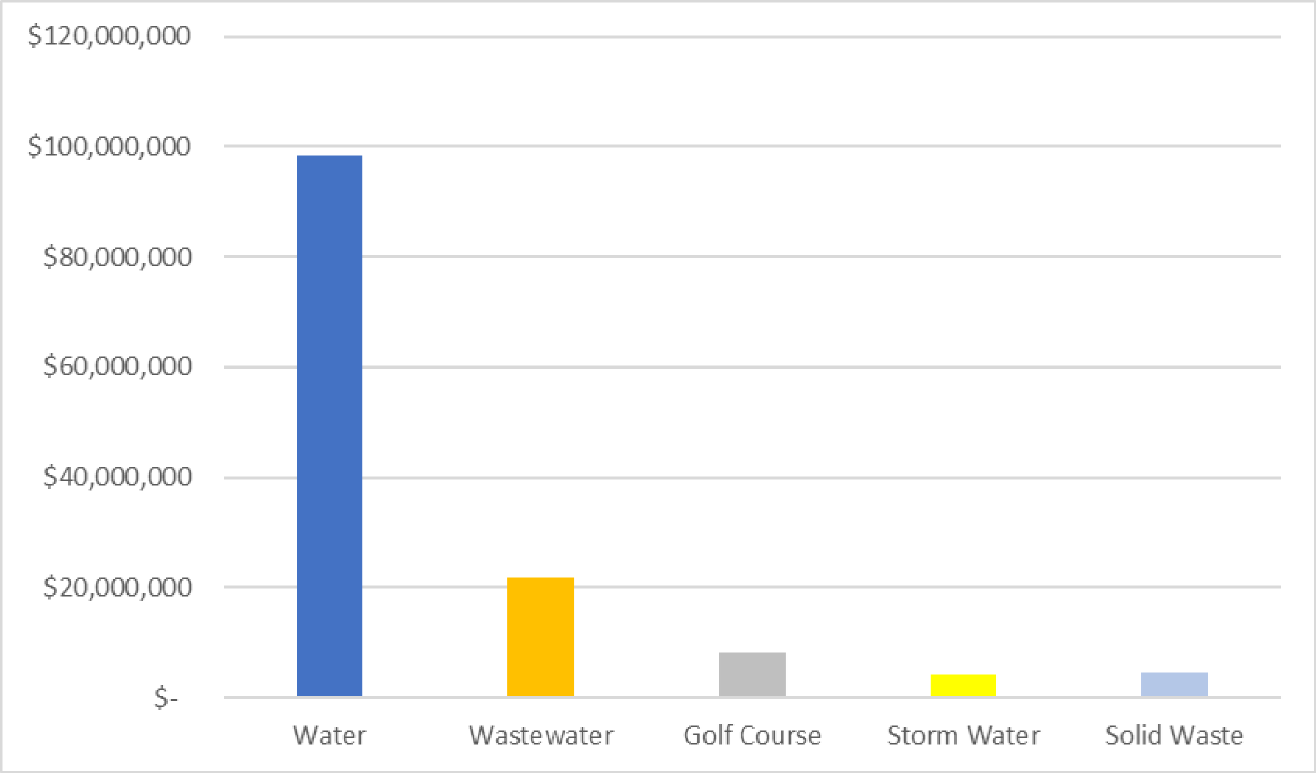


TOTAL 2024 ENTERPRISE FUNDS BUDGETED REVENUES



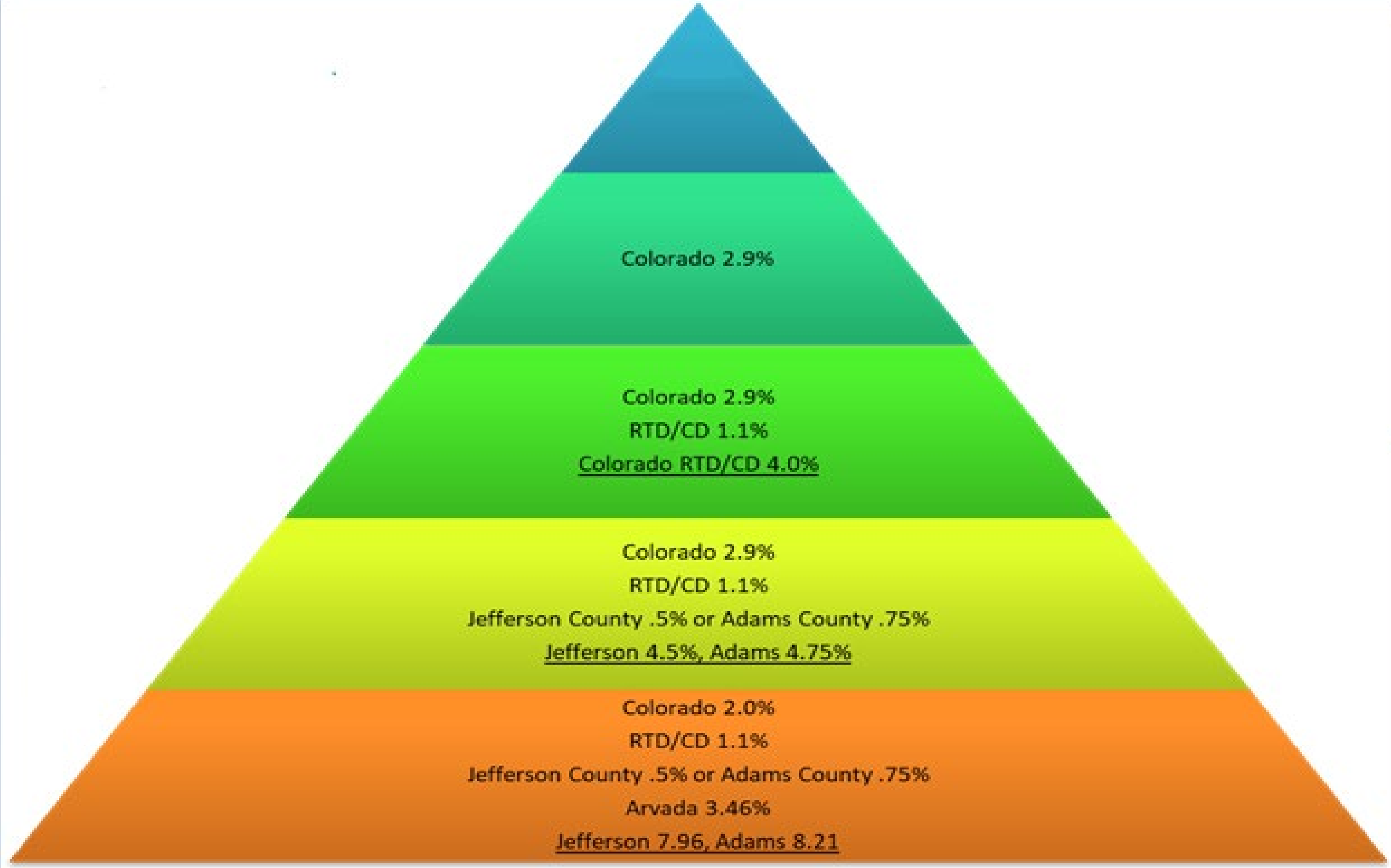
Water Fund	$ 98,316,342
Wastewater Fund	21,729,359
Stormwater Fund	8,163,272
Golf Fund	4,321,435
Solid Waste Fund	4,604,733
Total	**$ 137,135,141**

Enterprise Fund Revenues



Sales Tax

Sales Tax Rates



Arvada Sales Tax

3.46% or $3.46 on every $100 dollars spent

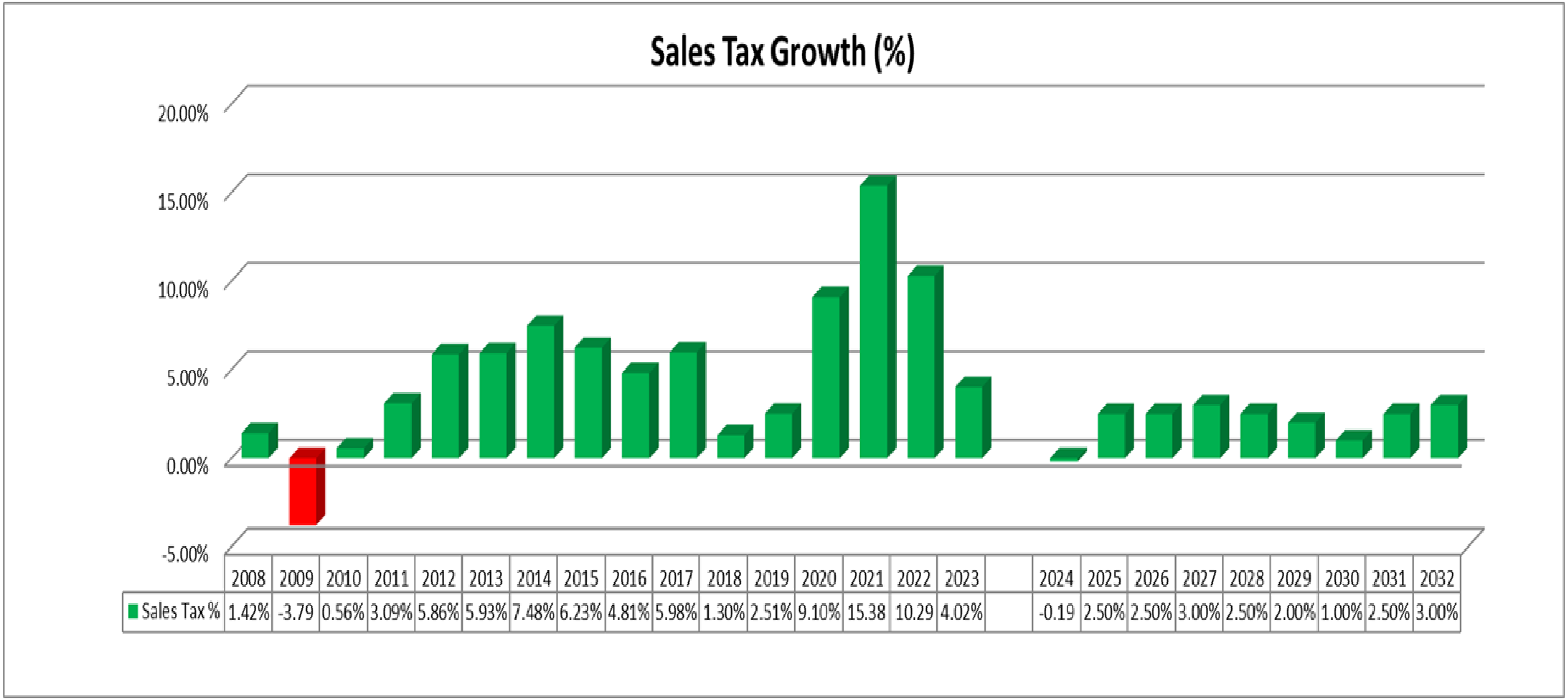
- 3% goes to the General Fund ($77 million)
  - 2.4% general operations($62 million)
  - .6% capital($15 million)
- .46% goes to Police Tax Increment ($12 million)

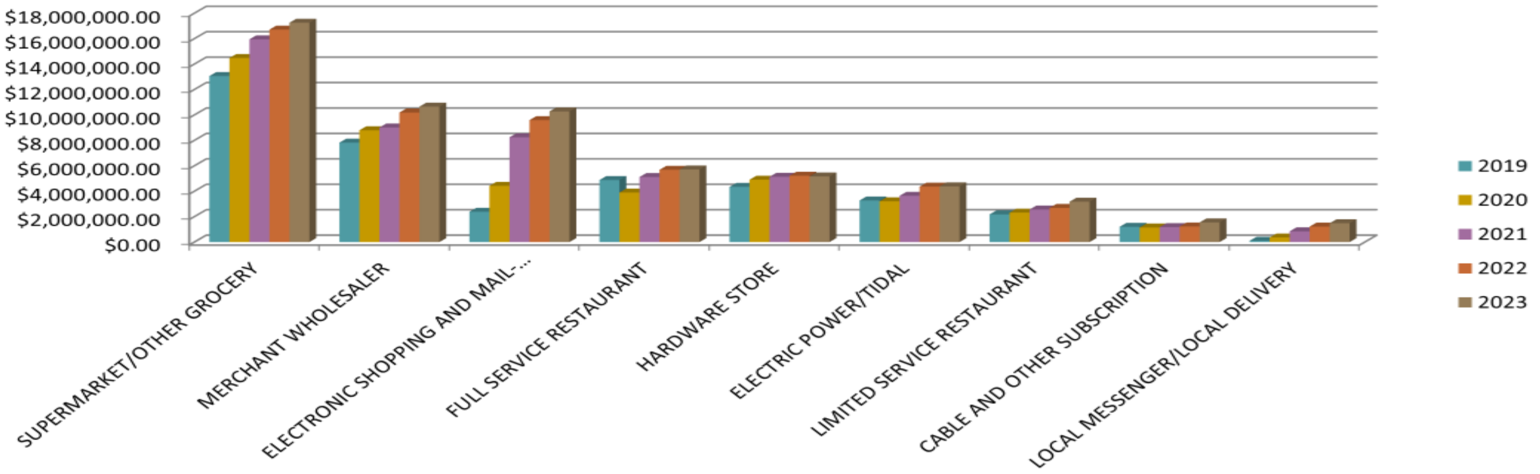
Tax Food ~ $17 million (19.4% total)

Code Sec 98-101 ~ $15 million

…be appropriated annually to the capital improvement fund and/or debt service fund in an amount equivalent to not less than 60 percent of the proceeds of $0.01 of the sales tax,

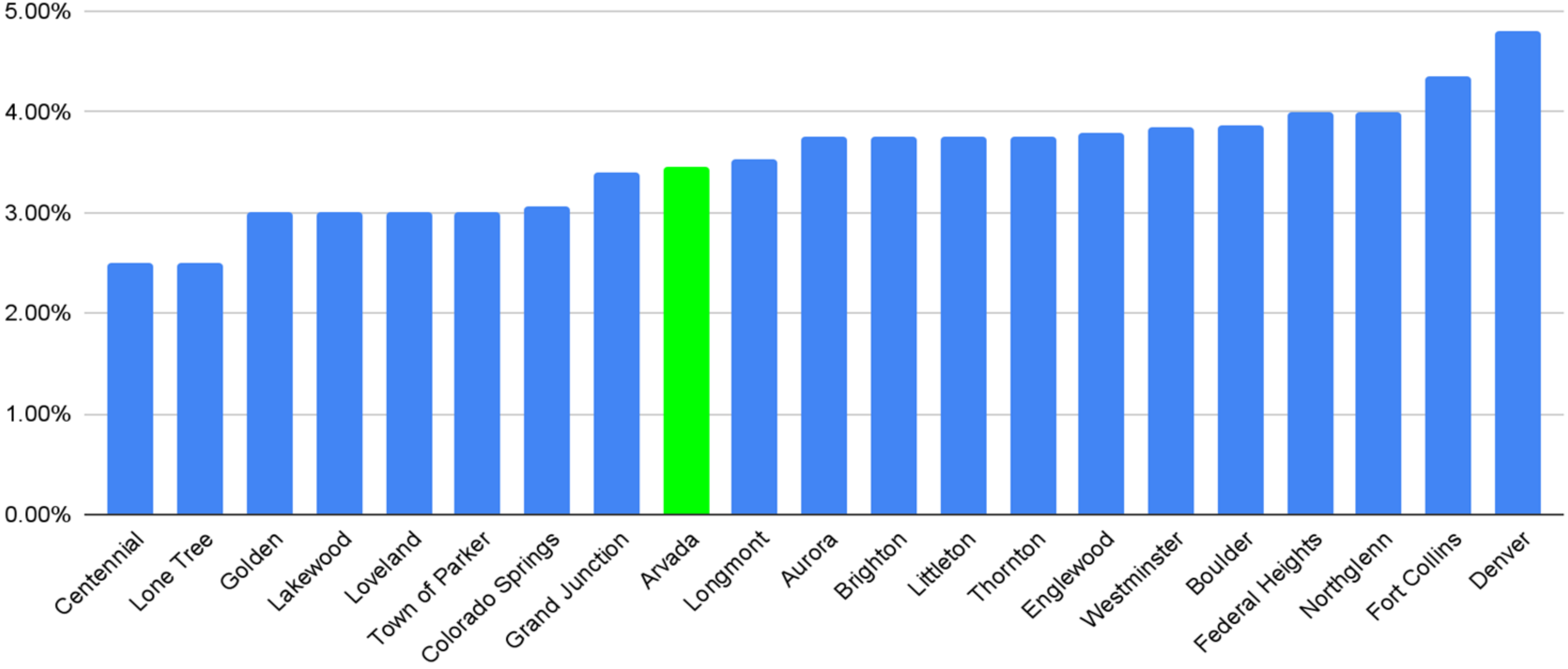
Historical Sales Tax





NAICS Code Name	2019	2020	2021	2022	2023
SUPERMARKET/OTHER GROCERY	$13,058,164.40	$14,474,847.12	$15,944,550.00	$16,710,044.16	$17,250,386.97
MERCHANT WHOLESALER	$7,820,834.68	$8,793,800.45	$9,010,805.10	$10,188,668.78	$10,653,153.55
ELECTRONIC SHOPPING AND MAIL-ORDER	$2,382,958.65	$4,423,371.43	$8,241,147.87	$9,593,062.63	$10,273,334.27
FULL SERVICE RESTAURANT	$4,879,650.40	$3,896,745.89	$5,115,923.03	$5,681,914.14	$5,710,787.64
HARDWARE STORE	$4,342,929.74	$4,903,565.41	$5,134,642.05	$5,216,182.65	$5,159,798.79
ELECTRIC POWER/TIDAL	$3,272,243.34	$3,207,671.92	$3,637,305.00	$4,361,372.68	$4,380,961.21
LIMITED SERVICE RESTAURANT	$2,176,567.41	$2,315,785.09	$2,561,860.09	$2,690,310.87	$3,176,317.40
CABLE AND OTHER SUBSCRIPTION	$1,198,976.59	$1,146,368.78	$1,176,573.90	$1,224,672.60	$1,546,503.94
LOCAL MESSENGER/LOCAL DELIVERY	$101,865.68	$358,482.75	$845,876.49	$1,218,367.59	$1,481,124.47

Sales Tax % Comparison

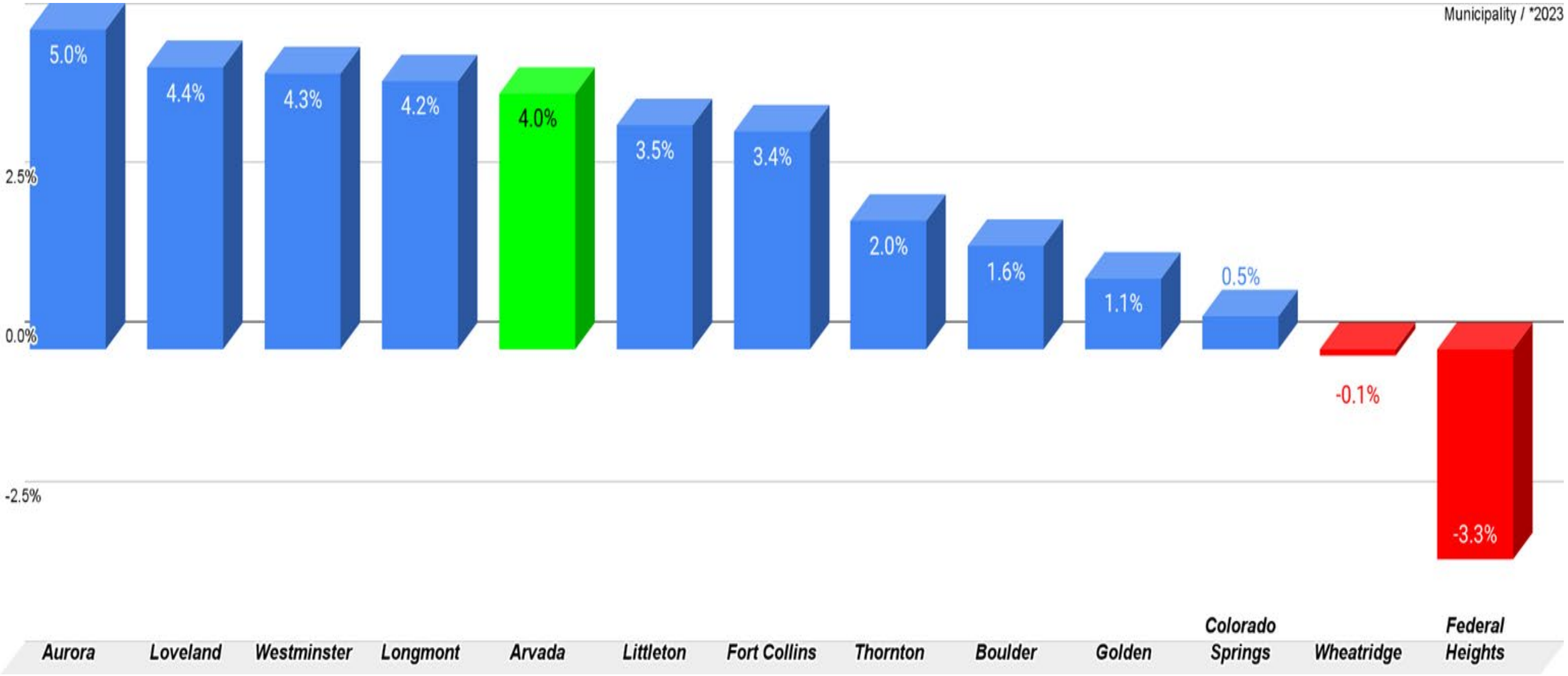


Sales Tax Allocations

City	Total Tax	General	Capital	Police	Housing	Streets	POST*	Other
Arvada	3.46	2.40	0.60	0.46				
Wheatridge	3.50	3.00	0.50					
Westminster	3.85	3.00		0.60			0.25	
Golden	3.00	2.00	1.00					
Fort Collins	4.35	2.85	0.25			0.25	0.50	0.50
Boulder	3.86	1.79				0.75	1.02	0.30
Denver	4.81	3.50			0.25		0.25	0.81
Thornton	3.75	3.50					0.25	
Littleton	3.75	3.00	0.75					
Lakewood	3.00	2.50	0.50					

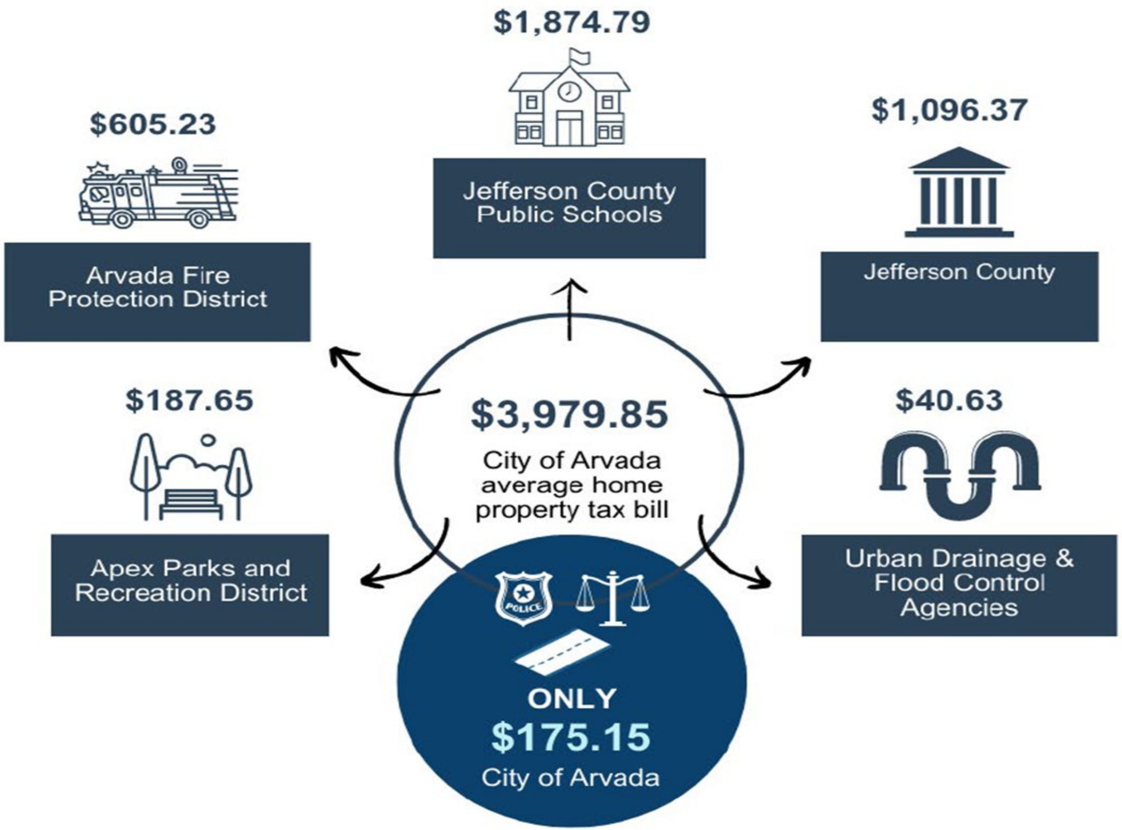
*POST – Parks, Open Space and Trails

Sales Tax Revenue 2023

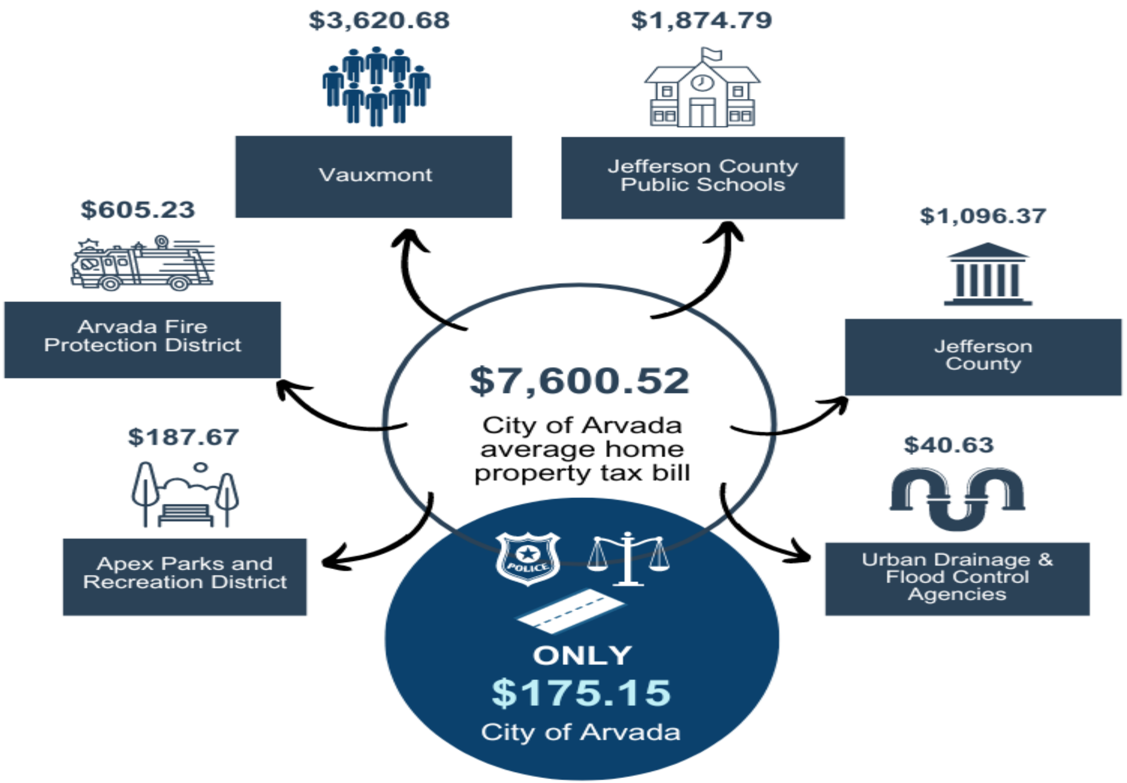


Property Tax

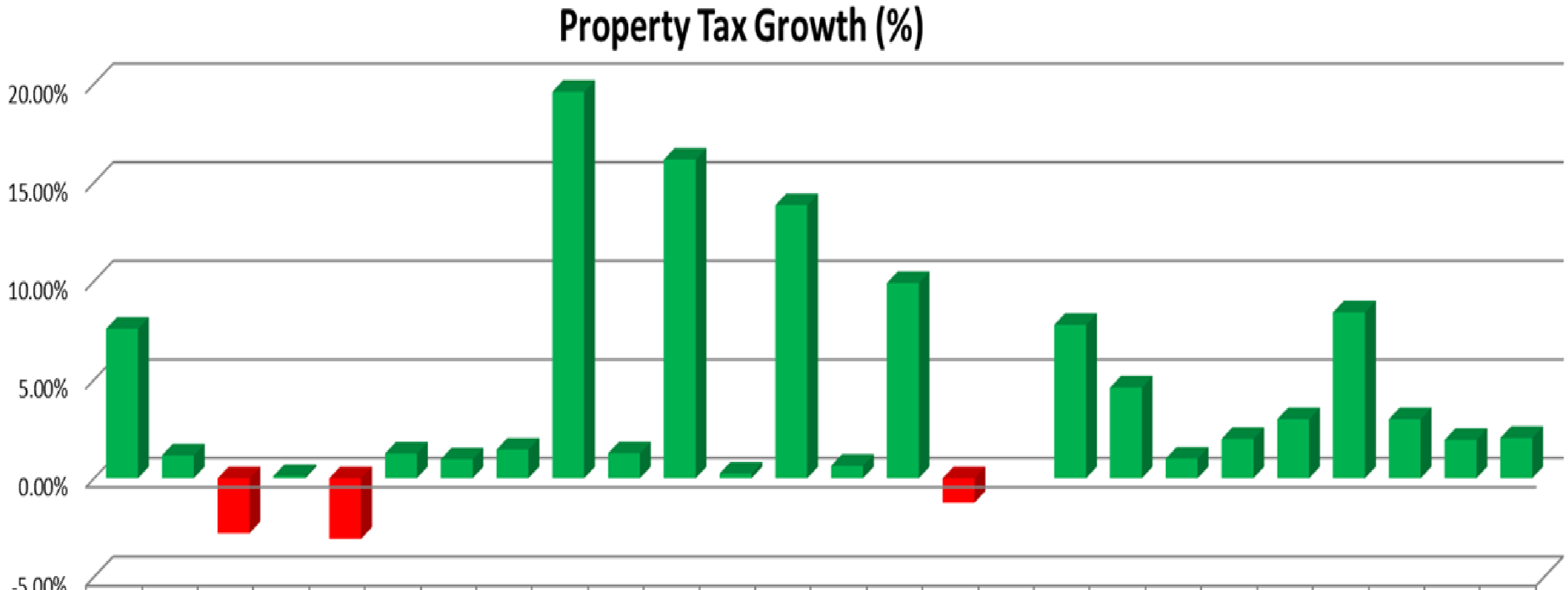
Property Tax - $650,000 home



Property Tax - Metro District - $650,000 home

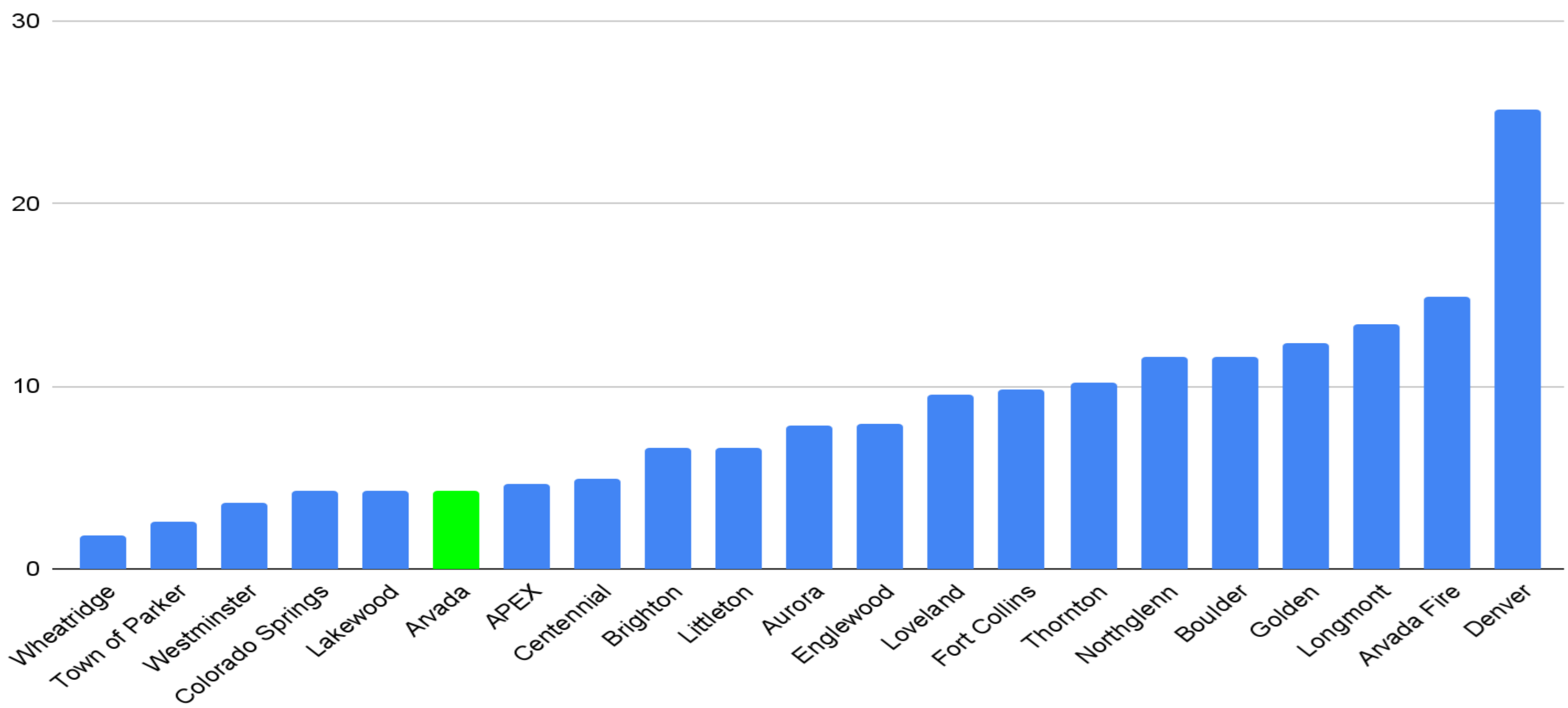


Historical Property Tax



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		2024	2025	2026	2027	2028	2029	2030	2031	2032
Sales Tax %	7.58%	1.16%	-2.79	0.12%	-3.07	1.26%	0.97%	1.46%	19.60	1.27%	16.17	0.24%	13.86	0.63%	9.90%	-1.23		7.78%	4.60%	1.00%	2.00%	3.00%	8.42%	3.00%	1.95%	2.05%

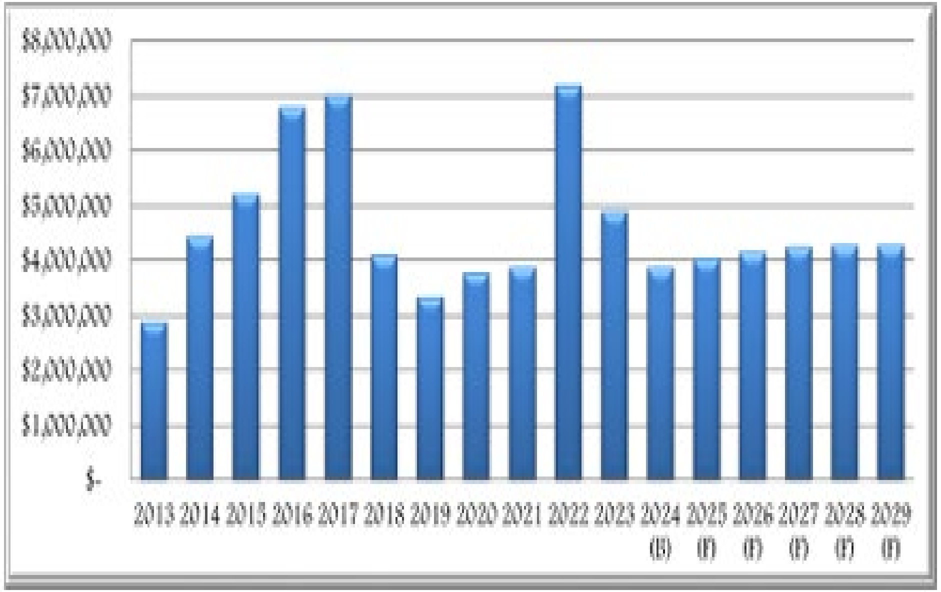
Property Tax % Comparison



Other Revenues

Building Use

History
Percentage of total 2023 General Fund Revenue 3.66%

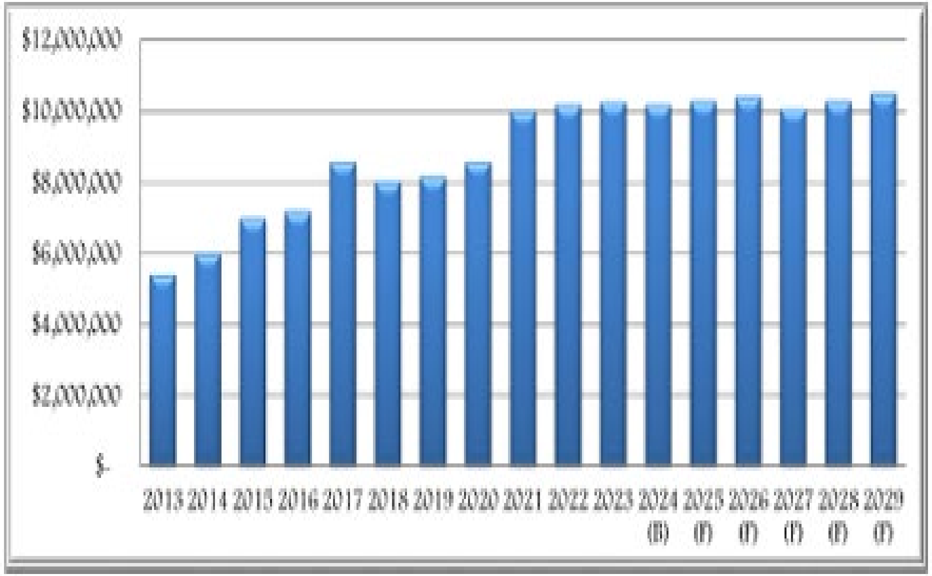


	Year	Dollars	YoY %
Actuals	2013	$2,884,866	20.9%
	2014	$4,431,197	53.6%
	2015	$5,215,500	17.7%
	2016	$6,799,066	30.4%
	2017	$7,007,552	3.1%
	2018	$4,088,461	-41.7%
	2019	$3,329,604	-18.6%
	2020	$3,776,347	13.4%
	2021	$3,873,433	2.6%
	2022	$7,191,100	85.7%
	2023	$4,890,074	-32.0%
Bgt	2024 (B)	$3,880,000	-20.7%
Forecast	2025 (F)	$4,035,200	4.0%
	2026 (F)	$4,156,256	3.0%
	2027 (F)	$4,239,381	2.0%
	2028 (F)	$4,281,775	1.0%
	2029 (F)	$4,281,775	0.0%

NOTES:
The 2024 budget and forward represents base numbers that the City can rely upon through the ten-year model. The large increase in 2022 is due to a couple of large development projects.

Auto Use

History
Percentage of total 2023 General Fund Revenue 7.67%



	Year	Dollars	YoY %
Actuals	2013	$5,379,579	12.0%
	2014	$5,982,520	11.2%
	2015	$6,973,209	16.6%
	2016	$7,162,405	2.7%
	2017	$8,540,345	19.2%
	2018	$8,022,545	-6.1%
	2019	$8,129,398	1.3%
	2020	$8,553,249	5.2%
	2021	$9,994,679	16.9%
	2022	$10,164,999	1.7%
	2023	$10,244,286	0.8%
Bgt	2024 (B)	$10,164,999	-0.8%
Forecast	2025 (F)	$10,266,649	1.0%
	2026 (F)	$10,369,316	1.0%
	2027 (F)	$10,058,236	-3.0%
	2028 (F)	$10,259,401	2.0%
	2029 (F)	$10,464,128	2.0%

NOTES:
Taxes are paid to the jurisdictions in which a motor vehicle is registered, not where it is sold. As such, Arvada's lack of a large car dealer is immaterial to the City's collection of these taxes. This is a very volatile and cyclical revenue that needs to be monitored carefully.

Revenue Opportunities

Marijuana Sales Tax

Tax on the sale of Marijuana (retail and medical). Used for many different purposes from streets to education to youth violence prevention to general services

Denver, Aurora, Boulder, Thornton, Vail, Breckenridge, and many others

Varies from 3.86% to 7.75%

1% would raise ~ $460,000 annually

Requires a vote of the citizens

Projected cost to implement/run: ~$350,000 annually

Marijuana Excise Tax

Tax on the sale of Marijuana transferred from a recreational marijuana cultivation facility to a marijuana infused product facility. Used for many different purposes from streets to education to youth violence prevention to general services

Boulder, Aurora	5%
1% would raise ~ $155,000 annually	Requires a vote of the citizens

Projected cost to implement/run: ~$350,000 annually

Business License Fee

Fee charged for the issuance of a business license. Used to offset the costs related to business management.

Denver, Boulder, Aurora, Lakewood, Golden, Thornton, Wheatridge	$15 to $50
$25 would raise $220,000 annually	Can be approved by Council

Projected cost to implement/run: ~$10,000 (one-time)

Business Occupational Tax

Tax charged per month on the employee and employer that has any activity inside the City. Used to offset general expenditures.

Denver, Aurora

$4 - $5.75 per month

$4 per month would raise $90,000 annually

Requires a vote of the citizens

Projected cost to implement/run: ~ $65,000 annually

Short Term Rental Tax

Tax on Short Term Rentals (less than 30 days) in addition to standard Lodging Tax. Used for support of affordable housing

Breckenridge, Town of Frisco

Varies from 2% to 5%

1% would raise ~ $187,000 annually

Requires a vote of the citizens

Projected cost to implement: ~ $15,000 (one-time)

Real Estate Transfer Tax

Tax on the sale/transfer of Real Estate. Used for support of affordable housing

Breckenridge, Aspen, Avon, Crested Butte, Frisco, Gypsum, Minturn, Snowmass Village, Telluride, Vail, Winter Park

Varies from 1% to 3%

1% would raise ~ $12,750,000 annually

Requires a vote of the citizens

Projected cost to implement: ~ $100,000 annually

Other Taxes

Description	**Who**	**Vote/ Council**	**Charge**	**Use**	**Revenue per year**
Bicycle Excise Tax	Colorado Springs	Vote	$4 per bike sale	Bicycle Paths	~$28,000
Electronic Smoking Devices Tax	Boulder	Vote	40%	General Fund	~$770,000
Sugar Sweetened Beverage Tax	Boulder	Vote	.02 cents per ounce	Health promotion, general wellness	~$4,300,000
Food Service Tax	Denver, Boulder	Vote	4%	General Fund	~$730,000
Services	**No one…yet**	Vote	3.46%	General Fund	~$26,000,000

Fee Options

Description	Who	Vote/ Council	Charge	Use	Revenue per year
Credit Card Convenience Fee	Multiple	Council	$1 up to 3%	Recover costs related to taking a credit card	~$500,000
Road Improvement Fee	Westminster	Council	$6 per month	Road Maintenance	~$3,400,000

Revenue Growth Information

Sales Tax Revenue Levels

Increase %	1 year revenue	10 year revenue
.10%	$ 2,288,000	$ 25,597,000
.25%	$ 5,722,000	$ 63,992,000
.50%	$ 11,444,000	$ 127,985,000
1.0%	$ 22,888,000	$ 255,970,000

Note: This assumes 100% of new revenue goes to proposed ballot issue (no Code Sec 98-101 CIP)

Property Tax Revenue Levels

Increase mill	1 year revenue	10 year revenue
1 mill	$ 2,141,000	$ 24,535,000
4.31 mills	$ 9,231,000	$ 105,750,000
10 mills	$ 21,417,000	$ 245,359,000

Note: This assumes no legislative changes to assessed value

Questions

REPORT TO CITY COUNCIL WORKSHOP

AGENDA ITEM 2.C.

TO: THE HONORABLE CITY COUNCIL DATE: May 13, 2024

SUBJECT: Housing Strategic Plan Update

Report in Brief

Presenter: Carrie Espinosa

On March 25, 2024, Mollie Fitzpatrick of Root Policy Research, presented the results of the Arvada Housing Needs Assessment along with a draft of the Housing Strategic Plan. During the presentation, the Arvada City Council provided feedback and recommendations for improvement. On May 13, 2024, Root Policy Research will review with the Council the updates to the Housing Strategic Plan based on the Council's feedback.

Background

On October 3, 2022, the Arvada City Council approved R22-082, A Resolution Authorizing an Intergovernmental Agreement Between the City of Arvada and the Colorado Department of Local Affairs for the Purpose of the Innovative Affordable Housing Strategies Planning Grant Program. The purpose of the agreement was for the City to receive grant funding from DOLA for the creation of a Housing Strategic Plan. The City used the grant to commission Root Policy Research to complete the Housing Strategic Plan in partnership with the newly formed Arvada Housing Advisory Committee. In May 2023, Root Policy Research and the Housing Advisory Committee began their work toward drafting the Plan, including the completion of the Housing Survey in October/November 2023 to assist in updating the Housing Needs Assessment of the Plan. According to the grant terms, the City must adopt the Plan by June 1, 2024.

On March 25, 2024, Root Policy Research presented the findings from the Arvada Housing Needs Assessment and a draft of the Arvada Housing Strategic Plan. During the presentation, the Arvada City Council provided feedback and recommended edits to the draft Plan. The City team will use this workshop to review the edits made to the Plan and present the final strategies to address the community's affordable housing needs.

Strategic Alignment

The Housing Strategic Plan aligns with the Community and Economic Strategic Priority Area to implement a tool kit of housing mix and style plan to improve access to quality housing that is affordable for a broad range of income levels.

Next Steps

The Housing Advisory Committee and the Housing team will recommend that the draft Housing Strategic Plan be approved during the May 20, 2024 business meeting.

Prepared by:
Carrie Espinosa, Manager of Housing Preservation and Resources

Reviewed by:

Approved by:

Carrie Espinosa, Manager of Housing Preservation and Resources	4/24/2024
Jessica Garner, Director of Community and Economic Development	4/24/2024
Gail Walker, Legal Specialist-Contracts	4/25/2024
Emily Grogg, Senior Assistant City Attorney	4/25/2024
Linda Haley, Deputy City Manager	4/25/2024
Rachel Morris, City Attorney	4/25/2024
Lorie Gillis, City Manager	4/30/2024

Enclosure, exhibits & attachments required to support the report

Housing Strategic Plan

DRAFT REPORT

4/26/2024

Root Policy Research
6740 E. Colfax Avenue, Denver, CO 80220
www.rootpolicy.com
970.880.1415

ARVADA HOUSING STRATEGIC PLAN

INTRODUCTION

This Housing Strategic Plan identifies, prioritizes, and recommends housing goals, policies, programs and resources to address housing needs in the City of Arvada. The Plan builds on Arvada's 2020 Housing Needs Assessment and Strategy, accounting for changes in market trends, state resources, and the progress made on the 2020 Housing Plan.

The goals and strategies outlined in this Plan were informed by a Comprehensive Housing Needs Assessment (see Appendix A); input from residents, in-commuters, and stakeholders (also in Appendix A); as well as direction from City staff and the Housing Advisory Committee (HAC). Strategic Actions are informed by Root Policy Research's expertise and experience in peer communities and best practices in housing policy.

REPORT ORGANIZATION

Following a one-page executive summary, the Strategic Plan is organized around the following sections:

- Why Work to Address Housing Needs?
- Summary of Housing Needs and Community Engagement (for details, see Appendix A. Housing Needs Assessment, HNA).
- Progress on Action Items in the 2020 Housing Strategy.
- Housing Goals and Strategy Framework.
- 2024 Housing Strategies and Actions.

ACKNOWLEDGEMENTS

Special thanks to the City's Housing Preservation and Resources Division and the Arvada Housing Authority staff—particularly Samantha Bradley and Carrie Espinosa—and to the HAC for their continued work and input on development of the Plan; and to the numerous residents and stakeholders who participated in engagement opportunities to inform the Housing Needs Assessment and Strategic Plan.

Housing Advisory Committee Members:

Paul Bunyard	Tim Rogers
Andrew Heesacker	Cmbr. Lisa Feret
Roger Jones	Matthew Wedell
Mindy Mohr	Harrison Wilterdink
Patrick Noonan	

HUD AMI: Housing programs rely on income limits published by the U.S. Department of Housing and Urban Development (HUD) that are represented as percentages of the area median family income (commonly abbreviated as "HUD AMI" or simply "AMI"). Common programmatic income qualifications occur at 30% AMI, 50% AMI, 60% AMI, and 80% AMI. The 2023 AMI for a 2-person household in Arvada is $99,300. See Appendix A (HNA) for additional details on how AMI is determined and the current AMI thresholds in Arvada.

OVERVIEW OF RECOMMENDED STRATEGIES

The Arvada Housing Strategic Plan policy levers, strategies, and priorities are summarized below. Strategies and action items were developed in conjunction with Arvada City staff, City Council, and the Arvada Housing Advisory Committee (HAC) and are grounded in evidence-based best practices, Root Policy Research's expertise, and input from Arvada residents and stakeholders as part of the community engagement conducted in support of the Housing Needs Assessment and Strategic Plan.

Policy Lever 1. Leverage Financial Assets

to support affordable housing production, preservation, and programs.

strategies

Bolster Housing Resources

1. Continue existing federal/state program partnerships.
2. Continue to allocate publicly owned land (and/or acquire properties) for affordable and mixed-income housing.
3. Create a dedicated, sustainable revenue source to fund the Arvada Affordable Housing Fund (AAHF).

Deploy Housing Resources

4. Invest in the production of income-restricted housing.
5. Invest in the preservation of affordable housing.
6. Add staff capacity to support implementation of the Plan.

top priorities

Bolster Resources through **land banking** (#2) and creating a **local funding source** (#3).

Deploy resources with a focus on **preservation** (#5).

Policy Lever 2. Land use and Zoning Modifications

to unlock supply, improve natural affordability and housing diversity, and to incentivize affordable projects..

strategies

Affordable Incentives

7. Incorporate additional incentives for income-restricted developments (and update definition of "affordable" in the Code).

Zoning Changes

8. Implement land use recommendations from the Jeffco Housing Advocacy Steering Committee on workforce housing.

Affordable Requirements

9. Explore affordable requirements in new developments (e.g., linkage fees and/or inclusionary zoning).

top priorities

Expand **affordable housing incentives** (#7).

Implement best practice **land use and zoning recommendations** (#8).

WHY WORK TO ADDRESS HOUSING NEEDS?

A balanced housing stock accommodates a full “life cycle community”—where there are affordable housing options for each stage of life from career starters through centenarians—which in turn supports the local economy and contributes to Arvada’s community culture.

- Research consistently shows that a constrained housing market negatively impacts economic growth while stable and affordable housing are central to the health of individuals, families, and communities.
- Households living in stable housing are more likely to spend their incomes in the local economy through direct spending on goods and services.
- Housing investments that allow workers to live near their place of employment can reduce the impacts of traffic and commuting, and attract new business by increasing recruitment of talent, productivity and retention of the talent that is recruited.
- Affordable housing is key to providing high quality public services as many essential workers (e.g., first responders, medical professionals, and teachers) often leave communities that do not have an adequate supply of housing in their price range.
- Affordable housing also plays a key role in preventing and resolving homelessness.
- Generational wealth from affordable home ownership is a major contributor to positive outcomes for children. As housing and equity are passed down, young adults have the option to remain in the community and have families of their own.
- Housing investments and stable housing environments also bolster local revenue, increase job readiness, help renters transition to homeownership, lower public costs of eviction and foreclosure, and increase the economic and educational opportunities for children.

SUMMARY OF HOUSING NEEDS & COMMUNITY INPUT

This section summarizes the key findings of the comprehensive Housing Needs Assessment (HNA) and associated community engagement efforts. The full HNA is included in Appendix A and includes a demographic and economic profile of Arvada, housing market trends, a housing needs analysis and full results from the resident and in-commuter survey along with stakeholder interviews and focus groups.

SUPPLY AND MARKET TRENDS

Housing supply. Arvada's housing supply did not quite keep pace with household and population growth over the past 5 years. Arvada's current housing stock is weighted toward single-family detached products (71% of all units). Production of "missing middle" types (e.g., townhomes, and du-/tri-/quad-plexes) is increasing but still constitutes a small share of sales.

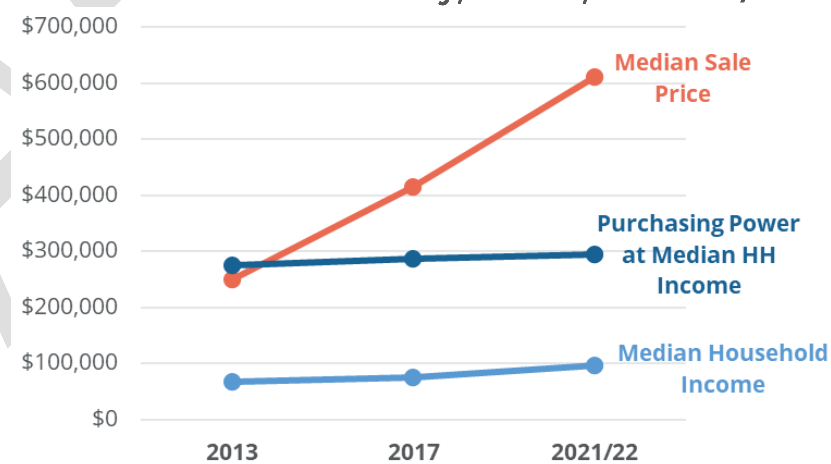
Rental market. Median rents in Arvada were around $1,600 in 2021, 56% higher than median rent in 2013. Rental units in the city have increasingly shifted to higher price points over the last decade, resulting in a sharp decline in units affordable to low- and middle-income households. Limited supply and low vacancy rates contribute to an extremely tight market.

Homeownership. 75% of households own their home in Arvada; this is a similar proportion to Jefferson County overall. However, recent data on mortgage applications in Arvada show that buying a home is increasingly out of reach for low- and even moderate-income households. Arvada households now need an income of $199,000 to afford the median price of $606,000. Condos offer the most affordable option with a median price around $350,000, but account for a relatively small proportion of total sales (8%).

CHANGES IN AFFORDABILITY

The rise in home prices substantially outpaced incomes over the past five years. These trends coupled with rising interest rates are pushing homeownership further out of reach for many current and potential future Arvada households, making it difficult for renters to transition into home ownership, and for those who work in Arvada to gain access to stable housing

For-Sale Market Affordability, Arvada, 2013-2021/22

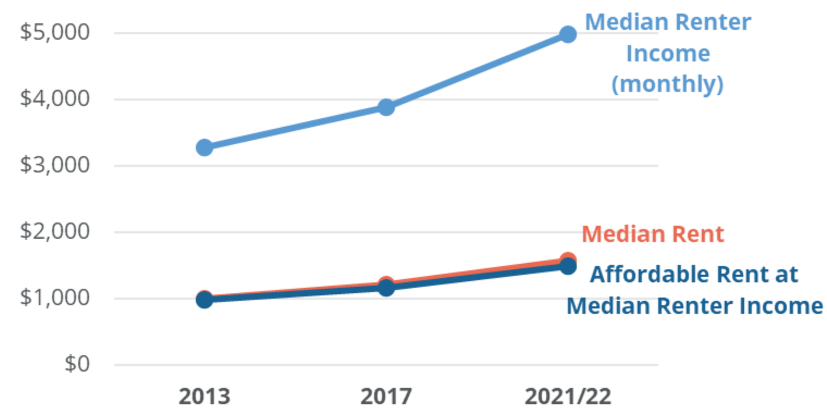


Notes: Purchasing power assumes that buyers spend 30% of their income on housing and have a 30-year mortgage with a 10% down payment. Ancillary costs (e.g., property taxes, insurance, HOA payments) are assumed to collectively account for 30% of monthly housing costs.

Source: 2013, 2017, and 2021 ACS 5 year, Zonda Sales Data, and Root Policy Research.

The median home price rose 144% between 2013 and 2021, far exceeding the change in median income (42%). Rising interest rates exacerbate these changes and compress affordability further: the change in purchasing power associated with rising incomes was only 7%, due to the sharp spike in interest rates over the period.

Rental Market Affordability, Arvada, 2013-2021/22



Source: 2013, 2017, and 2021 ACS 5 year , and Root Policy Research.

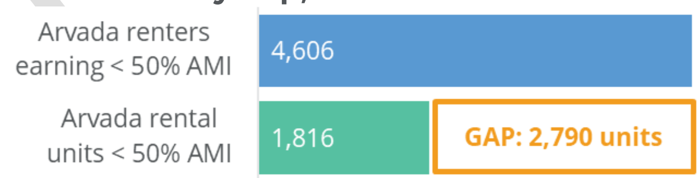
At the median, the increase in renter income and rental costs were roughly proportional (52% rise in income and 56% rise in rent). In other words—the median renter was almost able to keep up with rising rents.

Even so, over half of Arvada's renters are cost burdened (spending 30% or more of gross income on housing). This leads to housing instability, difficulties saving for a downpayment or an emergency fund, and, overall, less disposable income available to be spent at local businesses. Over the past 10 years, cost burden has started to impact higher-income renters with substantial increases in the proportion of renters earning $35,000 to $75,000 that are cost burdened.

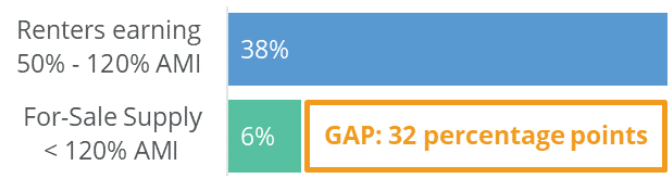
Affordable inventory. Income-restricted housing units play an important role in providing affordable rents to Arvada residents and workers with low to moderate household incomes. Arvada currently has a total of 1,400 income restricted units across 24 properties, though some are at the end of their mandatory affordability periods, with another 750 units in the pipeline.

Affordability Gaps—mismatches in supply and demand by price-point. The affordability gaps analysis indicates that affordability needs are concentrated below 50% AMI in the rental market and below 120% AMI in the for-sale market (though for-sale inventory needs do persist up to 150% AMI).

Rental Affordability Gap, Arvada



For-Sale Affordability Gap, Arvada



Source: 2013, 2017, and 2021 ACS 5 year , and Root Policy Research.

Collectively, there is an affordability shortage of 2,790 units for renters earning less than 50% AMI (even after accounting for the City's affordable, income-restricted rental inventory). The most acute affordability needs are for households earning less than 30% of AMI.

SUMMARY OF HOUSING NEEDS & COMMUNITY INPUT

Thirty-eight percent (38%) of renters have incomes between 50% and 120% of AMI—a range that historically would have placed them in consideration for first-time home purchase. However, only 6% of homes sold in Arvada in 2022 were in an attainable price-range for this group. Instead, potential buyers do not see proportional affordability in the market unless they have incomes over 150% AMI.

This creates affordability challenges for Arvada's workers: only 8 of the 19 industries in Arvada have average wages high enough to afford the median rent in Arvada and no industries have average wages high enough to afford the median sale price (even if they have 1.5 workers per household).

COMMUNITY PERSPECTIVES

Stakeholder interviews. A broad cross-section of stakeholders, including social service providers, local employers, community advocates, and real estate developers highlighted growing housing needs in Arvada impacting economic development, employee retention, and community well-being.

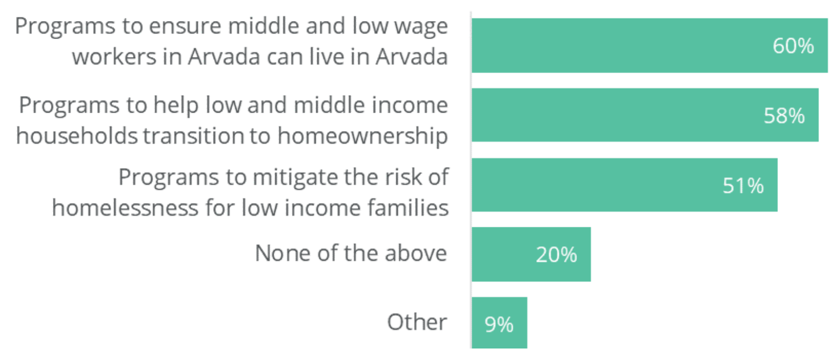
- Social service providers emphasized the need for more long-term programming to support low-income families and residents experiencing (and at risk of) homelessness.
- Real estate developers highlighted development barriers including: high parking requirements; relatively high tap fees and infrastructure costs; public opposition to multi-family; requirements for conditional use permits in multi-use zones; and slow approval processes. Addressing these barriers and/or creating deeper affordability incentives could boost housing production and affordability.

Resident survey. Arvada residents highly value housing diversity/accessibility and affordability and a broad majority (over 75% of surveyed residents) believe that housing forms typically associated with affordability—such as duplexes, townhomes, and apartments up to 3 stories along major roads—are appropriate in Arvada.

- Housing types rated most important to Arvada by survey respondents are housing for middle class families; affordable starter homes; accessible housing (e.g., no stairs); and housing affordable to residents living on fixed incomes and/or working in public service or retail.
- Nearly half of residents think that duplexes and townhomes specifically are appropriate in their own neighborhoods, with support generally trending higher towards East Arvada.

Residents did express strong support for public investment in housing—particularly for low and middle income workers as well as programs to stabilize low-income families.

What types of housing programs should the City of Arvada invest in over the next 5 years?



Source: Source: Root Policy Research from the 2023 Arvada Housing Survey.

PROGRESS TO DATE ON 2020 STRATEGIES

HAVE NEEDS CHANGED SINCE 2020?

The top needs identified in the 2020 Housing Needs Assessment are still present: affordable rental and ownership options and increased housing diversity. Survey results also indicate a need for programs that improve housing stability coupled with support for City investments in housing for low- and middle-income workers.

	Top Needs – 2020 Study	*Updates – 2024*
1	**Additional affordable rentals (or rental assistance), specifically for residents earning less than $35,000.**	**Rental affordability gap increased from 2,275 units to 2,790 units.**
2	**Starter homes and family homes priced near or below $300,000.**	**Acute need now goes up to $350,000 and market continues to undersupply homes up to $450,000.**
3	**Increased diversity in housing stock with a focus on "missing middle" ownership options and product types attractive to aging seniors.**	**Increased diversity still a need to accommodate priority housing types (based on survey results). Survey also indicates a need for programs that improve housing stability.**

WHAT PROGRESS HAS BEEN MADE TO ADDRESS NEEDS SINCE 2020?

The 2020 Housing Needs Assessment and Strategy identified six priority strategies and related action steps to address the identified needs at that time. The figure below shows the 2020 Strategy and Action Steps and summarizes the progress the City has made on each strategy (as of March 2024).

2020 Strategy and Action Steps	Progress to Date
1. Establish a committee to implement the city's affordable housing action plan and support affordable housing development.	HAC was formed in 2023 and meets quarterly.
2. Incorporate additional development incentives to the city's land development code. • *Arvada recently updated its land development code (adopted by City Council on 5/18/20) to include a height bonus, fast-track review, and modification opportunities for affordable development. Additional incentives could include:*	Arvada's code now includes height bonus incentives and a reduced parking requirement for LIHTC developments. Parking incentives

PROGRESS TO DATE ON 2020 STRATEGIES

2020 Strategy and Action Steps	Progress to Date
• *Waive or reduce development fees (up to an amount) for affordable housing development.* • *Waive rezone requirements (or streamline process) for developments with deep affordability.* • *City to utilize CDBG, HODAG or other resources to fund off site infrastructure that a development may need in return for affordable units.*	have been utilized the most. The HAC also established criteria for providing gap financing to LIHTC as an additional inventive.
3. Allocate publicly owned land (and/or acquire vacant or underutilized properties) for affordable and mixed-income housing. • *Inventory existing public land (including land owned by the City, County, schools district, etc.) and evaluate feasibility for residential development.* • *Establish partnership with local affordable developers and land trusts* • *Evaluate funding sources for land/property acquisition that could be utilized to create or preserve affordable housing.* • *Actively watch for property and land to acquire to repurpose (could include vacant land, underutilized commercial, and/or small naturally occurring affordable multifamily housing).*	The City has identified potential sites and is actively meeting with partners.
4. Implement a foreclosure/eviction prevention program. • *Identify potential non-profit partners to provide services.* • *Evaluate funding source options and feasibility of providing short-term emergency rent and utilities assistance.*	Jefferson County administered emergency assistance during the pandemic but the program does not have ongoing funding. Housing counseling is currently available.
5. Establish a local funding source using commercial and/or residential linkage fees. • *Evaluate political support for linkage fee option.* • *Consider and allocate staff resources for program compliance.* • *Conduct/contract a nexus study to investigate potential fee amounts and implement program.*	This was identified as a long-term strategy in 2020 so action steps are ongoing. There is still a need for additional funding to support affordable housing programs, production, and preservation.
6. Leverage existing resources to facilitate affordable housing development. • *Utilize current city resources for affordable housing development and preservation.* • *Analyze and configure current housing revenues.* • *Private Activity Bond procedures and priorities.*	The City, in consultation with the HAC, established procedures and priorities for the Arvada Affordable Housing Fund (AAHF). The City continues to leverage state and federal resources effectively and efficiently to serve low and moderate income households.

HOUSING GOALS & STRATEGY FRAMEWORK

HOUSING VISION

Arvada's Comprehensive Plan (completed in 2014) outlines the City's vision for growth and change through 2034.[1] The Plan includes the following goals for neighborhoods and housing:

- Plan for a range of neighborhoods and accessible housing of different tenure types to accommodate diverse incomes and all ages and abilities.
- Encourage development of Workforce, Affordable, and assisted housing throughout Arvada.
- Maintain and improve the quality of the existing housing stock in Arvada and revitalize the physical and social fabric of neighborhoods that are in decline.
- Provide opportunities for special needs and senior housing in Arvada.

HOUSING GOALS

In addition to the stated vision for housing in Arvada, the City set the following goals to measure outcomes:

- Increase Affordable Housing inventory by 3% per year—139 units annually from the current baseline—in compliance with the City's commitment with State Proposition 123 funding. (Affordable is defined a 60% of AMI for rental units and 100% of AMI for for-sale units).
- Increase production of housing that expands price-point and product diversity in Arvada, including multifamily and "missing middle" products (e.g., du-/ tri-/quad-plexes and townhomes) that tend to have more attainable price-points.

STRATEGY FRAMEWORK

There is no single strategy—or "silver bullet"—to resolve a community's housing challenges. Instead, it is important to have a toolkit of strategies to effectively address needs and respond to changing market and policy conditions.

An integrated approach that creates funding and leverages key partners to create and preserve affordability as well as assist low-income households will have the most success.

1 **Fund—**Generate resources for affordable housing development, preservation, and services.

2 **Preserve—**Work to maintain existing dedicated and naturally occurring affordable housing.

3 **Assist—**Increase access to resident housing services and programs through partnerships, funding, and tailored program development.

4 **Create—**Support development of dedicated affordable housing, naturally occurring affordable housing, and diverse housing types to accommodate a broad spectrum of needs and preferences.

[1] An update to the Comprehensive Plan is planned for 2025 (pending budget allocation) and will incorporate the 2024 Housing Strategy.

CITY OF ARVADA'S ROLE ACROSS THE HOUSING CONTINUUM

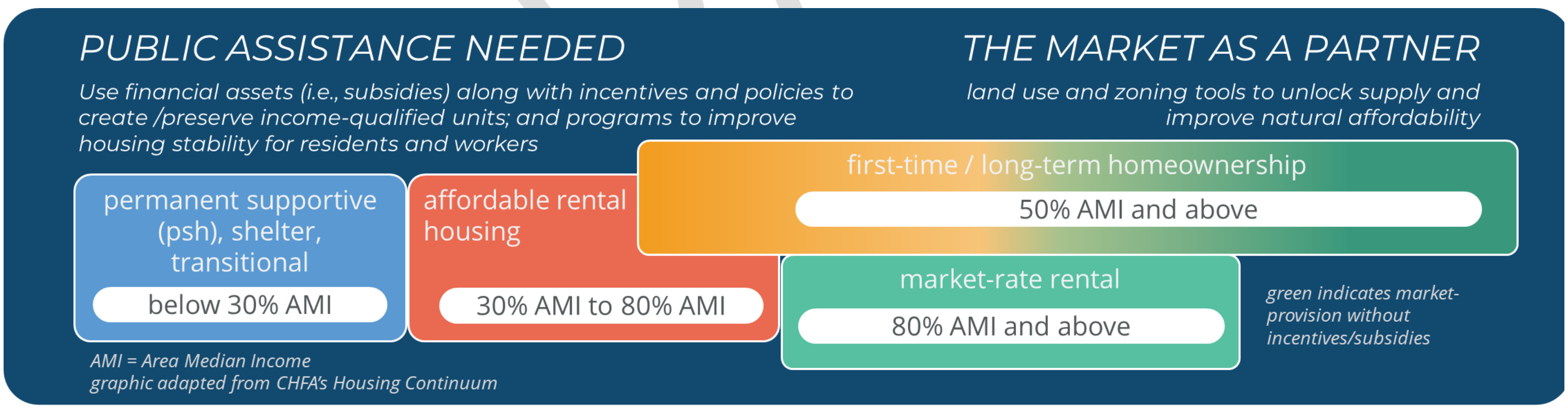
The graphic below shows the full spectrum of housing from transitional/shelter housing up through market-rate homeownership. Not surprisingly, the farther up the income/price spectrum, the more likely it is that the private market can provide housing without any subsidy or intervention from public entities. However, at the most affordable end (housing below 30% AMI), deep subsidies are needed to produce and operate housing.

The City can leverage the market as a partner to develop needed housing at the upper end by using land use and zoning tools to unlock supply and increase natural affordability. (Land use and zoning policies manage the type, volume, and location of housing that can be constructed in a community, which directly impacts product and price-point diversity).

Even with adequate zoning, **the private market cannot produce an adequate amount of affordable housing for lower income households** due to the high (and rising) cost of new construction, land, and financing. Therefore, direct subsidies (e.g., gap financing, LIHTC, land donations, etc.) are needed to create affordable rental housing and to create access to homeownership for low- and moderate-income households.

The two primary policy "levers" available to the City to address needs across the housing continuum are:

1) **Financial assets**—funding and/or land assets—to subsidize housing production, preservation, and programs.
2) **Zoning tools** to unlock supply, improve natural affordability, and incentivize affordable/attainable projects.



Source: CHFA Housing Continuum graphic, adapted by Root Policy Research

RECOMMENDED STRATEGIES AND ACTIONS

Recommendations for the City of Arvada were developed in conjunction with Arvada City staff, City Council, and the Arvada Housing Advisory Committee (HAC). Strategies and action items are grounded in evidence-based best practices, Root Policy Research's expertise (including working with peer communities), and input from Arvada residents and stakeholders as part of the community engagement conducted in support of the Housing Needs Assessment and Strategic Plan.

The figure below summarizes the housing strategies recommended for Arvada along with action steps to facilitate implementation and level of priority (based on feedback from the HAC and City staff). Additional details on each strategy follow. The recommended strategies are intended to provide Arvada with a "roadmap" to meet affordability needs and goals. Given Colorado's legislative housing priorities, Arvada should monitor state legislation that may impact prospective land use and zoning opportunities, as well as requirements related to housing and adjust the Strategic Plan if/as needed.

	POLICY, STRATEGY, AND ACTION	*STATUS*	*PRIORITY*	*DIFFICULTY*	*IMPACT*
	Policy Lever 1. Leverage financial assets to support affordable housing production, preservation, and programs.				
Bolster Resources	**1. Continue existing program funding supported by federal and state funds and service delivery partnerships.**	**CONTINUE**	**MODERATE**	**LOW**	**MODERATE**
	- Continue to support housing, community development, and homeless prevention/intervention strategies with CDBG funds.				
	- Continue to apply for state funding (e.g., Prop 123 programs) as opportunities arise.				
	- Advocate for additional federal and state funds dedicated to housing.				
	- Continue ongoing evaluation to determine which programs and service delivery partnerships can be expanded.				
	- Continue to evaluate efficacy of programs and align funding priorities in consultation with the HAC.				
	2. Continue to allocate publicly owned land (and/or acquire properties) for affordable and mixed-income housing.	**EXPAND**	**HIGH**	**LOW - MODERATE**	**MODERATE - HIGH**
	- Inventory existing publicly available land and study the feasibility of residential development.				
	- Define land bank program and strategies/priorities for disposition (e.g., donations, discounted sales, and/or long-term ground leases).				
	- Establish partnerships with other mission-driven or community-oriented landowners.				
	- Actively watch for property and land in Arvada and Jefferson County to acquire and redevelop (contingent on additional funding).				
	3. Create a dedicated, sustainable revenue source to support the underfunded Arvada Affordable Housing Fund (AAHF).	**NEW**	**HIGH**	**HIGH**	**HIGH**
	- Consider the feasibility and impact of a small sales or property tax increase.				
	- Task the HAC to study potential local funding tools and determine the most appropriate source of funds for the City (e.g., taxes, fees, TIF).				

	POLICY, STRATEGY, AND ACTION	*STATUS*	*PRIORITY*	*DIFFICULTY*	*IMPACT*
	- Evaluate funding streams for housing projects in peer cities/communities.				
	- Determine concrete priorities for the fund.				
Deploy Resources	**4. Invest in the production of income-restricted housing, prioritizing projects that meet identified housing needs.**	**EXPAND**	**MODERATE**	**MODERATE**	**HIGH**
	- Continue to set annual priorities through the HAC for funding criteria.				
	- Contingent on Strategy 3, dedicate local funds for income-restricted projects that align with the housing needs.				
	- Conduct regular data updates for the HNA to align affordable housing priorities with changing needs.				
	5. Invest in the preservation of affordable housing, including naturally occurring affordable housing (NOAH) and properties with expiring affordability contracts.	**NEW**	**HIGH**	**MODERATE**	**MODERATE**
	- Continue to maintain a database of Arvada's affordable housing properties.				
	- Establish partnerships to acquire expiring income-restricted properties and units.				
	- Contingent on Strategy 3, dedicate local funds to support acquisition/rehabilitation that renews affordability contracts.				
	- Include housing acquisition/rehabilitation of NOAH as an eligible activity for AAHF applications.				
	- Determine geographic and housing priorities for acquisition and rehabilitation.				
	- Work with peer communities to understand existing preservation programs and evaluate the feasibility in Arvada (e.g., Wheat Ridge).				
	6. Bolster implementation and coordination capacity in support of the Housing Strategic Plan	**EXPAND**	**MODERATE**	**LOW**	**MODERATE**
	- Evaluate staffing needs for effective implementation of action items and add capacity accordingly.				
	- Foster partnerships and advocacy to support housing outcomes.				
Policy Lever 2. Implement land use and zoning modifications to unlock supply, improve natural affordability and housing diversity, and to incentivize affordable projects.					
Incentives	**7. Incorporate additional incentives for affordable (income restricted) developments.**	**EXPAND**	**HIGH**	**LOW**	**MODERATE**
	- Create "fast-track" process for affordable (already a requirement of Prop 123)				
	- Update the "Affordable" definition in in the LDC to include affordable for-sale				
	- Consider deeper parking reductions for affordable multi-family and add parking reduction for affordable townhomes.				
	- Consider administrative approval of affordable residential in mixed use zones (subject to ground-floor commercial space).				
	- Consider design incentives/alternatives that reduce the impact of balcony and covered parking requirements.				
	- Consider density bonuses for both multi-family and single-family Affordable projects				

2024 HOUSING STRATEGIES & ACTIONS

	POLICY, STRATEGY, AND ACTION		STATUS	PRIORITY	DIFFICULTY	IMPACT
Entitlements	8.	**Implement the Jeffco Housing Advocacy Steering Committee's workforce housing land use recommendations.**	**EXPAND**	**HIGH**	**MODERATE**	**MODERATE**
	-	Zone more land for multi-family.				
	-	Allow more types of housing in single-family zones—especially duplexes.				
	-	Lower minimum lot size for single-family.				
	-	Increase lot coverage limits.				
	-	Allow conversion of commercial and office buildings to multi-family housing as appropriate.				
Requirements	9.	**Explore affordability requirements in new developments.**	**NEW**	**MODERATE**	**HIGH**	**HIGH**
	-	Continue HAC discussion of affordability requirement programs, evaluating their potential impact on housing needs as well as market feasibility.				
	-	Monitor current and new inclusionary programs implemented throughout Colorado, particularly the Denver metro, and evaluate if inclusionary requirements would be effective and appropriate in Arvada.				
	-	Consider a nexus study to investigate commercial and/or residential linkage fees as a dedicated source of funding.				

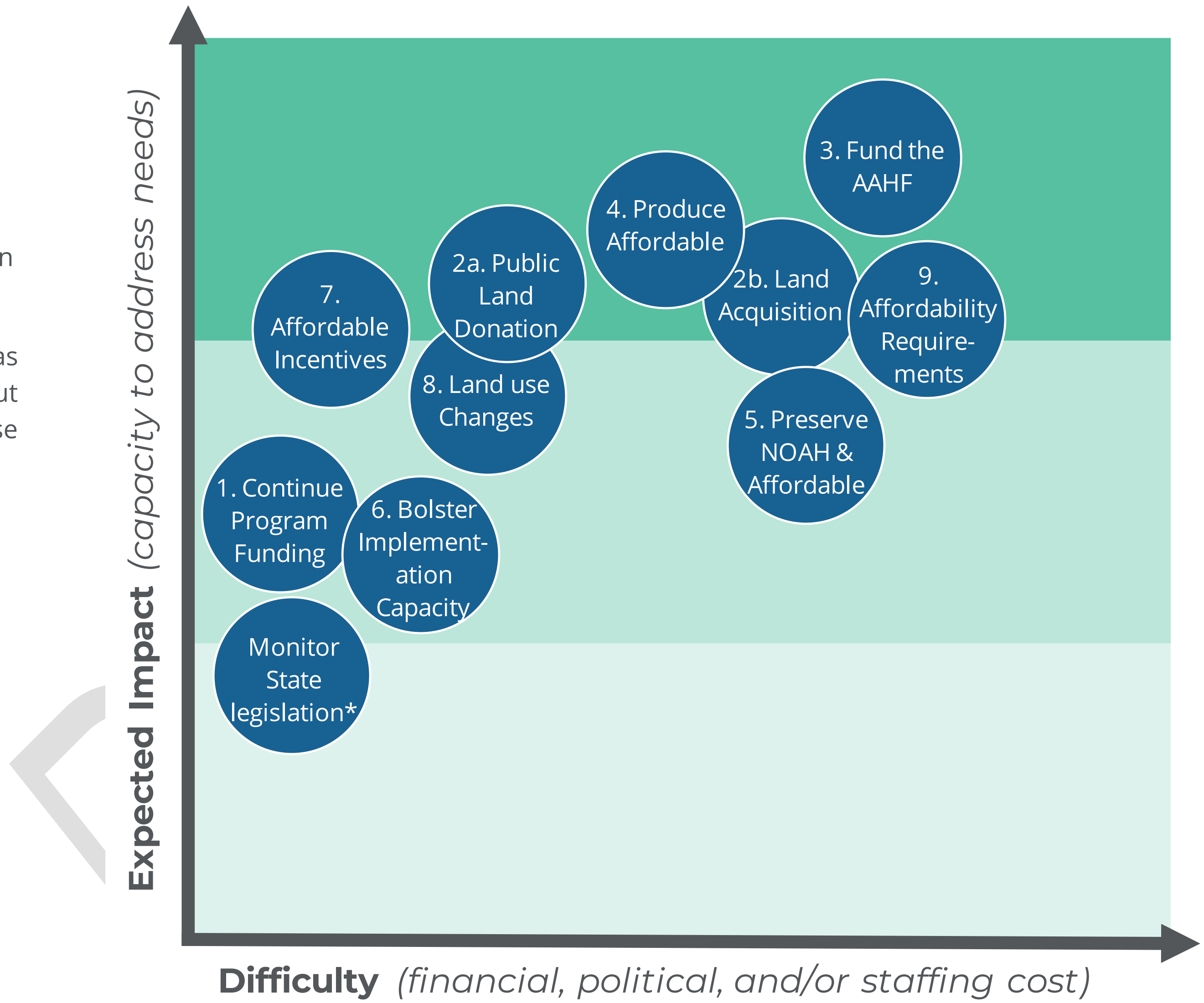
Table Notes:

- *Status reflects whether the strategy is a continuation of prior efforts, an expansion of an existing program or policy, or a new approach to address needs.*
- *Priorities were determined by City staff and the HAC and are based on the expected impact of the strategy along with difficulty and cost of implementation.*
- *Difficulty reflects the level of challenge or cost associated with implementation. This could include financial cost, staffing cost and/or time, and political cost or anticipated opposition.*
- *Impact reflects the expected capacity of the strategy to address identified housing needs related to housing affordability, housing diversity, and housing stability.*

2024 HOUSING STRATEGIES & ACTIONS

The figure at right plots the recommended strategies according to their relative difficulty to implement (i.e. financial cost, political cost, or staffing capacity/costs) and anticipated impact on housing affordability.

This matrix is intended as a visual representation but is not a perfectly precise tool.



Note: *Impact of state legislation depends on the specific bill.

Source: Root Policy Research.

POLICY LEVER 1. LEVERAGE FINANCIAL ASSETS TO SUPPORT AFFORDABLE HOUSING PRODUCTION, PRESERVATION, AND PROGRAMS

Financial assets (including funds and publicly owned land) are commonly used by local governments to support affordable housing production, preservation, and programs. Due to its relatively low cashflow, and inability to leverage significant permanent debt, income restricted housing almost always requires some type of financial subsidy—either cash or in kind—in order to be constructed. In high-cost markets, such as the Denver Metro, federal subsidies alone are insufficient and projects generally require local, state, or philanthropic funds.

Cities often leverage existing assets to subsidize affordable housing projects, support existing programs and services, and provide financial incentives in exchange for income-restricted units. Communities can proactively address needs by strategically planning for changing housing needs by identifying additional financial resources and assets (for example, new dedicated and sustainable revenue streams for projects).

Currently, financial resources to address housing affordability needs in Arvada are drawn from federal and state sources, but do not have a dedicated local revenue source such as a tax dedication, linkage fee or a line item in the General Fund's budget. As it stands, these sources are insufficient to fully address the housing needs identified in the 2024 HNA.

- The City of Arvada receives about $450,000 annually in Community Development Block Grants (CDBG) from the HUD. Over the past five years, Arvada has used its CDBG allocation to create mixed-income units, seniors-only developments, affordable ownership housing, and permanent supportive housing (PSH) units. The City has also used CDBG funds to implement rehabilitation programs for seniors and people with disabilities.

- The Arvada Housing Authority administers federally funded housing vouchers through the Housing Choice Voucher Program and the Project Based Voucher Program.

- The City may also apply for state-funded programs to support affordable housing projects and services in addition to (or combined with) federal funds. For example, the City has also "opted in" to Proposition 123 programs, which creates an opportunity for additional funds if affordable production goals are met.

- Arvada also receives Private Activity Bond allocations (PABs) that can be used as a powerful financing tool for affordable construction. PABs sufficient to cover 50% of a project's construction costs are federally required to unlock an affordable project's ability to access LIHTC. In these projects, the credits can account for tens of millions of dollars in the permanent Capital Stack. Because of the pairing of PABs to LIHTC, affordable housing offers the strongest leveraging for this financial resource.

- At the local level, funds for affordable housing production are limited though there are several opportunities for

Arvada to institute new dedicated funding streams for housing (see Strategy 3). Currently, Arvada has no dedicated local funding source to support the Arvada Affordable Housing Fund (AAHF) and/or development projects.

Leveraging existing assets is critical to maintaining the ongoing housing strategies of the City. Creating a dedicated and flexible source of housing funds would substantially expand the City's ability to drive implementation of this Housing Strategic Plan and make additional progress on the City's housing goals.

Strategies 1 through 6, detailed below, outline actions the City of Arvada can take to leverage financial assets to support affordable housing production, preservation, and programs. The first three strategies focus on stewarding and developing assets while Strategies 4-6 focus on utilizing those assets.

STRATEGY 1. CONTINUE EXISTING PROGRAM FUNDING SUPPORTED BY FEDERAL AND STATE FUNDS AND SERVICE DELIVERY PARTNERSHIPS.

Arvada allocates CDBG funds (and state funds as available) to support housing programs, as well as nonprofits and service agencies that provide housing, housing services, and/or services to support low- and middle-income households. CDBG Funds are allocated according to federal regulations. Any other funding in Arvada flows through the Arvada Affordable Housing Fund (AAHF), which is managed by the City, in consultation with the HAC. In 2023, the HAC established procedures and priorities for the Fund, which are revisited annually.

Program funds and partnerships are crucial for the City to address residents' current and future affordability needs. As such, Arvada will need to continue existing program funding (supported by federal/state funds) for programs and service delivery partnerships to meet changing needs.

In addition to managing existing resources, the City could advocate for additional federal and state funds dedicated to housing. Advocacy could be a regional or countywide effort. Service delivery partnerships can be maintained (and strengthened) by participating in ad hoc meetings and discussions and/or regional policy and action groups.

Recommended actions for Arvada:

- Continue to support housing and community development programs, homeless prevention/intervention strategies, and other efforts to increase housing stability with the City's CDBG allocation.
- Continue to apply for state funding (e.g., Prop 123 programs) as opportunities arise. Monitor new programs and legislation that could create opportunities.
- Advocate for additional state/federal housing funds and explore opportunities to apply for state/federal allocations (e.g., HOME funds).
- Continue ongoing evaluation to determine which programs and service delivery partnerships can be expanded.
- Continue to evaluate efficacy of programs and align funding priorities in consultation with the HAC.

STRATEGY 2. CONTINUE TO ALLOCATE PUBLICLY OWNED LAND (AND/OR ACQUIRE VACANT OR UNDERUTILIZED PROPERTIES) FOR AFFORDABLE AND MIXED-INCOME HOUSING.

Property acquisition costs are a central component of the cost of developing affordable housing. Arvada and other public entities (e.g., school district, RTD, and state entities) own properties that could reduce costs and facilitate the production of affordable and mixed-income units. Though much of this property is already utilized for public facilities (or is inappropriate for residential development), there are opportunities for Arvada to create affordable and mixed-income units through strategic utilization of publicly owned property.

Many local governments donate, discount, or lease vacant land or underutilized properties (e.g., closed schools, vacant or out-of-date public sector offices) for residential mixed-income or mixed-used developments through land bank/land donation programs. Essentially, cities acquire properties which are held in a "land bank" and redeveloped by nonprofit or private developers. Land from the bank can be donated, discounted, or offered on a land lease to the selected developer who agrees to an affordability level or community benefit. This process is typically started by creating an inventory of existing public land that the City could use for future housing sites. Land banking can also be used as a long-term preservation strategy, and a mechanism to help develop additional financial assets for future affordable housing needs.

Existing land inventory in Jefferson County presents a unique opportunity for Arvada to reduce future development costs, particularly given recent school closures across the county, some of which could be redeveloped as housing.

Recommended actions for Arvada:

- Inventory existing publicly available land (including land owned by the City, County, Colorado, school districts, etc.) and study the feasibility of residential development.
- Implement a land bank/land donation program. (Banks can vary in form from single parcels to scattered sites properties to large tracts of land).
- Establish partnerships with other mission-driven or community-oriented landowners, such as school districts, religious groups and churches, and nonprofit/affordable developers.
- Actively watch for property and land in Arvada and Jefferson County to acquire and redevelop. This could include vacant land, underutilized/vacant commercial, and/or small naturally occurring affordable multi-family housing.

STRATEGY 3. CREATE A NEW DEDICATED, SUSTAINABLE REVENUE SOURCE TO SUPPORT THE AAHF.

Dedicated local funds for affordable housing production, preservation, and programs (or a "Housing Trust Fund") can have a high impact on housing needs, especially in cities with adopted housing plans, clear and measurable housing goals, and/or additional development capacity. Revenue from local sources vary widely but can include General Obligation Bonds, commercial and/or residential linkage fees, sales tax, property tax, general fund allocations, set-aside or cash-in-lieu from inclusionary housing ordinances, and other taxes directly tied to housing demand.

Local funds are particularly effective for affordable housing development projects because they provide a sustainable and flexible funding source without federal or state regulations. Fee revenue can be used for gap financing of low-income housing projects, land banking, development incentives or subsidies (such as fee or tax rebates), and/or leveraging state and federal funding that requires a local match.

In light of these benefits, the City recently created the Arvada Affordable Housing Fund ("AAHF") to support affordable developers and provide gap financing for affordable and attainable housing projects. Distribution of funds from the AAHF are set annually by the HAC in alignment with this Strategic Plan.

However, the AAHF is underfunded for its projected needs and does not have a dedicated and sustainable revenue source. Lack of revenue and funds make it increasingly difficult for Arvada to meet its housing goals and address affordability needs.

Recommended actions for Arvada:

- Consider the feasibility and impact of a small sales or property tax increase. (Over 25% of residents who responded to the housing survey were supportive of a tax increase up to $100/year to support the city's affordable housing fund).

- Task the HAC to study potential local funding tools and determine the most appropriate source of funds for the City. Often, general fund allocations are the easiest way to initiate housing trust funds but a dedicated stream is most effective long-term. Options could include sales or property taxes, linkage fees or inclusionary fees in lieu, tax increment financing, or others.

- Evaluate funding streams for housing projects in peer cities/communities.

- Determine concrete priorities for the fund—what programs and policies should the fund support? Consider other strategies and actions outlined in the Strategic Plan that would require funding for maximum efficacy.

STRATEGY 4. INVEST IN THE PRODUCTION OF INCOME-RESTRICTED HOUSING, PRIORITIZING PROJECTS THAT MEET IDENTIFIED HOUSING NEEDS.

Production of income-restricted (affordable) housing has become increasingly important for many communities in Colorado. As rents and home prices continue to rise, cities and counties have strategically invested in the development of income-restricted units for both renters and owners.

Investments are most effective in communities that have recently completed housing needs assessments and/or housing market analyses as these reports allow cities to allocate their funds and resources in a manner that produces maximum benefit for local communities.

In addition to data analyses, priority-setting is crucial for cities to effectively address their community's affordability needs. Priorities should consider tenure (renter vs owner), affordability levels (AMIs), geographic distribution (location in the city as well as access to transportation, good schools, areas of opportunity, etc.)

Recommended actions for Arvada:

- Continue to set annual priorities through the HAC for funding criteria (e.g., What renter/owner AMIs should be targeted? Where should projects be sited? What financial criteria must development projects meet for funding eligibility?).
- Contingent on Strategy 3, dedicate local funds from the AAHF for income-restricted projects that align with the housing needs detailed in Appendix A.
- Conduct regular data updates for the Arvada Housing Needs Assessment (every 3-5 years) to align affordable housing priorities with changing needs.

STRATEGY 5. INVEST IN PRESERVATION OF AFFORDABLE HOUSING, INCLUDING NATURALLY OCCURRING AFFORDABLE HOUSING AND PROPERITES WITH EXPIRING AFFORDABILITY CONTRACTS.

There are two different submarkets of rental properties serving low- and moderate-income households in Arvada: income-restricted properties and naturally occurring affordable housing, or NOAH. Preservation efforts are needed when the affordability contracts on income-restricted units are set to expire and when NOAH is under market pressure to raise rents beyond what low-income households can afford.

Preservation is an attractive strategy because it utilizes existing housing stock and is not bound by the timeline and cost of new construction. However, preservation of NOAH, in particular, can be a challenge because it is driven by market opportunities and owned by private landlords—in other words, the City has no control over the rents.

Expiring affordability contracts. Almost 400 rental units in Arvada have federal subsidies contracts that will expire in the next ten years and 1,200 units will expire in the next 15 years (see Appendix A). This means that property owners will have the option to convert units to market-rate housing. With rentals in high demand, it is increasingly likely that affordability contracts held by private companies (rather than non-profits) will not be renewed after they expire—resulting in fewer affordable units and more households vulnerable to displacement/housing instability.

The most common form of preservation for expiring subsidies is to provide funding to non-profits for acquisition (and rehabilitation if needed) of the properties in exchange for long-term affordability. Financial resources can be allocated for activities including the identification of expiring properties, outreach and education, and/or funds to incentivize participation. The City does already institute a right-of-first-offer on the sale of any property that previously received City funding, putting them in an excellent position to preserve these units as they "expire."

Naturally occurring affordable housing. NOAH refers to housing that does not have any income restriction but generally serves lower- and middle-income households through "naturally" affordable rents and home prices. It typically reflects older apartments, smaller and attached for-sale homes, and/or manufactured housing (i.e., mobile homes). This critical segment of the market constitutes a large portion of the housing stock but can be challenging to preserve through policy tools because it is fully market-driven. NOAH preservation strategies are typically designed to incentivize property owners to institute long-term affordability periods by providing financial assistance to make needed improvements to their units and properties. Because these affordability restrictions will reduce the overall market value of the property for the duration of the restriction, the City must strike a balance between short-term stabilization and long-term affordability when considering the cost of these incentives.

Though they can be capital intensive depending on the context, NOAH preservation strategies are flexible. For example, rental properties can be maintained as rental or converted to cooperative ownership; and ownership properties can be resold to lower income families or leased as affordable rental units. Programs can be structured as rehabilitation grants for owners of existing multi-family developments (in exchange for contractual affordability) and acquisition/rehabilitation strategies can also support the conversion of hotels/motels into affordable or transitional housing.

Preservation strategies—for both expiring affordability contracts and NOAH—were recommended by the HAC as well as key Arvada stakeholders. These efforts will not only prevent housing instability and displacement among vulnerable households but improve the condition of the city's existing housing stock and allow Arvada to adapt to changing housing needs.

Recommended actions for Arvada:

- Continue to maintain a database of Arvada's income restricted housing properties including affordability periods, expiration timelines, ownership entities, and other data to help City staff identify opportunities for preservation programs.

- Establish partnerships with local non-profits, housing providers, affordable developers, and other entities who could be able to acquire expiring income-restricted properties and units.
- Contingent on Strategy 3, dedicate local funds from the AAHF to support acquisition/rehabilitation that renews affordability contracts.
- Include housing acquisition/rehabilitation of NOAH as an eligible activity for AAHF applications (contingent on imposing rent requirements).
- Determine geographic and housing priorities for acquisition and rehabilitation. For example, City staff could identify which areas of Arvada require the most resources and/or immediate intervention.
- Work with the peer communities to understand existing preservation programs (e.g., Wheat Ridge's new program) and evaluate the feasibility of a similar program in Arvada.
- Continue to work across City departments to evaluate how decisions in other areas may impact affordability of existing housing stock (e.g., parks, fire, public works, etc.).

STRATEGY 6. BOLSTER IMPLEMENTATION AND COORDINATION CAPACITY IN SUPPORT OF THE STRATEGIC PLAN.

A number of the recommended strategies for Arvada include expansion of existing policies or the addition of new approaches to address housing needs. It goes without saying that effective implementation will require staff resources to manage policies and monitor progress. As specific policies are implemented, the City should continue to monitor staffing needs within the Housing Division and add capacity as needed.

Staff capacity and HAC engagement is also critical to continue to foster partnerships with local service providers and coordinate housing policy efforts with surrounding communities, Jefferson County, and local foundations.

Recommended actions for Arvada:

- Evaluate staffing needs for effective implementation of action items and add capacity accordingly.
- Foster partnerships and advocacy to support housing outcomes.

POLICY LEVER 2. CONSIDER LAND USE AND ZONING MODIFICATIONS TO UNLOCK SUPPLY, IMPROVE AFFORDABILITY AND HOUSING DIVERSITY, AND INCENTIVIZE AFFORDABLE PROJECTS.

Land use and zoning reform (or modification) is a common practice to increase housing supply, improve natural affordability and housing diversity, and incentivize affordable housing projects. While regulatory reforms cannot fully address needs across the housing continuum, it is an important tool for many local governments to increase production of income-restricted units (through incentives or zoning mandates) while also freeing the market to respond more effectively to product and price-point demand.

Strategies specific to land use and zoning modifications are detailed below and include:

- Affordability incentives to increase income-restricted production;
- Land use recommendations that improve land use efficiency and allow for more housing diversity in line with market demand and housing needs; and
- Exploration of requirements on new development to contribute to the income-restricted housing supply through unit production or impact fees.

A significant benefit of these types of regulatory reforms is that they can typically be implemented without additional financial resources—though they may require political capital and/or staff capacity.

In addition to specific land use code modifications discussed in the following strategies, Arvada also has an opportunity to update its Comprehensive Plan, starting in 2025 (pending budget allocation). The Comprehensive Plan should also consider these recommendations in the context of the City's overall vision for growth and geographic priorities.

STRATEGY 7. INCORPORATE ADDITIONAL INCENTIVES FOR AFFORDABLE (INCOME-RESTRICTED) HOUSING DEVELOPMENTS.

In general, development incentives offer variances from entitlement zoning (or relief from development fees) in exchange for including affordable units in the development. Incentives can take several forms:

- Process-oriented development incentives, such as fast track or administrative approvals, which indirectly lower predevelopment costs by reducing risk, reducing redesigns, and reducing the amount of time (and interest) a developer will have to use bridge financing prior to closing.
- Regulatory incentives that allow for more units to be built than allowed by right by current zoning regulations (e.g., density or height bonuses), which improve land efficiency and allow for more cost-efficient product.

2024 HOUSING STRATEGIES & ACTIONS

- Financial incentives, such as in-kind donations, fee reductions/rebates or tax incentives for affordable developments, which directly lower the cost of construction.

Incentives can be used both to encourage market-rate developers to include a small proportion of affordable units and/or to improve the development economics and process for projects with a large proportion of affordable units (e.g., LIHTC developments). Most incentive policies mandate set asides of between 10% and 30% of units affordable to 50% to 80% of the AMI, depending on the City's market. Affordability periods range from 15 to 99 years (the average length of time for deed restrictions is 30 years).

Arvada currently has some affordable incentives in place for Low Income Housing Tax Credit (LIHTC) projects, including a 1-story height bonus and parking reduction. However, there are no codified incentives for affordable ownership projects or projects funded through non-LIHTC sources.

Stakeholder outreach for the Housing Needs Assessment identified some additional incentives that could help affordable developers maximize their potential and that could stimulate additional affordable development, outlined in the action steps below.

Recommended actions for Arvada:

- Create a "fast-track" development process for affordable projects (a requirement of receiving funds from State Proposition 123).
- Update the "Affordable" definition to include an affordable for-sale definition, defined by income-restrictions and AMIs rather than LIHTC.
- Consider deeper parking reductions for affordable multi-family projects, including parking reductions for affordable townhomes.
- Consider administrative approvals for affordable residential developments in mixed use zones, potentially subject to ground-floor commercial spaces. (Often the residents of the affordable development are the very service workers needed by the onsite commercial space – a true implementation of the live/work paradigm).
- Consider design incentives or alternatives for affordable projects that reduce the impact of balcony and covered space requirements. For example, the City's zoning code could be modified to allow Juliette and/or faux balconies.
- Consider density bonuses for both multi-family and single-family affordable projects including (but not limited to) lot size reductions, additional dwelling units per acre, and/or incremental zoning (allowing the next increment of density).

STRATEGY 8. IMPLEMENT LAND USE RECOMMENDATIONS FROM THE JEFFCO HOUSING ADVOCACY STEERING COMMITTEE ON WORKFORCE HOUSING.

The Colorado Gives Foundation, along with elected and appointed officials, stakeholders, and other local actors formed the Jefferson County Housing Advocacy Steering Committee to develop workforce housing policy recommendations for local jurisdictions throughout Jefferson County.

As part of this effort, committee members developed land use and zoning reform recommendations to create more housing price-point and/or product diversity in Jeffco cities. The Steering Committee recommended all Jeffco communities:

- Allow accessory dwelling units (ADUs) by right in agricultural, single family, and two-family uses (subject to lot and/or occupancy requirements).
- Zone more land for multi-family.
- Create opportunity for modular solutions through local accommodations and state advocacy.

The Steering Committee recommended some communities (depending on local context):

- Allow more types of housing in single-family zones—especially duplexes.
- Allow medium density housing (10 dwellings per acre, or du/a) in 10% of land area.
- Allow administrative approvals of small multifamily or affordable projects.
- Lower minimum lot size for single-family.
- Increase lot coverage limits.
- Allow conversion of commercial and office buildings to multi-family housing as appropriate.
- Allow higher occupancy in each unit (accounting for multi-generational households and expanding forms of committed partnership and functional households).

Arvada already has some of these best practices in place, including allowance of ADUs, reasonable occupancy limits, and at least 10% of land zoned at 10 du/a or higher. However, there are improvements the City can make to facilitate opportunities for housing production that aligns with market demand and improves natural affordability of market-rate products.

Recommended actions for Arvada:

Work with the Planning Department to draft and implement the Jeffco Housing Advocacy Steering Committee's recommendations that are most applicable to the City of Arvada, including:

- Zone more land for multi-family;
- Allow more housing types in single-family zones, especially duplexes;
- Lower minimum lot sizes for single-family homes;
- Increase lot coverage limits;

- Allow conversion of commercial and/or office buildings to multi-family housing as appropriate; and
- Regularly revisit ADU regulations and occupancy limits to ensure the City is keeping with best practices.

STRATEGY 9. EVALUATE THE VIABILITY AND IMPACT OF AFFORDABILITY REQUIREMENTS IN NEW DEVELOPMENTS SUCH AS INCLUSIONARY ZONING AND/OR AFFORDABLE HOUSING LINKAGE FEES.

The primary policy tools used to mandate affordable housing production in conjunction with new development are:

1. Mandatory inclusionary housing policies, which require affordable production (or fees-in-lieu) in conjunction with new residential development (note that these policies can include incentives/offsets for compliance); and
2. Affordable housing linkage fees, which mandate an impact fee on new development (residential, commercial, or both) in proportion to its impact on affordable housing needs.

Inclusionary ordinances are growing in popularity following state legislation that enables these policies to apply to both rental and for-sale developments. When structured well, inclusionary zoning can generate a substantial number of units at no direct cost to the city (other than enforcement and other administrative costs). Inclusionary programs can include "offsets" and/or incentives for affordable housing provision, as well as a fee "in lieu" option for developers. Cities that allow developers to pay fees-in-lieu of developing income-restricted units typically allocate revenue generated from the fees to future affordable housing projects, but this is a challenging strategy to maintain, given the high costs of land and development.

Affordable housing linkage fees—similar to other impact fees—are tied to quantifiable impacts of new development. Implementation requires a nexus study to determine such impacts before setting fees. Revenues from linkage fees must be spent on affordable housing investments.

Since both inclusionary policies and linkage fees apply exclusively to new development, they are most effective in markets that are actively developing new housing and/or commercial space and expect continued growth.

Recommended actions for Arvada:

- Continue HAC discussion of potential affordability requirement programs, evaluating their impact on housing needs as well as market feasibility.
- Monitor current and new inclusionary programs implemented throughout Colorado, particularly the Denver metro area, and evaluate if inclusionary requirements would be effective and appropriate in Arvada.
- Consider a nexus study to investigate commercial and/or residential linkage fees as a dedicated source of funding.

MONITOR STATE LEGISLATION THAT MAY IMPACT LAND USE AND ZONING OPPORTUNITIES AND/OR REQUIREMENTS RELATED TO HOUSING.

Given Colorado's legislative housing priorities, Arvada (and other communities in the Denver Metro area) should monitor state legislation that may impact prospective land use and zoning opportunities, as well as requirements related to housing. Recent (2024) legislation proposed at the state level, and applicable to the City of Arvada, includes: HB-1107, HB-1304, and HB-1313 (among others).

As the 2024 legislative session closes—and after future legislative sessions, City staff and the HAC should review the Housing Strategic Plan in light of state legislative changes and make adjustments if and as needed.

ARVADA HOUSING NEEDS ASSESSMENT & STRATEGIC PLAN

Draft Strategic Plan

PRESENTED BY

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Process

- Data Analysis
- Resident Survey
- Stakeholder Interviews

Housing Needs Assessment

Policy Options

- Review 2020 Strategies
- Evaluate New Tools
- HAC, Council, and Staff Discussions

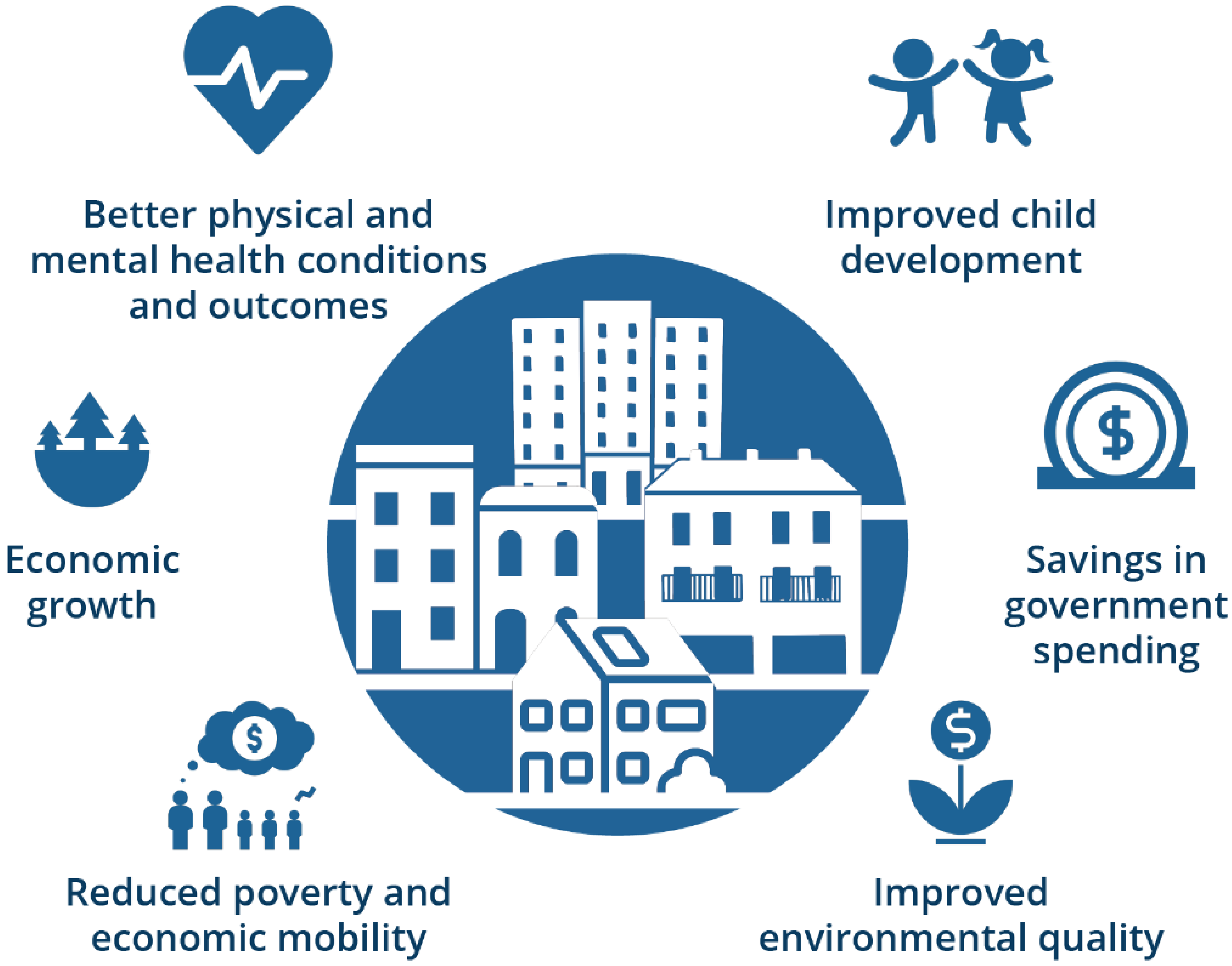
- Strategy Prioritization
- Action Steps
- Implementation & Resources

Strategic Plan

Recommendations for the City of Arvada were developed in conjunction with Arvada City staff, City Council, and the Arvada Housing Advisory Committee (HAC). Strategies and action items are grounded in evidence-based best practices, Root Policy Research's expertise (including working with peer communities), and input from Arvada residents and stakeholders as part of the community engagement conducted in support of the HNA and Strategic Plan.

Why work to address housing needs?

A balanced housing stock accommodates a full "life cycle community"—where there are affordable housing options for each stage of life from career starters through centenarians—which in turn supports the local economy and contributes to Arvada's community culture.



Summary: How have housing needs changed?

The top needs identified in the 2020 Housing Study are still present (affordable rental and ownership options and increased housing diversity). Survey results also indicate a need for programs that improve housing stability and broad support for City investments in housing for low- and middle-income workers.

Top Needs – 2020 Study	Updates – 2024
1 Additional affordable rentals (or rental assistance), specifically for residents earning less than $35,000.	Rental affordability gap increased from 2,275 units to 2,790 units.
2 Starter homes and family homes priced near or below $300,000.	Acute need now goes up to $350,000 and market continues to undersupply homes up to $450,000.
3 Increased diversity in housing stock with a focus on "missing middle" ownership options and product types attractive to aging seniors.	Increased diversity still a need to accommodate priority housing types (based on survey results). Survey also indicates a need for programs that improve housing stability.

Arvada's Housing Vision:

Arvada's Comprehensive Plan (completed in 2014) outlines the City's vision for growth and change through 2034. The Plan includes the following goals for neighborhoods and housing:

- Plan for a range of neighborhoods and accessible housing of different tenure types to **accommodate diverse incomes and all ages and abilities**.
- Encourage development of **workforce or assisted housing** throughout Arvada.
- Maintain and improve the **quality of the existing housing stock** in Arvada and revitalize the physical and social fabric of neighborhoods that are in decline.
- Provide opportunities **for special needs and senior housing** in Arvada.

Arvada's Housing Goals:

- Increase Affordable Housing (<60% AMI for rental and <100% AMI) by 3% per year—139 units annually from the current baseline—in compliance with the City's commitment with State Proposition 123 funding.
- Increase production of housing that expands price-point and product diversity in Arvada, including multifamily and "missing middle" products (e.g., du-/ tri-/quad-plexes and townhomes) that tend to have more attainable price-points.

Policy Lever 1. Leverage Financial Assets

to support affordable housing production, preservation, and programs.

strategies

Bolster Housing Resources

1. Continue existing federal/state program partnerships.
2. Continue to allocate publicly owned land (and/or acquire properties) for affordable and mixed-income housing.
3. Create a dedicated, sustainable revenue source to fund the Arvada Affordable Housing Fund (AAHF).

Deploy Housing Resources

4. Invest in the production of income-restricted housing.
5. Invest in the preservation of affordable housing.
6. Add staff capacity to support implementation of the Plan.

top priorities

Bolster Resources through **land banking** (#2) and creating a **local funding source** (#3).

Deploy resources with a focus on **preservation** (#5).

Policy Lever 2. Land use and Zoning Modifications

to unlock supply, improve natural affordability and housing diversity, and to incentivize affordable projects..

strategies

Affordable Incentives

7. Incorporate additional incentives for income-restricted developments (and update definition of "affordable" in the Code).

Zoning Changes

8. Implement land use recommendations from the Jeffco Housing Advocacy Steering Committee on workforce housing.

Affordable Requirements

9. Explore affordable requirements in new developments (e.g., linkage fees and/or inclusionary zoning).

top priorities

Expand **affordable housing incentives** (#7).

Implement best practice **land use and zoning recommendations** (#8).

Policy, Strategy, and Action			STATUS	PRIORITY
Policy Lever 1. Leverage financial assets to support affordable housing production, preservation, and programs.				
Bolster Resources	1	**Continue existing program funding supported by federal and state funds and service delivery partnerships.**	CONTINUE	MODERATE
	-	Continue to support housing, community development, and homeless prevention/intervention strategies with CDBG funds.		
	-	Continue to apply for state funding (e.g., Prop 123 programs) as opportunities arise.		
	-	Advocate for additional federal and state funds dedicated to housing.		
	-	Continue ongoing evaluation to determine which programs and service delivery partnerships can be expanded.		
	-	Continue to evaluate efficacy of programs and align funding priorities in consultation with the HAC.		
	2	**Continue to allocate publicly owned land (and/or acquire properties) for affordable and mixed-income housing.**	EXPAND	HIGH
	-	Inventory existing publicly available land and study the feasibility of residential development.		
	-	Define land bank program and strategies/priorities for disposition (e.g., donations, discounted sales, and/or long-term ground leases).		
	-	Establish partnerships with other mission-driven or community-oriented landowners.		
	-	Actively watch for property and land in Arvada and Jefferson County to acquire and redevelop (contingent on additional funding).		
	3	**Create a dedicated, sustainable revenue source to support the underfunded Arvada Affordable Housing Fund (AAHF).**	NEW	HIGH
	-	Consider the feasibility and impact of a small sales or property tax increase.		
	-	Task the HAC to study potential local funding tools and determine the most appropriate source of funds for the City (e.g., taxes, fees, TIF).		
	-	Evaluate funding streams for housing projects in peer cities/communities.		
	-	Determine concrete priorities for the fund.		

		Policy, Strategy, and Action	STATUS	PRIORITY
Policy Lever 1. Leverage financial assets to support affordable housing production, preservation, and programs.				
Deploy Resources	4	**Invest in the production of income-restricted housing, prioritizing projects that meet identified housing needs.**	EXPAND	MODERATE
	-	Continue to set annual priorities through the HAC for funding criteria.		
	-	Contingent on Strategy 3, dedicate local funds for income-restricted projects that align with the housing needs.		
	-	Conduct regular data updates for the HNA to align affordable housing priorities with changing needs.		
	5	**Invest in the preservation of affordable housing, including naturally occurring affordable housing (NOAH) and properties with expiring affordability contracts.**	NEW	HIGH
	-	Continue to maintain a database of Arvada's affordable housing properties.		
	-	Establish partnerships to acquire expiring income-restricted properties and units.		
	-	Contingent on Strategy 3, dedicate local funds to support acquisition/rehabilitation that renews affordability contracts.		
	-	Include housing acquisition/rehabilitation of NOAH as an eligible activity for AAHF applications.		
	-	Determine geographic and housing priorities for acquisition and rehabilitation.		
	-	Work with peer communities to understand existing preservation programs and evaluate the feasibility in Arvada (e.g., Wheat Ridge).		
	6	**Bolster implementation and coordination capacity in support of the Housing Strategic Plan**	EXPAND	MODERATE
	-	Evaluate staffing needs for effective implementation of action items and add capacity accordingly.		
	-	Foster partnerships and advocacy to support housing outcomes.		

Policy, Strategy, and Action		STATUS	PRIORITY
Policy Lever 2. Implement land use and zoning modifications to unlock supply, improve natural affordability and housing diversity, and to incentivize affordable projects.			
Incentives	**7 Incorporate additional incentives for affordable (income restricted) developments.**	EXPAND	HIGH
	- Create “fast-track” process for affordable (already a requirement of Prop 123)		
	- Update the “Affordable” definition in in the LDC to include affordable for-sale		
	- Consider deeper parking reductions for affordable multi-family and add parking reduction for affordable townhomes.		
	- Consider administrative approval of affordable residential in mixed use zones (subject to ground-floor commercial space).		
	- Consider design incentives/alternatives that reduce the impact of balcony and covered parking requirements.		
	- Consider density bonuses for both multi-family and single-family Affordable projects		
Entitlements	**8 Implement the Jeffco Housing Advocacy Steering Committee’s workforce housing land use recommendations.**	EXPAND	HIGH
	- Zone more land for multi-family.		
	- Allow more types of housing in single-family zones—especially duplexes.		
	- Lower minimum lot size for single-family.		
	- Increase lot coverage limits.		
	- Allow conversion of commercial and office buildings to multi-family housing as appropriate.		
Requirements	**9 Explore affordability requirements in new developments.**	NEW	MODERATE
	- Continue HAC discussion of affordability requirement programs, evaluating their potential impact on housing needs as well as market feasibility.		
	- Monitor current and new inclusionary programs implemented throughout Colorado, particularly the Denver metro, and evaluate if inclusionary requirements would be effective and appropriate in Arvada.		
	- Consider a nexus study to investigate commercial and/or residential linkage fees as a dedicated source of funding.		

ROOT POLICY

RESEARCH

CITY OF ARVADA

REPORT TO CITY COUNCIL	AGENDA ITEM 2.D.

TO: THE HONORABLE CITY COUNCIL DATE: May 13, 2024

SUBJECT: Staff Updates

Report in Brief

The purpose of this workshop is for staff to provide City Council with brief updates on projects and issues that do not require a full workshop.

Prepared by:
Chris Koch, CCO Admin

Reviewed by:

Approved by:

Enclosure, exhibits & attachments required to support the report