

Housing Advisory Committee

1st Quarter Meeting

February 12th, 2025

1. HAC Chair Pat Noonan takes attendance:

Committee members in attendance in person or via Zoom: Pat Noonan (Chair), Mindy Mohr (VC), Shawna Ambrose (City Council Liaison), Paul Bunyard, Alicia Duncan, and Harrison Wilterdink

Committee members absent: - Andrew Heesacker, Tim Rogers, Matthew Wedell

City staff present: Carrie Espinosa, Jessica Garner, and Samantha Bradley

2. Bylaws Update:-

- February 10th Study Session-
 - Bylaws will be updated on March 18th, 2025:
 - HAC can schedule meetings one year in advance.
 - City Council Representative can send another City Council Member in their place
 - Quorum size reduced from seven to five
 - Twice per year official updates are stricken and as needed.
 - “Affordable” removed and replaced with “needs identified by the most recent Housing Needs Assessment” which will be updated every six years per Colorado State Law.
 - Current Housing Needs Assessment identifies a need for units that are affordable to households earning low to moderate income.
 - Council can ask for feedback on any housing related matter ad hoc.
 - Discussion was had regarding previous gated communities within the City of Arvada as an example.
 - Policy recommendation for gated communities?
 - Land development code to review for gated communities.
 - What is the value of a gated community to the City?
 - Challenges for gated communities. Lack of connectivity, emergency access and its exclusivity.
 - Is this type of community needed or wanted in Arvada?
 - Discussion arose regarding Short term rentals-
 - Demonstrate - Is it taking housing stock out and creating a problem?
 - The Housing Needs Assessment says there are short 2,790 rental homes for people 50% AMI and below-
 - Could short term rentals actually be long term rentals to provide rental supply?
 - How do short term rentals drive gentrification?
 - Are short term rentals driving up prices not only through gentrification and cost of housing in general?

- Repositioning
 - Request to diminish emphasis on subsidized units.
 - Look at more of NOAH Preservation and attainable housing that would fall into a non-subsidized unit as an option moving forward.
- Legal will be revising the Bylaws based on the outcome of these study sessions. Will bring it back to Council in our agenda for the next meeting.

3. Prop 123 Land Banking and Ground Leasing-

- Prop 123 Proposed Project-
 - Submitted February 10, 2025
 - 5395 Allison Street - \$1m purchase price
- Proposed Development Plan-
 - Re-zone property to R24
 - Public Solicitation to a developer for a 15-unit development
 - Affordable rental
 - 60% AMI
 - 36 months to assemble capital stack and begin construction
 - The City will retain ownership of the land via a Capitalized Ground Lease.
- Ground Leasing-
 - Requirement of Prop 123 Land Banking funds as the City cannot self-develop or give the land to a for-profit developer.
 - How it works:
 - City owns the land; Developer owns the building
 - Extremely long-term leases
 - On-going restrictions on what can be built and operated on the land.
 - Advantages:
 - Long-term control over affordable inventory for the city
 - Capitalized Ground Lease Payments to unlock the value of the land without selling.
 - Funds can be leveraged into other housing initiatives and land purchases
 - The City can select WHO gets to develop in Arvada.
 - Disadvantages:
 - Unlikely the City will re-coup entire market value of the land
 - OK if purchased with a grant, more difficult if purchased with AAHF or General Fund
 - Some additional liability the City needs to be insured for.
- Capitalized Ground Lease Structure-
 - Two forms of lease payments:
 - Capital Payment
 - Large lump sum payment based on the appraised value of the property
 - Annual Payments
 - Nominal payments made over the term of lease
 - Usually below \$5,000; 1-acre \$10-\$1,000
 - Terms: 75 to 99 years

- Below are purely just examples that demonstrate what a cap ground lease structure could be:
 - 123 Olde Town Street has 1 acre parcel worth \$1 million
 - The City purchases the parcel using \$500,000 in grant funding and \$500,000 from AAHF.
 - Possible Ground Leased Structures:
 - Cap Lease Payments at closing of \$500,00; Annual Payment \$1,000 per year
 - Cap Lease Payment of \$750,000 - \$400,000 at closing, \$350,000 taken as a Seller's Note and paid out of available cashflow; Annual Payments of \$500 per year.

4. WorkForce Presentation to Council-

- Work Force Project on Marshall Street Site Introduction
 - **TABLED** until Council decides on the Homeless Navigation Center.
 - Parcel may be needed for the Navigation Center.
 - Proposal : 150 Unit WorkForce Project (80% to 100%) AMI was presented as an alternative, should the navigation Center be placed elsewhere or postponed.
 - This project would also utilize a Capitalized Ground Lease Structure to unlock value in the land.
 - Council's initial feedback:
 - Concerns surrounding:
 - Gentrification
 - Overall revitalization plan for the area
 - Subsidization
 - Positive Feedback:
 - Open to ground leasing as a housing tool
 - Willing to consider it as a possible use IF it will not be used for a Navigation Center
 - WorkForce with possible mixed use

5. Project Pipeline-

- Marshall Pointe – CLOSED
 - Closed February 6th, 2025
 - 260 units of affordable housing with an average income of 60% AMI
 - LITHTC Project
 - Guaranteed 30 years of affordability
 - Hits Arvada's Prop 123 commitment
- City Support Package:
 - Grant writing support: \$2M Grant for DOLA to help pay Arvada tap fees on their behalf.
 - Total system development charges were \$7+M
 - Voucher Support: 8 units Project Based Vouchers at 120% AMI
 - Generated an additional \$400,00+ in permanent debt
 - AAHF Loan: \$850,000
 - 3.5% interest
 - Interest payments underwritten as hard debt, principal paid out of

- cashflow
 - 20-year term
 - SLP Partnership:
 - City fees: \$500,000 at Closing, \$50 PUPA w/3% escalation
 - At the end of the compliance period, property can either pay 15% taxes OR make another lump sum payment.
 - Approximately a 9% discount for the first 15 years.
- Discussion:
 - One of the bigger projects we've had since Castlegate Apartments.
 - Question asked by HAC Member: How much was Arvada all in and what subsidy do we provide and how many units did we get out of it?
 - Sam mentioned the dollar amount in and dollars out was hefty and will have to do the SPL Partnership calculation to provide the exact numbers.
 - She also mentioned that the grant writing was staff time and the voucher support is from HUD. Adding that the ultimate loss would be the SLP Partnership.
 - Council is concerned about this potentially happening.
 - Mindy mentioned that the council is concerned since they aren't paying taxes to the fire district and police.
 - Castlegate has a unique model where they have line items to pay for their own fire.
 - Carrie then added that we have a special partnership with Castlegate called a "Pilot Payment". The Pilot payment is a bill we charge each year for X amount of dollars for what we would then pay towards the fire department and APEX. Carrie then mentioned that if Council was concerned about waving taxes, we could bill this in as a model down the road similar to Castlegate. The developer will pay a percentage to be applied to those taxing entities.
 - HAC Member said, having a property tax income special partnership and also a leverage/opportunity on Prop 123 so there is a trade off helping Arvada meet the 123 goal.
 - Sam then added that we are not the only available SLP Partnership in Arvada. Foothill Regional Housing is another SLP Partnership option. If you partner with Foothills you get the same benefits, no taxes, and paying SLP fees. The catch is the SLP fees will go to Foothills and not The City of Arvada.
 - Sam then added that if Arvada were to stop doing SLP partnerships all together, the majority of developers would turn to Foothills. We as housing authorities try not to out bit each other and have a common understanding. Developers won't proceed without an SLP. If they aren't able to receive the SLP Partnership from us they will possibly go to Foothills.

- Mindy then asked about the safety/maintenance issues of the buildings at Castlegate and how the responsibility of the SLP Partnership works regarding that. Jessica chimed in saying, as long as there is a particular safety concern for the building either the City's building division or fire department will go out to investigate depending on the nature of the situation. Jessica then added that if the SLP were to come from Foothills, the City would investigate as Arvada has jurisdiction over that building and its in the City of Arvada.
 - Carrie added that our ownership interest is limited, but we have leverage to pull out of the partnership if needed. Mindy then asked about voucher holders having a required inspection within Castlegate. Carrie mentioned there are requirements, however then it becomes an issue whether we allow our residents to live there. We've had this issue with Castlegate before and if it continues we can revisit the issue.
 - Paul mentioned the partnership is in line with support offered in other communities for a project of this size. He also mentioned that he appreciates the fact we made the interest payments of the affordable housing loan a hard payment solidifying its not a grant.
 - Shawna asked to know more information on whether this is too big or too small based on the possibility of tying up funds for other projects.
 - HAC is interested to know about per unit/per year support.

- Teller Street Project
 - 54 units – Multi Family Modular
 - 100% WorkForce with a 90% AMI cap and a blended target of 80% AMI
 - 10-year baseline affordability commitment
 - If successful in receiving Prop 123 Funding. Commitment will be 30 years.

- Discussion Highlights: Looking for City Support
 - Vouchers
 - AAHF Loan
 - SLP Partnership
 - Letter of support

6. Private Activity Bounds (PAB)-

- PAB – UPDATE-
 - City of Arvada was awarded **\$7,946,818** for 2025
 - Arvada Housing Authority will award PAB to a **LIHTC project** that anticipated closing within **18 months** of the award
 - NOTE: PAB is needed to unlock LIHTC
 - If there is no project that can reach that threshold, the City will roll the funds over to the following year
 - Timeline:
 - Request for Proposals is published: **1/31/2025**
 - Deadline for questions: **2/17/2025**
 - Answers to Questions (if any) is published as an addendum to the RFP: **2/19/2025**
 - Submittal Deadline: **2/24/2025**
 - Application Review and Question Deadline for City: **3/21/2025**
 - Notification of Conditional Award(s): **3/28/2025**

6. Land Use Development Code (LDC)-

- LDC - UPDATE
 - Strategy #7:
 - Incorporate additional incentives for income-restricted development (and update the definition of “affordable” in the code)
 - Strategy #8:
 - Implement land use recommendations from the Jeffco Steering Committee on workforce housing
- City of Arvada Planning Department is in the process of updating the LDC
 - Draft Work Plan – Met Milestones
 - Draft Work Plan with Legislative Milestones:
 - **May 13th, 2024** – Effective date of HB24-1152 – Accessory Dwelling Units
 - **July 1st, 2024** – Effective date of HB24-1007 – Prohibit Residential Occupancy Limits
 - **July 8th, 2024** – Work on LDC updates begin
 - **September 30th, 2024** - Map of applicable Transit Service Areas under HB24-1304 – Minimum

Parking Requirements produced by DOLA

- **September 30th, 2024** – DOLA published transit and walkshed maps in accordance with HB24 - 1313 – Transit Oriented Communities
- **October 8th, 2024** - Project timeline to Planning Commission
- **October 15th, 2024** Retreat to discuss LDC updates with Planning Staff
- **December 31st, 2024** - Latest date state begins to issue licenses under Proposition 122 – Natural Medicine Health Act
- **January 16th, 2025** - First Group of LDC updates completed
- **January 21st, 2025** - Workshop #1 with Planning Commission re: first group of LDC updates.
- **February 4th, 2025** - Workshop #2 with Planning Commission re: first group of LDC updates

○ **Future Milestones:**

- **February 17th, 2025** - Workshop #1 with City Council re: first group of LDC updates
- **February 28th, 2025** - DOLA provides Housing Opportunity Goal (HOG) calculation model in accordance with HB24 -1313 – Transit-Oriented Communities
- **March 3rd, 2025** - Workshop #2 with City Council re: first group of LDC updates
- **April 8th, 2025** - Publish Hearing with Planning Commission for Recommendation re: first group of LDC updates
- **May 5th, 2025** - City Council First Reading of Ordinance re: first group of LDC updates
- **May 19th, 2025** - City Council Second Reading of Ordinance re: first group of LDC updates
- **June 19th, 2025** - Effective date of Ordinance re: first group of LDC updates
- **June 30th, 2025** - Effective date of HB24 – 1304 – Minimum Parking Requirements
- **June 30th, 2025** - Deadline to apply to qualify as a supportive jurisdiction under HB24 – 1152 – Accessory Dwelling Units
- **June 30th, 2025** - Subject

jurisdictions are required to allow one accessory dwelling unit under HB24 – 1152 – Accessory Dwelling Units

- **June 30th, 2025** - Preliminary assessment reports in accordance with HB24 – 1313 – Transit Oriented Communities due to DOLA
- **November 1st, 2026** - Effective date of Proposition 123 – Expedited Review of Certain Housing Projects for second commitment cycle.
- **November 1st, 2026** - Deadline to file a commitment under Proposition 123
- **December 31st, 2026** - Final assessment reports/water insufficiency notice in accordance with HB24 – 1313 – Transit-Oriented Communities due to DOLA
- **December 31st, 2026** - Deadline to conduct and publish a local housing needs assessment pursuant to SB24 – 174 – Sustainable Affordable Housing Assessment. Housing needs assessments that have been completed after 2022 and before December 31st, 2024 may qualify.
- **December 31st, 2026** - Deadline to update the Comprehensive Plan with the new elements required under SB24 -174 – Sustainable Affordable Housing Assessment
- **January 1st, 2027** - Deadline to implement an expedited review process under Proposition 123 – Expedited Review of Certain Housing Projects
- **December 31st, 2027** - HOG to be implemented by cities pursuant to HB24 -1313 – Transit Oriented Communities
- **January 1st, 2028** - Deadline to prepare a housing action plan in accordance with SB24 – 174 – Sustainable Affordable Housing Assessment. Housing action plans prepared after January 2022 may qualify.

○ Discussion-

- Council's view per Shawna Ambrose- The bigger concern was around the ADU's. Arvada Policies are very friendly towards ADU's with stricter requirements. Council has questions about new state law. Example: 5 foot set back as well as HOA's suggestions regarding 5 ft. set back and other ADU's. The State

is suggesting things a little bit further that Council isn't comfortable with quiet yet. Council is juggling between having to implement the state laws regarding ADU's or not and what the potential consequences may be. If Arvada is already compliant with the policies that we have. Parking is another issue Council. That is how local control is delegated as well as other zoning area plans. Council isn't too clear as these are new regulations that they are concerned about changing the existing policies we already have and what effect it is going to have on the residents of Arvada. Council would like to look into this more and know what other municipalities are doing with the new regulations and how it conflicts with the current policies we have in place for Arvadans.

- Jessica brought up the issue of parking in Arvada. She said Arvada has done a little bit of work in the past. The recognition we have received that we have massively over-parked a lot of our commercial development. This is not related to commercial development. These new parking prohibitions are more so for residential. Jessica said she'd like to bring back the data to the council so they can understand it. We are also most of the time over parking our residential development and particularly with affordable housing, especially with how close it is to transit. A developer will not under park their site. They need to be able to meet the needs of the people living there. Jessica mentioned having a realistic discussion about what we truly need and what makes sense for Arvada and allowing a developer to prove their case. More to come and more information to come. Having the data is to show that by building more parking than you need you are taking away the need for housing to keep someone off the street and that is a tough equation to deal with.
- HAC Member- Full compliance with the legislation has written is fully consistent with the housing strategy to be adopted and is a

good thing to do. Non-compliance is probably not a good idea.

- Question for Jessica and HAC by HAC Member- Would it be beneficial or good for the housing advisory committee to draft a memo for full legislative compliance?
 - Jessica said she didn't know? She said she would bring it to them and if they want to support that. We need to give the council the benefit of providing them more information and finding out what is going on around us.
- Carrie then said it would be a good idea to have Council think this through and decide the best way to go is a good start. After the March meeting we will work through the process of whatever we have to adopt and have a follow up meeting with council or a plan they have to adopt.
- Jessica then mentioned this is the beginning of a very big process.
- Shawna Ambrose said for her the role of HAC is that you all created the housing strategic plan that has been approved by council and by having you look into the state laws to see how that does or doesn't not fulfill the strategic plan. If you have the capacity for a Policy Analysis to be able to tell the council one way or another if the state plan does or doesn't help. Maybe go back and review when council members discuss their hesitancy about the state law and look up to better understand where the council members are coming from. Council represents their constituents and constituents call in with their concerns to council. If HAC picks this up and aligns it with the housing strategic plan in addition to public comment then present this to council. Ask for a special presentation or meeting with the council. How important is implementing this policy? Will it or won't it implant our strategic plan and that is what we need to be advising the council on.