



Request for Town Council Action

Date: October 2, 2023

Submitted By: Bryce Matthews, Assistant Director - Planning
John Fussa, Community Development Director

Reviewed By: Michelle Kivela, Town Manager

Title: **RESOLUTION NO. 23-083**
A Resolution Authorizing the Town Manager to File a Commitment with the Colorado Department of Local Affairs Pursuant to Proposition 123 and State Law, and Acknowledging the Town's Commitment to a Regional Partnership with Douglas County Jurisdictions
Department: Town Council

EXECUTIVE SUMMARY

The Colorado Division of Local Affairs (DOLA) has begun implementation of Proposition 123. Proposition 123 has recently been amended to allow funding and implementation of affordable housing activities through a regional, multi-jurisdictional approach. The Douglas County Housing Partnership (DCHP's) has proposed a regional approach to Proposition 123 that includes all local government members of DCHP including the Town of Parker. The Town would benefit from participation in DCHP's Proposition 123 initiative through increased funding to support affordable housing activities including down payment assistance, greater home ownership opportunities and funding for homelessness programs.

In order to participate in DCHP's Proposition 123 initiative, the Town must prepare and file a Proposition 123 Commitment with DOLA by November 1, 2023. The Town will also work with DCHP and Douglas County jurisdictions to prepare an Intergovernmental Agreement (IGA) to memorialize their commitment to activities that support affordable housing opportunities, increase affordable housing units, and establish a method of distributing affordable housing credits in excess of each jurisdiction's baseline commitments. Staff will schedule the IGA for Town Council consideration when it is ready.

STAFF RECOMMENDATION

Approve

BACKGROUND/DISCUSSION

Colorado voters approved Proposition 123 in November, 2022. Proposition 123 is intended to increase the supply of affordable housing and support the creation of homelessness programs through the State. It is estimated that Proposition 123 will create an additional 170,000 affordable housing units over the next two (2) decades throughout the State. The initiative directs 0.1 percent of Colorado's income tax revenue to programs that include helping essential workers, such as teachers and nurses, buy homes while providing financial support to local

governments for the creation of new affordable housing units by three (3) percent each year (9 percent over three (3) years).

Proposition 123 created the State Affordable Housing Fund, which dedicates 40 percent of the new funding to the Affordable Housing Support Fund and 60 percent of the new funding to the Affordable Housing Financing Fund. Projects and activities eligible for funding under Proposition 123 include: land banking, affordable housing development, concessionary debt, affordable homeownership, homelessness support, and local capacity building. The new funding will be made available by DOLA through an application process for projects in municipalities and counties that commit to the 9 percent increase over three (3) years. The applications for funding may be submitted by participating municipalities and counties, developers, housing authorities, and non-profit organizations. The State estimates there will be \$135 million in additional funding to support affordable housing in 2023.

Recently, DOLA revised its guidance on the implementation of Proposition 123 to allow local municipalities to work collaboratively to meet their affordable housing goals. The initial step for a local government to qualify for Proposition 123 funding is to establish a baseline number of affordable housing units and commit to increasing the number by 9 percent over the next three (3) years. The failure to achieve the 9 percent increase would result in the Town being ineligible for Proposition 123 funding for one (1) year beginning in 2026.

The U.S. Census American Community Survey from 2017 to 2021 was utilized by DOLA to estimate the number of affordable rental and for-sale homes within Douglas County. DOLA has provided the following data to assist local governments with determining their baseline and three (3) year commitment.

Jurisdiction	Baseline	3 Year Commitment
Castle Pines	206	19
Castle Rock	3,067	277
Larkspur	32	3
Lone Tree	728	66
Parker	2,481	224
Unincorporated Douglas County	4,820	434
TOTAL	11,334	1,023

The benefits of participating in the DCHP regional, multi-jurisdictional approach to Proposition 123 funding include:

1. The funding stays local and is available to DCHP to support affordable and workforce housing in Douglas County, including in Parker;
2. The Town has representation on the DCHP Board and has a say in how the funding is used;
3. There will be increased downpayment assistance availability to homebuyers in Parker up to 100 percent of AMI;
4. There will be increased funds for affordable home ownership options; and

5. There will be increased funding to support homelessness prevention programs.

The commitments from local governments to participate in the DCHP regional, multi-jurisdictional approach to Proposition 123 are due by November 1, 2023 to be eligible for Proposition 123 funding over the next three (3) years. The proposed resolution authorizes the Town Manager or her designee to:

1. Prepare and file a Proposition 123 Commitment with DOLA on behalf of the Town by November 1, 2023;
2. Take all steps that are consistent with the direction of Town Council and necessary to become eligible for Proposition 123 funding;
3. Work with the DCHP and Douglas County jurisdictions to prepare an IGA to memorialize their commitment to activities that support affordable housing opportunities, increase affordable housing units and establish a method of distributing affordable housing credits in excess of each jurisdiction's baseline commitments.
4. Establish a method of distributing affordable housing credits in excess of each jurisdiction's baseline commitments; and
5. Schedule the IGA for Town Council consideration.

FINANCIAL IMPACT

None

STRATEGIC GOAL(S)



**INNOVATE WITH
COLLABORATIVE
GOVERNANCE**



**ENHANCE ECONOMIC
VITALITY**



**DEVELOP A VISIONARY
COMMUNITY THROUGH
BALANCED GROWTH**

ATTACHMENTS

1. Resolution No. 23-083

RECOMMENDED MOTION

I move to approve Resolution No. 23-083.