



AFFORDABLE HOUSING

GUIDE FOR LOCAL OFFICIALS



COLORADO
Department of Local Affairs
Division of Housing

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AFFORDABLE HOUSING FOR CHANGING COMMUNITIES

Local officials increasingly recognize that the availability and cost of housing has a major impact on their community. A diversified housing inventory supports strong economic development, attracting new businesses, and ensures that existing employers are able to recruit and retain staff. Lack of affordable workforce housing can force employees to commute significant distances, contributing to traffic congestion and air pollution, and to an increased frequency of employee absences.

To meet the challenges of a rapidly changing population, Colorado needs to provide a continuum of housing choices for households with different incomes, and for those needing

housing accompanied by supportive services. One of the goals of the Division of Housing is to help Colorado renters become stable homeowners. Still, many Coloradans lack the income or resources to sustain homeownership. A development strategy based on a solid understanding of the housing market and the needs of the community will provide opportunities for young people and single households, as well as ensuring the welfare of the most vulnerable members of the population with safe, decent, and affordable options for the elderly and the disabled.

CREATING AFFORDABLE HOUSING

Developing and operating housing can be challenging. Developers, in the creation of market-rate projects, willingly entertain risks, incentivized by the prospect of achieving a significant return on investment. Projects that provide workforce or affordable housing may be more difficult with limited financial resources to make deals work. It is here that local governments play a critical role in helping their communities achieve a balance of housing types for all residents in the community.

SUPPLY AND DEMAND

According to the National Association of Home Builders (NAHB), the housing industry generally contributes between 14 and 18 percent of the nation's gross domestic product (GDP). The housing industry is vital to Colorado's state and local economies, creating jobs and generating taxes and wages.

As the economy continues to grow throughout the Rocky Mountain region, the demand for home sales is rising in metropolitan areas, creating much tighter markets than are being experienced in many rural areas.

JOBS/HOUSING BALANCE

When planning for future economic development, or when responding to new proposals, it is important for communities to take their local housing market into consideration. A community that has high housing costs but mainly attracts jobs at less than \$13 an hour may find that it has a severe lack of affordable housing for new employees. Pre-planning to create affordable housing options for low- and moderate-income households will help keep new workers in safe, quality housing they can afford. This strengthens communities, enabling families to send their children to local schools and support local business while cutting down on traffic and congestion from commuters.

TEN TIPS FOR LOCAL GOVERNMENTS

1. Understand your housing market.
2. Set a community housing plan.
3. Develop criteria or definitions of affordable housing.
4. Reduce the impact of regulations on affordable housing.
5. Contribute land to affordable housing.
6. Provide financial assistance.
7. Reduce, defer, off-set, or waive development fees for affordable housing.
8. Establish a land banking program to ensure the availability of land for future development.
9. Allow exemptions for property tax or sales and use taxes.
10. Allow "fast tracking" of planning and zoning approval for affordable housing projects.

Analysis Of Housing Demand

1. Convert hourly wages to annual incomes for each wage earner:

Hourly wage x 2080 (hours per year) =
Annual gross income

Example: \$12/hr x 2080 hrs = \$24,960

2. To determine what an affordable housing cost is at these income levels, use the following calculation:

Annual gross income / 12 = monthly
income

Monthly income x .30 = monthly housing
budget

\$24,960/12 = \$2,080 monthly income

*\$2,080 x 0.3 = \$624 monthly housing
budget*

This wage earner can afford to pay \$624 per month for all housing costs, including rent and utilities. This analysis is based on a one-income household, and assumes full time with benefits. It is important to note that many minimum-wage earners are working part time with no benefits.

After determining what new employees can afford for rental housing, communities need to look at the prices and availability of units in the local housing market.

UNDERSTANDING YOUR HOUSING MARKET

Housing Needs Assessments and *Market Studies* are two distinct tools utilized to quantify the scope and housing needs facing a community.

According to the National Association of Home Builders (NAHB), the estimated one-year impacts of building 100 rental units in a typical local area include:

- \$12.5 million in local income
- \$34.3 million in taxes and other revenue for local governments
- 161 local jobs.

The two terms tend to be confused and incorrectly substituted for each other.

A *Housing Needs Assessment* provides a general analysis of the overall condition of the various types of housing in a community and the need for specific types of housing (homeownership, rental, special needs housing). The Housing Needs Assessment is important in determining the type and magnitude of housing issues and needs in a community. In addition, it is an important tool in narrowing the focus of possible housing proposals, and it provides an overall guidance document.

A *Market Study* provides independent confirmation that a specific housing proposal will be successful in the marketplace. Most lenders require an independent Market Study to confirm assumptions about your housing proposal. The following criteria will be analyzed as part of a market study: project location (shopping, employment, neighborhood, school district and proximity to schools); market area identification (socioeconomic characteristics, physical and political boundaries); demographic data (age, household size, number of households); relationship to existing and anticipated comparable

According to the National Association of Home Builders (NAHB), the estimated one-year impacts of building 100 single-family homes in a typical local area include:

- \$30.6 million in local income.
 - \$3.8 million in taxes and other revenue for local governments.
 - 394 local jobs.
-

developments; and a statistical analysis of the number of households that will be available for the proposed housing project.

evaluation that should give the community a general idea of the size and type of development needed to meet the housing demand in the target area. The next step in the process is determining how to use the information contained in the assessment. An action plan should be drafted to list the steps necessary to achieve the community's housing goals. The purpose of an action plan is to clarify what resources are required, and to formulate a timeline for when specific tasks need to be completed.

MARKET ASSESSMENT FRAMEWORK

STEP 1: Assembling the Team

The first step in the analysis of local housing needs is assembling a team of individuals and organizations to involve in the needs analysis process. The goal of this team is to collect and analyze housing related information and to provide the results of this analysis to the broader community.

STEP 2: Data Collection

Demographic information can be obtained from census data maintained by the federal government, and from the State Demography Office. Additional housing data — on vacancy rates, average rents, and foreclosures — is available from government sources or the private sector. A community might also want to conduct a “windshield survey” to determine the quality of available housing stock.

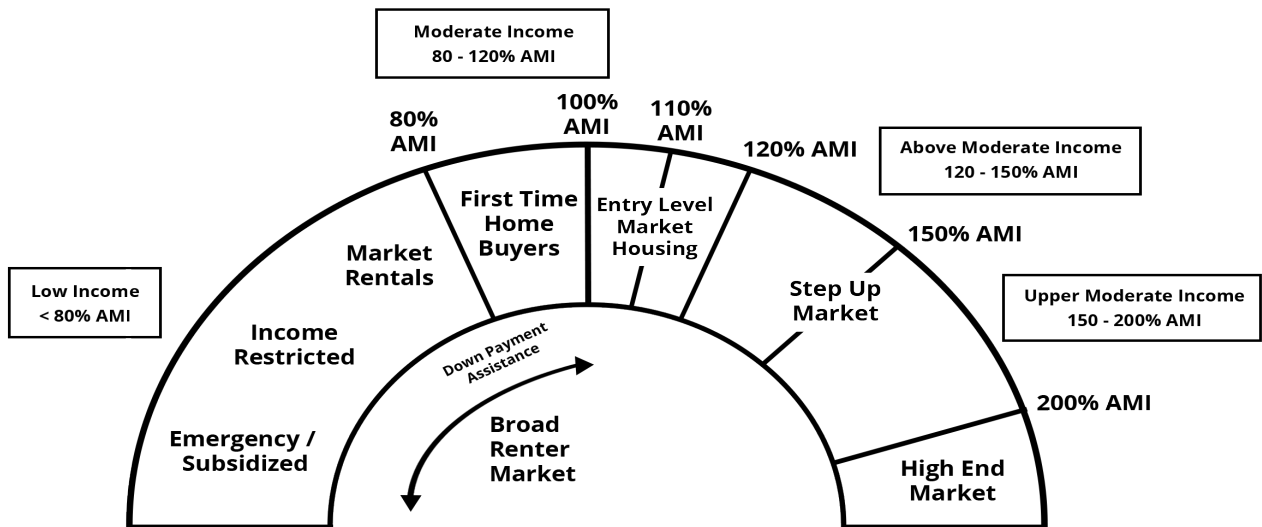
STEP 3: Compilation and Analysis of the Results

The completed assessment is a preliminary

HOUSING BRIDGE

The Housing Bridge below is a needs assessment tool that may be used to help a community achieve housing balance.

Housing Bridge



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HOUSING PROGRAMS AND FUNDING

While the challenges faced by each community may be distinct, there are a wealth of resources available from federal and state governments, as well as from private enterprises. Depending on the condition of your existing housing inventory, the state of the local economy, or the availability of jobs, this guide will provide an overview of the types of programming and funding sources that can help you respond to change and foster growth.

DOLA administers state and federal funds to construct new housing and rehabilitate existing properties, as well as voucher programs for low- and moderate-income renters. DOLA works in partnership with other government agencies

and private enterprises to provide opportunities for first-time homeowners, community service organizations, and affordable housing developers.

The programs and organizations described here can guide local jurisdictions to tailor their regulations and policies to promote growth, attracting business to generate income, develop infrastructure, and provide for the social needs of their communities.

GOVERNMENT AGENCIES

The U.S. Department Of Housing and Urban Development (HUD)

Housing cost increases are of concern to HUD, as both production costs and the need for rental assistance vouchers escalate. HUD is focused on advancing policies that create opportunity for people across the country, to create a solid foundation for the next 50 years. HUD works to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; and build inclusive and sustainable communities free from discrimination

The U.S. Department of Agriculture (USDA)

Rural Development (RD) funds a variety of programs that promote rural homeownership, including self-help housing; housing repair and rehabilitation; and rural housing direct loans. RD also assists with the development of multi-family rental housing, including farm labor housing; rural rental housing; rural loan guarantee programs; housing preservation; and rental assistance programs. Additionally, RD provides opportunities in community development and empowerment; business and cooperatives; and community facilities.

Federal Home Loan Banks (FHLB)

FHLBs can assist affordable housing projects with loans made at a lower rate than those available through the commercial lending market. These Affordable Housing Program (AHP) loans are often the first piece of funding committed to a project, and are available for purchase, construction, rehabilitation or refinancing of very low- to moderate-income rental housing.

For rental projects, at least 20 percent of the units must be occupied by and affordable to households at or below 50 percent of the Area Median Income (AMI). Funds may also be used for additional units that target households at or below 80 percent AMI. For ownership housing, households must earn less than 80 percent AMI.

Colorado State Housing Board

The Colorado State Housing Board was created in 1970 to advise the General Assembly, the Governor, and the Division of Housing on Colorado housing needs. The seven-member State Housing Board reviews financing requests and adopts regulations governing factory-built structures and multi-family housing in counties with no building codes. The Board also sponsors research reports for use by the public, legislators, and the Governor. The Board generally meets on the second Tuesday of each month at 1:00 p.m. at 1313 Sherman St., Room 318, Denver, CO 80203. Please check the website for updates or changes to the schedule.

Colorado Division of Housing (DOH)

The Colorado Division of Housing is located within the state Department of Local Affairs, and provides financial and technical support to organizations throughout the state that are committed to serving Colorado's most vulnerable citizens and communities. DOH's mission is to partner with local communities to create housing opportunities for Coloradans who face the greatest challenges to accessing affordable, safe and secure homes.

DOH offers funding opportunities for rehabilitation and new construction of housing to public housing authorities, local governments, and both non-profit and private developers. It supports, licenses, and regulates the

factory-built construction industry, including the provision of building department services where none exist, and the adoption and enforcement of building codes for factory-built structures.

In concert with local housing authorities and non-profit service organizations, DOH provides rental subsidies and down payment assistance to bridge the gap between household income and the cost of living by creating a safety net for those most at-risk with funding for senior and special needs housing and the homeless office.

DOH provides gap funding for the acquisition, rehabilitation, and new construction of affordable housing.

DOH provides grants and loans from both state and federal funds. Before applying, please contact your regional Housing Development Specialist, who will help you in the planning process and direct your program or project to the right funding source based on timing, availability of funds and Division funding priorities.

GRANT AND LOAN PROGRAMS ADMINISTERED BY THE DIVISION OF HOUSING

HOME Investment Partnerships

HOME dollars provide competitive funding to local government, non-profits and private developers.

There are four basic program types:

- Homebuyer assistance.
- Rehabilitation for owner-occupants.
- Rental housing acquisition, rehabilitation and construction.
- Tenant-based rental assistance.

HOME Community Housing Development Organization (CHDO): The CHDO designation was created to carry out the overall goals of the HOME program. A CHDO is a private, non-profit, community-based service organization whose primary purpose is to provide and develop affordable housing for the community it serves. Certified CHDOs receive certification from a Participating Jurisdiction (PJ) indicating that they meet certain HOME Program requirements and therefore are eligible for HOME funding.

APPLICATION CYCLES

All application cycles are competitive. DOH accepts applications by the 1st of every month.

- Monthly: Rental acquisition, rehabilitation, and new construction.
 - July 1st: Single-family Owner-occupied (SFOO) housing rehabilitation programs
 - September 1st: Community Housing Development Organization (CHDO) operating funds.
 - December 1st: Down payment assistance (DPA) programs, including Homeownership subdivision development.
-

- If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set aside just for CHDOs, as well as additional special technical assistance from HUD.
- CHDO set-aside funds provide equity for community-based organizations to undertake projects, build their capacity to serve a broad range of affordable housing needs, and provide guaranteed resources for affordable housing development.

CHDOs may:

- Serve as owners, developers, and sponsors of projects undertaken with funds from a PJ's required 15 percent set-aside for CHDOs.
- Receive special assistance — such as predevelopment loans, technical assistance, or operating funds — that is not available to other types of organizations.
- Perform certain services as contractors to PJs.
- Contract with PJs in the same ways as other non-profit subrecipients to do acquisition and/or rehabilitation of rental property; new construction of rental housing; acquisition and/or rehabilitation of homebuyer property; new construction of homebuyer property; direct financial assistance to purchasers of HOME-assisted housing sponsored or developed by a CHDO with HOME funds.

Community Development Block Grant (CDBG)

CDBG Entitlement Communities receive direct funding. Non-metropolitan, non-entitlement areas apply to the state for use of funds on a

project-by-project basis. State programs can only fund “non-entitlement” communities.

Principle eligible activities:

- Affordable housing.
- Neighborhood revitalization.
- Economic development.
- Improved community facilities.
- Infrastructure improvements.

Community Development Block Grant - Disaster Recovery (CDBG-DR)

DOH works with local communities to ensure that citizens who have been displaced from their homes can access resources that help them rebuild, relocate, and find permanent housing. The CDBG-DR housing programs are administered through partnerships with local governments, housing authorities, communities, and volunteer-driven non-profit organizations, and are for use by those recovering from specific Presidentially declared natural disasters.

Neighborhood Stabilization Program (NSP)

DOH administers federal NSP dollars to offset the negative impact of foreclosures on neighborhoods. Funds are directed to areas of greatest need to help stabilize property values and revitalize communities.

Private Activity Bonds (PAB)

The PAB program funds privately developed projects. The bonds are tax-exempt and the amount of the bonds issued are limited by the IRS based on population. Underwriters use investor money from the sale of the bonds called “bond proceeds,” to make a loan to a

project. The project then pays back the loan and the investors are repaid, plus interest.

Fifty percent of the state PAB cap is allocated directly to state authorities, and fifty percent is allocated to local governments whose populations warrant allocations of one million dollars or more. These allocations are available to qualifying local governments from January 1 to September 15 of each year and may be used for the following:

- Multi-family housing projects.
- Single-family mortgage revenue bonds.
- Qualified residential rental projects.
- Qualified redevelopment projects.
- Manufacturing.
- Water, sewer and solid waste disposal.
- Hazardous waste facilities.

Any portion of a direct allocation not used by a state agency or local government to issue bonds for a carry-forward purpose or for a mortgage credit certificate election by September 15 reverts to the Statewide Balance for allocation

by the end of the year.

Revolving Loan Funds

DOH provides grant funds to regional housing organizations to provide Single Family Owner-Occupied repair loans (SFOO) and Down Payment Assistance loans (DPA) to low- and moderate-income families. These loans are set at a low interest rate and can be amortized or deferred depending upon the need of the family. When loan repayment is received, the housing agency places the payment into a revolving loan fund. These funds are then recycled back into the community to provide additional housing rehabilitation and down payment assistance.

Single Family Owner Occupied (SFOO) Rehabilitation

The primary goals of the SFOO Rehabilitation program are to:



- Preserve, enhance, and maintain affordable housing stock through repair and renovation within the community.
 - Protect the health and safety of the occupants through the correction of housing hazards.
 - Assist homeowners in improving the condition of their homes.
 - Allow homeowners to stay in their homes.
 - Create and maintain a regional revolving loan fund to assist with future housing rehabilitation projects.
 - Develop and sustain a network of local contractors to complete housing repairs and renovations.
- own homes.
 - Increase the number of homeowners in the regional housing organization's service area.
 - Create and maintain a regional revolving loan fund to assist future families with down payment assistance.
 - Enhance neighborhoods and communities.
 - Provide stability for families and achieve lower foreclosure rates by requiring pre-homeownership counseling.
- Annual follow-up with families is highly recommended, as well as the provision of foreclosure counseling, if needed.

Down Payment Assistance

The primary goals of the down payment assistance program are to:

- Provide opportunities for low- and moderate-income Coloradans to purchase their

Housing Development Grant Funds (HDG)

The HDG program is a competitive grant that provides funds for acquisition, rehabilitation and new construction. The fund was created by the Colorado State Treasury and consists of monies allocated to the Colorado Affordable Housing Construction Grants Fund by



the General Assembly. HDG funds improve, preserve, or expand the supply of affordable housing.

Housing Development Loan Funds (HDLF)

The HDLF program provides loans for the development or rehabilitation of housing for low- to moderate-income families. Money repaid on loans goes back into the HDLF program to be used on a future project.

Colorado Housing Investment Funds (CHIF)

The CHIF program was seeded with \$36 million of custodial funds through the Colorado Attorney General's office with 2012 Mortgage Servicing Settlement funds. The CHIF funds can be used two ways:

1. Short-term, low-interest loans to bridge the long-term permanent financing sources (a portion of loan may remain in the project as permanent debt).
2. Short-term loan guarantees for new construction and rehabilitation. Eligible borrowers include non-profit, for-profit, and Housing Authority developers.

HOUSING VOUCHER PROGRAMS ADMINISTERED BY THE DIVISION OF HOUSING

Housing Choice Voucher Program (HCV)

The HCV program, commonly referred to as Section 8, is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able

to find their own housing, including single-family homes, townhouses, and apartments. Each year, DOH houses more than 6,000 families statewide in its HCV program, serving Colorado's most vulnerable citizens by providing preference to individuals with disabilities (over 80 percent of DOH vouchers serve persons with disabilities), individuals experiencing homelessness, victims of domestic violence, and individuals exiting institutional settings.

Veterans Affairs Supportive Housing Program (VASH)

The VASH program is a national initiative sponsored by HUD and the U.S. Department of Veterans Affairs (VA). The goal of the VASH program is to end homelessness among military veterans. The VASH program combines HCV rental assistance, intensive case management and clinical services to enable homeless veterans access to permanent housing while leading healthy, productive lives in the community.

Family Unification Program (FUP)

DOLA partners with the Colorado Division of Child Welfare and local service providers to administer this unique housing choice voucher program to assist households involved in child welfare. These vouchers can serve both families and youth headed households. Family vouchers are reserved for families where housing is an obstacle to retaining or regaining custody of their children. Youth vouchers are for homeless youth aging out of the foster care system (ages 18 through 24).

Continuum of Care Permanent Supportive Housing (CoC PSH)

The CoC PSH program provides rental assistance and access to supportive services for

individuals, youth, and families experiencing homelessness. Referrals are made through regional Coordinated Entry systems to ensure households with the greatest need and/or barriers to housing stability are prioritized for rental assistance. CoC PSH allows for a variety of housing choices and access to a range of community-based supportive services based on the individualized needs of participants.

Section 811 Project Rental Assistance Program

DOH receives funding from HUD through the Section 811 Supportive Housing for Persons with Disabilities Project Rental Assistance (PRA) Program. This program assists extremely low-income people with significant and long-term disabilities to live independently in the community by providing affordable housing linked with voluntary services and supports. PRA funds provide project-based rental assistance; it is not a financing source for housing construction or acquisition/rehabilitation.

Mental Health and Homeless Solutions Program State Housing Vouchers (MH-SHV & HSP-SHV)

The MH-SHV & HSP-SHV program provides rental assistance and access to supportive services for extremely low-income individuals with a disabling condition, disabilities, or special needs who are frequent or high-cost consumers of public systems, such as mental health institutes, and who are experiencing homelessness or would be upon discharge/release. Referrals are made through regional Coordinated Entry systems, Colorado Department of Human Services' Division of Child Welfare and Office

of Behavioral Health, Colorado Department of Corrections' Division of Adult Parole, and entities serving persons who need long-term supports and services in order to maintain housing.

Colorado Choice Transition (CCT) Vouchers

The CCT voucher program provides housing vouchers for persons with disabilities who require long-term services and support to transition out of nursing facilities. These vouchers help solve systemic barriers to clients moving into a least-restrictive community living environment, to improve their health outcomes. This program also helps people with disabilities who are at risk of being placed in an institution stay in their communities.

INITIATIVES ADMINISTERED BY THE DIVISION OF HOUSING

OFFICE OF HOMELESS INITIATIVES

The Division of Housing's Office of Homeless Initiatives works with local, state, and federal stakeholders to build, promote, and support collaborative approaches to make homelessness rare, brief, and one-time in Colorado. Our vision is to advance solutions that combine affordable housing with accessible services so no one languishes in homelessness. Our mission is to work with community partners to create a robust continuum of efficient and effective solutions that reduce and prevent instances of homelessness and ensure that every Coloradan has a safe place to call home.

The following programs are administered and are focused solely on people facing homelessness:

Homeless Solutions Program

The Homeless Solutions Program (HSP) supports a continuum of efficient and effective housing solutions that increase access to permanent housing and disrupt the costly cycle of incarceration, emergency hospitalization, and utilization of crisis services that often accompanies homelessness.

HSP is intended to serve individuals with a history of homelessness and a disabling condition, disabilities, or special needs who are frequent or high-cost consumers of public systems. Youth and Veterans experiencing homelessness are prioritized sub-populations as well.

Office of Homeless Youth Services (OHYS)

Created by the Colorado State Legislature through the Homeless Youth Services Act (C.R.S. 26-5.9), the OHYS is a vehicle through which homeless youth services statewide are improved by coordinating current services and facilitating interagency collaboration. The OHYS identifies gaps, removes barriers, and improves access and information sharing. In order to carry out this legislative intent, the OHYS, in conjunction with the Advisory Committee on Homeless Youth, develops and implements the Colorado Homeless Youth Action Plan annually. This statewide plan contains many key prevention and intervention strategies designed to collaboratively and comprehensively address the issue of youth homelessness in Colorado.

Next Step Program

Homeless families with school-aged children receive rental assistance allowing families to

secure housing and choice of where to live within their community: close to jobs, family, and schools of choice. Maintaining school attendance in a specific school can improve academic success and reduce long term social costs. Parents receive job counseling and training and all family members receive supportive services.

Emergency Solutions Grants (ESG) Program

These grants are funded by HUD to allow states, local governments and non-profits assist homeless persons by providing a complete continuum of supportive services at emergency shelters and transitional housing programs. The program also assists in the prevention of homelessness when households experience a sudden but temporary loss of income that results in an inability to pay rent, mortgage, or utilities.

Eligible Activities:

- Shelter operating expenses.
- Essential services.
- Homeless prevention activities.

Housing Opportunities for Persons with AIDS (HOPWA)

The HOPWA program is funded by HUD and provides states and localities with resources and incentives to create long-term comprehensive strategies for meeting the housing needs of low-income persons living with HIV/AIDS. These strategies may include Tenant Based Rental Assistance (TBRA), Housing Development activities, Supportive Services, and/or Short-Term Rent, Mortgage, or Utility Assistance (STRMU).

Homeless Prevention Activities Program (HPAP)

Funding for HPAP is made available through the state income tax check-off, which allows Colorado residents to make voluntary contributions on their state income tax return. DOH administers HPAP annually through a competitive process to non-profit organizations throughout the state. Services provided include but are not limited to direct payments to landlords and/or utility companies, and case management. Approximately 500 households are served annually through HPAP.

Fort Lyon Supportive Residential Community

Fort Lyon provides recovery-oriented

transitional housing to homeless individuals struggling with a substance use disorder. The program combines housing with peer-led recovery, as well as educational, vocational and employment services for approximately 250 homeless and formerly homeless persons across Colorado, with an emphasis on serving homeless veterans.

The Community is located at the former Fort Lyon Veterans Affairs Hospital in Bent County, Colorado, and is the outcome of a vision to repurpose the facility and to offer a supportive environment to homeless individuals across the state. Residents fully engage in the overall operations of the campus including food services, facilities maintenance, grounds maintenance, housekeeping, and wastewater management—in conjunction with their daily participation in peer support groups. Educational and vocational opportunities



are available through local colleges. Residents are also encouraged to participate in creative programs that help build support and community while assisting with recovery.

The ultimate goal of this program is for residents to recover from homelessness and addiction, find long-term housing stability, and reintegrate into their community of choice.

COMMUNITY ACCESS TEAM (CAT)

DOH's CAT staff seeks to help people with disabilities either move out of institutions or avoid entering them. DOH provides opportunities for people with disabilities to live independently in integrated settings in their communities, with support services available on an as-needed basis. To that end, the CAT staff, by an interagency agreement with the Department of Health Care Policy and Financing (HCPF), administers the CCT Voucher Program (described above), and the Medicaid Home Modifications program. People with disabilities who are eligible for Medicaid Home and Community Based waiver services can use the home modification benefit to make their homes accessible, preventing unnecessary institutionalization.

BUILDING CODES & STANDARDS SECTION (BCS)

DOH's Building Codes & Standards (BCS) Section protects Colorado citizens by regulating diverse and unique aspects of the state's residential and nonresidential construction industry in partnership with local governments, the federal government, other state agencies, and the private sector. Specifically, the BCS Section regulates the:

- Construction of factory-built structures, built offsite with electrical, gas, or plumbing components covered before delivery to the installation site (both residential and nonresidential), including those shipped to Colorado from other states
- Sales (sellers, dealers, retailers) of manufactured homes (pre-1976 mobile homes, HUD homes, modular homes) in Colorado through advertising or sales activities, including those with a retail location outside of Colorado
- Installation of manufactured homes (pre-1976 mobile homes, HUD homes, modular homes) in Colorado, which means the placement of a manufactured home on a permanent or temporary foundation system, and includes supporting, blocking, leveling, securing and anchoring of the home and connecting multiple or expandable sections of the home; and
- Construction of all site-built hotels, motels, and multi-family structures in any local jurisdiction that does not have a building department.

The BCS registers/certifies manufacturers, sellers, installers, and independent installation inspectors. Prior to certifying a factory-built structure, the BCS must first review and approve the design and building plans before construction begins, and then it must ultimately pass inspections during and at the conclusion of its construction. The BCS also inspects and certifies the installation of manufactured homes before occupancy.

A homeowner may submit concerns regarding the construction, sale, or installation of his/her manufactured home to the BCS for investigation

through its complaint process.

Factory-Built Structures and Modular Homes

Factory-built structures regulated by the BCS include both residential and nonresidential types. A modular home is a factory-built residential structure. All modular homes manufactured or sold in Colorado must be built to the International Residential Code (IRC) as adopted by the State Housing Board, including any exemptions or amendments to that construction code. Colorado currently uses the 2018 IRC and any amendments to that code as adopted by the State Housing Board are located in our “Administrative Rules”.

The BCS ensures that these structures are properly designed and constructed to the building codes and for local climate conditions. Local jurisdictions may impose more stringent wind speed and snow load requirements. BCS also works with the local building departments to

coordinate the on-site inspection process. In most cases, BCS is responsible for the regulation of all factory-built construction, including materials shipped loose by the factory to be installed on-site, while the local building department regulates on-site construction activity, including the home foundation and on-site constructed garages and other improvements. The BCS is the point of contact for local building departments for all technical concerns for the design and construction of factory-built structures.

A local building department has jurisdiction over any substantial alteration or repair made to a factory-built structure after it has been certified through the State program.

HUD Code Manufactured Housing

A HUD Code manufactured home is a transportable home built on a permanent chassis on and after June 15, 1976, of at least 320 square feet, that is constructed to the nationally recognized



HUD “Manufactured Home Construction and Safety Standards (3280)”. It may be installed on a temporary or permanent foundation. A transportable home built on a permanent chassis prior to June 15, 1976, is a “mobile home” and the acceptance of the design and construction of a mobile home is up to the local jurisdiction.

HUD home standards always preempt state requirements and any local building codes, including any wind and snow load requirements. According to the HUD standards, our entire state falls into Zone I for wind load. With regard to federal snow load standards, Colorado falls into the Middle Zone for all counties, which is a minimum of 30 psf.

Local jurisdictions have the right to determine proper land use, and to adopt and enforce ordinances that regulate the appearance and dimensions of homes so long as the criteria established by such ordinances do not have the effect of excluding HUD homes based on the construction and safety standards to which they were built. If a locality is attempting to regulate, and even exclude, certain manufactured homes through zoning enforcement that is based solely on a construction and safety code different from that prescribed by the federal standards, the locality lacks such authority.

A local jurisdiction may implement and enforce mitigation plans to address wind or snow load concerns without being in conflict with federal standards as long as those requirements do not interfere with the federal superintendence of the HUD standards for design and construction of the homes in the factory. Examples of appropriate mitigation requirements are site-built ramadas, snow removal programs, or wind mitigation fences.

BCS has participated in the HUD Code

Manufactured Housing Program since 1976 as an approved in-plant construction inspection agency (IPIA) for all homes built in Colorado in compliance to the HUD “Construction and Safety Standards” and as the State Administrative Agency (SAA) that is charged with resolving consumer complaints in regards to HUD code homes.

Unless they are “like kind” in nature, any repairs, renovations, or additions to HUD Code Manufactured Homes must be done with federal approval.

Manufactured Housing Installation Program (MHIP)

The BCS regulates the installation of all manufactured homes, which includes pre-1976 mobile homes, homes built to the federal standards (HUD homes), and factory-built residential structures (modular homes). An installation inspection is designed to confirm that the manufactured home has been installed to the standards adopted by the State, which includes setting it on a foundation (permanent or temporary), and supporting, blocking, leveling, securing, or anchoring it to that foundation, and connecting multiple or expandable sections of the home. The MHIP provides training for independent inspectors to conduct installation inspections and certify installations, establish certified installers to certify their own inspections, and empower local jurisdictions to conduct installation inspections and certify installations as participating jurisdictions on behalf of the State. Local building departments are encouraged to register as a participating jurisdiction, which allows them to act as the exclusive MHIP inspection agency for manufactured homes placed in their communities, which means that independent inspectors, BCS inspectors, or certified installers would not be inspecting and certifying

installations in their jurisdiction.

After verifying through an authorized inspection, that an installation was completed in compliance with our “Administrative Rules”, a copper colored 3” x 5” insignia certifying the installation must be placed at the interior electrical panel or under the kitchen sink cabinet. Permanent utility service connections should not be authorized by the State or local building department before the certification of installation has occurred.

Sellers of Manufactured Homes

Consumer protection against unethical or unlawful manufactured housing sales practices is provided through the registration of anyone planning to sell a manufactured home, unless exempted by statute. Registered sellers that sell used or new manufactured homes in Colorado are required to maintain a bond for at least \$50,000 and maintain any down payment made for the home in escrow. These requirements also apply to anyone advertising or conducting sales activities outside of Colorado for manufactured homes intended for installation in our state.

Tiny Homes

There is no legal definition of a “tiny home” in state statute and the term is applied broadly in our society. The term can refer to anything from a 100 square foot miniature cabin on wheels to a house smaller than about 800 square feet. A “tiny home” constructed on-site would fall under the jurisdiction of a local building department. A “tiny home” that is factory-built, meaning built off-site, is for the most part either considered a recreational vehicle (RV) or could be a HUD home or a modular home. Most “tiny homes” in the country are built to no code at all.

If a “tiny home” is going to be factory-built and installed on a permanent foundation in Colorado, then it must be built to the 2018 International Residential Code (IRC) which contains a newly created section on “Tiny Houses” (Appendix Q). Appendix Q allows for the design and construction of “tiny homes” at or less than 400 square feet. A home built under the IRC requires installation on a permanent foundation.

Most “tiny homes” in the state do not fall under the IRC due to the fact they are built to be mobile—either remaining on wheels or installed temporarily, which means they fall outside of the State program (BCS). Most of them also do not fall under the federal standards since they are less than 320 square feet and may contain a loft. As a result, some tiny homes are built under the American National Standards Institute’s (ANSI) standard A 119.5 for recreational park trailers. Unfortunately, the vast majority of “tiny homes” are being built to no code at all. If the “tiny home” is to be a factory-built residential structure installed on a permanent foundation, then it must come through the State program (BCS). In that case, its design and construction plans must first be reviewed and approved before its construction, its construction inspected and certified, and ultimately its installation inspected and certified before utilities may be turned on to it.

MOBILE HOME PARK ACT DISPUTE RESOLUTION & ENFORCEMENT PROGRAM

House Bill 19-1309 establishes oversight of the Mobile Home Park Act under the Department of Local Affairs’ Division of Housing. Any mobile home park that rents a lot to an owner of a manufactured home installed on that lot must register with DOH. Effective May 1, 2020, the Division will begin receiving complaints and

investigating them for potential violation of the Mobile Home Park Act under the Mobile Home Park Act Dispute Resolution & Enforcement Program.

In addition to creating the Mobile Home Park Act Dispute Resolution & Enforcement Program to support better communication and promote mutual understanding between mobile home landlords and home owners, HB19-1309 also establishes the following:

Provide mobile home owners additional time to either sell or move their mobile homes by extending the time a mobile home owner has to vacate a mobile home park after a court enters an eviction order; and allow counties to play a similar role as home rule cities in ensuring that the Mobile Home Park Act is upheld by granting county boards and commissions additional permissive authority to regulate and enforce regulations of mobile home parks throughout the counties' unincorporated areas.

ADDITIONAL HOUSING RESOURCES

Colorado Housing and Finance Authority (CHFA)

CHFA works throughout Colorado to increase the availability of affordable, decent, and accessible housing for lower-income Coloradans, and to strengthen the state's economy by providing financial assistance to businesses.

Participating lenders and community partners help CHFA deploy their resources statewide. Together with their partners, CHFA has invested more than \$12.2 billion in Colorado's economy. CHFA's work revitalizes neighborhoods and creates jobs. They believe everyone in Colorado should have the opportunity for housing

stability and economic prosperity.

Low Income Housing Tax Credits (LIHTC)

The LIHTC is a credit against regular federal income tax liability for investments in acquisition and rehab or construction of qualified rent-restricted, low-income rental housing. Regulations require that projects set aside a certain percentage of units for low income residents. Investors then take credits on an annual basis over a 15-year period, beginning with the year that the project is placed in service. A "compliance period" dictates strict occupancy regulations.

Non-profit and for-profit developers apply to CHFA, the State's allocating agency, which then evaluates applications based on federal guidelines and criteria identified in its qualified allocation plan. For more information about LIHTC, visit CHFA's website.

Opportunity Zones

Opportunity Zones were enacted as part of the 2017 tax reform package (Tax Cuts and Jobs Act) to address uneven economic recovery and persistent lack of growth that have left many communities across the country behind. In the broadest sense, the newly enacted federal Opportunity Zone (OZ) is a federal tax incentive for investors to invest in low-income urban and rural communities through the favorable treatment of reinvested capital gains and forgiveness of tax on new capital gains.

This economic and community development tax incentive program provides a new impetus for private investors to support distressed communities through private equity investments in real estate ventures. The incentive is deferral,

housing, Opportunity Zone tax incentives may be used along with other financing mechanisms, or alone. It is unlikely to generate substantial affordability without additional subsidies, but it may positively affect debt and equity terms.

Additional information on the location of Opportunity Zones, incentive details, and resources provided by the Office of Economic Development and International Trade may be found at www.choosecolorado.com/programs-initiatives/opportunity-zones

Public Housing Authorities (PHAs)

Public Housing Authorities were created by the Housing Act of 1937 to develop, own, and manage federal public housing under contract with HUD. PHAs are overseen by a Board of Commissioners or Directors who are either elected or appointed by the local jurisdiction.

PHAs administer federal public housing units, though these are a relatively small resource as Colorado had a mere 7,608 public housing units in 2018. This federal public housing is developed, owned, and operated by PHAs. HUD provides an operating subsidy to pay for the costs of operating and managing the housing not covered by tenant rents. Public housing tenants typically pay a percentage (usually 30 percent) of their income as rent to the PHA.

Many public housing developments are currently being rehabilitated or demolished and reconstructed through the Rental Assistance Demonstration (RAD) program. This program allows PHAs to revitalize their aging public housing, which is challenged by declining subsidies from HUD. It allows PHAs to leverage private debt and equity for construction costs, which is disallowed under the public housing program, and provides ongoing rental subsidies from HUD under contract while retaining the asset

under public ownership.

Over time, PHAs have gradually been given additional housing resources by the federal government such as Housing Choice Vouchers, and many PHAs operate LIHTC developments as well. In addition, the Colorado Department of Local Affairs' Division of Housing is a PHA that assists communities in accessing federal housing resources, including Housing Choice Vouchers.

Colorado Housing Counseling Coalition (CHCC)

CHCC promotes affordable housing for low- and moderate-income families through housing counseling and the sharing of knowledge, resources and counseling techniques among members.

CHCC member agencies help people improve their housing conditions and meet the responsibilities of homeownership and tenancy. Among the many services the member agencies provide are: pre-purchase counseling, foreclosure prevention counseling, housing consumer education, debt management, and reverse equity mortgage counseling.

Many agencies, including DOLA, sponsor Colorado's Foreclosure Prevention Hotline, 1-877-601-HOPE or www.coloradohousingconnects.com.

Homebuyer Readiness

Becoming a homebuyer is a huge step for most families, and readiness can be determined by several factors, including the following:

- Credit history — A family should review their credit report, improve payment patterns and make corrections or updates.

- Savings — A household savings account helps establish the discipline required to reduce debt.
- Income and employment — Steady income patterns promote successful
- Homebuyer workshops — Families should attend a homebuyer workshop to understand the process of buying and maintaining a home. The Colorado Housing and Finance Authority (CHFA) provides a homebuyer education curriculum adopted by many agencies offering homebuyer workshops.

HUD offers a list of HUD-approved housing counseling agencies serving Colorado.

COLORADOHOUSINGSEARCH.com

Colorado Housing Search is jointly sponsored by the Colorado Housing and Finance Authority (CHFA) and DOH as a public service to the residents of Colorado. The site was developed through the collaboration of multiple agencies with a common stake in developing, financing, and preserving affordable housing throughout Colorado. Its goals are to:

- Help Coloradans find and maintain quality, safe and decent places to live.
- Provide a clearinghouse for affordable housing and related services.
- Facilitate operating efficiencies in the affordable housing market.

Denver Metro Fair Housing Center (DMFHC)

DMFHC is a non-profit organization dedicated to eliminating housing discrimination and to promote housing choice for all people through comprehensive education, advocacy, and enforcement of fair housing law.

Colorado Civil Rights Division (CCRD)

The CCRD is charged with enforcing the State's anti-discrimination laws, including housing laws. CCRD works to eliminate and prevent discrimination in housing, as well as in employment and public accommodation, through investigation, education, mediation, and enforcement.

New Market Tax Credits (NMTC)

NMTCs permit individuals and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credits total 39 percent of the cost of the investment and are claimed during a seven-year credit allowance period.

A substantial amount of the investment must be used by the CDE in support of business activities in low-income communities. This is not a funding source for housing, although it can support commercial and/or retail uses associated with housing or care facilities.

Private Debt Sources

Because tax credits and grants are generally not able to fully finance an affordable housing project, private debt sources are usually needed as well. Options include conventional financing from traditional banking institutions together with tax credits and gap financing. Fannie Mae and Freddie Mac are two Government-Sponsored Enterprises (GSEs) that help by purchasing investment-quality mortgages from conventional lenders, packaging the mortgages as securities, and selling them on the open market. Contact your lender for additional information.



AUTHORITY OF LOCAL GOVERNMENT

In Colorado, local governments are empowered to initiate a number of actions that can affect the cost and supply of housing in their communities. These actions, which may require a direct or indirect role for local government, encompass land use regulations, building code and design standards, and creation of special-use authorities, which can leverage additional resources for developing affordable housing.

States maintain the right under the U.S. Constitution to regulate land use, health, and public safety issues. In Colorado, state statutes relinquish that control to local governments who are empowered with the authority for adoption and enforcement of pertinent codes, standards and

policies. Accordingly, critical steps in housing development such as zoning, building codes and infrastructure requirements all fall within the discretionary control of Colorado localities. This chapter is intended only to raise awareness of local legal authority. Specific strategies are found in the *Land Use Policies and Strategies* chapter.

DISCRETIONARY CONTROL OF COLORADO LOCALITIES

Land Use Regulations are laws that set a jurisdiction's land use and development standards in regard to a wide variety of issues, including subdivision, annexation, and allowable land uses. While regulations are an integral part of a community's planning process, regulations may also substantially increase time and costs required to build affordable housing.

Zoning Standards are used by local governments as a gauge for land use decisions and to help establish areas of uniform development. These standards, however, may inhibit a jurisdiction from providing a range of housing that meets its housing needs.

Building Codes and Standards are adopted by local governments to safeguard health, safety, property, and public welfare of a community.

Infrastructure including water, wastewater, sewer, streets, roads, parks, and schools falls under local control. Local officials can proactively address environmental issues while also containing the cost of housing in their communities.

PUBLIC HOUSING AUTHORITIES

A major benefit of housing authorities is the ability to use additional financial resources to devote to critical community projects in light of restrictions imposed on local governments by the TABOR Amendment. After enactment of TABOR in 1992, local government growth was restrained by requiring voter approval for any increases in revenues, spending, and additional debt. Housing authorities can be considered enterprises, rather than local districts, as long as their annual grant revenue from state and local governments is less than ten percent of their total budget. As government-owned

businesses authorized to issue their own revenue bonds, housing authorities and urban renewal authorities can make expenditures that won't be counted against the local or county government limits imposed by TABOR. Local interpretation varies, however, as it relates to TABOR restrictions.

Creating a Housing Authority

A Housing Authority (HA) can be created at the municipal or county level. The process is initiated when a petition sponsored by at least twenty-five residents of a community is filed with the local clerk indicating the need for such an authority. After concluding at a community hearing that an HA is needed, a resolution is adopted and forwarded to the mayor's or county clerk's office. Upon filing a signed certificate by the newly appointed HA board with DOLA, the municipal or county governing board can act as the board of directors of the authority, or appoint a board of housing commissioners. These officials and their successors are constituted as a housing authority, which is a body corporate and politic. Once established, an HA may employ a secretary who will act as executive director.

Powers of a Housing Authority

- Determine whether housing conditions are unsafe, unsanitary, or substandard and investigate methods for improving such conditions.
- Study and make recommendations on plans addressing the clearing, re-planning, or reconstruction where unsafe, unsanitary, or substandard conditions exist. Provide housing accommodations for low-income persons in cooperation with the local jurisdiction.

- Prepare, implement, and operate projects including the construction, reconstruction, improvement, alteration, or repair of any project.
- Assume by purchase, lease, or other means any project undertaken by any government or by the city or county.
- Act as an agent for the federal government in connection with the acquisition, construction, operation, or management of a project.
- Arrange with the city or with a government for the furnishing, planning, re-planning, opening, or closing of streets, roads, roadways, alleys, property options, property rights, or for the furnishing of property services in connection with a project.
- Lease or rent dwellings, accommodations, lands, buildings, structures, or facilities included in any project, and establish and revise associated rents or charges.
- Access buildings or property to conduct investigations or to make surveys.
- Sell, exchange, transfer, assign, or pledge

property to any person, firm, corporation, the city or county, or government.

- Receive exemption from the payment of property taxes or special assessments to the state or any subdivision of the state.

BENEFITS OF HOUSING AUTHORITIES:

1. Ability to apply for loans, grants, and contributions from government or other sources designed for specific authority purposes.
 2. Ability to acquire property by purchase, lease, operations, eminent domain, gift, grant, bequest or devise from any person, firm, corporation or city government.
 3. Ability to borrow money on terms.
-

Multijurisdictional Housing Authorities

Any combination of Colorado cities, towns, or counties may, by contract with each other, establish a separate governmental entity to be known as a multi-jurisdictional housing authority.



Powers of a Multijurisdictional Housing Authority

- Plan, finance, acquire, construct/reconstruct/repair, maintain, manage, and operate housing projects and programs pursuant to a multi-jurisdictional agreement.
- Plan, finance, acquire, construct/reconstruct/repair, maintain, manage, and operate housing projects and programs for employees of employers located within the jurisdiction of the authority.
- Make/enter into contracts with any person, including contracts with state or federal agencies, private enterprises, and non-profit organizations also involved in providing housing, irrespective of whether such agencies are parties to the contract establishing the authority.
- Employ agents and employees.
- Cooperate with state and federal governments in all respects concerning the financing of such housing projects and programs.
- Acquire, hold, lease (as lessor or lessee), sell, or otherwise dispose of any real or personal property, commodity, or service.
- Condemn property for public use, if such property is not owned by any governmental entity or any public utility, pursuant to state authority.
- Receive exemption of property taxes to the state or subdivision of the state for properties owned by the housing authority for renters at 50 percent or below median income.
- Per Statute 29-1-204.5(7.5) a multi-jurisdictional housing authority may levy, in all of the area within the boundaries of the authority, a sales or use tax, or both, at a rate not to exceed one percent, consistent with sales or use tax levied by

the state. The tax imposed is in addition to any other sales or use tax imposed pursuant to law and exempt from the limitation imposed by section 29-2-108. The sales tax will be collected by the Department of Revenue, and must be approved by the eligible voters.

- Levy an ad valorem property tax (not to exceed five mills), a sales and/or use tax (the rate not to exceed one percent).
- Establish development impact fees so long as: no portion of the authority is located in a county with a population of more than one hundred thousand and so long as the fee is not levied upon development, construction, permitting, or otherwise in connection with low or moderate income housing or affordable employee housing, and the rate is two dollars per square foot or less.

LOCAL GOVERNMENT AND FAIR HOUSING

Local governments are responsible for ensuring their jurisdictions comply with federal laws and regulations regarding Fair Housing. Failure to do so can result in costly litigation from a fair housing or false claims complaint. It may also result in your jurisdiction’s being declared ineligible to receive federal community development or housing funds.

Fair Housing is defined as the right of all people to be free from discrimination in the rental, sale, or financing of housing. Discrimination consists of any actions, omissions, or decisions made because of race, color, religion, sex, sexual orientation, disability, familial status, or national origin that limit housing choices, or that have the effect of limiting them.

Every jurisdiction that qualifies for its own distribution of federal HUD funds for community development and/or housing is required to complete an Assessment of Fair Housing (AFH).

The AFH is designed to help communities identify, among other things, fair housing issues pertaining to patterns of integration and segregation; racially and ethnically concentrated areas of poverty; disparities in access to opportunity; and disproportionate housing needs, as well as the contributing factors for those issues.

Upon completion of the AFH, each community must then incorporate it into subsequent Consolidated Plans in a manner that connects housing and community development policy and investment planning with meaningful actions to Affirmatively Further Fair Housing.

Finally, each community should maintain records of actions taken and outcomes towards Affirmatively Furthering Fair Housing to report to HUD.

Even those local jurisdictions that do not receive direct funding from the federal government are responsible for ensuring the availability of fair housing. Local regulations that impede fair housing, such as prohibiting rental housing in areas zoned as single-family residential, could result in fair housing litigation.

Many means of reducing impediments to fair housing are under the control of local governments, in particular land use regulations and zoning policies. Actions to reduce regulatory barriers to affordable housing often also improve Fair Housing, because racial and ethnic minorities, single-parent households, and disabled households are disproportionately low income. Regulations

and policies that reduce impediments to fair housing may permit:

- Small houses (no minimum size required).
- Small lot sizes.
- Multi-family housing.
- Manufactured housing.
- Group homes for protected classes in residential areas.
- Accessory dwelling units.
- Mixed-use development.
- Lower parking standards for affordable housing, multi-family housing, group housing and special needs housing.
- Higher density in multi-family areas; and
- Growth management exemptions such as fee waivers.

Permitting affordable housing options in a variety of zoning areas helps to decrease the concentration of poverty into just a few areas. Such concentrations of poverty often have undesirable economic effects and result in blight; preventing the creation of such areas is essential to the vibrancy and health of a community.



LAND USE POLICIES AND STRATEGIES

The State Demography Office projects Colorado's population to exceed 5.9 million by the year 2020, and 6.4 million by 2025, with continued peaks and valleys of economic change. This represents a 28 percent increase between 2010 and 2025. Continued growth will impact schools, transportation, air quality, and other public services. In some communities, development pays its own way through fees for open space, parks and recreation facilities, roads, water and sewage treatment, fire and police protection, and trash removal. The cost for these services will then be borne by each new development, rather than being spread among the existing community residents and businesses. In addition to fees for municipal services, developers

must also add in the cost of the local standards required to build in each community. These standards can require brick facades, three-inch diameter trees, or minimum lot sizes. Each adds costs that are passed on to the consumer.

Local government's greatest impact on housing cost is in regulating land use and building standards. It is when a local government includes affordable housing in its long-term development plans that the community achieves the greatest gains in keeping housing affordable to its residents.

ATTRACTING AFFORDABLE HOUSING

A strategy for attracting affordable housing must be linked with local capital improvement plans. The lack of sufficient infrastructure increases the cost of housing development, limits site options, diminishes long-term economic competitiveness, and aggravates growth-related disputes. The amount of developable land is often dependent on topography, abutment to state or federal lands, or adjacent municipalities. In many towns, construction of market-priced housing has consumed the remaining buildable sites, so planning ahead is important.

Create a dialogue with the development community, including real estate agents, developers, builders, architects, engineers, and planners. Allow everyone an opportunity to express their points of view. Look for creative solutions to difficult issues.

To reduce costs for affordable housing in your community, include the following in your expedited process: building permit, zoning permit, subdivision approval, rezoning, certification,

special exception, variance, or any other official action of your jurisdiction having the effect of permitting the development of land.

Work/live policies encourage mixed uses in appropriate non-residential or existing mixed-use areas to help achieve a reduction in commuter traffic, create affordability, and provide living space in renovated, redesigned structures. These policies can be used to encourage and support artists, telecommuters, freelancers, and other compatible employment.

HOW TO CREATE LAND USE POLICIES THAT ENCOURAGE AFFORDABLE HOUSING

STEP 1: Analyze the purpose of land use regulations and building codes

The primary purpose of land use regulations and building codes is the health and safety of residents living and working in the community. Local governments should look at the cost of implementing these policies to determine their long-term impact on housing development, considering the original purpose of the existing code or standard, and updating or changing them as necessary.



STEP 2: Understand your housing market

Assess the overall condition of a community's housing and the need for specific types of housing (i.e., homeownership, rental, and special needs housing). A housing needs assessment examines existing housing stock — its characteristics, physical condition, and the number of units — and may make recommendations about the type and quantity of housing required to satisfy future needs.

STEP 3: Learn from other Colorado local jurisdictions

Colorado communities have many different approaches to affordable housing. Programs range from incentives to requirements, from monetary contributions to donations of land, from deferral of impact fees to fee waivers. Local governments can draw lessons from the experiences of similar communities, exploring how they have responded to the demand for affordable housing, and planning accordingly.

STEP 4: Create an affordable housing strategy

Opportunities to create affordable housing occur on a frequent basis in local communities. By creating affordable housing goals and strategies tied to the housing and economic needs of the community, local governments are prepared to take advantage of opportunities in a consistent and rational manner.

LAND STRATEGIES

Strategy	Benefit	Public Action
Zone sufficient land for all housing types, including medium and high densities.	Allows market to respond to housing needs. Avoids zoning delays that increase the cost of specific housing developments.	Vacant or under-developed land can be zoned based on projected housing needs including single-family, multi-family, affordable, and manufactured housing.
Reduce/eliminate minimum lot size.	Provides for more units per acre, thereby promoting efficiency and affordability.	Allow alternative site designs, based on utility access, soils, topography, and other factors to minimize consumption of land.
Increase densities for residential development in commercial areas.	Ensures that housing is located close to employment.	Modify zoning ordinances to allow increased densities in commercial areas.
Allow Planned Unit Developments (PUDs).	As a flexible negotiated tool, PUDs encourage affordable housing.	Modify local zoning or subdivision ordinances.
Enact a parking reduction ratio for projects that meet your standards for affordable housing.	Increases land use efficiency and reduces cost of housing.	Examine parking standards and compute a reduction formula for affordable housing based on your community's needs. Enact by ordinance.
Increase densities for residential development along transportation corridors.	Ensures that workers have either proximity to their jobs or access to mass transportation.	Target urban corridors in planning documents as areas of increased density.
Encourage mixed-use development.	Allows residential to co-exist with commercial uses.	Modify zoning regulations to allow for mixed-use development.

LAND STRATEGIES (cont.)

Strategy	Benefit	Public Action
<p>Create density bonuses to encourage more efficient land use.</p>	<p>Provides for an increase in density over the otherwise maximum developable density when a project incorporates a certain ratio of affordable units to market units and when those units will stay affordable for a designated period of time.</p>	<p>Modify local zoning laws to allow density bonuses.</p>
<p>Provide a linkage ordinance.</p>	<p>Large-scale businesses provide affordable units during the development process to increase housing units available to their minimum wage workers.</p>	<p>Modify local zoning ordinances to allow for linkage.</p>
<p>Enact a maximum lot size.</p>	<p>Decreases sprawl, increases densities and helps promote production of affordable housing units.</p>	<p>Identify and designate areas for maximum lot size development through the comprehensive plan.</p>
<p>Allow zero lot-line development.</p>	<p>Allows houses to be sited on a common lot line to increase the usable space on the other side.</p>	<p>Adopt/modify local zoning laws to allow zero side or rear yard setbacks.</p>
<p>Allow/encourage clustering of housing units.</p>	<p>Reduces development and facility maintenance costs and provides incentives for efficient development.</p>	<p>Modify subdivision or zoning regulations to allow for clustering.</p>

CONSTRUCTION STRATEGIES

Strategy	Benefit	Public Action
<p>Enact uniform building codes that are accepted by all local governments.</p>	<p>Allows builders to use economies of scale for construction designs and materials, reduces design and construction errors.</p>	<p>Adopt uniform building codes. Limit amendments to local health and safety issues only. If amendments to building codes are being considered, the cost of these variations should be considered in the decision.</p>
<p>Allow flexibility in rehabilitation codes while maintaining protection of health and safety.</p>	<p>Allows rehab and conversion of buildings to affordable housing while maintaining standards for community health and safety.</p>	<p>Adopt a scoring system that quantifies the overall standard of safety by assigning points to each improvement relative to each other. This creates an overall safety threshold, but allows cost savings on individual improvements.</p>
<p>Assess development charges based on square footage rather than on a per-unit basis.</p>	<p>Costs for modest homes and apartments will decrease and larger, less land-efficient homes will pay more, thus encouraging affordable housing.</p>	<p>Develop and adopt a formula for assessing development fees that relates to cost per square foot.</p>
<p>Promote the use of infill development.</p>	<p>Enhances housing affordability by using existing infrastructure and services rather than requiring expensive new roads or water and sewer lines.</p>	<p>Exempt or defer infill development areas from some fees or permit requirements, or grant tax rebates or density bonuses.</p>

CONSTRUCTION STRATEGIES (cont.)

Strategy	Benefit	Public Action
<p>Provide an infrastructure loan or grant (up to a designated percentage) to meet off-site infrastructure requirements for a project that meets criteria established by the local government. For example, the local government may provide a loan or grant up to 15 percent of any off-site cost deemed extraordinary by both the local government and the developer.</p>	<p>Encourages affordable housing by deferring extraordinary off-site costs until the project is able to recoup some of these costs as other sites develop.</p>	<p>On a case-by-case basis, a local government may provide a loan or grant (up to a designated percentage) to a project that meets the criteria established by the local government.</p>
<p>Ensure that zoning and land use regulations allow manufactured homes to be installed on permanent foundations.</p>	<p>Prefabricated homes are constructed under strict standards, have many styles, and offer an important affordable alternative to site-built homes.</p>	<p>Modify zoning and land use regulations to allow manufactured housing to be installed on permanent foundations.</p>
<p>Allow innovative construction methods. Examples include new plumbing or electrical techniques or materials.</p>	<p>New materials and design elements may contribute to housing affordability if allowed by a local government.</p>	<p>Modify building code regulations to allow innovative construction.</p>

LOCAL PROCESS STRATEGIES

Strategy	Benefit	Public Action
<p>Use one-stop or parallel permit processing.</p>	<p>Reduces time delays caused by multiple agency reviews. Such delays add to the carrying costs of housing development for time-sensitive items such as property taxes and construction loan interest.</p>	<p>Develop and implement common application forms where possible, and provide verification and consulting services throughout the planning process, to ensure that permits can be issued as quickly as possible.</p>
<p>Set time limits for multiple agency review and approval of building plans.</p>	<p>Reduces time delays and uncertainties.</p>	<p>The lead municipal agency should transmit a single master application to appropriate departments giving each a set time for response. After joint hearings with the developer, each department has a limited amount of time for final decision.</p>
<p>Provide for waiver or deferral of fees.</p>	<p>Reduces up-front development costs and retains savings in the project. The project becomes more affordable for current and future residents.</p>	<p>Establish affordable housing criteria for which waivers may be considered. Projects that meet criteria are eligible for waiver or deferral.</p>
<p>Allow a Property Tax exemption for those developments meeting defined criteria.</p>	<p>Encourages affordable housing. Fewer costs are borne by the units.</p>	<p>Develop affordable housing criteria that affordable projects must meet to qualify for a defined term of property tax exemption.</p>

LOCAL PROCESS STRATEGIES (cont.)

Strategy	Benefit	Public Action
<p>Resolve historic and natural resource protection issues — such as landmarks or open space — during the planning process, rather than have these issues delay the permitting process and add cost to the project.</p>	<p>Saves time and money. Provides more certainty in the permitting and development process. Eliminates second-guessing or hidden costs during the development process.</p>	<p>Requires that historic or natural resources be inventoried, evaluated, and protected during comprehensive plan updates. Resource protection measures must be clear and objective.</p>
<p>Allow for Transfer of Development Rights (TDRs).</p>	<p>Accommodates housing construction while protecting environmental resources or open space.</p>	<p>Development rights are assigned to land that is designated for open space. These development rights may be sold by the landowner and transferred to other areas where development is more desired.</p>
<p>Use development agreements.</p>	<p>This process works best as a public/private partnership where the risk can be borne by both sectors.</p>	<p>Developers enter into an agreement with the local government which “freezes” the regulations applicable to the development for a period of time specified in the agreement. The Development Agreement includes the savings accrued from regulatory concessions in return for the construction of affordable housing, public facilities, or preservation of environmentally sensitive land or historic structures.</p>

INCENTIVES AND OTHER STRATEGIES

Local Housing Trust Fund

Local governments can create a dedicated funding stream for affordable housing in a community through local housing trust funds. These trust funds can create new gap sources for the development of housing or land banking for future housing needs when sufficient funding is available. Depending upon the proposed source of funding, a new revenue stream or tax could be subject to voter approval under the TABOR amendment.

Incentives For Infill Housing

Local jurisdictions can create an incentive for infill housing by reimbursing development fees for affordable housing built inside defined boundaries. Developing within a town or city's existing grid utilizes infrastructure already in

place and reduces the traffic impact of development, particularly where public transit exists.

Accessory Dwelling Unit

An Accessory Dwelling Unit is an additional living unit attached to a primary residence on a single-family lot. Most local governments provide stringent guidelines which detail how and when these units will be allowed. Some communities approach the issue on a case-by-case basis. Other communities utilize conditional use permits and a set of criteria for parcels on which accessory dwellings may be built, such as lot size, setback requirements, access, and parking.





REDUCING REGULATORY BARRIERS

Growth management is an ongoing concern for state and local elected officials in Colorado, and every community must determine which approach best serves its unique needs. For some, this may mean closely examining public policies used to guide the creation of transportation systems, water supply, open space, and housing. For others, it may mean adopting policies that growth should “pay its own way,” resulting in sometimes complex and confusing impact fee structures.

Even in an robust economy, wages do not always keep up with the cost of housing. Public policy should control direct development according to a community’s wishes. Public policies related to growth control direct development according

to a community’s wishes. Sometimes, however, those tools inhibit housing that is affordable to current or prospective residents and may affect a community’s ability to attract an adequate workforce. It is important that a community examine its growth regulations to understand and lessen their impact on affordable housing. DOH has identified the types of land use regulations frequently cited as barriers to affordable housing.

ANNEXATION, SUBDIVISION AND ZONING POLICIES

Traditional land-use controls such as annexation and zoning ordinances which regulate the general placement and density of land uses in a community and subdivision regulations which govern site-specific development, can have significant impacts on the price of housing. Laws governing annexation and subdivision may increase time and costs of developing land adjacent to a municipality.

The Three “R”s

- **Reinvest** in your community's housing stock to help develop affordable housing for local families.
- **Reform** community development policies to help achieve a housing balance.
- **Renew** community housing partnerships that help produce affordable multi-family units for working families.

While zoning is generally intended to separate incompatible land uses, the use of exclusionary criteria in defining the term “incompatible” can lead to overly strict restrictions or prohibitions on housing types that are most likely to be affordable, including multi-family or manufactured housing. Other examples of zoning matters that affect housing affordability:

- Minimum house size, lot size, or yard size requirements.
- Prohibition of accessory dwelling units.
- Excessive subdivision standards.
- Restrictions on land zoned and available for multi-family housing or manufactured housing.

Regulations often present either a cost incurred by the development, or a lost opportunity to

balance a community's housing stock. The more regulations, the higher the cost to the community. Ultimately, development costs are passed on to the consumer, whether renter or homeowner, as a higher cost per square foot. The higher the cost per square foot, the less affordable the unit.

During times of economic recession, it becomes critical for state and local governments to provide housing opportunities for all income levels as a means to encourage new employment. Employment and housing are inextricably joined together. Across Colorado, more communities are acknowledging the linkage and reviewing their land use and subdivision regulations with a goal of increasing housing affordability.

DEVELOPMENT PERMIT PROCESSING AND BUILDING CODES

The cost of housing development and construction will also be affected by the local permitting process and building codes. In Colorado, the development permitting process and adopted building codes are approved and implemented at the local level to provide the community with safe and healthy neighborhoods and homes that meet specific design criteria.

Housing development permitting may include a number of permit types and activities, including but not limited to: site use and setbacks, utility connections, site drainage, neighborhood design criteria, and subdivision plans that are in place to preserve and protect the land use goals of the jurisdiction. The permitting approval process can be expensive and may involve multiple local government offices and independent reviews that create challenges and inefficiencies in the

process. Local governments are encouraged to review their housing development permitting process to look for opportunities to eliminate redundancies and overlap between approval agencies, to reduce costs, and to speed up the overall approval process.

Building codes govern the use and installation of materials, and the design and construction standards for buildings. A locally adopted building code plays a vital role in protecting the health and safety of the occupants of a building, and the value and longevity of the building. A housing project may be subject to building code department fees for the issuance of valid building, electrical, plumbing, heating, and gas permits, as well as building plan review fees to ensure compliance with the locally adopted building code. In return for these fees, the local building department conducts on-site inspections of the building during construction to observe compliance with the adopted building code.

In Colorado, the total cost of permit and review fees vary between local communities and may run over \$30,000 per single-family house depending on the specific local fees. The effect of permitting and review fees on the overall home price can be significant, as most of this cost is passed from the builder into the final sales price of the home, having a direct impact on the affordability of homes.

DECREASING THE COST OF REGULATION

Local governments can support affordable housing development through a variety of ways, including:

- A review of their permitting and review fees to consider fee deferrals or reductions in order to reduce the overall development cost of housing.
- Coordination of housing strategies between municipalities and counties in planning affordable units.
- Streamlining of the permit review process between agencies and jurisdictions for affordable housing projects.
- Building flexibility into local codes for design standards. There may be adequate but less expensive design alternatives that can reduce costs while still producing a quality product.

EXAMPLES THAT BALANCE LAND USE

Mixed Use

Allows housing to exist above retail shops or other commercial development.

Overlay Districts

Allow for flexibility of zoning and development standards and could include such things as small building setbacks, garages placed in the rear of homes, narrow streets to calm traffic, and vertical mixed uses.

FINANCING PUBLIC IMPROVEMENTS

Local comprehensive land use and capital construction plans solidify a community's long-term vision. In the face of tremendous growth, planning ensures that a community can handle new business opportunities and accommodate future residential development. In times of slower growth, planning enables local jurisdictions to allocate scarce resources in an efficient

and consistent manner. Local governments have begun to charge for many of the services they provide, using a “pay-as-you-go” plan to recoup infrastructure costs. These development charges include fees in lieu of payment, impact fees, administrative processing fees, and plant investment fees to pay for service expansion.

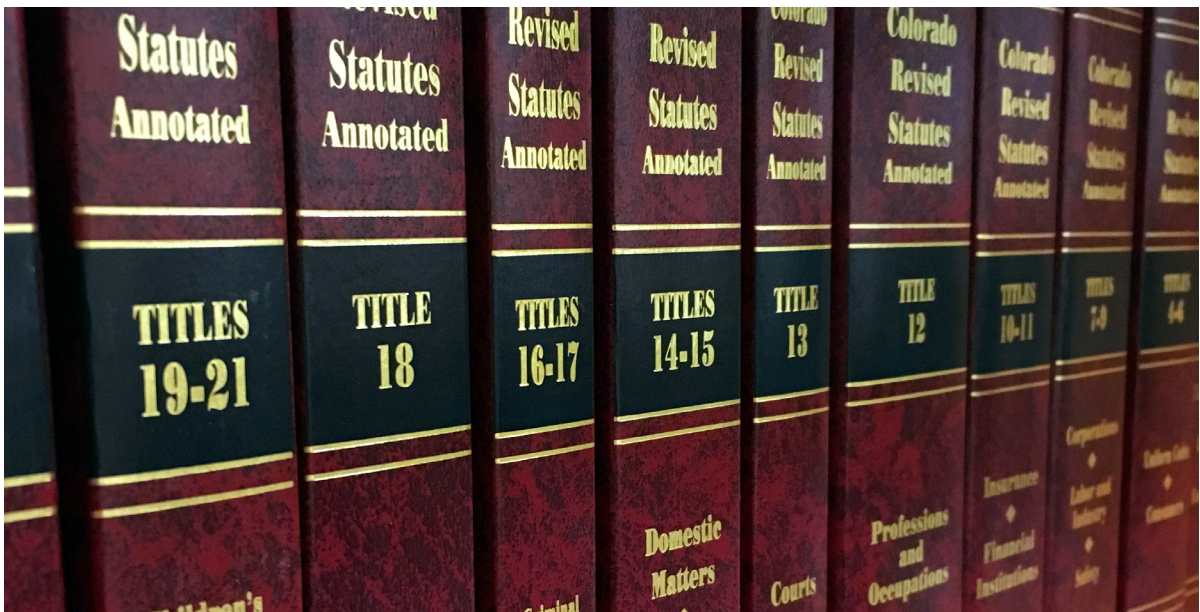
While increasing revenues to pay for growth, these fees become increased costs for renters and homebuyers. A community may recoup the cost of its infrastructure, but the result may be a reduction in housing affordability. A lack of adequate workforce housing can discourage new potential employers from establishing operations in the community. The best approach is to find a balance that maintains the integrity of a community’s infrastructure but eases regulatory cost burdens by incorporating waivers, deferral, or off-set of fees for affordable housing.

EFFECT OF ENVIRONMENTAL AND CULTURAL PROTECTIONS ON AFFORDABLE HOUSING

Resource protection statutes have a potentially large impact on housing construction. Implementation of some of these major federal laws require significant amounts of time and money for compliance. They may also lack any standard dispute resolution process, other than federal courts.

Clean Water Act (CWA)

CWA is the nation’s primary water quality protection statute and affects planning and development for housing construction in a number of ways. It contains strict prohibitions on any construction activity potentially affecting wetlands, and it also controls stormwater runoff and nonpoint source discharges, which can impose additional strict requirements on housing construction.



Endangered Species Act (ESA)

The ESA protects endangered and threatened species and their habitat. Listing a species as endangered or threatened can in rare circumstances remove thousands of acres from development. In recent years, developers and local governments have begun working cooperatively to avoid standoffs by designing and implementing habitat conservation plans.

National Environmental Policy Act (NEPA)

NEPA requires environmental impact statements (EIS) to be prepared prior to construction for certain projects involving federal funding or approvals. Preparation of an EIS may take months to complete, depending on the size and complexity of the proposed project and the development site.

CREATING A COMMUNITY HOUSING TRUST FUND (HTF)

An HTF is a flexible, community-based tool that allows local governments to respond to affordable housing or workforce housing opportunities on a case-by-case basis. HTFs generally have a committed, ongoing source of funding such as a dedicated portion of a sales tax or other revenue, or they may be funded from the sale of surplus property or through an annual commitment of general fund dollars. A local jurisdiction may set aside monies for future participation in affordable housing, provide dollars to housing non-profit organizations, or use the dollars to prevent the loss of affordable housing stock.

EXAMINE YOUR REGULATION

- Review your cultural and environmental policies and regulations to ensure their reasonability.
- Review historic preservation ordinances.
- Allow adaptive reuse or conversion of surplus buildings.

REGULATORY BARRIERS CLEARINGHOUSE

The U.S. Department of Housing and Urban Development's (HUD's) Office of Policy Development and Research (PD&R) established the Regulatory Barriers Clearinghouse to collect, process, assemble and disseminate information on the barriers faced in the creation and maintenance of affordable housing. You can submit your experiences using their online form, to give them a better understanding of the issues facing developers of affordable housing.



CREATING SUCCESSFUL NEIGHBORHOODS

Successful housing development projects take the needs of the entire community into consideration. Any local government interested in affordable housing should solicit the input of a broad coalition of entities to explore how new projects will affect different segments of the population.

Whether your community is promoting infill development, redeveloping existing areas, extending its boundaries, or working on all of these, it is important to create well-functioning, successful neighborhoods that include sufficient safe and affordable housing.

Housing choice accommodates differing needs, ages, lifestyles, and family economic factors. Also important to neighborhoods are social and economic infrastructures that strengthen the workforce and provide community support.

Attributes of healthy neighborhoods include parks and open space, schools, pedestrian access, commercial or mixed-use areas, and access to transportation, community institutions, and the vibrancy of our main streets.

HOUSING PARTNERSHIPS

Local government involvement is often needed to initiate affordable housing projects. Active local government participation can lower the risk, reduce costs by streamlining some of the processes, and help to develop the best product to meet local needs.

One way to begin a housing project is to form a housing task force. The local government can work with the task force to clearly define its mission, activities, and responsibilities in the development process. The task force should be prepared to address the housing need priorities of the community, and to identify the groups and/or services that currently exist that could assist in meeting the established goals and objectives.

In determining how to structure the task force, the roles for each member should be considered, as well as how members can work collectively and individually to remove barriers and facilitate the development process. If the community does not have the capacity, a third party may be needed.

The task force can also establish what final product is desired, ensuring that the product or project effectively responds to or fills a gap in the housing needs of the community.

Assessing Capacity

Rarely does a single entity have the resources and capacity to develop affordable housing independently. Consequently, partnerships bring together the expertise and resources needed to complete the housing development process and may enable a local government to

work on solving different aspects of the local housing picture, without pushing any one agency beyond capacity or duplicating services. When deciding on a course of action to address community housing needs, local governments must first determine their internal capacity, deficiencies, and gaps in order to assess where partnerships may be required.

The following questions can assist local officials in assessing their capacity:

- Should we begin the process with the resources we have or hire professional help?
- If we begin on our own, at what point and for what tasks do we hire professionals?
- How much time and money are we willing and able to invest in exploring our options?
- Can we rely on our internal staff and funds to cover the initial expenses?
- Are there staff members with time and skills to undertake this process?
- Will we need this skill again in the future?
- Can community volunteers assist with critical tasks?
- Will the involvement of these community volunteers increase local support for the project?
- Are there other ways to accomplish or fund this project?
- Are we the most appropriate entity to get this project done?
- If there is funding for the initial project phases, how are these decisions affected?

Development Options

- Use a Request For Proposals (RFP) to publicize needed services for interested parties to submit statements of

- qualification, services and prices.
- Hire a developer to manage the whole process.
- Assemble an initial project team that can carry out early activities without payment.
- Form a development committee as part of the project.
- partner is saying?
- Are the financial records organized and well kept?
- What is the organization's experience in this particular form of development?
- Does the partner have experience in areas that are lacking by other members of the partnership?

Selecting The Right Partners

No matter the nature of the partnership or housing project, local government officials need to ask questions about the capacity and role of potential partners. The participation of local government is critical for this process.

When seeking potential partners be sure to consider these questions:

- What is the work history and background of the potential partner?
- Do the references confirm what the

Increasingly, non-profit organizations are becoming valuable partners for local governments in each stage of housing development. These organizations often have access to a substantial pool of volunteers as well as funding sources for pre-development costs, operating expenses, and construction activities specifically earmarked for non-profits.

When partnering with more than one local government, it is advisable to clearly delineate in a written agreement which is the lead government agency, what each government's roles and

POTENTIAL PARTNERS

Funding Partner — Provides grants or loans to the project in return for long-term affordability.

Project Developer — Manages the team.

Construction/Project Manager — Day-to-day project oversight.

Service Provider — Provides services for special needs populations once the project is built.

Housing Authority — Provides section 8 vouchers and ability to exempt property taxes.

Property Management — Manages the project upon completion.

Neighborhood Partners — Engage community members in a positive fashion about the project.

Lenders — Provide financing for project.

responsibilities are, and, most importantly, the expectations of the project outcome. These are especially important in rural areas when a housing project may draw its clientele from many of the smaller communities.

Strengthening Neighborhood Dynamics

When planning for new or redeveloping areas, look at existing neighborhoods and analyze the characteristics that make them attractive and well-functioning. Determine which features promote successful interactions among the residents. Create neighborhoods that welcome a range of age groups, and ensure that both rental and homeownership opportunities are available. Consider policies that allow for mixed uses, both residential and commercial, with establishments that draw people in and may provide informal meeting space. Churches,

service clubs, and other local institutions can help foster community engagement and participation. Non-profits and volunteer organizations can work with you on the development of programs to improve the physical conditions of older neighborhoods through trash pick-up, graffiti removal, landscaping, painting, and building repairs

Eliminating NIMBY

The “Not In My Back Yard” syndrome, or NIMBY, is the tendency of neighbors to testify against a proposed project, often based on misconceptions or fears that property values, safety, or quality of life will be compromised. For affordable housing projects to be successful, outreach that builds and maintains community support should begin in the early stages of the development process. Local officials should anticipate neighborhood



concerns regarding the project and provide factual information on community issues such as design, density, crime, traffic, and parking. Housing developers should be required to contact and involve all neighborhood groups and constituencies to insure their inclusion in the process. Public discussions can be used as an opportunity to acknowledge and address people's concerns, while promoting housing affordability as a positive and important factor in improving neighborhood conditions. Resistance to a development will be mitigated if local officials can demonstrate that affordable housing is a community asset, providing housing for the workforce and local jobs during and after construction, bringing in federal and state subsidies, generating sales tax revenue, and reducing traffic and pollution.

Colorado Main Street

The Colorado Main Street program, located in the Department of Local Affairs, offers support for community-led downtown revitalization. It helps communities thrive by providing a customizable framework to focus efforts, energy, and resources to create a more vibrant community. Proven revitalization strategies and needed organization help communities identify and leverage opportunities and resources. By focusing on current community strengths and assets, the Colorado Main Street program is a catalyst to move a community forward, one step at a time.

A town's historic commercial core frequently remains the center of its cultural facilities, community buildings, and jobs. Investing in housing helps to retain and attract the old and the young, creating more pedestrian traffic to support Main Street businesses, and adding to a community's vibrancy. Colorado Main Street

EVENTS AND ACTIVITIES

- Hold an affordable housing forum or town hall meeting.
 - Host an affordable housing breakfast for citizens and housing professionals.
 - Host a community affordable housing fair.
 - Request affordable housing as a topic of a Chamber of Commerce retreat.
 - Host community round tables on affordable housing.
 - Provide information on the link between affordable housing and other aspects of community life.
-

has long supported walkability as an economic driver and aspect of quality of life: Residents who can easily reach downtown are more likely to patronize the businesses there. In addition, the Colorado Main Street program is working with communities on activating second story spaces of commercial buildings as housing in historic downtowns, as recently seen in both La Junta and Montrose.

For more information on the Colorado Main Street program and its holistic approach to vibrant cities and towns, visit www.colorado.gov/dola/main-street-story.



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Department of Local Affairs