

Colorado NAHRO Comment on Distribution of Funds from Vendor Fee Changes



**TO: RICK GARCIA, EXECUTIVE DIRECTOR -
COLORADO DEPARTMENT OF LOCAL AFFAIRS**

First, we would like to thank you for attending our September Board of Directors' meeting. As was evident in the exchange of ideas at the meeting and our long history of working with you during your tenure at HUD, we feel we have a housing champion at DOLA.

As the department considers how it will allocate the funds dedicated to support affordable housing through the Vendor Fee Change (HB 19-1245) as well as (need insert unclaimed property fund Bill), the members of the Colorado Chapter of the National Association of Housing and Redevelopment Officials (CO NAHRO) ask that you consider the following.

Local jurisdictions trust and rely on housing authorities.

Cities and counties created Public Housing Authorities (PHAs) to undertake the development and operation of affordable housing in their respective communities. Some of our member PHAs have been in operation since the mid-1930s. As a group, we have a lengthy and positive history of serving our communities in this way. Colorado communities can rely on us to continue this work long into the future.

With the public announcement of these new funds, we expect new organizations will seek to access to these funds. While they may be good builders, we ask that you consider if they are just building homes or providing responsive solutions based on community needs. We also ask that you remember the tenure PHAs have in serving local communities by developing and managing housing for individuals and families seeking low-income and affordable solutions. We are both trusted by local communities and are currently delivering projects much like those you hope to spur through these funds.

For example in Westminster, Unison Housing Partners is partnering with Adams County to redevelop the former site of the county's Child and Family Services Center into a 116-unit, multi-family affordable housing development. Not only will the development contribute to reducing the housing affordability gap in Adams County, but it will also meet another need – providing 12 units specifically designated to youth transitioning out of foster care. The new development was made possible through tax credits from the Colorado Housing and Finance Authority, and is one example of how investing in larger developments can provide the flexibility to build solutions that meet a range of community needs. Housing and redevelopment authorities like Unison have focused on meeting local needs since the 1970s, and will continue to be a vital development partner of local governments in Colorado for decades to come.

Colorado's housing and redevelopment authorities are a significant development engine for new affordable units.

The Aurora Housing Authority alone has partnered in 56% of all affordable housing units developed in the City of Aurora since 2004. This includes direct development and strategic partnerships with other non-profit and for profit developers, channeling over \$200 million of private investment into affordable housing over the past 15 years. By investing funds in affordable housing through local PHAs rather than through outside developers, the public's investment in housing stays in local communities.

We urge the department to deploy new funding quickly, securely and without unnecessary burdensome restrictions.

HB 1245 funding already requires one-third of the overall funds distributed be designated to housing developments for those making 30% of Area Median Income (AMI). We ask that you not add further restrictions on the funding source. Housing and redevelopment authorities can be more responsive to local needs if funding is flexible – especially when it comes to purchasing and maintaining affordability existing housing stock in our communities. This new funding represents an opportunity to rethink the limitations of the Low-Income Housing Tax Credit calendar and limited allocations. We urge you to be open to larger equity investments that could bring on new units faster.

Apply the Vendor Fee Change funds to a variety of programs.

Each community in Colorado has different housing needs. We ask that DOLA consider funding a variety of solutions to the affordable housing needs in these varied communities. We are happy to provide examples and best practices at your request.

Housing authorities have development pipelines extending well into the future.

Local PHAs are meeting the challenge by working in partnership with municipalities to address the key issues that are slowing down the creation of new units. By working in partnership, PHAs are rapidly developing more high quality, affordable housing solutions for seniors, families and The Aurora Housing Authority has 222 new units in its pipeline, Unison Housing Partners in Adams County has 300 new units in its pipeline, and Housing Catalyst in Ft. Collins opened 96 new units and rehabilitated nearly 300 in 2018 alone. We are hopeful that these funds will be prioritized to support organizations with deals in the queue that have been faithful stewards of prior DOLA funding.

However the pace of affordable housing development will be dictated by the availability of funding and land for these projects. By designating some funds to pre-development activities and site acquisition, Colorado will see more high quality, affordable housing options come online sooner.

Create a working group to provide feedback on implementation of the new funds.

We are hopeful DOLA will expand the feedback process for these funds to an ongoing working group. The statewide outreach that DOLA, CHFA and Housing Colorado conducted this past summer was a great first step for input. A committee of interested parties that includes NAHRO representation could provide regular input and help ensure funds are distributed in ways that are best for Coloradans. Given the ever-changing nature of affordable housing development and operation, feedback from providers entrenched in local communities will be critical to creating a responsive model.

For example, right now it is difficult to purchase “naturally occurring affordable housing” due to competition from for-profit buyers. If an economic downturn happens, purchasing foreclosed buildings would become an effort upon which to focus. Consequently, flexibility via feedback from partner groups will be key to the successful implementation of the funds.

With the passage of HB 19-1245 and three other bills last session, Colorado’s legislature made it clear – they want to address the state’s affordable housing crisis. We understand it will take a large variety of organizations including nonprofits, housing authorities, local governments and for profit developers to deploy these funds effectively. Colorado NAHRO is ready to support this work.

Thank you for considering the items presented in this letter and we look forward to further dialogue with you and your staff.

Sincerely,

INSERT SIGNATURES

About Colorado NAHRO

The local chapter of the National Association of Housing and Redevelopment Officials (NAHRO), Colorado NAHRO is a professional membership organization comprised of 62 housing authorities and community development agencies from across the state that develop and administer a variety of affordable housing options at a local level.