

## Roadmap to Solving Colorado's Most Urgent Rental Housing Needs

# DETAILED RECOMMENDATIONS

### **1. Prioritizing public housing funds for people least able to find and afford homes**

- Align and prioritize public investments with demonstrated community needs, which consistently show the greatest need for more affordable housing among people living on low-to-moderate or fixed incomes and other communities not served by the market or federally funded housing. This includes: people attempting to exit the cycle of homelessness, those in need of supportive housing, immigrant individuals and mixed-status households, older adults, and people living with disabling conditions.
- Ensure state resources for new construction are paired with long-term affordability so that limited public investments provide stable housing for generations of Coloradans in need.
- Research alignment of area median incomes (AMIs) as prescribed by HUD with actual wages being paid across Colorado communities; consider potential interventions to guide affordable housing production and preservation to meet actual needs of local residents (e.g. responsive program guidelines and eligibility criteria).
- Limit public subsidies for programs serving especially renter households living above AMI, such as the Middle Income Housing Authority (MIHA), instead leveraging private resources and other tools to house these Coloradans while focusing public resources on those in greatest need of housing support.

### **2. Creating new, sustainable, dedicated revenue streams for affordable and supportive housing**

- Uphold and expand the State Affordable Housing Tax Credit (AHTC) administered by the Colorado Housing and Finance Authority (CHFA) while also ensuring the State AHTC and federal Low-Income Housing Tax Credits (LIHTC) do not become undervalued by excessive creation of other state-level tax credits.
- Donate un- and under-utilized state-owned land and buildings to affordable and supportive housing developers for transitional or long-term housing with immediate and long-term affordability requirements, with a focus on social return on investment and the impact to Coloradans struggling with housing affordability.
- Evaluate and derive new revenue from certain housing-related or real estate transactions
- Expand on the State Treasurer's existing authority to buy CHFA-issued bonds for affordable for-sale housing to also create resources for other affordable housing needs, including supportive housing and preservation of existing affordable rental units.

- Continue to explore tax incentives and other state allowances or benefits that prioritize and encourage investments in affordable housing for low- and fixed-income households.
- Invest uncommitted resources from large state-administered funds, particularly the Unclaimed Property Trust Fund, to affordable housing and supportive services.
- Seed significant new financing tools with public dollars, then recruit contributions from philanthropy, industries, and major businesses and employers to leverage public funds.

### **3. Preserving existing affordability with necessary dedicated public resources**

- Support the creation of a new, sustainable preservation-specific fund seeded with public dollars and bolstered by private and philanthropic investments.
- Direct uncommitted resources from state-administered funds to preservation loans, recognizing affordable preservation as an investment of public dollars with reliable returns.
- Ensure preservation efforts have equal consideration with new construction proposals for existing state funding and federal and state tax credits, particularly the state Transit-Oriented Communities Credit and federal 4% LIHTC, Proposition 123 and Private Activity Bonds.
- Consider explicit preservation goals or set-asides within certain state-administered funds and credits.
- Support updates to and extend statewide right of first refusal law, better enabling interested local governments to acquire and preserve the affordability of existing multifamily rental housing.

### **4. Administering state resources through timely, transparent processes that meet community needs**

- Aggregate and publicly track affordable housing and homelessness investments across all relevant state and quasi-governmental entities, enabling public officials and stakeholders to ensure resources are benefiting intended households and communities, and to adjust state investments toward communities of greatest need as needed.
- Consistent with recently revised state law, emphasize social return on investment when awarding public funds to affordable housing projects, rather than prioritizing monetary returns to the state.
- Ensure state funding for affordable homes in rural Colorado that is proportional to rural population numbers and demonstrated needs, taking into consideration that tax credits often do not work for smaller rural projects and nonrural communities receive direct allocations of federal funding like HOME and CDBG.
- Support regional coordination in assessing shared housing needs, crafting and implementing responsive housing plans.

- Engage mission-driven affordable housing developers, experts, advocates, and residents early and consistently in decision-making to balance profit- and investor-driven developers' business interests, which inherently do not reach or represent the best interests of all Coloradans.
- Ensure representation from affected communities and practitioners on state bodies assessing and recommending housing and homelessness interventions.

## 5. Advancing statewide housing data & informational infrastructure

- Build on local governments' ongoing assessments of housing needs and displacement risks and assemble a statewide, inclusive assessment of communities' housing needs and gaps that prioritizes inclusive community engagement and that is objective, actionable, and publicly accessible; update at regular intervals based on availability of new data.
- Create and maintain a public dashboard detailing annual investments in affordable housing and homelessness across all statewide funding entities and track outcomes of state investments by geography, resident incomes, and impact on specific community needs; should be jointly led and hosted by the State Department of Local Affairs and CHFA.
- Promote advancement and maintenance of [State Judicial Branch's data dashboard](#) on residential eviction causes, costs, and outcomes, again safeguarding personally identifiable information.
- Improve sharing and coordination of state-held data across agencies to better identify and support residents at risk of housing instability or homelessness, such as Health First Colorado enrollment data and the Division of Housing's rental assistance rolls, while also safeguarding residents' personally identifiable information.
- Advance efforts that require cross-departmental coordination of resources and programs to prevent and resolve homelessness; encourage systems and data alignment among state agencies to effectively leverage limited resources and better understand the multi-systems impact of homelessness.

## 6. Ensuring affordability and mitigate displacement amid new development

- Ensure homes affordable to lower-income residents are part of any state policy intervention to accelerate housing development, particularly in transit-adjacent and other highly resourced areas.
- Sustain and expand initiatives to preserve pre-existing affordable homes (income-restricted and naturally occurring affordable housing) and mitigate development-driven displacement of residents, community-owned/serving businesses, and neighborhoods.
- Fully fund and evaluate ongoing implementation of statewide land use and zoning reforms and strategic growth requirements.
- Promote best practices in inclusive community engagement and data analysis among local governments.

## 7. Stabilizing statewide network of affordable and supportive housing providers

- Ensure State Division of Insurance includes multifamily residential affordable and supportive housing providers in evaluations of and fixes to skyrocketing insurance costs and challenges.
- Create programs and direct state funding to support nonprofit providers' sustainability by covering operational costs such as necessary building maintenance, increased insurance premiums, on-site security, and growing rental arrears exacerbated by the Covid-19 pandemic have grown.
- Prioritize grants of state funds over loans, particularly for nonprofit developers. For loans, encourage state flexibility, such as an openness to modifying terms or loan forgiveness for certain performance measures, to make them viable resources for affordable development and preservation.
- Expand state-funded vouchers and other programs to support operational costs of supportive housing and to assist low-income households obtain housing in their chosen community.
- Prevent potentially duplicative state regulations and requirements specific to affordable and supportive housing providers that are already addressed in extensive regulations imposed by public funding sources including LIHTC and HUD-administered programs.

## 8. Including affordable housing in meeting Colorado's Climate Change Goals

- To help meet [Colorado Climate Change Goals](#), incentivize construction that reduces greenhouse gas emissions by creating energy-efficient properties and units and transitioning to clean energy resources, taking advantage of existing resources such as the [Colorado Multifamily Affordable Housing Electrification Hub](#) and the [Affordable Housing Decarbonization Hub](#).
- Subsidize energy-efficient and decarbonization requirements for existing and new construction under state law for nonprofit affordable and supportive housing developers.
- Invest state resources into rehabilitation, renovation, and preservation of existing multifamily residential properties in need of renovation, including energy-efficient appliances and heating and cooling systems, as well as technical assistance for property owners.
- Adopt flexibilities and alternate paths to compliance for energy efficient guidelines and requirements for older buildings and buildings that have been adapted to long-term residential housing, where preserving affordability is paramount.

## **9. Preventing homelessness by stabilizing people at greatest risk of losing their homes**

- Fund rental assistance, eviction defense, and wrap-around services to help people at risk of displacement and people exiting homelessness to remain stably housed.
- Expand tenant-based vouchers and other forms of long-term rental assistance, while considering requirements for for-profit housing providers that receive assistance to deliver a type of community benefit, such as guaranteeing affordability or voluntarily limiting annual rental increases.

## **10. Setting and implementing a statewide strategy on homelessness prevention and resolution**

- Re-establish and support the ongoing work of the State Interagency Council on Homelessness.
- Extend the Homelessness Contribution Tax Credit indefinitely.
- Invest in and support emergency systems that respond to homelessness including street outreach programs, shelter, transitional housing, and short-term rental assistance programs.
- Invest state resources into and promote proven, cost-effective housing with supportive services interventions to homelessness.
- Support regional homeless response authorities and flexibility to use local funds to address homelessness and housing instability.
- Support and advance innovative performance-based pilot programs that prevent and resolve homelessness through emergency, transitional, and long-term interventions.
- Pursue and diversify revenue resources for supportive services through partnerships with state and federal agencies, including supporting ongoing efforts by Health Care Policy and Finance (HCPF) to gain federal support that enables expanded coverage of services provided by supportive services and housing providers through Medicaid.



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