

# CITY COUNCIL COMMUNICATION



**MEETING DATE:** May 6, 2025

**ITEM NUMBER:** 9.{{item.number}}

**SECOND READING:**

{{customfields.ResoOrdNumber}}

**TYPE OF ITEM:** Consent

**PRESENTED BY:**

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## **SUBJECT/AGENDA TITLE:**

A Resolution Of The Longmont City Council Approving The Intergovernmental Agreement Between The City And The State Of Colorado Department Of Local Affairs For Grant Funding For The True North Affordable-Attainable Neighborhood Project Under The Affordable Homeownership Program

## **EXECUTIVE SUMMARY:**

The City has been awarded \$770,000 from the State of Colorado Department of Local Affairs (DOLA) Affordable Homeownership Program (AHOP) for the purpose of building Phase 1 of the True North Affordable-Attainable Neighborhood. The program is funded with state Prop 123 funds.

In order to accept these funds and be reimbursed for construction costs, Council must accept the grant and authorize the grant agreement with DOLA.

## **COUNCIL OPTIONS:**

1. Accept the grant and authorize the City Manager to execute the contract with DOLA for the AHOP grant.
2. Do not accept the grant or authorize the contract.

## **RECOMMENDED OPTIONS:**

Accept the grant and authorize the agreement with DOLA for the AHOP grant funds.

## **FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:**

The City has already committed a total of \$6,064,000 in funding towards the project to be distributed across the four phases of construction, including \$2.5 million towards Phase 1. The grant will provide \$770,000 towards Phase 1 construction; the remaining \$1,730,000 will come from the City's Affordable and Attainable Housing Funds. Every grant award the City receives will reduce the amount of local sources needed for this project, allowing local funds to be used towards furthering other affordable housing projects.

## **BACKGROUND AND ISSUE ANALYSIS:**

In December of 2020, the City Council approved a three party Public Private Partnership Agreement (P3 Agreement) between the City of Longmont, Costco Wholesale Corporation and Diamond G Concrete Company (property owner) for the planning, design, permitting and construction of a Costco store in the eastern area of Harvest Junction within the Irwin- Thomas annexation. Within that agreement, the City purchased approximately 9 acres of land at below market rate for the use of affordable housing. In 2023, the City used state grant funds and a portion of the City's ARPA funding allocation to purchase the 7.28-acre parcel of land located next door at 905 Harvest Moon Drive.

Both parcels are being developed by Vertikal, LLC into True North, a mixed-income for-sale neighborhood with 185 units affordable to households within the affordable (below 80% area median income) and attainable (below 120% area median income) ranges. Phase 1 is under construction and will provide a total of 55 units, including 10 affordable units and 45 attainable units.

The City and Vertikal entered into Developer Agreement in January 2024 that outlined the City's investment into the project. The total amount of gap funding provided over all four phases of construction would total \$6,064,000, with \$2,500,000 needed for Phase 1. The Affordable and Attainable Housing Funds will satisfy this commitment, unless grant funding is received to offset these sources.

Staff applied for the AHOP program in December 2024 to support the construction of Phase 1. DOLA notified staff that Longmont had been awarded \$770,000 in February 2024. Longmont received the maximum award of \$70,000 per affordable unit, plus \$7,000 per unit for using pre-fabricated construction methods. The attainable units were not eligible for the grant program. Every grant the City receives will reduce the amount of local funding needed to meet the project's commitment, which means local funds can be used to support other affordable housing projects. If Council authorizes acceptance of these funds, the City Manager will execute the grant agreement.

## **ATTACHMENTS:**

1. Resolution
2. Award Letter
3. Grant Agreement