

MEETING DATE: August 11, 2020

ITEM NUMBER: 12.A

SECOND READING:

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TYPE OF ITEM: General Business

PRESENTED BY:

Kathy Fedler, Housing and Community Investment Division,
kathy.fedler@longmontcolorado.gov

SUBJECT/AGENDA TITLE:

Housing and Human Services Advisory Board recommendations for Second Quarter 2020
Affordable Housing Funding

EXECUTIVE SUMMARY:

Two applications were received by May 22, 2020 for the second quarter Affordable Housing Fund application cycle. One application was for a new construction project. The other application was for rehabilitation of an existing affordable group home. However, they wanted grant funding which was not available in this round, so withdrew their application and will apply again in the next round when CDBG funding for 2021 will be available.

The remaining applicant (Habitat for Humanity Community Housing Development, Inc.) presented its application to the Affordable Housing Technical Review Group (TRG) and to the Longmont Housing and Human Services Advisory Board (HHSAB) on June 11. Both the TRG and the HHSAB are recommending that the project receive their full funding request as a grant from the Consortium's set-aside of HOME funding made available to CHDOs (Community Housing Development Organizations). Habitat is proposing to use the \$120,000 grant to help with the construction costs for their Mountain Brook project. See Attachment #1 - Application Overview and Attachment #2 - Project Summary/Staff Analysis.

At the June meetings, there were discussions about whether the City should provide funding to a nonprofit that receives some assistance from a master developer to fill that developer's Inclusionary Housing (IH) requirement. For this project, City Council approved the master developer's land donation to Habitat and to Veterans Community Project (VCP) - Longmont. The two nonprofits will provide the affordable housing in lieu of the master developer, which allows the master developer to comply with IH. The discussions centered on whether such a project should receive City funding beyond the fee waivers/fee offsets if the project's purpose is to fulfill the master developer's IH requirement (i.e., is a master developer entirely fulfilling the IH requirement if the non-profit still needs additional City funding to complete the project?). The current IH code does not prohibit additional City funding into an IH project.

This project is being recommended full funding because Habitat will be providing for-sale options for lower income households. While the requirement is that the homes' sales prices cannot exceed those affordable for households at 60% of the Area Median Income (AMI), the actual prices are likely to be in the 55% AMI range. The two Boards would like to have policy direction from City Council about how it would like these types of projects to be considered (e.g., parameters around the types of projects eligible for City funding or IH code changes to address the issue). Staff would suggest facilitating a discussion of this when it brings possible IH code changes to Council in the Fall.

The chart below outlines prior 2020 funding recommendations (in white), and the newest funding recommendation (highlighted in blue). Note that the Element project received pre-development funding and so spent its funds before receiving a tax credit award. They were not successful in the 2020 round, and will apply again in the 2021 round. These funds are a loan and will be repaid whether the project receives tax credits or not.

2020 Funding Recommendations:

Project (# of affordable units)	CDBG	AH Fund	Estimated Fee Offsets from AHF	HOME (2021)
BCHA – Coffman St. Project (73)			\$200,000	\$740,000
Element Properties – PSH (?)		\$100,000		
Inn Between – property acquisition (12)	Up to \$160,000	\$100,000		
Longmont Family Apartments (88)		\$500,000	\$215,000	
Longmont Housing Authority – Aspen Meadows Apts. (50)	\$300,000			
Senior Housing Options – Cinnamon Park (25)		\$250,000	\$60,000	
Habitat Mountain Brook			\$93,000	\$120,000
TOTALS	\$460,000	\$950,000	\$568,000	\$860,000
Funds available in 2020	\$460,000 *	\$2,225,800 **		
Less proposed uses	(\$460,000)	(\$1,518,000)		
Funds available rest of 2020	\$0	\$707,800		\$0

* After Administration, Rehab Program costs, Security Deposit and Housing Counseling removed

** Estimated \$858,800 2019 carryforward; \$1 M 2020; \$137,000 MJ tax in 2020; \$230,000 estimated program income 2020

More details are provided in the Background Section below and in the two Attachments.

COUNCIL OPTIONS:

1. Approve Habitat's Mountain Brook project proposed for 2020 HOME Consortium CHDO funding. 2. Provide staff with other direction for allocating these funds.

RECOMMENDED OPTIONS:

Accept the HHSAB recommendation to award CHDO funding to Habitat's Mountain Brook project.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:

There will be no additional impact on the General Fund from this HOME funding recommendation.

BACKGROUND AND ISSUE ANALYSIS:

Connection to Council Work Plan - The Habitat project meets/addresses at least one of the Goals in the Council's Work Plan.

- Goal B1 (particularly Work Item B1.1 – Housing – A full spectrum of attainable housing for all incomes and stages of life) is addressed by providing the HOME funding to support the construction of new affordable for-sale homes within the Habitat Mountain Brook project. If this project is approved, 8 new affordable for-sale homes will be available to Longmont residents.

ATTACHMENTS:

#1 - Application Overview

#2 - Project Summary/Staff Analysis.