



## **Program Rules: Multi-Family Affordable and Attainable Rental Housing Fee Rebate**

### Introduction

Housing costs in COS continue to increase as household incomes remain flat. Nearly half of all renter households in the region spend up to 50% of their income on housing. Rapidly increasing housing costs are particularly difficult for senior households on fixed incomes, as well as for working individuals and families.

Affordable and attainable housing development is highly sensitive to development cost increases. Unlike market rate projects where rents can be raised to account for higher development costs, affordable rental housing must hit rent targets to be eligible for the most common types of financing available. As a result, lower rents often limit the number of units per project or lead to larger subsidies per project.

Some development cost components are largely immune to local intervention: the price of materials is set in global markets; the availability and cost of land is largely a free market issue; securing timely and reliable subcontract labor is increasingly set in the context of high development activity up and down the Front Range. Focusing on development charges at the local level is one of the few tools local government has available to reduce costs and encourage development of new affordable units.

### Program Description

The *Multi-Family Affordable and Attainable Rental Housing Fee Rebate Program* makes available a fund to assist affordable and attainable multi-family rental projects with accrued development charges.

Applications considered for funds are multi-family rental projects within the City of Colorado Springs and the Colorado Springs Utilities service area with all units reserved for residents under 120% AMI.

Developers can apply for a rebate of various development charges from Land Use Review, PLDO, Public Works, and Colorado Springs Utilities. A percent rebate will be awarded based on the scoring criteria outlined in this document.



The program does not constitute a fee reduction or waiver. Each project applying for access to funds will continue to have all fees determined at current levels. Based on the project's score, a portion of their fees will be rebated after payment of the full amount as determined by the CSU service contract and other development review entity receipts. As an example, a project receiving a 40% rebate will pay the full amount of fees as calculated; after financial closing and confirmation of payment, CDD will rebate funds into the project at a point to be determined.

Year over year funding for the rebate program would come from the City of Colorado Springs Planning & Community Development Department and Colorado Springs Utilities. Administration of the program will be implemented by the Community Development Division which has, as one of its primary goals for the use of grant funds, the development and preservation of affordable and attainable housing.

As defined by HomeCOS, affordable housing is: *housing that does not require more than 30% of household income to secure, and is subject to affordability restrictions in the form of long-term rent limits, or in the case of for-sale housing, re-sale to a subsequent low- to moderate-income household.* Attainable housing, by contrast: *may be priced to meet the needs of lower-income households in the region, but is not typically subject to long-term rent restrictions or re-sale provisions.*

#### Application and Funding Process

Applications for grant funds to rebate development charges will be accepted while funding is available. Staff from the Community Development Division will evaluate projects for fee rebates according to the following criteria:

1. Number of units affordable to households earning 50% or less of the area median income. (10 possible points)
2. Ongoing affordability period (10 possible points)
3. Exceed the minimum requirements of Section 504, reserve units for HUD special needs and/or veteran populations, and incorporate Universal Design (12 possible points)
4. Alignment with City planning documents, including PlanCOS and HomeCOS. (8 possible points)



- 5. Located in a high opportunity area within Colorado Springs (4 possible points)
- 6. Exceeds general building code standards related to energy efficiency and water conservation (6 possible points)

Based on the overall project score, the following fee rebates apply:

<b><u>50 Points Possible</u></b>	<b><u>Rebate</u></b>
<u>46 – 50 Points</u>	<u>100%</u>
<u>41 – 45 Points</u>	<u>80%</u>
<u>36 – 40 Points</u>	<u>60%</u>
<u>31 – 35 Points</u>	<u>40%</u>
<u>26 – 30 Points</u>	<u>20%</u>
<u>25 or Below</u>	<u>0%</u>

Projects qualifying for a fee rebate will receive a letter of preliminary approval. Receipt of preliminary approval is not a guarantee of funding. Applicants receiving preliminary approval must provide evidence of a reservation of LIHTC funding, or adequate project financing from other sources, within six months. Applicants who do not receive letters of firm commitment for project financing within six months must reapply in a subsequent program year.

Funds will be provided on a first-come, first-served basis and will not, in aggregate, exceed \$2M per year (CSU) and up to \$500,000 (City). Regardless of the number of applications reviewed and preliminarily approved, funds will only be made available on an annual basis up to, but not exceeding, the amounts budgeted for the program. Even if eligible, project applications received after the annual budget limitation has been met will not be eligible for a fee rebate, nor will eligible projects be reimbursed or refunded in subsequent calendar years from future budgeted amounts.

Funds provided by Colorado Springs Utilities will only be used to rebate utility infrastructure to include, but not limited to, utility infrastructure costs, development fees, sustainability costs, and/or conservation measures. Funds budgeted by the Planning and Community Development Department will



be used to rebate a variety of other development fees, exclusive of utility infrastructure, that accrue to individual projects.

**1. Number of units affordable to households earning 50% or less of the area median income: 10 Points**

**Available**

Each year, HUD makes available the *Multifamily Tax Subsidy Program income limits*, which the Colorado Housing and Finance Authority utilizes to establish maximum rents for Low Income Housing Tax Credit (LIHTC) developments. The Fee Rebate program will use the same rent maximum (to include utilities) and AMI levels for consistency. The geographic boundaries of the income limits published include all of El Paso County; however, the Multi-Family Affordable and Attainable Rental Housing Fee Rebate Program would be limited to projects located within the boundaries of the City of Colorado Springs and service area of Colorado Springs Utilities. Area Median Income (AMI) levels are widely used to determine eligibility for various HUD programs, including housing assistance. Projects will be awarded more points for higher percentages of units set aside for tenants with incomes at 50% AMI or below. The tables below outline the scoring criteria and the annual incomes for Colorado Springs on which the scores are based.

<b>Percent of Units Reserved for 50% Area Median Income (AMI) and below (10 Points)</b>	
10	Permanent Supportive Housing (PSH) Projects
9	76%-100% of units at 50% AMI and below
8	60%-75% of units at 50% AMI and below
7	50%-59% of units at 50% AMI or below
6	40% - 49% of units 50% AMI or below
5	30% - 39% of units 50% AMI or below
4	20% - 29% of units 50% AMI or below
3	10% -19% of units 50% AMI or below
2	0%-10% of units 50% AMI or below
1	All units are 60% AMI
0	All units 61% AMI - 120% AMI



<b>HUD MULTI-FAMILY TAX SUBSIDY PROJECT INCOME LIMITS</b>								
Persons in Family								
AMI	1	2	3	4	5	6	7	8
20%	\$11,540	\$13,200	\$14,840	\$16,480	\$17,800	\$19,120	\$20,440	\$21,760
30%	\$17,310	\$19,800	\$22,260	\$24,720	\$26,700	\$28,680	\$30,660	\$32,640
40%	\$23,080	\$26,400	\$29,680	\$32,960	\$35,600	\$38,240	\$40,880	\$43,520
50%	\$28,850	\$33,000	\$37,100	\$41,200	\$44,500	\$47,800	\$51,100	\$54,400
60%	\$34,620	\$39,600	\$44,520	\$49,440	\$53,400	\$57,360	\$61,320	\$65,280
70%	\$40,390	\$46,200	\$51,940	\$57,680	\$62,300	\$66,920	\$71,540	\$76,160
80%	\$46,160	\$52,800	\$59,360	\$65,920	\$71,200	\$76,480	\$81,760	\$87,040
100%	\$57,700	\$66,000	\$74,200	\$82,400	\$89,000	\$95,600	\$102,200	\$108,800
120%	\$69,240	\$79,200	\$89,040	\$98,880	\$106,800	\$114,720	\$122,640	\$130,560

<b>HUD MULTI-FAMILY TAX SUBSIDY PROJECT INCOME LIMITS</b>					
2021 Max Rents/Month (including Utilities)					
AMI	0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm
20%	\$288	\$309	\$371	\$428	\$478
30%	\$432	\$463	\$556	\$642	\$717
40%	\$577	\$618	\$742	\$857	\$956
50%	\$721	\$773	\$927	\$1,071	\$1,195
60%	\$865	\$927	\$1,113	\$1,285	\$1,434
70%	\$1,009	\$1,082	\$1,298	\$1,499	\$1,673
80%	\$1,154	\$1,237	\$1,484	\$1,714	\$1,912
100%	\$1,442	\$1,546	\$1,855	\$2,142	\$2,390
120%	\$1,731	\$1,855	\$2,226	\$2,571	\$2,868

Tables published by CHFA with HUD’s multi-family tax subsidy project limits can be found at the following link: <https://www.chfainfo.com/arh/asset/rent-income-limits>

Allowances for monthly utility costs are updated annually and can be found at the following link:

<https://img1.wsimg.com/blobby/go/dba1ba54-c294-4a71-ba8c-3f164662b883/downloads/Utility%20Allowances%20Multi%20Family%20Effective%20Janu.pdf?ver=1637609702807>

**2. Ongoing Affordability Period: 10 Points Available**

A second key feature of affordable multi-family rental projects is ongoing affordability. Projects accessing various types of federal financing, including Low-Income Housing Tax Credits, Community Development Block Grant or HOME Investment Partnership Program funds, are required to income restrict rents for a period of time according to the table below.

<b>Required Affordability Periods</b>		
Activity	Average Per Unit	Minimum Affordability Period
Rehabilitation or acquisition of existing housing using HOME funds	< \$15,000	5 Years
	\$15,000-\$40,000	10 Years
	> \$40,000	15 Years
Refinance of rental housing	Any dollar amount	15 Years
New construction of rental housing	Any dollar amount	20 Years

During the required affordability period, rents can only increase in an amount consistent with increases determined by HUD. In order to receive points in this category, non-federally funded projects would need to provide legal assurances such as a Land Use Restriction Agreement, or other form acceptable to CDD and CSU, ensuring ongoing affordability for the required number of years.

<b>Ongoing Affordability Period (10 Points)</b>	
Points	Years of Affordability
10	20+ Years
7	15-19 Years
5	10-14 Years



**3. Exceed the minimum requirements of Section 504, reserve units for HUD special needs populations and/or veterans, and incorporate Universal Design: 12 Points Available**

The intent of this section is to provide increased housing options for some of our community’s most vulnerable residents.

Accessible housing is essential to the quality of life, health, safety, and independence of both individuals who are disabled, and individuals who are seniors. Overall, Colorado Springs lacks an adequate supply of accessible housing units. For every wheelchair-accessible unit available, there are 10 disabled or senior residents who may qualify for the unit.

The existing number of accessible units already falls short of the community’s needs. According to the Joint Center for Housing Studies of Harvard University, *“Over the next twenty years, the population aged 65 and over is expected to grow from 48 million to 79 million... The expansion of the older population will increase the need for affordable, accessible housing...”* This national surge in senior population is reflected in local census data; Colorado Springs has experienced 25% growth of the 65+ population between 2014-2019 alone. In the same time period, the City has also seen an 18.92% increase in the overall population of individuals with disabilities, a trend that is expected to continue.

- a. Section 504 requires new construction with 5+ units to have make at least 5% of units (or at least 1 unit, whichever is greater) accessible to persons with mobility disabilities and make 2% accessible to persons with hearing or visual disabilities. Projects that exceed both of these thresholds are eligible for points in this category.

<b>1 point for every unit above section 504 requirements (3 points)</b>	
3	3 units
2	2 units
1	1 unit
0	0 units

- b. Projects that reserve 6% or more of their units for special needs populations and/or veterans will be awarded points in this category. Special needs populations as defined by HUD include abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.

<b>Units reserved for HUD special needs populations or veterans (5 Points)</b>	
5	80%-100% of units for Special Needs Populations or Veterans
4	60%-79% of units for Special Needs Populations or Veterans
3	40%-59% of units for Special Needs Populations or Veterans
2	20%-39% of units for Special Needs Populations or Veterans
1	6%-19% of units for Special Needs Populations or Veterans
0	0%-5% of units for Special Needs Populations or Veterans

- c. Projects that incorporate principles of universal design are eligible for four points under this category. A preliminary letter from the project architect will be required for scoring. The letter should outline which principals of Universal Design will be incorporated into the project. Principals can be found here: <https://universaldesign.ie/what-is-universal-design/the-7-principles/> Additionally, letters at the time of award and after construction will be required to certify that universal design principals were incorporated into construction documents and executed through construction.

<b>Universal Design (4 Points)</b>	
Points	Principles Addressed
4	4 principles addressed in design
3	3 principles addressed in design
2	2 principles addressed in design
1	1 principles addressed in design
0	0 principles addressed in design





**4. Alignment with City Planning Documents including PlanCOS and HomeCOS: 8 Points Available**

It is highly recommended that affordable and attainable housing projects align with existing City planning documents. This scoring section will be reevaluated on an annual basis to reflect newly adopted plans or shifting priorities as the City evolves and grows. Current targeted priorities include the following:

- Adaptive reuse of existing buildings for housing as outlined in HomeCOS **OR** construction on an infill site as defined by the boundaries outlined in the Infill Plan
- Close proximity (1/4 mile) to parks/open space/community centers as defined in the Parks Master Plan. Proximity is measured from property line to property line by pedestrian path of travel.
- Convenient access to public transportation as outlined in PlanCOS strong connections. Projects located within 1/2 mile of a bus stop will be awarded points. Proximity is measured from the property line to the bus stop by pedestrian path of travel.
- Projects within 400 feet of bike lanes or urban trails, as defined on the [Colorado Springs Bike Map](#) will receive 2 points, and projects within 1/4 mile of bike lanes or urban trails will receive 1 point. Distance is measured by bike path of travel from the property line.

<b>Alignment with City Planning Documents including PlanCOS and HomeCOS (8 Points)</b>	
2	Adaptive Reuse of Existing Structure for Housing <b>OR</b> Infill
2	Proximity to Parks/Open Space/Community Center (¼ mile)
2	Proximity to Public Transportation (½ mile)
2	Proximity to Bike Facilities

**5. Located in High Opportunity Neighborhood: 4 Points Available**

This section of scoring is based on the Child Opportunity Index (COI) score from DiversityDataKids.org. The overarching theme for the index score is that where you live matters and that opportunity for children is opportunity for everyone. “Neighborhoods matter. Children who live in neighborhoods with quality early childhood education and schools, safe housing, access to healthy food, parks and



playgrounds and clean air are more likely to grow into healthy, productive adults than children who don't." The index scores the opportunity that residents living in certain census tracts experience based on, access to education, health and environment, and social and economic factors.

<b>Located in High Opportunity Neighborhood (4 Points)</b>	
Score for Fee Rebate	Child Opportunity Index Score*
4 points	Very High
3 points	High
2 points	Moderate
1 points	Low
0 point	Very Low

\*Projects that received preliminary approval for fee rebates in 2022 were scored using data that compared project-specific census tracts to overall national data. To improve accuracy, fee rebates issued in 2023 will be scored using data that compares project-specific census tracts to local metropolitan data.

**6. Project exceeds building code standards related to energy efficiency and water conservation: 6 Points Available**

Community Development is committed to supporting State and Local goals related to climate action. Projects will be awarded points if energy and water efficiency strategies, outlined by Colorado Springs Utilities, are included in the project.

<b>CSU Energy/Water Efficiency Options</b>	<b>Minimum Rating</b>	<b>Points Awarded (up to 6)</b>
Furnace	95% AFUE	1
Boiler	85% AFUE	2
Central Air Conditioners	14 SEER	1
Cold Climate Heat Pumps in units	NEEP listed	3



Electric Water Heater	≥ 0.94 Energy Factor	1
Gas Water Heater	≥ 0.71 UEF & Energy Star	1
Heat Pump water heater	Energy Star	3
Attic Insulation	R49 or R60	1 or 2
Wall Insulation	R19 or R23	1 or 2
Windows and Exterior Doors	Energy Star Rated	1
Renewable Energy	1 pt per 20% of expected electrical load	1 - 5
Smart Irrigation Controller	Water Sense Certified	1
Turfgrass Irrigation Nozzles	High Efficiency Nozzles from the <a href="#">approved list</a>	1
Toilets	≤ 1.1 gallons per flush or 0.8 gallons per flush	1 or 2
Showerheads and bathroom faucets	Showerheads: ≤ 1.5 gallons per minute AND faucets/aerators: ≤ 0.5 gallons per minute	1
Smart leak detection device	Must shut water off automatically or remotely when leak is detected.	2

Ongoing Monitoring and Reporting of Outcomes:

If a project receiving a utility rebate also includes federal funds or Low-Income Housing Tax Credits, the project will be monitored annually according to federal regulations governing housing development finance programs. If a project does not include federal funds, the project will be subject to a land use restriction agreement. Projects found to be non-compliant or to have removed scored elements will be subject to recapture of funds.

Annually, the Community Development Division will provide a report to the *City of Colorado Springs City Council* and the *Colorado Springs Utilities Board* detailing the total number of project applications,



amount of funds awarded to rebate fees, use of the funds, and project outcomes. The report will coincide with preparation of budget line items for the coming year.