



Legislation Text

File #: 22-091, **Version:** 2

Ordinance No. 22-11 Amending Ordinance No. 21-112 (2022 Appropriation Ordinance) for a Supplemental Appropriation to the Gift Trust Fund in the Amount of \$2,000,000 Related to an Executive Agreement with Colorado Springs Utilities for the Affordable Housing Fee Offset Program Administered by the City

Presenter:

Chris Wheeler, Budget Manager
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Peter Wysocki, Director, Planning & Community Development

Summary:

On November 17, 2021, the City of Colorado Springs and Colorado Springs Utilities entered into an Executive Agreement in support of the City's Multi-Family Affordable and Attainable Housing Fee Offset Program. Per the terms of the agreement, Colorado Springs Utilities agrees to provide \$2,000,000 annually to the City of Colorado Springs in order to offset portions of utility fees and infrastructure expenses incurred by qualifying affordable and attainable housing developments. The Community Development Division in the Planning and Community Development Department agrees to act as the administrator of the program.

Funds provided by Colorado Springs Utilities will only be used to offset utility infrastructure, including development charges, system extension and improvement costs, energy efficiency, or sustainability costs. Applications for the fee offset program will be accepted while funding is available. Funds will be provided on a first-come, first-served basis. 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 amount 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 offset, nor will eligible projects be reimbursed or refunded in subsequent calendar years from future budgeted amounts.

The program does not constitute a fee reduction or waiver. Each project applying for a fee offset will continue to have all fees applied at current levels. The key difference lies in the method of fee payment. For example, projects that qualify for a 40% fee offset would be able to access that amount from the fund while the developer/project sponsor would continue to be responsible for paying the 60% balance.

Staff from the Community Development Division will administer program funds on behalf of Colorado Springs Utilities. The Executive Agreement establishes an annual administrative fee of \$20,000 to be applied to staff costs of administering the program.

Background:

Multi-family housing development is highly sensitive to development cost increases. 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 contractors remains challenging 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 governments have available to reduce costs and incentivize development of new affordable and attainable units.

Previous Council Action:

The Affordable Housing Fee Offset Program was discussed with City Council Budget Committee on August 10, 2021 and presented at a City Council Work Session on August 23, 2021.

On December 14, 2021, City Council approved the 2022 Budget per Ordinance No. 21-112, which included the appropriation for the Gift Trust Fund.

Financial Implications:

This supplemental appropriation increases the 2022 Gift Trust Fund revenue and expenditure budgets by \$2,000,000. The source of funds is \$2,000,000 received from Colorado Springs Utilities per the terms of the Executive Agreement related to the Affordable Housing Fee Offset Program. The funds received from Colorado Springs Utilities will not count towards the TABOR calculation.

City Council Appointed Board/Commission/Committee Recommendation:

This supplemental appropriation request was discussed with the City Council Budget Committee on January 25, 2022.

Stakeholder Process:

A task force was convened in May 2019 to explore the creation of a tiered development review fee structure that would encourage increased production of affordable and attainable housing. Members of the task force included staff from the City Planning & Community Development Department, Colorado Springs Utilities, and the Pikes Peak Regional Building Department. Key stakeholders from the development community included representatives from the Housing & Building Association and Nor'Wood Development, along with members from City Council and the Board of El Paso County Commissioners.

The final report of the task force included a recommendation to implement a development fee structure that would incentivize additional production of affordable housing in the community.

Alternatives:

N/A

Proposed Motion:

Move to approve this Ordinance Amending Ordinance No. 21-112 (2022 Appropriation Ordinance) for a Supplemental Appropriation to the Gift Trust Fund in the Amount of \$2,000,000 Related to an Executive Agreement with Colorado Springs Utilities for the Affordable Housing Fee Offset Program Administered by the City

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