



Legislation Text

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A resolution adopting a land use fee rebate program for affordable and attainable housing

Presenter:

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Summary:

The Affordable & Attainable Rental Housing Fee Rebate Program proposes to make available a fund that can be accessed to assist with development charges accrued to multi-family rental projects. Based on levels of affordability and guarantees of ongoing affordability, developers can apply for funds to help offset the cost of various development charges, including Land Use Review, the PLDO, Public Works, and Colorado Springs Utilities.

The program does not constitute a fee reduction or waiver. Each project applying for a fee rebate will continue to have all fees determined at current levels. The developer/project sponsor will continue to be responsible for paying 100% of all fees related to the project, however, the Community Development Manager will be authorized to determine a portion of the fees to be rebated based on the following criteria:

Number of units affordable to households earning 50% or less of the area median income (10 points available)

Ongoing affordability period (10 points available)

Number of units set-aside for special needs populations (5 points available)

Number of units exceeding Section 504 requirements (3 points available)

Incorporation of Universal Design principles (4 points available)

Alignment with City planning documents, including PlanCOS and HomeCOS (8 points available)

Location in a high opportunity area (4 points available)

Incorporation of CSU energy conservation programs (6 points available)

Applications for funds to rebate development charges 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 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 offset utility infrastructure, including development charges, system extension and improvement costs, energy efficiency, or sustainability costs. Funds budgeted by the Planning and Community Development Department will be used to

offset a variety of other development charges, exclusive of utility infrastructure, that accrue to individual projects.

Previous Council Action:

The program was presented to the City Council as an information item on November 18, 2021.

The program was also presented to the City Council Budget Committee on May 24, 2022. The Budget Committee had some questions regarding administration, funding source for the programs and a business need for the program. Staff addressed the questions during and Budget Committee meeting and with follow-up information.

Background:

Housing costs in COS continue to increase at a faster pace than household incomes. The average rent for a 2BR/1BA apartment now exceeds \$1500 per month, an increase of 50% since 2015. Rapidly increasing housing costs are particularly difficult for senior households on fixed incomes, as well as for working individuals and families.

Affordable 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. In a high cost market, maintaining lower rents on a project results in greater subsidies needed or fewer units developed.

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.

Financial Implications:

Year over year funding for the rebate program will come from a variety of sources, including the City of Colorado Springs Planning & Community Development Department and Colorado Springs Utilities. Administration of the program will be by the Community Development Division which has as one of its primary goals the development and preservation of affordable housing.

Board/Commission Recommendation:

N/A

Stakeholder Process:

At the direction of City of Colorado Springs, Chief of Staff, Jeff Greene, a task force 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. Elected officials included City Council Members Tom Strand and David Geislinger, and Board of County Commissioners member Cami Bremer.

The task force produced a report recommending implementation of a tiered fee program. The fee rebate program in its current form has been presented to the Housing & Building Association's Affordable Housing Task Force, including members of the El Paso County Affordable Housing Collaborative, the Apartment Association of Southern Colorado, and the Pikes Peak Association of Realtors, the Planning Commission's Citizen's Advisory Committee, and the Southeast Economic Vitality and Regional Leadership group. Support for the program has been widely expressed.

Alternatives:

The Colorado legislature recently adopted multiple affordable housing programs funded through the American Rescue Plan. Not adopting the Fee Rebate Program will put the City at a disadvantage for future grant programs being developed at the State level.

Proposed Motion:

Move to adopt a resolution establishing a land use fee rebate program for affordable and attainable housing.

N/A