

ORDINANCE NO. 24-_____

AN ORDINANCE CREATING SECTION 452 (ELIGIBLE AFFORDABLE HOUSING PROJECTS) OF PART 4 (EXEMPT TRANSACTIONS, COMMODITIES AND PERSONS; DEDUCTIONS) OF ARTICLE 7 (SALES AND USE TAX) OF CHAPTER 2 (BUSINESS LICENSING, LIQUOR REGULATION AND TAXATION) OF THE CODE OF THE CITY OF COLORADO SPRINGS 2001, AS AMENDED, PERTAINING TO ELIGIBLE AFFORDABLE HOUSING PROJECTS

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. Section 452 (Eligible Affordable Housing Projects) of Part 4 (Exempt Transactions, Commodities and Persons, Deductions) of Article 7 (Sales and Use Tax) of the Code of the City of Colorado Springs 2001, as amended, is created to read as follows:

2.7.452: ELIGIBLE AFFORDABLE HOUSING PROJECTS:

A. Construction and building materials and certain non-construction materials, when purchased for the purpose of creating an affordable housing project within City limits shall be exempt from City sales and use tax if all the following conditions are met:

1. The project is owned by, leased to, or under construction by a qualifying entity. A qualifying entity is an entity that is wholly or partially owned directly by a housing authority or an entity in which a housing authority has a direct ownership interest. The term "housing authority" refers only to city, county, and multijurisdictional housing authorities; and
2. The project is either new construction or a substantial renovation that involves capital expenditures. The exemption for qualifying materials only applies to construction and building materials, as defined in section 2.7.104, fixtures, and appliances purchased, used, or consumed for and during the construction of the eligible project. Purchases for ongoing, routine maintenance or of tangible personal property that is retained or reused after the completion of the project, by either the qualifying entity or the contractor, do not qualify for the exemption; and

3. The qualifying entity has represented and warranted to the City that there are adequate safeguards, as determined by the City, in place to ensure that the designated number of income-restricted affordable dwelling units in the project will remain as affordable housing for a minimum of fifteen (15) years from the completion of the project.

B. Qualifying entities and general contractors shall apply for a City of Colorado Springs Affordable Housing Exemption Certificate and present the approved certificate to the supplier at time of purchase.

C. "Affordable housing" means rental housing affordable to a household with an annual income of at or below sixty (60) percent of the area median income, and that costs the household less than thirty (30) percent of its monthly income. "Affordable housing" also means for-sale housing that could be purchased by a household with an annual income of at or below one hundred (100) percent of the area median income, for which the mortgage payment costs the household thirty (30) percent or less of its monthly income. "Area median income" means the median household income of households of a given size in the City, as calculated and published for a given year by the United States Department of Housing and Urban Development.

D. Mixed-use Projects. An eligible affordable housing project constructed as part of a mixed-use project that may include, in addition to affordable housing, market rate housing or commercial space, shall be eligible for the exemption proportional to the percentage of the mixed-use project that is used for affordable housing dwelling units. The percentage of the mixed-use project eligible for the exemption is determined by the City.

E. Refund. When City sales or use tax has been paid for qualifying materials, the qualifying entity may submit a claim for refund. The claim must meet the requirements of this exemption and be submitted on forms prescribed by the Director within three (3) years after the date of purchase of the goods for which the refund is claimed. The exemption does not apply to materials purchased prior to August 10, 2022.

Section 2. This ordinance shall be in full force and effect 30 days from and after its passage and publication as provided by Charter.

Section 3. Council deems it appropriate that this ordinance be published by title and summary prepared by the City Clerk and that this ordinance be available for inspection and acquisition in the office of the City Clerk.

Introduced, read, passed on first reading and ordered published this ____ day of _____, 2024.

Finally passed: _____

Randy Helms, Council President

Mayor's Action:

- Approved on _____.
- Disapproved on _____, based on the following objections:

Blessing A. Mobolade, Mayor

Council Action After Disapproval:

- Council did not act to override the Mayor's veto.
- Finally adopted on a vote of _____, on _____.
- Council action on _____ failed to override the Mayor's veto.

Randy Helms, Council President

ATTEST:

Sarah B. Johnson, City Clerk