

Schedule 13
Change Request for FY 08-09 Budget Request Cycle

Decision Item FY 08-09 Base Reduction Item FY 08-09 Supplemental FY 07-08 Budget Request Amendment FY 08-09
 Increase funding for the Colorado Affordable Housing Construction Grants and Loans program

Request Title:
 Department:
 Priority Number:

Local Affairs
 S-1

Dept. Approval by: *Matthew J. Bl...*
 OSPB Approval: *[Signature]*

Date: 2-19-08
 Date: 2/10/08

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	1,100,000	1,238,324	1,500,000	2,738,324	1,223,324	0	1,223,324	1,500,000	2,723,324	0
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	1,100,000	1,223,324	1,500,000	2,723,324	1,223,324	0	1,223,324	1,500,000	2,723,324	0.00
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	15,000	0	15,000	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
Division of Housing Line (3) (C): Colorado Affordable Housing Construction Grants and Loans	Total	1,100,000	1,238,324	1,500,000	2,738,324	1,223,324	0	1,223,324	1,500,000	2,723,324	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	1,100,000	1,223,324	1,500,000	2,723,324	1,223,324	0	1,223,324	1,500,000	2,723,324	0.0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	15,000	0	15,000	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

At the end of fiscal year FY07-08, all unexpended and unencumbered moneys appropriated from any source to the Colorado affordable housing construction grants and loans long bill line item shall remain available for expenditure in any subsequent fiscal year.

Letternote revised text:

Cash Fund name/number, Federal Fund Grant name: N/A

IT Request: Yes No

Request Affects Other Departments: Yes No

If Yes, List Other Departments Here:

CHANGE REQUEST for FY 08 - 09 BUDGET REQUEST CYCLE

Department:	Department of Local Affairs
Priority Number:	S-1
Change Request Title:	Colorado Affordable Housing Construction Grants and Loans Program

SELECT ONE (click on box):

- Decision Item FY 08-09
- Base Reduction Item FY 08-09
- Supplemental Request FY 07-08
- Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Local Affairs (DOLA) requests \$1,500,000 General Fund in FY 2007-08 and \$1,500,000 General Fund in FY 2008-09 for the Colorado Affordable Housing Construction Grants and Loans Program to develop additional affordable housing for homeless, workforce and senior housing. The additional funds will produce units for households with incomes less than 30% Area Median Income (AMI). In addition, due to the nature of the development and construction of housing, DOLA requests General Fund rollover capability in FY 2007-08 for these funds to ensure their successful delivery.

Although the entire request does not meet supplemental criteria, Colorado faces a severe shortage of safe and decent housing affordable for low- and moderate-income workers, as well as the state's most vulnerable residents, the homeless, disabled, or elderly residents, and children living in poverty. This request is being submitted on the basis of this need.

Background and Appropriation History:

The department has statutory authority to operate Colorado Affordable Housing Construction Grants and Loans Program through 24-32-705 1 (a) CRS (2007) and has the following functions, “to encourage private enterprise and all public and private agencies

engaged in planning, construction, and acquisition of adequate housing or the rehabilitation of existing housing in Colorado...” The State Housing Board advises the department on housing needs, reviews financing requests, and adopts manufactured housing regulations.

Colorado Affordable Housing Construction Grants and Loans Program have received varying amounts of State General Funds over the years for affordable housing projects. The below chart illustrates Colorado Affordable Housing Construction Grants and Loans Program funding over the last four years.

Year	Amount
2004	\$100,000
2005	\$100,000
2006	\$1,100,000
2007	\$1,239,000

FY 2007 - 2008 State General funds in the amount of \$1,239,000 financed the following projects ranging from transitional housing in Boulder County to new rental housing preservation in El Paso County.

Project Name	Project Type	Investment	Approximate # of Individuals Served Annually
Senior Support Services – Senior Studios	Transitional Housing	\$316,263 Capital expenditure – 15 year affordability period. \$21,085 DOLA investment per year	25
The Empowerment Program – Mariposa House	Homeless Shelter	\$245,170 Capital expenditure – 30 year affordability period. \$8,173 DOLA investment per	29

STATE OF COLORADO FY 08-09 BUDGET REQUEST CYCLE: Department of Local Affairs

		year	
Rocky Mountain Community Land Trust – Park Meadows Apartments	Affordable Rental	\$243,350 Capital expenditure – 30 year affordability period. \$8,112 DOLA investment per year	180
Emergency Family Assistance Association – Transitional Housing Project	Transitional Housing	\$70,000 Capital Expenditure – 30 year affordability period. \$2,334 DOLA investment per year	11
Rocky Mountain Housing Development Corporation – Cornerstone Apartments	Affordable Rental	\$139,134 Capital expenditure- 30 year affordability period. \$4,638 DOLA investment per year	75
Housing Needs Assessments – Various locations	Predevelopment activity	\$180,083 Capital expenditure – 1 year term	150 (estimated)
Governor’s Colorado Community and Interagency Council on Homelessness	Predevelopment activity	\$45,000 Capital expenditure – 1 year term	150 (estimated)

The additional funds requested for FY 2007- 2008 will be specifically used to develop housing for the workforce, the homeless and low-income seniors. These projects will focus on units that cannot be produced with any other department funding source and need a greater department grant subsidy to achieve and maintain project feasibility. The requested monies will fund projects and programs that are not eligible for federal funds.

General Description of Request:

Overview

The Department of Local Affairs requests additional dollars for the Colorado Affordable Housing Construction Grants and Loans Program because the department has identified a large need for state investment in housing across Colorado. State investment in the Colorado Affordable Housing Construction Grants and Loans Program is vital for three reasons.

- Colorado needs more affordable housing for our workforce, senior citizens and the homeless.
- Colorado faces unique housing challenges, but federal programs that target housing do not allow the flexibility needed to address Colorado's housing needs. The most common problem is that the Federal CDBG program prohibits DOLA from using its funds in entitlement areas (communities with a population of 50,000 or more). Therefore efforts to address specific issues in these areas lack an important funding source.
- Housing impacts many aspects of Colorado public policy including transportation, health care, education and energy use. Strategically investing flexible housing dollars will allow state dollars to be invested with other public policy issues in mind.

The Colorado Division of Housing (CDOH) receives housing proposals on a continual basis from qualified housing developers, local governments and nonprofit organizations. Applications for funding must be consistent with the State of Colorado's Consolidated Plan.

The Division employs a three-tiered review process as follows:

1. Initial underwriting review of each housing development project by CDOH Development staff;
2. Review and round table discussion of project characteristics and issues by CDOH Development Staff Committee (ProCon Phone Call); and
3. Review and round table discussion of project pros and cons by the entire CDOH Colorado Housing Assistance Team (CHATs).

Three major factors are considered throughout the review process:

- Project Impact – determines the extent to which the community, particularly its low- and moderate-income residents, will benefit from the proposed project;
- Public and Private Commitments – determines the extent of public and private contributions to the proposed project, considering both the value and viability of the commitment;
- Management Capacity – determines the ability of the proposed grantee to administer the project as described in the application, including statutory and regulatory compliance.

The Division may end or defer consideration of housing proposals when funds available have been exhausted and when proposals are incomplete or premature.

The State Housing Board conducts a final review of projects and makes recommendations to the Executive Director of the Department of Local Affairs. The Executive Director considers staff and Housing Board recommendations and makes the final funding decisions based on the project review factors.

The affordable housing projects determined to require additional funding from the legislature each meet a similar criteria.

1. There is an established need.
2. Federal funds are not available to address the problem.

As of February 2008, the Colorado Division of Housing Project Pipeline of potential affordable housing projects across the State indicates the need for over \$16,000,000 in additional funds over the course of the next 18 months. During this same time period, the CDOH is expected to have less than half of the funds necessary to fill this funding gap.

Workforce Housing –

Need

Across Colorado, there is a significant need to develop housing in proximity to economic centers. As rents increase in mountain areas, housing for workers is increasingly difficult to produce. In the Denver metro area, the development of FasTracks (a ???) is an opportunity for workforce housing to be established near public transportation.

In March 2007, Community Strategies Institute (CSI) completed a study of the relationship between household income and the availability of affordable housing units (households should pay no more than 30% of their income for housing costs) across the state. The results indicate a significant shortage of rental housing units for those with household incomes of approximately \$22,000/year (30% area median income for Denver 4 person household) or less. Households in the 0% - 30% AMI range need an additional 1,779 housing units across the state on an annual basis.

Federal Funds are unavailable to address challenges

As mentioned above and to be repeated below, DOLA's ability to invest in workforce housing in entitlement areas using the CDBG program is restricted by federal regulations barring the department from investing these dollars into entitlement areas.

Workforce housing intersects with both workforce development and our critical transportation infrastructure. Wage-appropriate workforce housing permits employees to live closer to job centers and reduces commute times. Affordable housing decreases employer costs by reducing employee absenteeism, tardiness and turn over. Employers

in high cost resort areas of the state are experiencing a labor shortage and the cost of housing contributes to the worker shortage. On the Western Slope, housing is impacted by the influx in energy workers, many of whom cannot find housing. The demand for housing increases housing costs for the rest of the community.

Affordable housing for working families improves education. High quality teachers expect good salaries and a reasonable cost of living. However, the starting salary for a teacher in Colorado is \$29,000 - \$31,000. For that reason, in many areas of the state, an apartment for that salary range is unattainable. High housing costs force teachers into long commutes. Long commutes reduce their connection to their school and their community, and creates high teacher turnover.

Experience

An example of workforce housing is the Division's investment in the Middle Creek Apartments in Vail, CO. Average rent in the Vail area is \$1,048 per month, according to the department's *Statewide Multifamily Housing Vacancy and Rent Survey*. However, the two dominant industries in Eagle County are food services and retail trade, which pay median annual salaries of \$21,302 and \$26,338 respectively. With these salaries, food service workers can only afford a rent payment of \$532 while a retail employee can only afford \$658. With an average local rent of \$1,048 per month, many of these workers cannot find apartments they can afford in the immediate area, forcing them to commute long distances to their jobs.

Middle Creek Apartment complex lies near the Vail retail center and child care, and has a bus stop with connections to other economic centers in the Vail valley. The complex contains 98 affordable units that will serve approximately 161 individuals. Rents average \$883 per month and the Town of Vail will impose a lifetime deed restriction on the units.

This project will also reduce traffic on the highway, result in less air pollution, improve employee tardiness and absenteeism, and improve the health of families who live in and near it.

Workforce Housing Project Examples

- Grand Junction Housing Authority – Arbor Vista Apartments

The Grand Junction Housing Authority, in response to the very tight workforce rental housing market in Mesa County (rental vacancy rates of under 3.5%), is developing an additional seventy-two (72) apartment units on an in-fill lot in the City of Grand Junction. This project was presented to the Colorado State Housing Board on February 12, 2008 and received a full funding recommendation of \$1,000,000 as part of the overall project development budget of \$13,657,981 (a 13.65 to 1 leveraging ratio).

This project will serve households making between \$16,150 and \$32,340 (for a 4 person household) or 30% to 60% of the Area Median Income (AMI). The independent, third party market study for this project indicated an immediate need of over 1,000 workforce rental units in Mesa County and the existing Grand Junction Housing Authority portfolio is 100% occupied with over 1,300 households on their waiting lists. Privately owned, market apartment projects in the Grand Junction are not providing rent concessions and there are currently no other workforce housing units in production.

The State Housing Board recommended funding for this project at this time in order to maintain the level and commitment of the other funds in this project. This includes the equity value of the Low-Income Housing Tax Credits that have recently been subject to significant reduction in value. Currently, the Colorado Division of Housing does not have an available funding source to make an award on this project. These supplemental funds could be awarded and encumbered by June 30, 2008.

The Colorado Division of Housing of \$13,889 cost per unit for this project is higher than our range due to the following; the very low-income levels for this County and the low rents achievable to service debt on this project create the need for a higher subsidy per unit. In addition, the increased subsidy per unit is created by the high cost of construction in a market area driven by other local demands on construction supplies

(nearby resort communities and energy-related activities). Land costs for this project is higher than average due to the local market pressures for developable land and the soft costs associated with this project are higher than average due to the relatively low number of units being developed.

- Delta Housing Authority – Villas at the Bluffs Apartments

Affordable workforce rental housing for households in the City of Delta is in very limited supply due to a 36% increase in the workforce in Delta County between 2000 and 2005. The workforce is expected to continue to grow by 6% a year, fueled in part by natural gas and coal-bed methane exploration and production. This increased workforce, in combination with a limited and aging existing inventory of housing units, has caused a very limited supply of housing. The most recent county-wide vacancy rate is 2.6% and no vacancies are currently being reported in the City of Delta.

In response to these market conditions, The Delta Housing Authority is developing a forty-eight (48) unit new construction apartment community in the City of Delta. As nearly sixty percent of the renter households in Delta County have incomes less than sixty percent of the Area Median Income (AMI), this project will serve households with incomes between \$16,150 and \$32,340 (family of 4) or 30% to 60% AMI. The Delta Housing Authority submitted a request for a \$1,000,000 grant to assist in the development and construction of this project.

The Colorado Division of Housing State Housing Board reviewed and recommended funding for this project at their February 12, 2008 hearing. The timing of this recommendation from the State Housing Board was critical in securing favorable pricing of the Low-Income Housing Tax Credits also used to finance this project. Other funding sources for this project include City and County financial contributions, the Delta Housing Authority, and the Colorado Housing and Finance Authority. Total project development cost is expected to be \$8,519,800 with Colorado Division of Housing funding leveraged at 8.5 to 1.

The Colorado Division of Housing cost of \$20,833 per unit for this project is higher than our range due to the following; the very low-income levels for this County and the low rents achievable to service debt on this project create the need for a higher subsidy per unit. In addition, the increased subsidy per unit is created by the high cost of construction in a market area driven by other local demands on construction supplies (nearby resort communities and energy-related activities). Land costs for this project are higher than average due to the local market pressures for developable land and the soft costs associated with this project are higher than average due to the relatively low number of units being developed.

Senior Housing and Retrofitting

Need

In 2005, The Division of Housing co-chaired the Colorado Blue Ribbon Panel on Housing. A key finding of the panel is the issue of Colorado's aging "baby boomer" population – those born between 1946 and 1964. . According to the report;

“By 2010; the first of this generation will be 65 years old. Between the year 2000 and 2020, Colorado's population 55-64 years of age will grow at 5.9% per year vs. 3.9% nationally. By the year 2030, Colorado will have 1.9 million individuals over the age of 65. That is an increase of 1.5 million people over the age of 65. The aging of the population is significant for two reasons. First, as Coloradoans age their housing needs will change. Elderly Coloradoans will need access to critical services and some housing will need to be retrofitted to adapt to the special needs of an aging individual.

A more significant impact of the aging population is their exodus from the workforce. As this large portion of the population retires, their positions within the workforce will need to be replaced. However, these new retirees will not be passing along their homes to their workforce replacements. These new workers will need homes close to their jobs.”

The aging population would benefit from investment in the Division of Housing's Single Family Owner Occupied Rehabilitation program and further investment in senior affordable housing projects.

Federal Funds are unavailable to address challenges

The Division of Housing (DOH) single-family, owner-occupied housing rehabilitation program provides low-interest loans to all lower income households (80% AMI) interest loans are repaid to the local housing rehabilitation program to be used again for new households as loans are repaid. In comparison, the Home Modification Program and the Caregiver Services Programs provide grants for a small, specialized part of the overall population and the funds are for very specific measures in the home. In the case of the Home Modification Program, the grant has a maximum lifetime benefit of \$10,000 per individual.

The DOH network of local housing rehabilitation providers works to bring in other available sources of funds, including the Home Modification Program when applicable to the households. Several rehabilitation programs are also the local contractor the Home Modification Program. There are systems in place at the local level to ensure that existing program resources are maximized and efforts are not duplicated by other programs.

Health care

Health care plays a prominent role in the Colorado resident's lives. Allowing seniors to age in their own homes will help defray medical costs for the state by reducing skilled nursing home facility costs. According to the Department of Health Care Policy and Finance's FY 06-07 Budget request, programs for All-Inclusive Care for the Elderly cost the state \$563,348,775. The Division of Housing's Single Family Owner Occupied Rehabilitation program can be used to allow seniors to age in place thus lowering health care costs for the state.

Experience

The Division of Housing currently provides grant funds to 13 regional housing organizations in non-entitlement areas through out Colorado. The goals of the program are to preserve, maintain and enhance affordable housing stock through repair and renovation; protect the health and safety of the occupants by correcting housing hazards; assist homeowners in improving the conditions of their homes, and to allow homeowners the ability to stay in their homes.

Over the life of this program 2,754 homes have been renovated with 168 renovations in 2006. Of the projects funded in 2006, 18 improved accessibility for the homeowner, 109 improved health and safety issues of the property, 20 corrected code violations, and 14 made emergency improvements and seven alleviated overcrowding.

Senior Housing Project Example

- Brothers Redevelopment, Inc – Fairweather Landings Senior Apartments

An April 2007 independent market analysis completed by The Highland Group of the Douglas County senior housing market found that all types of senior housing within the market area were at or near 100% capacity. This study determined that there is considerable unmet need for affordable rental senior apartments in Douglas County. In response to this unmet need, Brothers Redevelopment Inc. in partnership with Trademark Communities LLC are developing the Fairweather Landings Senior Apartments in Parker, Colorado.

The Fairweather Landings Senior Apartments is a new construction, 110 unit senior apartment project that will provide independent living for households who are age 55 and above. This project provides a combination of seventy-five (75) affordable units and thirty-five market rate units and incorporates a community center where resident services will be provided. The affordable units in this project have rents that are affordable to

households with incomes of \$17,200 to \$34,380 (family of two) and Area Median Incomes (AMI) levels between 30% and 60%.

Financing of this project is provided through a combination of Low-Income Housing Tax Credits, a US Bank 1st mortgage, Douglas County funds, a deferral of a portion of the developer fee, and a \$400,000 grant from the Department of Local Affairs. DOLA funds are leveraged 44 to 1 in this project with a resulting subsidy of \$5,333 per affordable housing unit. This project received a full funding recommendation from the State Housing Board at their February 12, 2008 hearing.

Homeless Shelters/Strategic Planning

Need

The Colorado Interagency Council on Homelessness (ICH) completed two Point-in-time Surveys of the statewide homeless population in August 2006 and January 2007. The results of the August 2006 survey indicate over 16,203 homeless individuals in the state, comprised of a higher percentage of minorities relative to the general population. In addition, over half those surveyed had a least one serious, disabling condition. The most common reasons for being homeless include the cost of housing and the loss of employment.

On May 23 2007, Governor Ritter renewed Colorado's statewide fight against homelessness through the signing of Executive Order B 004 07. This order reestablished and renamed the Colorado Interagency Council on Homelessness as the Colorado Community and Interagency Council on Homelessness. The purpose of the Executive Order is to declare that Colorado must give priority to developing coordinated and cooperative approaches to the issues of homelessness. The Division of Housing (DOH) and the Division of Supportive Housing and Homeless Programs in the Department of Human services share the administration duties for the Council. The outcomes for this Council include streamlined program administration and funding approaches to leverage more resources in an effective manner.

Federal Funds are unavailable to address challenges

The Division of Housing is not permitted to use CDBG dollars to assist in the creation of shelters in the larger cities in Colorado, where the largest need for this type of project is concentrated. In addition, Home Investment Partnership Program (HOME) dollars are also not permitted to be used in shelter projects in any location in Colorado.

Homeless residents

According to the above mentioned Point-in-Time study, there are 16,203 homeless people in Colorado. By 2020, if no additional programs are developed to address the homelessness issue and if the number of homeless increases at the same rate as population growth, Colorado's homeless population is estimated to increase to 21,103 individuals.

Recent studies indicate that taxpayers pay for homelessness through high emergency medical costs, incarceration costs and emergency mental health services. Many homeless people lose their home because of the high cost of health care. After becoming homeless, individuals are more vulnerable to illness and assault resulting in a reliance on expensive taxpayer funded emergency medical services.

According to a recent cost-benefits study from the Colorado Coalition for the Homeless, providing shelter and medical treatment to chronically homeless individuals generated an annual savings of \$31,545 per participant. These individuals, studied over a four year period, had reduced emergency room visits, fewer inpatient hospital visits, decreased use of detoxification services and fewer nights incarcerated in county jails.

Addressing the causes of homelessness before individuals become homeless and providing housing to those after becoming homeless will alleviate the budget impact on emergency services.

Additionally, homelessness impacts education. According to the National Coalition for the Homeless' *Education on Homeless Children and Youth Fact Sheet*, unstable housing disrupts a student's education. Children of economically insecure families facing homelessness are more likely to change schools depending on the family's housing situation and which negatively impacts student achievement. Affordable rental housing programs help to stabilize children by keeping them in a consistent educational setting.

Experience

In 2005, The Division of Housing invested funds for the acquisition and conversion of a foreclosed motel into a homeless shelter by the Denver Rescue Mission. The shelter offers transitional housing and support services to homeless families and individuals. It has 52 units of family housing and 120 dorms for individuals.

The department has a long record of maximizing the public investment in affordable housing. A review of the affordable housing projects specifically funded with Colorado Affordable Housing Construction Grants and Loans Program funds in FY 2005- 2006 indicates a leveraging ratio of 15.00 to 1 (\$15.00 of other funds for every \$1.00 of Colorado Affordable Housing Construction Grants and Loans Program funds). It is anticipated that the funds from this additional budget request will continue to provide a similar amount of leveraging.

Homeless Project Example:

The Empowerment Program – Mariposa House

The Colorado Division of Housing provided \$245,170 in FY 2007-2008 State General funds for the renovation of the Mariposa House in Denver for the Empowerment Program. The Division's funding was specifically used to repair and rehabilitate the house, as well as replace some appliances, add a swamp cooler, do corrective landscaping to prevent flooding damage during rainstorms, and provide a small reserve fund. This project is the latest residential property acquired by the Empowerment Program to

provide low-income women (30%AMI) who face multiple barriers in their live with safe housing and services. The house is a 16 unit, 20 bed, single-room occupancy facility.

The population served by the Empowerment Program is an important and growing issue within the community. Homeless and low income women living in poverty are served by the Empowerment Program for problems with addictions, mental illnesses, and abusive relationships. The house is located along a major bus route and is within a block of grocery, pharmacy and food and retail establishments. The Divisions funds were leveraged nearly 4 times with other funding for a total project cost of \$974,958.

Consequences if Not Funded:

The reason workforce housing, senior housing and sheltering the homeless are so important is because of housing's impact on multiple public policy issues. Workforce housing has the potential to reduce highway miles traveled, thus reducing damage to the roadways and thereby decreasing the cost of highway repairs to the Department of Transportation. Fewer cars on the roads reduce air pollution, lessening the impact to the Department of Public Health and Environment. As the population ages, the Single Family Owner Occupied Rehabilitation program is an opportunity to reduce the financial burden of the Department of Health Care Policy and Finance by allowing Seniors to age in place. Finally, serving the homeless offers the opportunity to reduce costs that impact the Department of Public Safety, the Department of Corrections and the Department of Human Services.

Calculations for Request:

Summary of Request FY 2007-08	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Total Request	\$1,500,000	\$1,500,000	\$0	\$0	\$0	0.0
Housing Development Grant Program	\$1,500,000	\$1,500,000	\$0	\$0	\$0	0.0

Summary of Request FY 2008-09	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Total Request	\$1,500,000	\$1,500,000	\$0	\$0	\$0	0.0
Housing Development Grant Program	\$1,500,000	\$1,500,000	\$0	\$0	\$0	0.0

Project Type	Number of Projects*	Department Funded Units Per Project*	Department Cost per Unit*	Total Cost
Workforce Housing	N/A	64	\$8,511	\$550,000
Grand Junction Housing Authority – Arbor Vista Apartments	N/A	72	\$13,889**	\$1,000,000
Delta Housing Authority – Villas at the Bluffs Apartments	N/A	48	\$20,833**	\$1,000,000
Senior Housing – Rehab Program	10	N/A	\$15,000	\$150,000
Homeless	N/A	20	\$15,000	\$300,000
			Total	\$3,000,000

* Division of Housing Cost per Unit is based on actual costs from past projects. Items impacting the cost per unit include land costs, construction costs and income levels of residents.

** These costs per unit are anticipated to be higher than average due to low-income levels and the high cost of construction in market area.

Assumptions for Calculations:

- It is assumed the Department will receive the legislative spending authorization to roll these funds into fiscal year FY 2008-09.
- It is assumed this request is in addition to other JBC actions.
- It is assumed the requested \$3M total will be expended over two fiscal years: FY 2007-08 and FY 2008-09.
- It is assumed the workforce housing projects are funded by unit because the units are independently identified within each project. The calculation includes a minor rounding adjustment.

- It is assumed the senior housing projects are funded per project because these units can be a combination of independent senior housing units or individual beds within a project.
- It is assumed the homeless projects are funded by unit, which are beds within each project.
- It is assumed the two workforce housing projects at \$1,000,000 apiece will be funded along with additional projects in the three identified areas that will use up the entire amount of requested funding.

Impact on Other Government Agencies:

Narrative also detailed above under *Consequences if Not Funded*

The reason workforce housing, senior housing and sheltering the homeless are so important is because of housing's impact on multiple public policy issues. Workforce housing has the potential to reduce highway miles traveled, thus reducing damage to the roadways and thereby decreasing the cost of highway repairs to the Department of Transportation. Fewer cars on the roads reduce air pollution, lessening the impact to the Department of Public Health and Environment. As the population ages, the Single Family Owner Occupied Rehabilitation program is an opportunity to reduce the financial burden of the Department of Health Care Policy and Finance by allowing Seniors to age in place. Finally, serving the homeless offers the opportunity to reduce costs that impact the Department of Public Safety, the Department of Corrections and the Department of Human Services.

Cost Benefit Analysis:

Workforce Housing

Workforce housing benefits a family's financial health by reducing transportation and housing costs and freeing up commuting hours. A decrease in commuting hours might lower daycare costs and allow the family more time together. It also benefits the state's highway system by reducing vehicle miles traveled on state highways.

Workforce housing developments are targeted to be in proximity to jobs allowing working individuals to live closer to their places of employment and reducing their commute. Workforce housing reduces the individual’s transportation costs allowing the money to then be invested in other important household expenses, such as health care.

Metro Denver Workforce Housing Project

Round Trip Commute Savings			
Round-Trip Mileage	20 Miles	40 Miles	60 Miles
Cost per Day \$0.31/mile ¹	\$6.20	\$12.40	\$18.60
Weekly Savings (5 days/week)	\$31.00	\$62.00	\$93.00
Monthly Savings (4.33 weeks/Month)	\$134.23	\$268.46	\$402.69
Annual Transportation Savings (12 months)	\$1,611	\$3,222	\$4,832
Work Hour Savings			
Round-Trip Mileage	20 Miles	40 Miles	60 Miles
Annual Drive Hours Savings	1 hour per day x 5 days a week x 4.33 weeks per month x 12 months = 260 hours/year	2 hours per day x 5 days/week x 4.33 weeks per month x 12 months = 519 hours/year	2.75 hrs/day x 5 days/week x 4.33 weeks/month x 12 months = 714 hours/year
Annual Drive Hours Savings if Worker’s Time Valued at \$7.76/hour²	260 x \$7.76 = \$2,017	519 x \$7.76 = \$4,027	714 x \$7.76 = \$5,540
TOTAL COST SAVINGS Transportation and Time	\$1,611 + \$2,017 = \$3,628	\$3,222 + \$4,027 = \$7,249	\$4,832 + \$5,540 = \$10,372
Metro Denver Workforce Housing Project	15 Units	\$8,511 - Cost per Unit	\$127,665 - Project Cost

With an investment of \$8,511 a unit, the Department of Local Affairs is able to reduce the housing, transportation and other costs on a family’s household budget. Assuming an average household with 2.5 people and two working individuals that are able to move

¹ CRS 24-9-104 __ Mileage Reimbursement Rate \$0.31 per mile...

² U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment and Wage Estimator, mean wage for position of combined food preparation and serving worker, including fast food...

from Englewood into a workforce housing project in Denver, that household could save approximately \$7,256 (\$3,628 x 2) annually on transportation and the value of the workers' time. The three year estimated savings is \$326,520 (15 x \$7,256 x 3). The worker may then use extra hours to reduce daycare costs, increase family time, or participate in the community.

Vail Workforce Housing Project

Round Trip Commute Savings			
	Leadville to Vail (321 Commuters ³)	Glenwood Springs to Vail (101 Commuters)	Denver to Vail (351 Commuters)
Total Round-Trip Mileage⁴	88miles – 5 (new in-town commute) = 83 net miles	122 miles – 5 (new in-town commute) = 117 net miles	196 miles -5 (new in-town commute) = 191 net miles
Cost per Day \$.31/mile	\$25.73	\$36.27	\$59.21
Weekly Savings (5 days/week)	\$128.75	\$181.35	\$296.05
Monthly Savings (4.33 weeks/Month)	\$557.05	\$785.25	\$1,281.90
Annual Transportation Savings (12 months)	\$6,685	\$9,423	\$15,383
Work Hour Savings			
	Leadville to Vail	Glenwood Springs to Vail	Denver to Vail
Annual Drive Hours Savings	1.5 ⁵ hours per day x 5 days a week x 4.33 weeks per month x 12 months = 390 hours/year	2 hours per day x 5 days/week x 4.33 weeks per month x 12 months = 520 hours/year	3.5 hrs/day x 5 days/week x 4.33 weeks/month x 12 months = 909 hours/year
Annual Drive Hours Savings if Worker's Time Valued at \$9.07/hour⁶	390 x \$9.07 = \$3,537	520 x \$9.07= \$4,716	909 x \$9.07 = \$8,245
TOTAL COST SAVINGS Transportation and Time	\$6,685 + \$3,537 = \$10,222	\$9,423 + \$4,716= \$14,139	\$15,383 + \$8,245= \$23,628

³ LEHD Map2, U.S. Census Bureau, 2004 data published in 2007.

⁴ Mapquest, www.mapquest.com.

⁵ Mapquest, www.mapquest.com.

⁶ U.S. Department of Labor, Bureau of Labor Statistics, 2006 Occupational Employment and Wage Estimator, mean wage for position of combined food preparation and serving worker, including fast food..

Vail, CO Workforce Housing Project	17 Units	\$8,511 - Cost per Unit	\$144,687- Project Cost
------------------------------------	----------	-------------------------	-------------------------

Again, with an approximate investment of \$8,511 a unit, the Department of Local Affairs is able to reduce the housing and transportation costs on a family’s household budget. Assuming that a standard household (with 2.5 people and at least one working individual) is able to move from Leadville into a workforce housing project in Vail, that household could be able to save \$10,222 annually on transportation and worker’s productive time. The first three year savings estimate is \$521,322 for this project and these households are now in a position to invest in health care, daycare, insurance and other budget items necessary for a family to sustain itself.

Additionally, workforce housing will decrease traffic congestion. According to CDOT, traffic congestion in Colorado costs licensed drivers \$1.24 billion a year in delays and wasted fuel. In Denver Metro the annual average cost is \$865 and in Colorado Springs it is \$451.⁷

Senior Housing

The benefits of the Single-Family-Owner-Occupied Rehabilitation Program are its ability to modify an elderly household’s home to allow those individuals to age in place, and the savings to the state created by reducing the need for long term nursing facilities. Rehab agencies coordinate their work with other funding sources to ensure that duplication does not occur and to maximize resources.

The Division of Housing’s standard renovation cost is \$15,000. The per capita cost for Class II Nursing Facility is \$50,235.⁸

Estimated benefit to the state is \$35,235 per resident.

⁷ Colorado Department of Transportation Fact Book. Pg. 30.

⁸ Colorado Department of Health Care Policy and Finance’s FY 06-07 Budget Request. Exhibit H. Pg. EH 21.

Homeless Shelters

The benefit of state investment into homeless shelters is the opportunity to reduce hidden costs associated with homelessness. A state investment of \$15,000 per bed to increase capacity to serve the homeless is offset with savings in emergency room visits, jail costs and “detox” center costs. The following table demonstrates the findings of a Denver’s Road Home study of the costs of homelessness.

Costs of Homelessness vs. Funding One Shelter Bed		
	Denver	State’s Cost to Fund One Shelter Bed to increase capacity
One night in jail	\$174	
One Emergency Room Visit	\$1,000	
One night at Detox Center	\$295	
One Hospital Stay	\$29,921	
Cost for one average stay per facility for one homeless person	\$31,390	\$15,000

- One night in jail cost \$174 per arrest. It would not be unusual for four arrests and bookings to occur per year at a cost of \$696.
- Emergency room visits costs \$1,000. Homeless individuals average two visits per year at \$2,000 per homeless person.
- One night at Denver C.A.R.E.S. "detox" center costs \$295. Chronic alcohol/drug abusers averaged 80 nights per person last year. The annual cost was \$23,600 per person.
- One hospital stay averages \$29,921. In 2004, 1,074 homeless people were admitted for hospital stays in Denver. Those who only access healthcare through the

emergency room do not receive follow-up care or services beyond immediate intervention, making them more likely to return to the hospital in the future.⁹

The state investment into housing for the homeless provides the benefit of reducing the associated costs of homelessness in Colorado by stabilizing homeless persons in appropriate housing accompanied by supportive case management and preventive services.

Implementation Schedule:

Task	Month/Year
Announce availability of additional funds for affordable housing projects	4/08
Accept applications for funds on a monthly basis (based on funding availability)	4/08 (on-going through 9/08)
Department staff underwriting of project and department staff funding recommendation to State Housing Board	5/08 (on-going through 10/08)
State Housing Board recommendation and DOLA ED approval	5/08 (on-going through 11/08)
Award letter and contract executed with applicant	5/08 (on-going through 11/08)
Affordable housing project construction start	6/08 (on-going through 6/09)
Requests for funds and back-up documents submitted by applicant to department	4/08 (on-going through 6/09)
Funds distributed to applicant	5/08 (on-going through 6/09)
Affordable housing project completion	On-going through calendar year 2009
Low-income households move into completed affordable housing projects	On-going through calendar year 2009
Department contract closeout and project monitoring	On-going through calendar year 2009

Statutory and Federal Authority:

24-32-705 1 (a) CRS (2007) To encourage private enterprise and all public and private agencies engaged in the planning, construction, and acquisition of adequate housing or the rehabilitation or weatherization of existing housing in Colorado by providing research, advisory, and liaison services and rehabilitation, construction, acquisition, and weatherization grants from appropriations made for this purpose by the general assembly.

⁹ Denver's Road Home. http://www.denversroadhome.org/the_problem.php

Performance Measures:

Performance Measure	Outcome	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Approp.	FY 08-09 Request
Average a Leverage ratio of General Fund at a ratio of \$1 GF: \$10 non-state funds.	Benchmark Leverage Ratio	New	New	10:1	10:1
	Actual % of State	New	New		

2. Accelerate current funding performance goal by three fold.

Performance Measure	Outcome	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Approp.	FY 08-09 Request
Annually reduce the number of Rent Burdened households in the state by 3% or 1439.	Benchmark % of State	New	New	47,964	47,964
	Actual % of State	New	New		