



Arapahoe County

5334 South Prince Street
Littleton, CO 80120
303-795-4630
Relay Colorado 711

Board Summary Report

File #: 25-220

Agenda Date: 4/15/2025

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To: Board of County Commissioners

Through: Katherine Smith, Community Resources Director, Community Resources

Prepared By:
Katherine Smith, Community Resources Director, Community Resources

Presenter: Katherine Smith, Community Resources Director, Community Resources

Subject:
10:30 AM *HB24-1175 Right of First Refusal Next Steps

Purpose and Request:

This study session is being held to provide information to the Board of County Commissioners on the research done on properties eligible for HB24-1175-Right of First Refusal and recommend next steps for the County's approach to this legislation.

Background and Discussion: HB24-1175 created a right of first refusal for local governments to purchase certain types of multifamily rental properties through December 31, 2029. The legislation outlines that:

- For existing affordable housing properties containing five units or more, a local government has a right of first refusal to make a matched offer for the purchase of such property, subject to the local government's commitment to using the property as long-term affordable housing.
- For all other multifamily rental properties that are 30 years or older and have no more than 100 units and no less than 15 units, a local government has the right of first offer. A seller of such property must provide notice of intent to sell the property to the local government before the seller enters into an agreement with a licensed broker to solicit and procure purchasers or otherwise lists the property for sale.

Upon receiving notice of intent, local governments have seven days to preserve our right of first refusal with a response intending to do so, indicating interest in receiving due diligence information to evaluate potential offers or waive any right to purchase the property. Within 14 days of receiving this information, the local government must decide whether to make an offer or waive the right. If the local government does not respond within the established timeframes, they waive their right of first offer/refusal to the property.

Local Governments also need to record a certificate of compliance in real property records within 14 days of the last action, which acknowledges the residential seller has complied with all applicable provisions of the legislation. If we have exercised our right of first refusal, and we make an offer, we must agree to close on the property within 60 calendar days but no more than 90 calendar days from the date of execution.

Local governments have the option to assign our right of first refusal to a local or regional housing authority, or to Colorado Housing and Finance Authority. Community Resources has met with local housing authorities to

discuss this legislation and their plans to participate. Each housing authority has communicated that they would have concerns with the proposed closing timelines and would like to continue to be aware of any properties that come available and continue having discussions.

The Assessor's Office created a map to identify multifamily properties in the unincorporated area of the county, listed as multifamily and 9+ units. An interactive tool was created that identifies year built, number of units, current value, and recent sale information. Most properties on the tool are located within the 4-Square Mile Area within District 4. The last appraised value ranged from \$12.9 million to \$108 million. At this time, we do not have context as to the condition of these properties and what, if any, renovations would need to be made or what, if any environmental considerations would be in place.

The Public Works and Development Department further refined our search of properties to determine the planned number of units for each property. From this refined research, it was determined that there are currently no properties from this list that meet the qualifications of the bill, as all but one are 100+ units and the one that was within the unit range has converted to individually owned properties.

Fiscal Impact: There is no fiscal impact at this time.

Alternatives: The Board of County Commissioners could propose alternative ideas related to this bill.

Alignment with Strategic Plan:

- ☐ Be fiscally sustainable
- ☐ Provide essential and mandated service
- ☒ Be community focused

Staff Recommendation: Based on the research completed by the County in accordance with the bill, we do not see any properties eligible in Unincorporated Arapahoe County for us to exercise our right of first refusal or offer in 2026. We recommend continuing to assess any eligible properties that may hit their 30-year date from 2027-2029 and providing this information to the Board of County Commissioners in the coming years.

Concurrence: Commissioners Office, Public Works and Development, and Assessors Office