

Proposition 123 - Affordable Housing Commitment

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Set a Baseline

1. Set an Affordable Housing Baseline

Enter the Name of your County, Municipality, or Tribe: Arapahoe County

Baseline Amount: 1446

Baseline Income Limit: Area Median Income of an Adjacent Jurisdiction

If you select the Area Median Income of an adjacent jurisdiction, or the state household median income, as your income limit type then you must submit a petition to the Division of Housing to use these alternative policy options.

Baseline Supporting Information

2. Provide Information Supporting The Baseline

Populate the following information that was used to determine your baseline amount of affordable housing:

Baseline Data Source: U.S. Census Bureau American Community Survey, 2017-2021 5-Year Estimates

Baseline County: Washington and Lincoln Counties

Baseline Household Size: 3

Baseline Determination Methodology Narrative: Arapahoe County used the baseline assistance tool provided by DOLA to determine our affordable housing baseline number. We are using an income limit year of 2022, which was provided in the baseline assistance tool provided by DOLA. We are using the AMI of a neighboring jurisdiction- Lincoln and Washington Counties, based on the availability of land in the unincorporated areas of our County. This is further described in section 2.b of this submission. We are using a household size of 3. Based on the ACS estimated data for Arapahoe County, including our municipalities, we have an average household size of 2.61 and an average household size of 2.72 in unincorporated Arapahoe County. Based on this, we are rounding up to 3. We are using a sale unit availability rate of 12.4%. Per DOLA's guidance "Only for-sale homes that can be purchased over the commitment period by a household at 100% of the median income are considered affordable. The American Community Survey does not provide data on home sales, but it does provide data on moves into owner-occupied stock housing stock. Roughly 21% of homeowners in Colorado moved into their home from 2019 to 2021, which is provided as the default value above". Using the ACS 5-Year Estimates for Unincorporated Arapahoe County, Table B25026 "Total Population in Occupied Housing units",

12.4% of the unincorporated county's population moved into their home in 2019 or later. We are using an inflation rate of 25.8%. This is based on the US Federal Housing Finance Agency (FHFA), All-Transactions House Price Index, the two-year (January 1, 2021 to January 1, 2023) housing cost inflation is 25.8% for the Denver-Aurora-Lakewood MSA. Based on the FHFA All-Transactions House Price Index for non-metro areas in Colorado, the housing cost of inflation was 33.9%. We used the metro number provided to demonstrate the inflation more closely in our area. We are using an interest rate of 7.1%. Based on FreddieMac data as of the week of 9/14/23, the US Weekly average for a 30-year fixed mortgage was 7.18%. We are using a mortgage term of 30 years as provided in DOLA's baseline tool. We are using an annual property tax amount of \$3,000 and an annual property/mortgage insurance amount of \$1,000 as provided in DOLA's baseline tool. We are using a down payment amount of 5% as provided in DOLA's baseline tool.

2.b. Justify a Petition to Use an Alternative Income Limit

You have selected an income limit that is not the Area Median Income of your own jurisdiction, a petition must be submitted explaining this decision so that the standard policy requirement can be waived.

Describe how the alternative income limit reflects local housing and workforce needs better than the Area Median Income: Arapahoe County dedicated significant time in researching our current housing and workforce needs to determine the most appropriate baseline to petition for Prop 123 purposes. Arapahoe County compiled the total number of housing developments in our area, to include the number of affordable units, while also researching available land available for development in our unincorporated areas. We determined the county's total number of housing development units in the unincorporated area was 325 total units in 2022, with the number of affordable units (as defined by proposition 123) was zero. Annually, we have limited residential development in unincorporated areas of the county. In 2022, new unincorporated permits accounted for about 7.5% of all residential development in Arapahoe County. Second, within our urbanized areas, the county has limited available parcels for redevelopment. For example, in the 1,729 (2.7 square miles) of the "Four Square Mile" area, planning staff have identified approximately 35 acres of potential affordable housing development sites. Those potential sites also face numerous hurdles: they are mostly zoned for other uses, are relatively small (none larger than 5 acres), have multiple owners, and may not be suitable for multifamily based on their classification within the County's Comprehensive Plan. Most of the available land for such development is in the rural portion of the county, including the communities of Strasburg and Byers. As such, we believe that usage of our neighboring county AMI, more closely reflects the AMI in the areas which we will be targeting and able to increase development specifically in unincorporated Arapahoe County.

Describe why the Area Median Income is inconsistent with the housing and workforce needs of your jurisdiction: Arapahoe County dedicated significant time in researching our current housing and workforce needs to determine the most appropriate baseline to petition for Prop 123 purposes. Arapahoe County compiled the total number of housing developments in our area, to include the number of affordable units, while also researching available land available for development in our unincorporated areas. We determined the county's total number of housing development units in the unincorporated area was 325 total units in 2022, with the number of affordable units (as defined by proposition 123) was zero. Annually, we have limited residential development in unincorporated areas of the county. In 2022, new unincorporated permits accounted for about 7.5% of all residential development in Arapahoe County. Second, within our

urbanized areas, the county has limited available parcels for redevelopment. For example, in the 1,729 (2.7 square miles) of the “Four Square Mile” area, planning staff have identified approximately 35 acres of potential affordable housing development sites. Those potential sites also face numerous hurdles: they are mostly zoned for other uses, are relatively small (none larger than 5 acres), have multiple owners, and may not be suitable for multifamily based on their classification within the County’s Comprehensive Plan. Most of the available land for such development is in the rural portion of the county, including the communities of Strasburg and Byers. As such, we believe that usage of our neighboring county AMI, more closely reflects the AMI in the areas which we will be targeting and able to increase development specifically in unincorporated Arapahoe County.

File a Commitment

3. File a Commitment

Commitment Optional Priorities Narrative: Arapahoe County is committed to prioritizing the development of affordable housing in our area and has already begun to take actions to modernize our current code to further support this, consistent with HB21-1271 . In November 2022, Arapahoe County met four of the 16 qualifying strategies. In September 2023, Arapahoe County implemented Accessory Dwelling Units (ADUs) in single-family zone districts. Arapahoe County also is in the process of working to implement the additional following items to help prioritize affordable development in our area: 1. Permit modular/manufactured/mobile homes in commercial zones in rural town centers (Byers/Strasburg) 2. Streamline the Planned Unit Development Process for Non-profit Developers of affordable housing (2-step process vs 3-step process) 3. Create Incentives/Bonuses (increased density and/or height and decreased parking, setbacks, and open space) for affordable housing projects 4. Create incentives for development near transit stations (reduced parking and setbacks) 5. Create a Mixed-Use zoning district (to allow commercial & residential buildings) 6. Create multi-family zone district to allow multi-family development by-right Arapahoe County is also exploring the inventory of county surplus land for potential donation for AH projects. In addition to the land use changes being implemented in our County, Arapahoe County has prioritized our one-time federal American Rescue Plan Act (ARPA) dollars to be put towards the creation of more affordable housing, all along the housing continuum. This included \$23 million dollars that were allocated specifically for shelter creation, transitional housing, permanent supportive housing, and affordable housing development in our county. Arapahoe County continues to receive annual Housing and Urban Development (HUD) allocations of Community Development Block Grant (CDBG) and HOME Investment partnership funds on an annual basis, which are used to provide gap funding for new affordable housing development in our County as well as to ensure the sustainability of existing affordable housing in our area. With our limited annual funds, Arapahoe County is committed to increasing affordable housing in Arapahoe County and partnering with our municipalities, developers, and non-profit organizations to meet the gaps identified in our 5-year HUD consolidated plan and housing needs assessment.

Commitment Cooperation Narrative: With our annual HUD allocations, our one-time ARP and Covid HUD allocations, and our one-time ARPA allocations for affordable housing, we have provided funding to advance affordable housing exclusively in our municipalities. This is due to the availability of land to develop being located primely in their jurisdictions, within the metro area. In addition, we know that partnership on these projects is crucial in order to ensure that

projects have the ability to diversity their capital needs amongst more than one source. Arapahoe County values our partnerships in the past, present, and future with our municipalities. Arapahoe County demonstrates partnership most significantly with: Aurora, Littleton, Englewood, Sheridan, and Centennial through current and future joint projects and programs. Arapahoe County will also plan to continue future partnership building with Byers, Strasburg, and Bennett to increase development in our rural areas, which is where we see the highest opportunity for growth in our unincorporated parts of the County.

I agree that the three year goal to increase affordable housing in my jurisdiction is 130, and the annualized goal is 43, based on 3% annual increases over the baseline amount of 1446.

The jurisdiction of Arapahoe County commits to increasing the number of affordable housing units within its territorial boundaries through the new construction or conversion of 130 affordable housing units by December 31, 2026.

This commitment may also be achieved through the new construction or conversion of affordable housing units outside of the boundaries of Arapahoe County , but only if a written agreement exists with that jurisdiction to so that partial credit for the achievement can be recieved by each jurisdiction.

If this goal is not achieved, then projects and programs taking place within my jurisdiction will be inelligible for funds originating from the State Affordable Housing Fund from January 1, 2027 through December 31, 2027.

These activities will also be inelligible if my jurisdiction does not submit information to the State of Colorado, Division of Housing evidencing achievements in annual increases, or a lack thereof. Affordable housing units may only be included for this purpose if they meet the definitions at Colorado Revised Statutes 29-32-101(2) and 29-32-105(3)(c).

If my jurisdiction does not achieve its commitment, then grantees, borrowers, or contractors operating or developing within my jurisdiction will not repay funds, or have funds deobligated from them, for the sole reason that the commitment was not achieved.

I agree with the above statements:

☒ Yes

☐ No