

OED ORDINANCE/RESOLUTION REQUEST

Please mark one: Bill Request or Resolution Request Date of Request: 7/30/18

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
 Dedication/Vacation Appropriation/Supplemental DRMC Change
 Other:

2. Title: Approves an amendment that removes Section 27-170 from Article V, Chapter 27 of the Denver Revised Municipal Code (DMRC) which stated that the city's Dedicated Fund for Affordable Housing would sunset after 10 years (12/31/27); changes the name of the special revenue fund in Article V, Chapter 27 of the DMRC from "Property Tax Special Revenue Fund" to "Affordable Housing Property Tax and Other Local Revenue Fund"; and amends Article II, Chapter 53 of the DMRC to increase the retail marijuana tax rate from 3.5% to 5.5% and requires the additional tax revenue generated from the 2% rate increase to support affordable housing in Denver.

3. Requesting Agency: Office of Economic Development

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Laura Brudzynski	Name: Susan Liehe 720-913-1689
Email: laura.brudzynski@denvergov.org	Email: susan.liehe@denvergov.org

5. General a text description or background of the proposed request, if not included as an executive summary.

See Executive Summary

6. City Attorney assigned to this request (if applicable):

Julie Mecklenburg

7. Citywide

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): DRMC Change

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: BR18 0864

Date Entered: _____

Vendor/Contractor Name: N/A

Contract control number: N/A

Is this a new contract? Yes No Is this an Amendment? Yes No If yes, how many? _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

N/A

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Scope of work:

See Executive Summary.

Was this contractor selected by competitive process? If not, why not?

Has this contractor provided these services to the City before? Yes No

Source of funds:

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, DEN concession contracts):

N/A

Who are the subcontractors to this contract?

N/A

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EXECUTIVE SUMMARY

Denver is experiencing significant population growth and skyrocketing housing costs that put market rent and home prices out of reach for low- and moderate-income households throughout the city. The city created the Affordable Housing Fund to support the development, rehabilitation and preservation of affordable housing and the provision of programmatic support for low- and moderate-income households, as set forth in Article V, Chapter 27 of the Code.

As part of the implementation of the Affordable Housing Fund, the City with input from the Housing Advisory Committee has developed the Housing Plan, which includes financial and production goals for a mix of housing affordable to households in various ranges of AMI.

In April 2018, the city announced a new initiative to double its Affordable Housing fund annually, and partner with the Denver Housing Authority (DHA) to generate an estimated \$105 million funding surge for affordable housing over the next five years. To support the initiative, the city proposes this 20-year Intergovernmental Agreement (IGA) with the Denver Housing Authority to develop, rehabilitate or preserve additional housing units in a manner consistent with the priorities outlined in the Housing Plan.

The proposed partnership with DHA would pass through the city's dedicated property tax from the Affordable Housing Fund to accelerate building and preserving much-needed affordable housing, and increases the land available for future affordable housing use for Denver's lowest-income residents and those experiencing homelessness.

By leveraging DHA's expertise in serving those most in need, the proposal also expands the city's ability to deliver on additional areas of housing needs identified in the *Housing an Inclusive Denver* five-year plan. The proposal will improve the alignment of Denver's Affordable Housing Fund with the five-year housing plan.

In summary, Denver would double its creation and preservation estimates from 3,000 affordable rental units to at least 6,200 units over five years. The proposal directs about half of the newly doubled Affordable Housing Fund to support those most burdened by housing costs (0-30% AMI and those experiencing homelessness) and allocates the other half to fulfill other priorities within the five-year plan.

Overall Proposal Framework:

- Appropriates property tax revenues from the Affordable Housing Fund to DHA annually for a period of 20 years, which is expected to support bond issuance to generate an estimated \$105 million for affordable housing.
- Backfilling the property tax revenue in the Affordable Housing Fund by increasing the city's special marijuana sales tax by 2 percent to 5.5 percent, generating an estimated \$8 million per year.
- Contributing an additional yearly \$7 million from the General Fund to the Affordable Housing Fund starting in 2019.
- Removing the 2026 sunset on the Affordable Housing Fund to support housing needs well into the future.
- Directing about half of the newly doubled Affordable Housing Fund to support residents most burdened by housing costs (0-30% AMI and those experiencing homelessness) and allocates the other half to fulfill other priorities within the 5-year plan.
- Directing about half of the DHA bond proceeds to go towards building new and preserving current affordable homes managed by DHA, with the other half utilized for the land acquisition fund.

To be completed by Mayor's Legislative Team:

- Focusing the new land and property acquisition fund on securing small, geographically diverse sites across the city to create a pipeline for future projects that will serve very low-income residents and individuals experiencing homelessness. DHA has committed 300 projective based vouchers to support this effort.
- DHA, OED, Denver Human Services, Colorado Division of Housing and the Colorado Housing and Finance Authority will collaborate as an advisory group on acquisitions and procurement of development partners.

The initiative to increase the affordable housing fund and partner with the Denver Housing Authority to significantly advance the goals of creating, rehabilitating and preserving affordable housing are proposed as part of companion legislation. The two ordinances include:

- 1) Intergovernmental Agreement between the City and County of Denver and the Denver Housing Authority to pass through the city's dedicated property tax from the Affordable Housing Fund for a period of 20 years.
- 2) Amendments to the Denver Revised Municipal Code (DRMC), including:
 - a. Removing the current sunset on the Affordable Housing Fund in Article V of Chapter 27 of the DRMC to launch and sustain this new revenue initiative over time, and make possible the Intergovernmental Agreement with the Denver Housing Authority.
 - b. Changing the name of the special revenue fund in Article V of Chapter 27 of the DRMC from "Property Tax Special Revenue Fund" to "Affordable Housing Property Tax and Other Local Revenue Fund" to receive additional local resources including the Marijuana Tax revenue.
 - c. Amending Article II of Chapter 53 of the DRMC to increase the retail marijuana tax rate from 3.5% to 5.5% and dedicate the additional tax revenue to the "Affordable Housing Property Tax and Other Local Revenue Fund."
- 3) Amending section 7 of ordinance 20160625 to clarify the appropriation basis of the Affordable Housing Permanent Funds.

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