



Legislation Text

File #: 18-0864, Version: 1

Other/Miscellaneous Request Template (Appointments; ROW; Code Changes; Zoning Action, etc.)

Date Submitted: 7-31-18

Requesting Agency: Office of Economic Development
Division:

Subject Matter Expert:

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Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A bill for an ordinance amending Article V of Chapter 27 of the Revised Municipal Code of the City and County of Denver regarding Dedicated Funding for Affordable Housing, amending Article II of Chapter 53 of the Revised Municipal Code of the City and County of Denver regarding Imposition of Tax and dedicating such increased revenue from sales tax on retail marijuana and retail marijuana products to the funding of affordable housing programs, and amending ordinance no. 20160625 in Series 2016 establishing the Affordable Housing Permanent Funds.

Amends Article V, Chapter 27 and Article II, Chapter 53 of the Denver Revised Municipal Code (DMRC) to remove language stating that the city's Dedicated Fund for Affordable Housing would sunset after 10 years, change the name of the special revenue fund from "Property Tax Special Revenue Fund" to "Affordable Housing Property Tax and Other Local Revenue Fund," increase the retail marijuana tax rate from 3.5% to 5.5%, and require the additional tax revenue generated from the 2% rate increase to support affordable housing. The Committee approved filing this item at its meeting on 8-8-18.

Affected Council District(s) or citywide? Citywide

Executive Summary with Rationale and Impact:

Detailed description of the item and why we are doing it. This can be a separate attachment.

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.
- 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.

Address/Location (if applicable):

Legal Description (if applicable):

Denver Revised Municipal Code (D.R.M.C.) Citation (if applicable):

Draft Bill Attached?