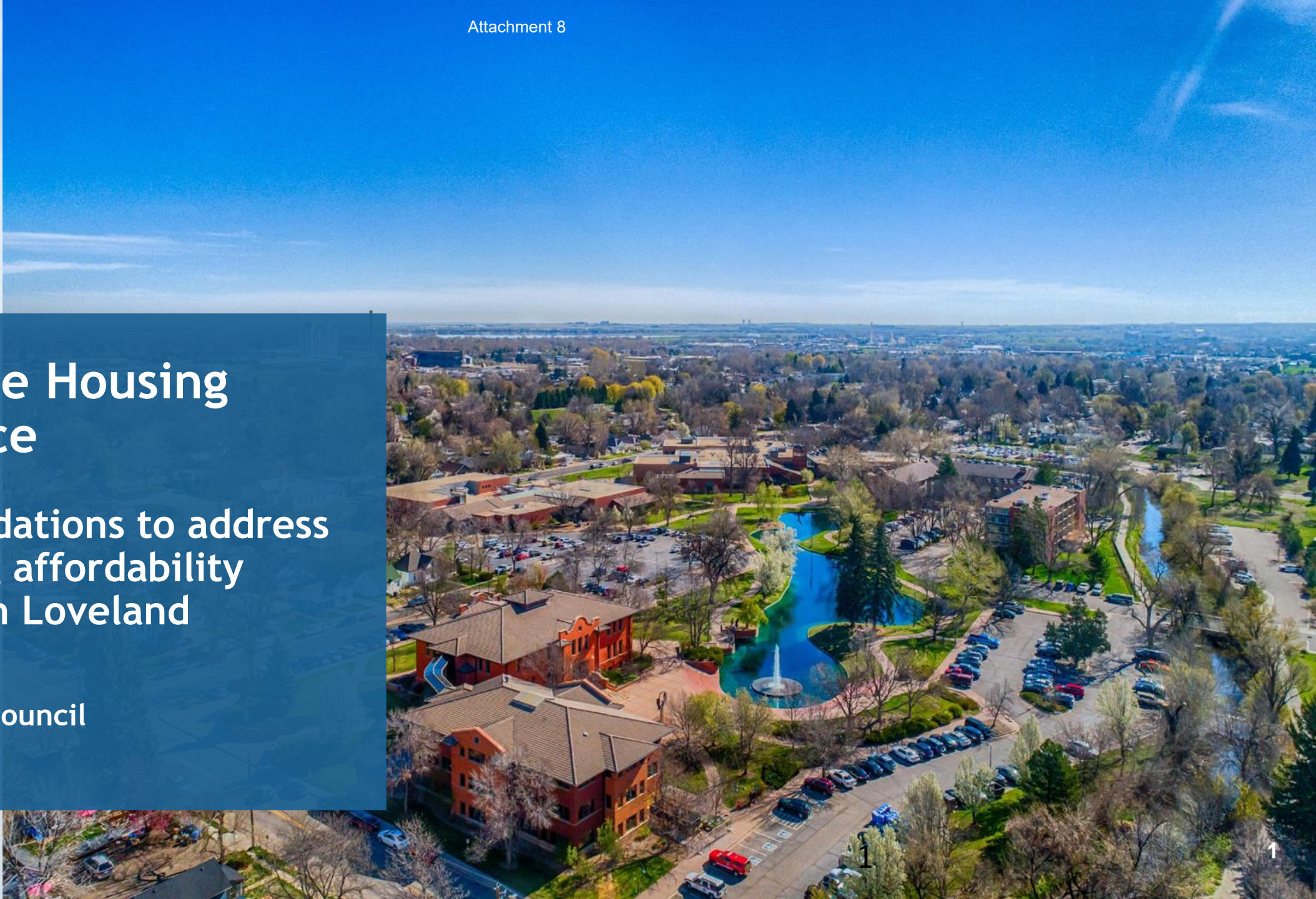


Affordable Housing Task Force

Recommendations to address
the housing affordability
challenge in Loveland

Loveland City Council
August 9, 2022



Loveland Affordable Housing Task Force

Don Marostica	Sam Betters	Alison Hade	Kristen Bernhardt	Cindi Hammond	Frankie Cole
Rod Wensing	Kim Perry	Andrew Knudtsen	Megan Ferguson	Justin Erion	Robert Dehn
Darcy McClure	Lori Kempster	Eli Scott	Jeff Feneis	David Gregg	Rob Woodward
Roger Clark	Leah Johnson	Chad Brent	Katie Martinez		

- The Task Force commissioned a Housing Study completed by Economic Planning Systems, a national firm with a large presence in Colorado, in order to inform the Task Force discussion.
 - Financial sponsors of the Housing Study:
 - Loveland Housing Authority
 - City of Loveland
 - McWhinney
 - Erion Foundation
 - Group Gives
 - Loveland Habitat for Humanity
 - First Bank
 - Don Marostica
 - The Community Foundation of Northern Colorado, Loveland Fund Committee

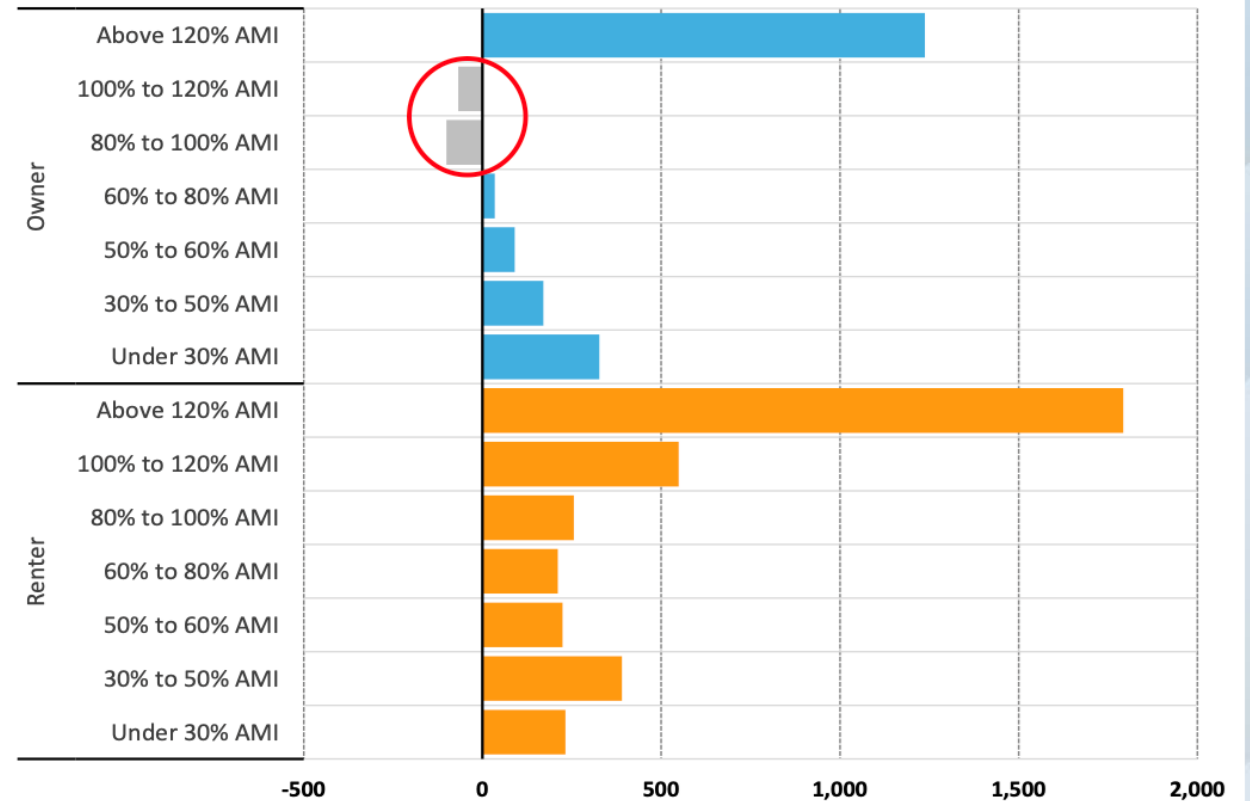
Loveland Affordable Housing Task Force

The Affordable Housing Task Force has presented to the following stakeholder groups for feedback over June and July 2022:

- City of Loveland Affordable Housings Commission
- City of Loveland Planning Commission
- City of Loveland Construction Advisory board
- Loveland/Berthoud Association of Realtors, Government Affairs Committee
- Loveland Chamber of Commerce Board

HOUSEHOLDS BY AMI - LOVELAND

- Similar pattern in Loveland: household growth was driven by households above 120% of AMI
- Although Loveland *lost* owner households in the workforce housing range, between 80% and 120% AMI

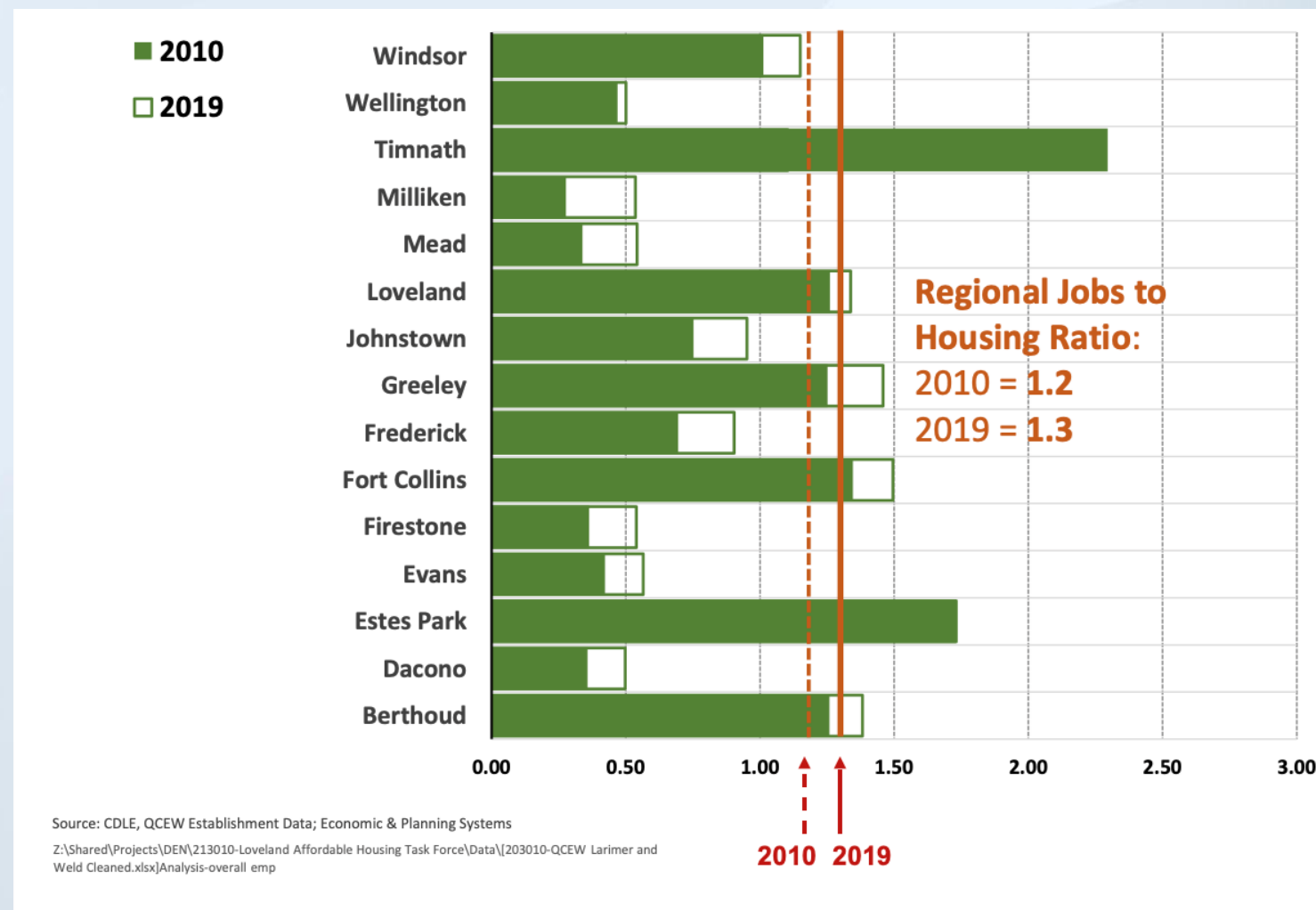


Source: Economic & Planning Systems

Z:\Shared\Projects\DEN\213010-Loveland Affordable Housing Task Force\Data\213010-Census Demand and Supply Data.xlsx|Table 9 - Units Change

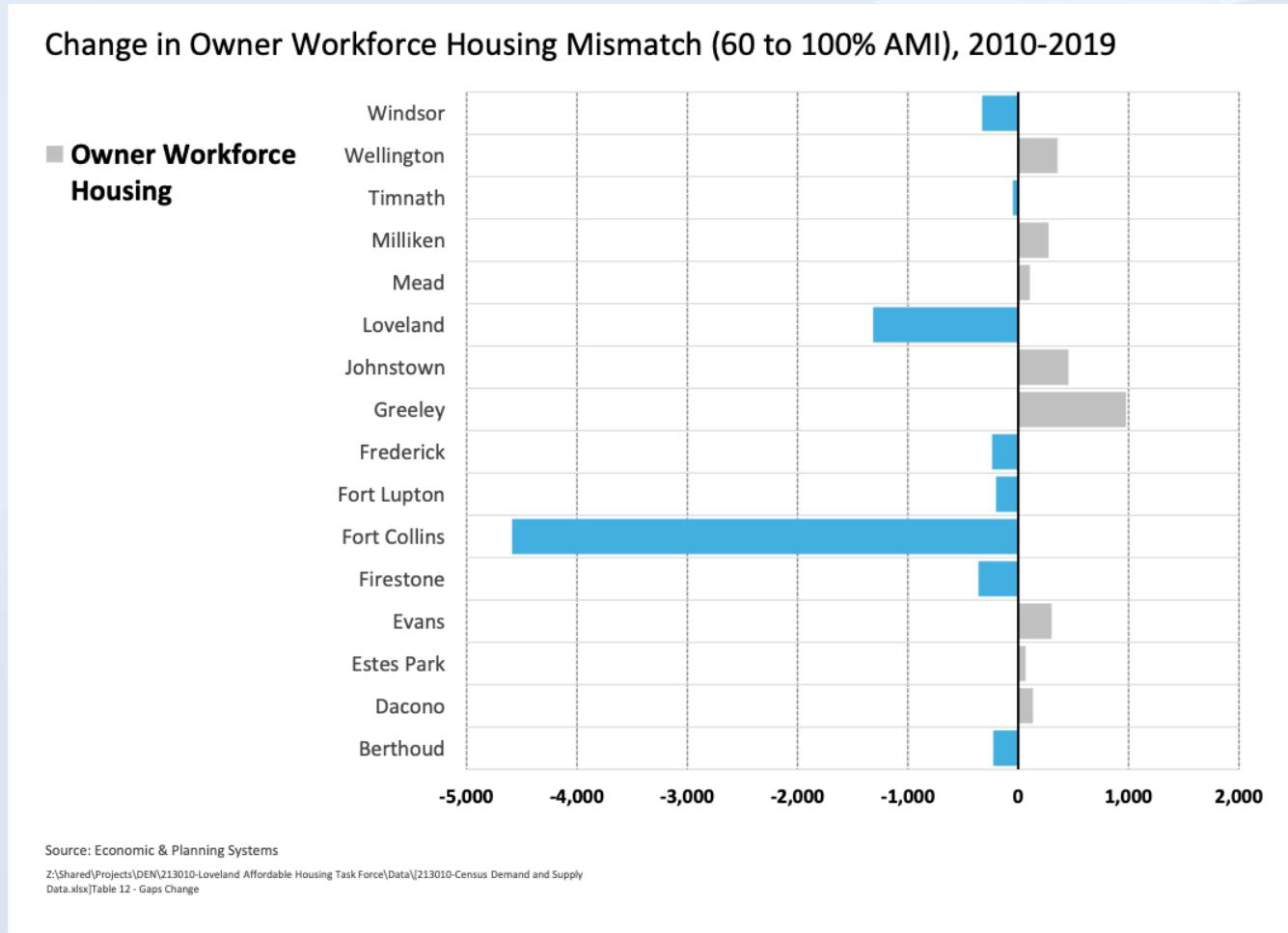
JOBS TO HOUSEHOLD RATIO OVER TIME

- Loveland, Greeley, Ft. Collins, Timnath are job generators
- Regional jobs to housing ratio grew over the past decade - region is generating more jobs than housing



CHANGE IN WORKFORCE OWNER INVENTORY

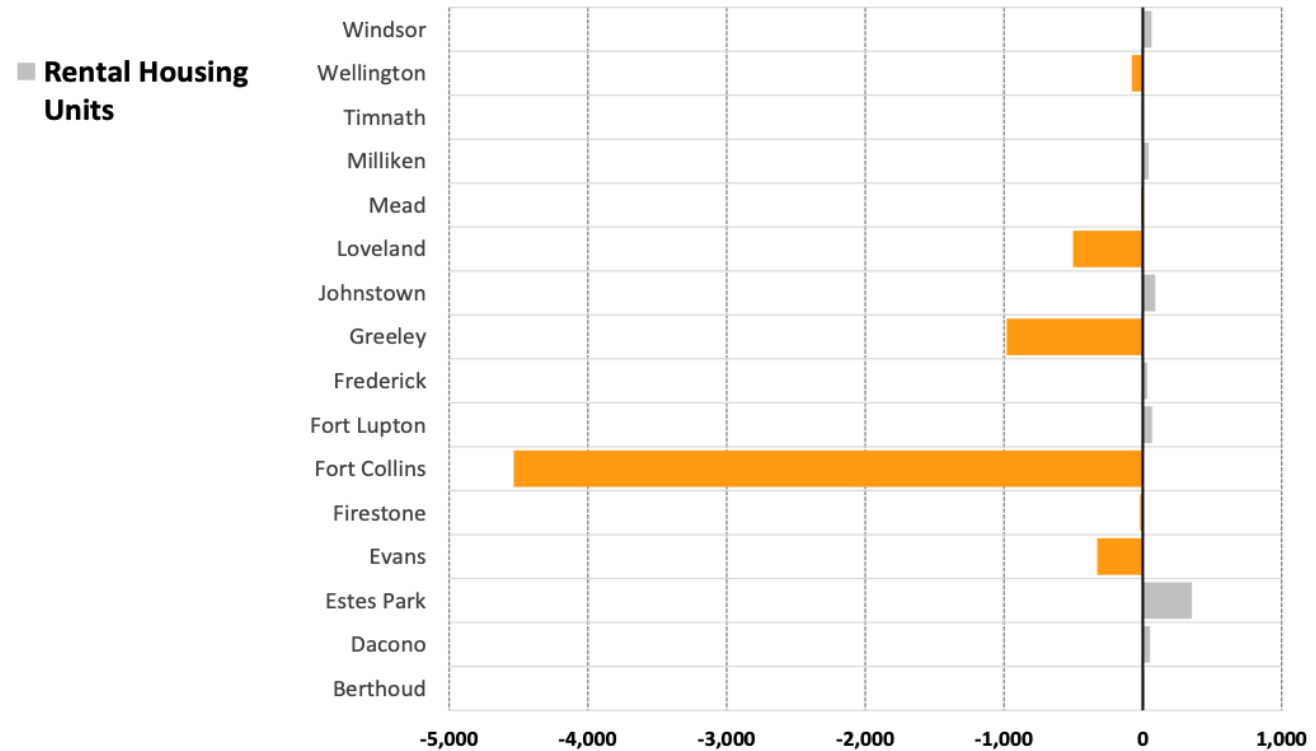
- For owner 'workforce housing' units (affordable to 60%-100% AMI), Ft. Collins and Loveland lost inventory between 2010 and 2019
- Greeley, Johnstown, and Wellington, gained workforce units
- Net loss of 4,600 units regionwide



CHANGE IN RENTER INVENTORY

- Region-wide loss of renter housing in the supportive services and affordable housing categories (30% to 60% AMI)
- Most significant losses in Ft. Collins, Greeley, Loveland

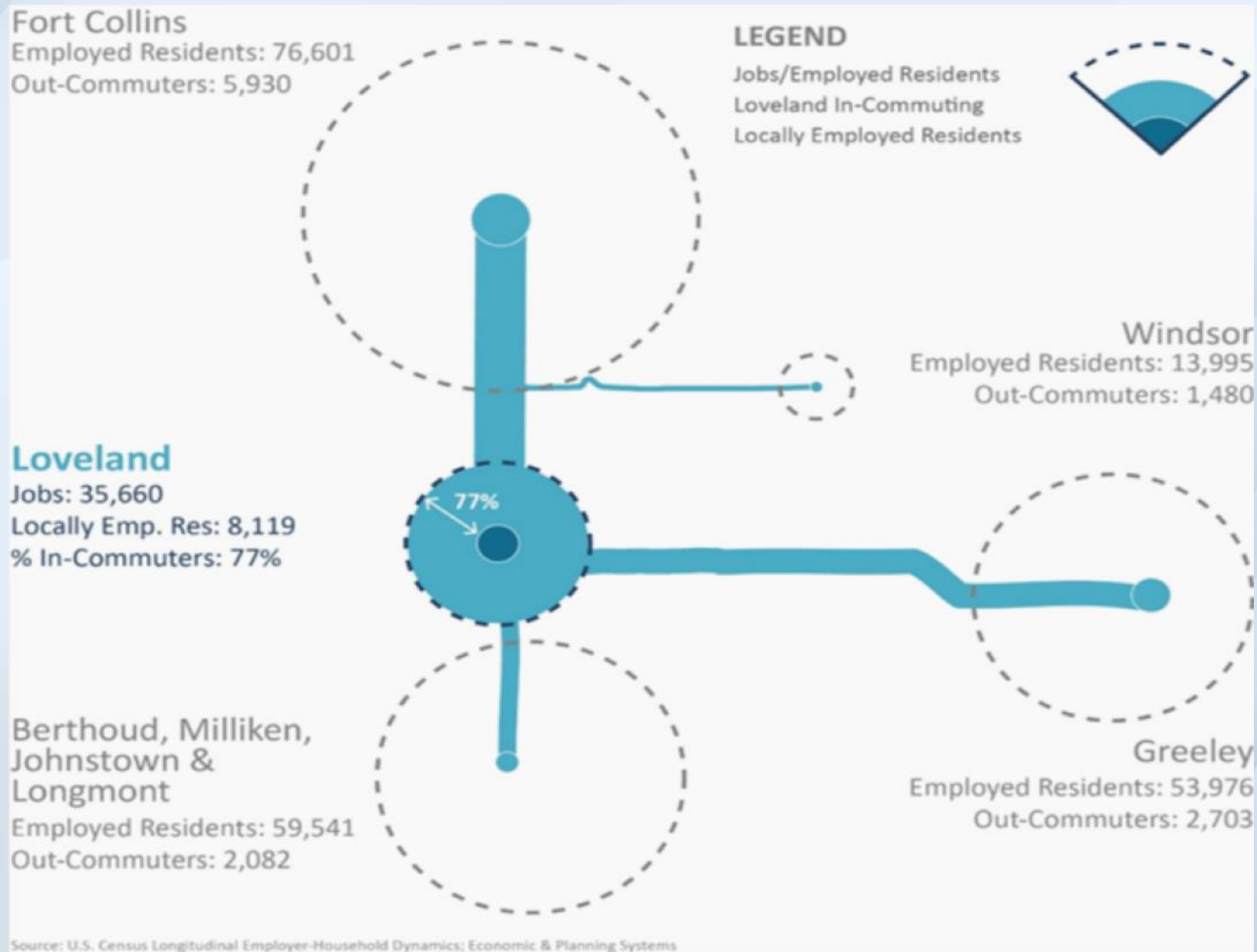
Change in Renter Affordable Housing Mismatch (30 to 60% AMI), 2010-2019



Source: Economic & Planning Systems

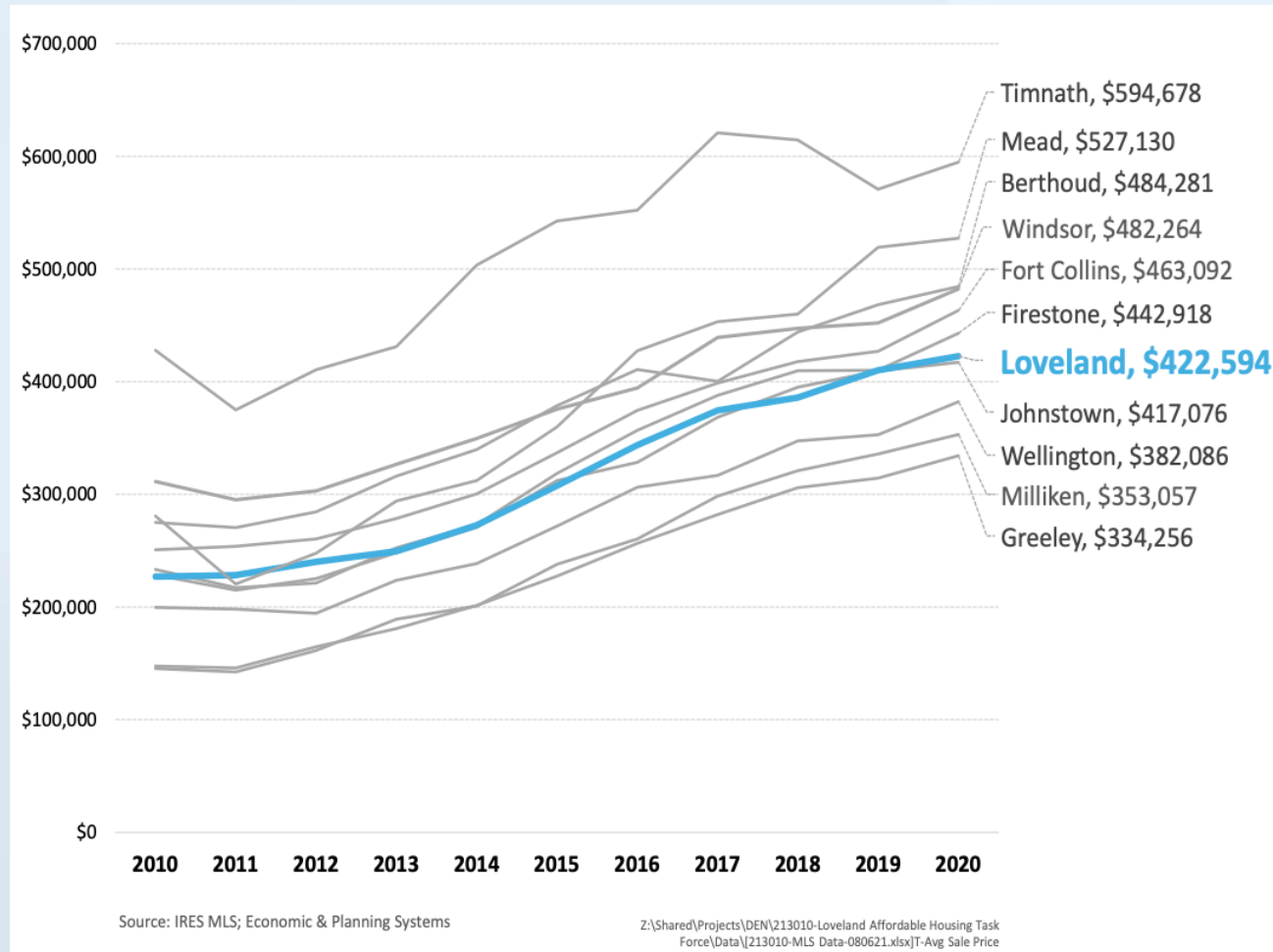
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COMMUTING PATTERNS

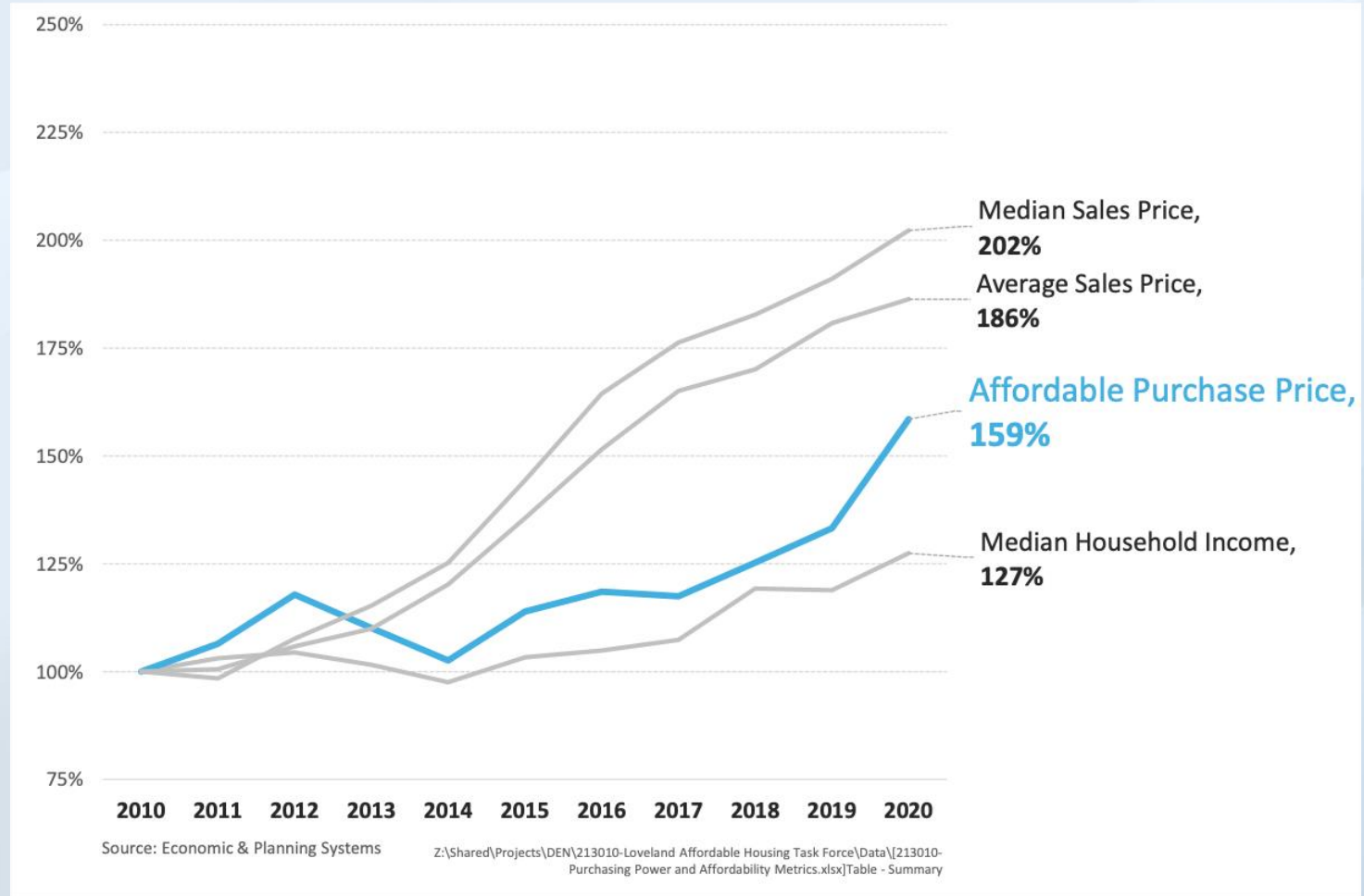


AVERAGE HOME SALE PRICES

- Significant region-wide home price appreciation over the past decade
- Increased by over \$200,000, or 6.4 percent annually in Loveland

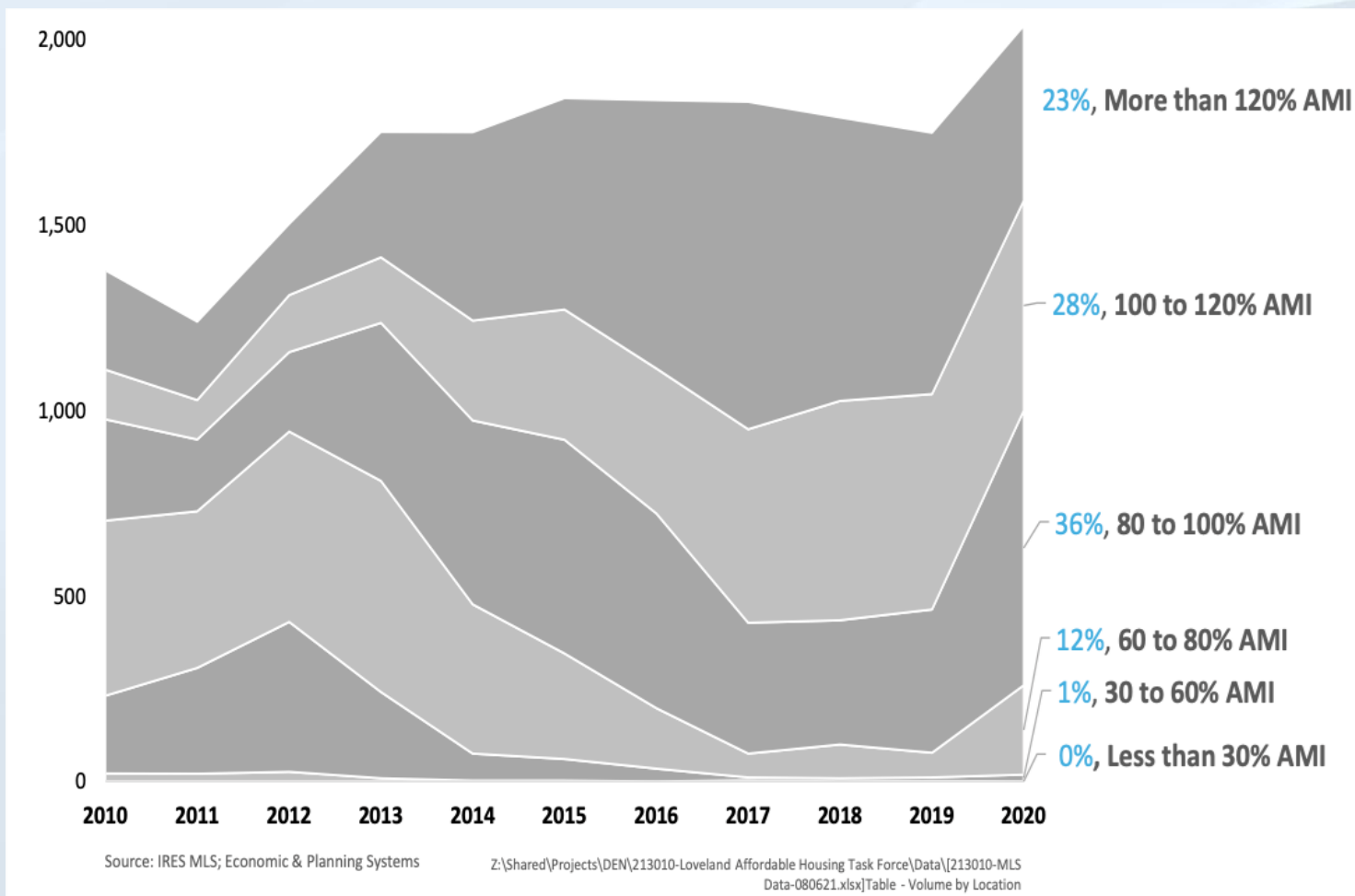


PURCHASING POWER AND AFFORDABILITY

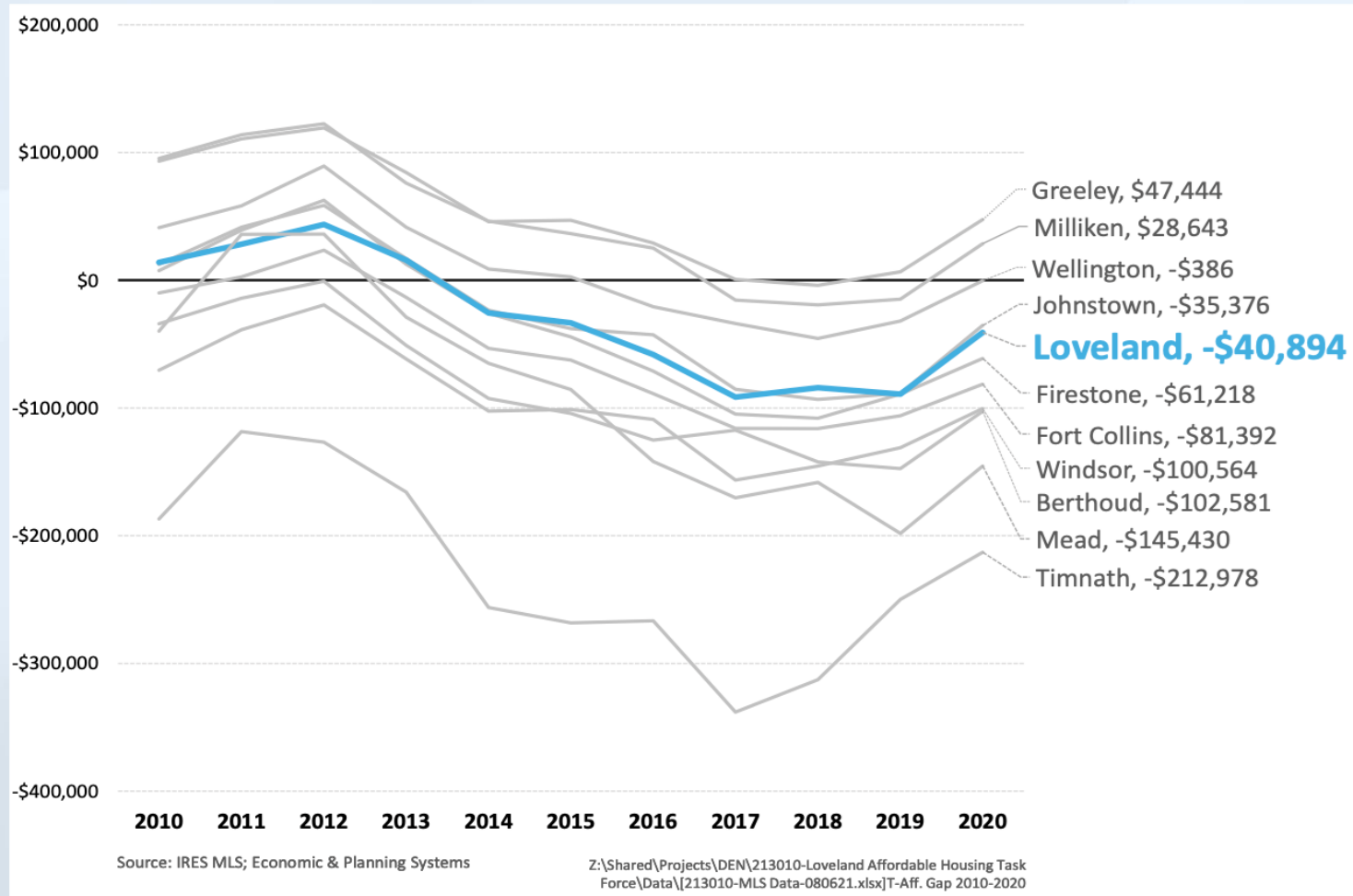


SALES BY AREA MEDIAN INCOME - LOVELAND

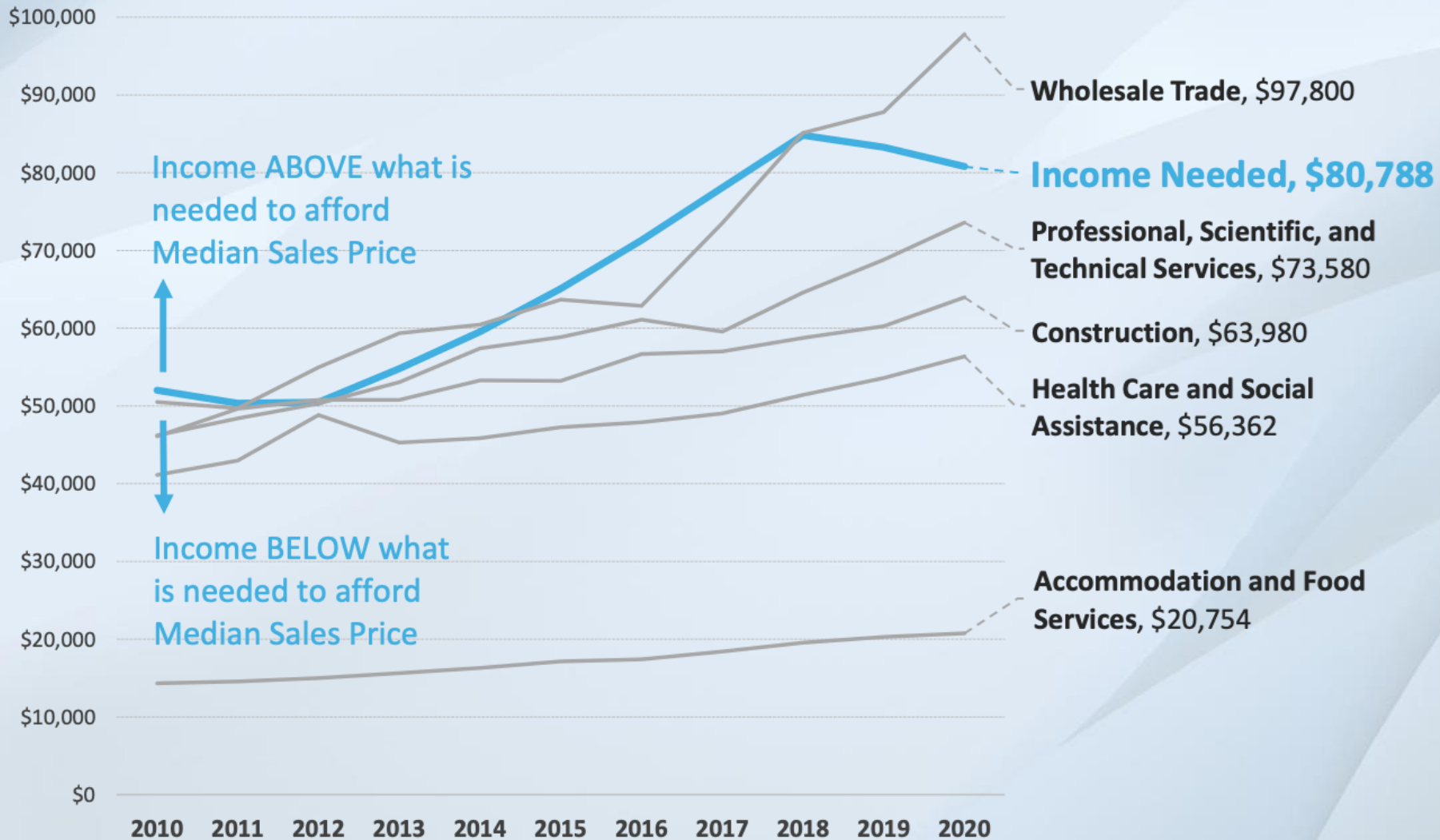
- In Loveland, 49% of all sales from 2010 to 2020 were affordable to HHs below 100% of AMI
- However, that share fell from 71% in 2010 to 26% in 2019 and 49% in 2020



AFFORDABILITY GAPS BY PLACE



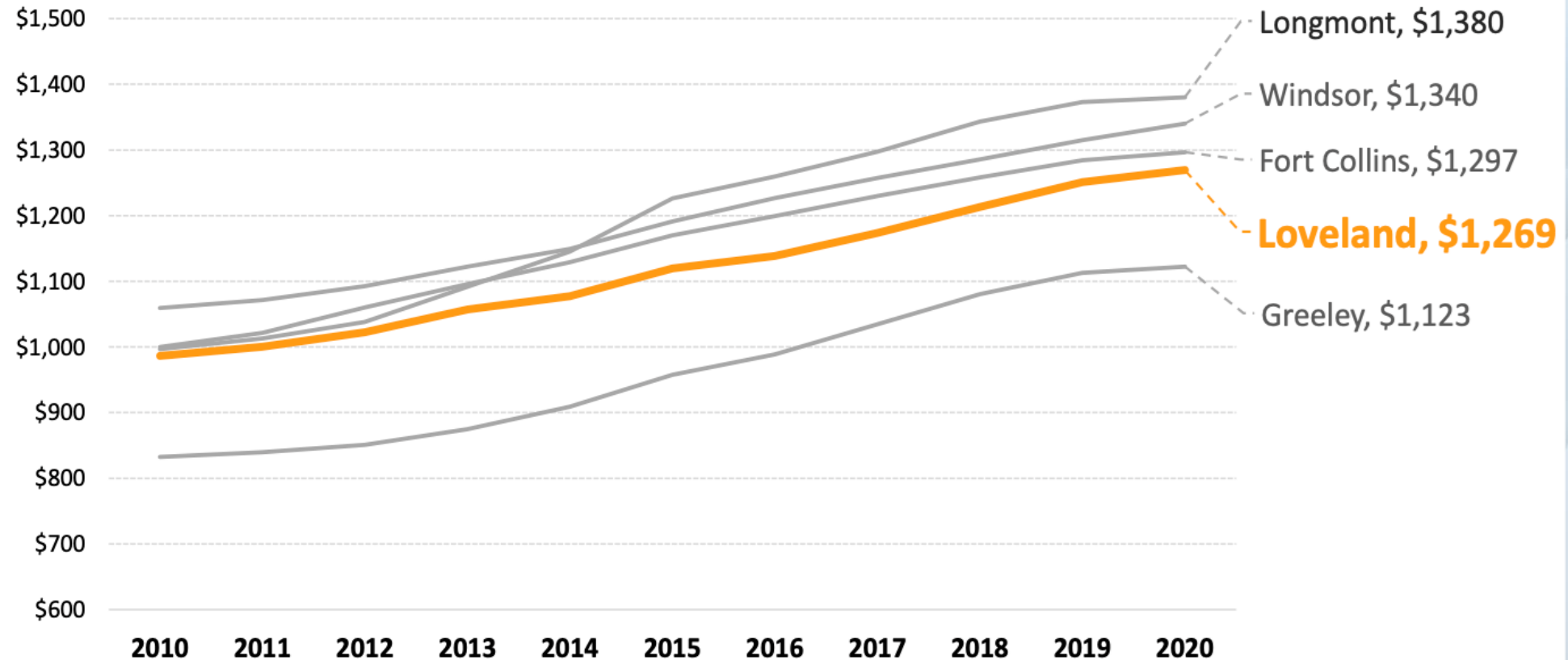
INCOME NEEDED TO PURCHASE A HOME - LOVELAND



Source: IRES MLS; Economic & Planning Systems

213010-Loveland Affordable Housing Task Force\Data\203010-Income need for median sale price.xlsx

RENTAL PRICES



Source: Costar; Economic & Planning Systems

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Force\Data\203010-Rental Market Data.xlsx\D-Median rents

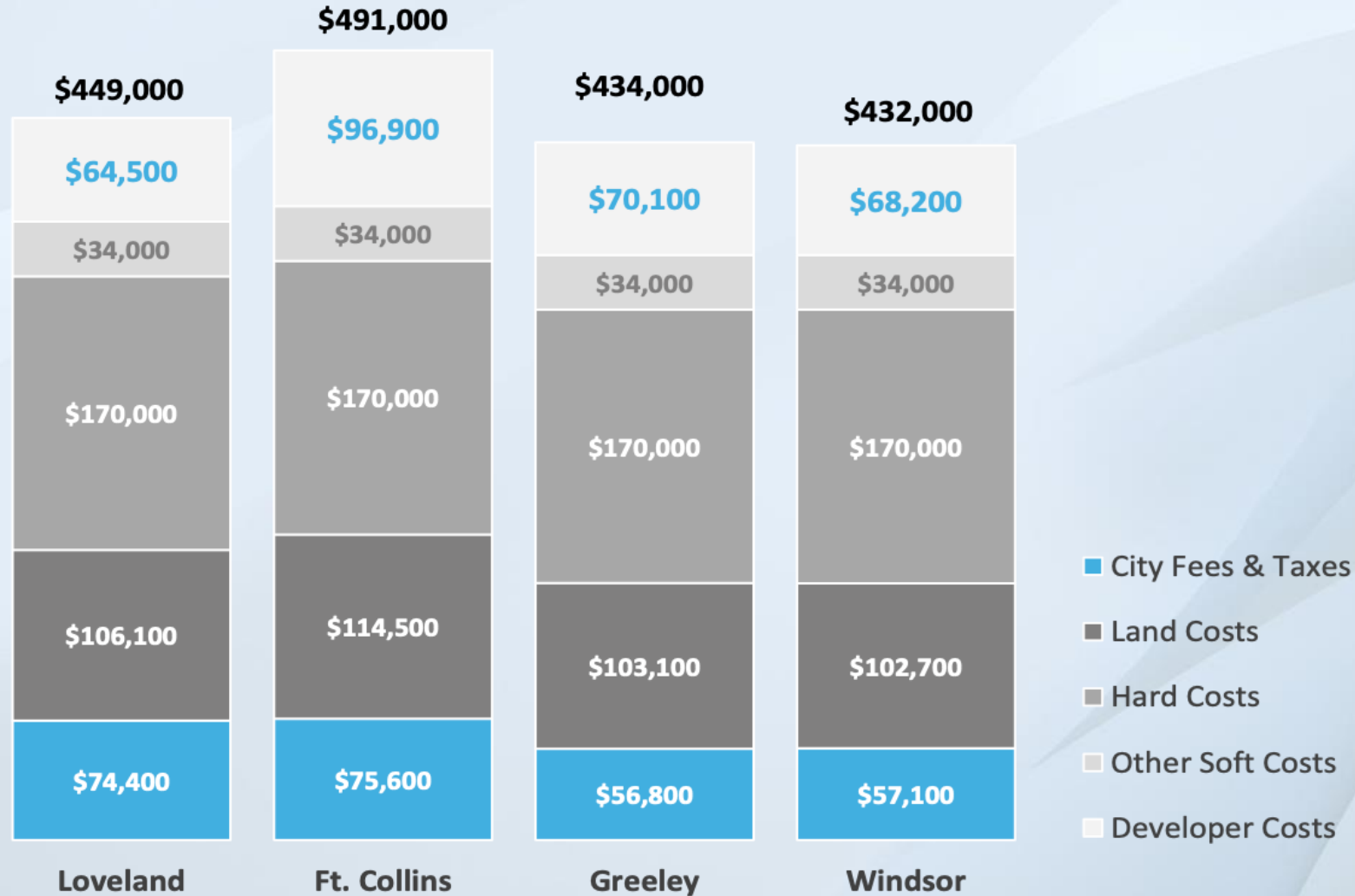
DEVELOPMENT COSTS – INFILL, SFD



Source: Economic & Planning Systems

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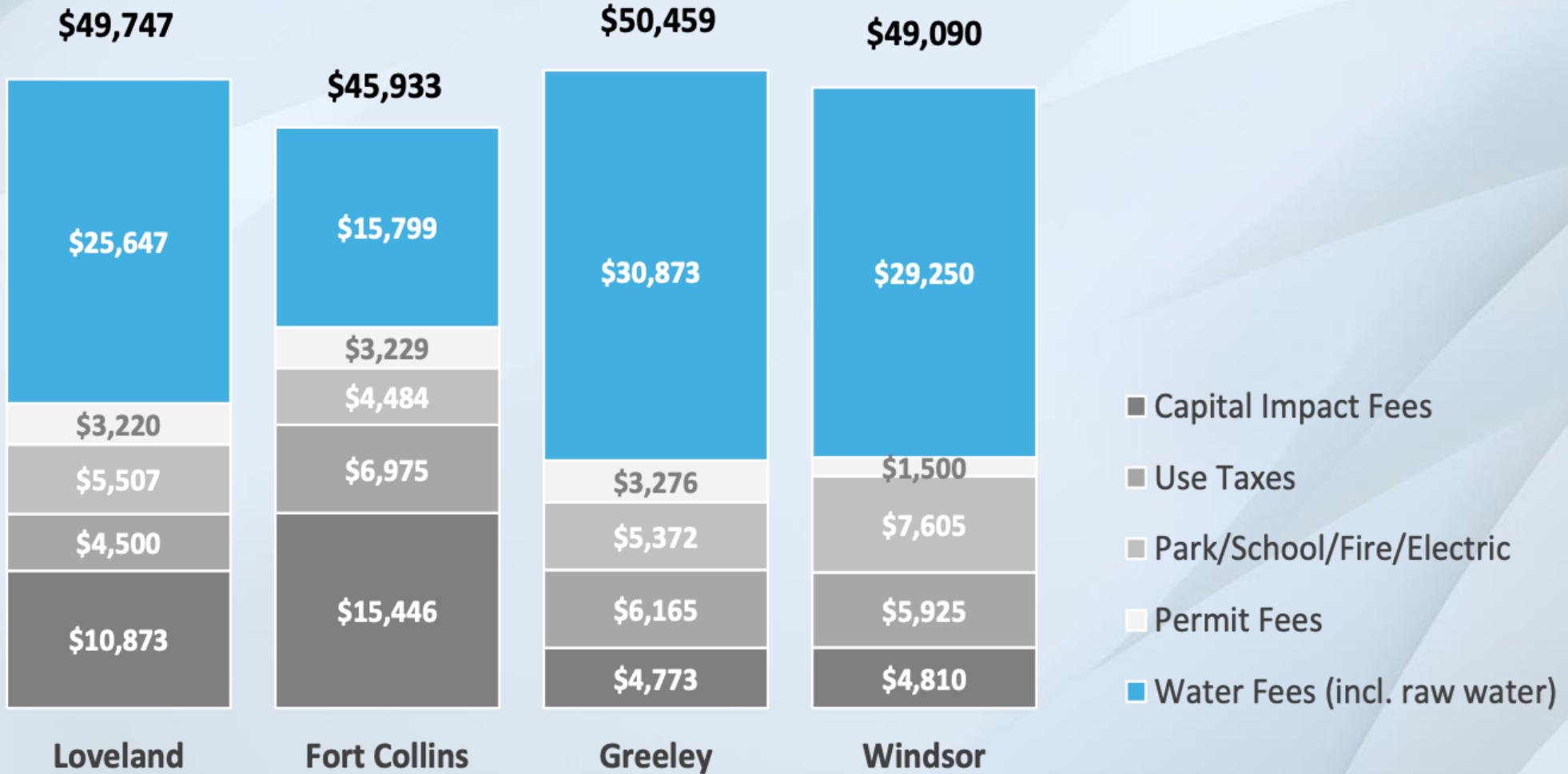
DEVELOPMENT COSTS – GREENFIELD, SFD



Source: Economic & Planning Systems

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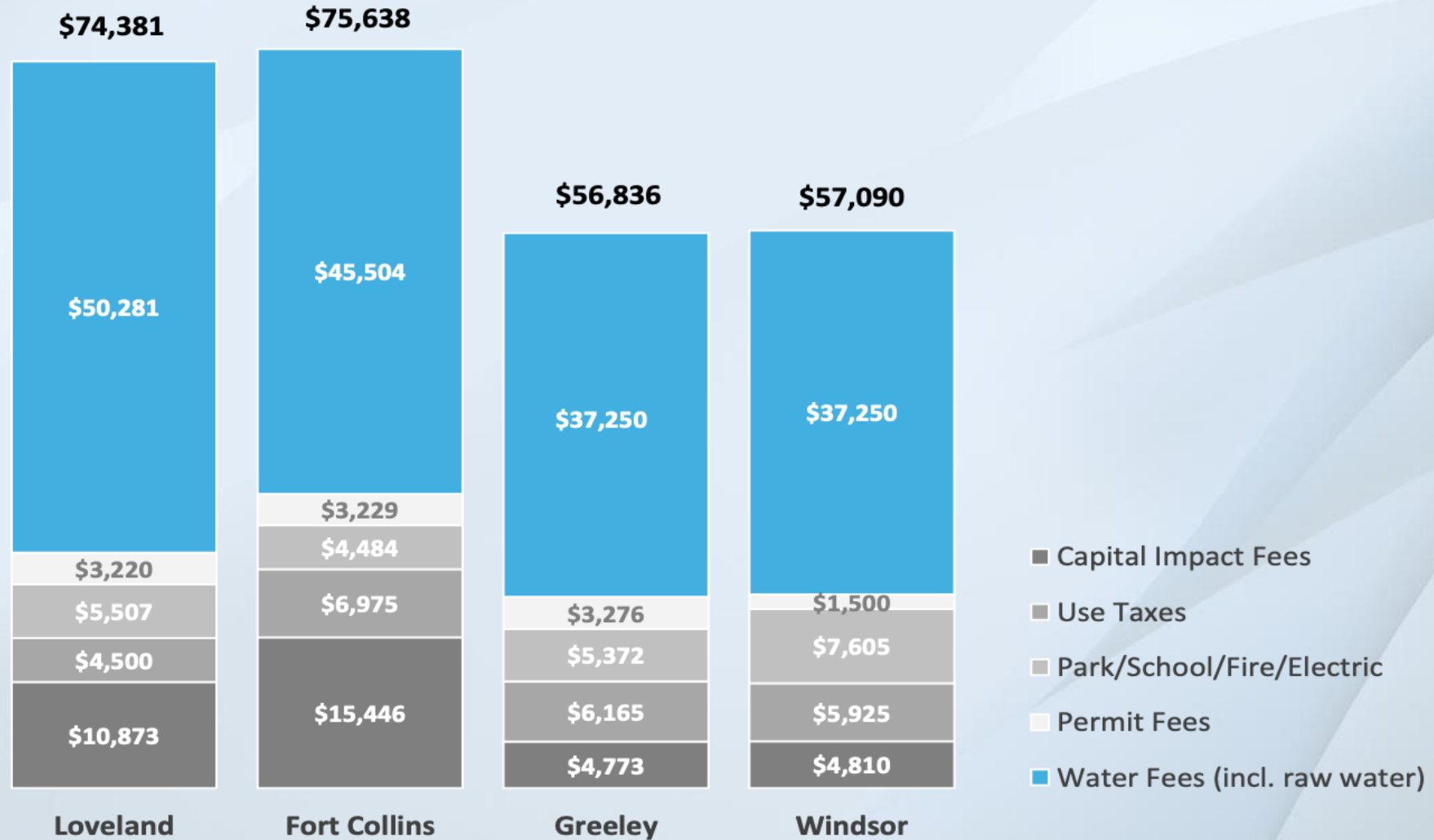
CITY FEES AND TAXES – INFILL, SFD



Source: Economic & Planning Systems

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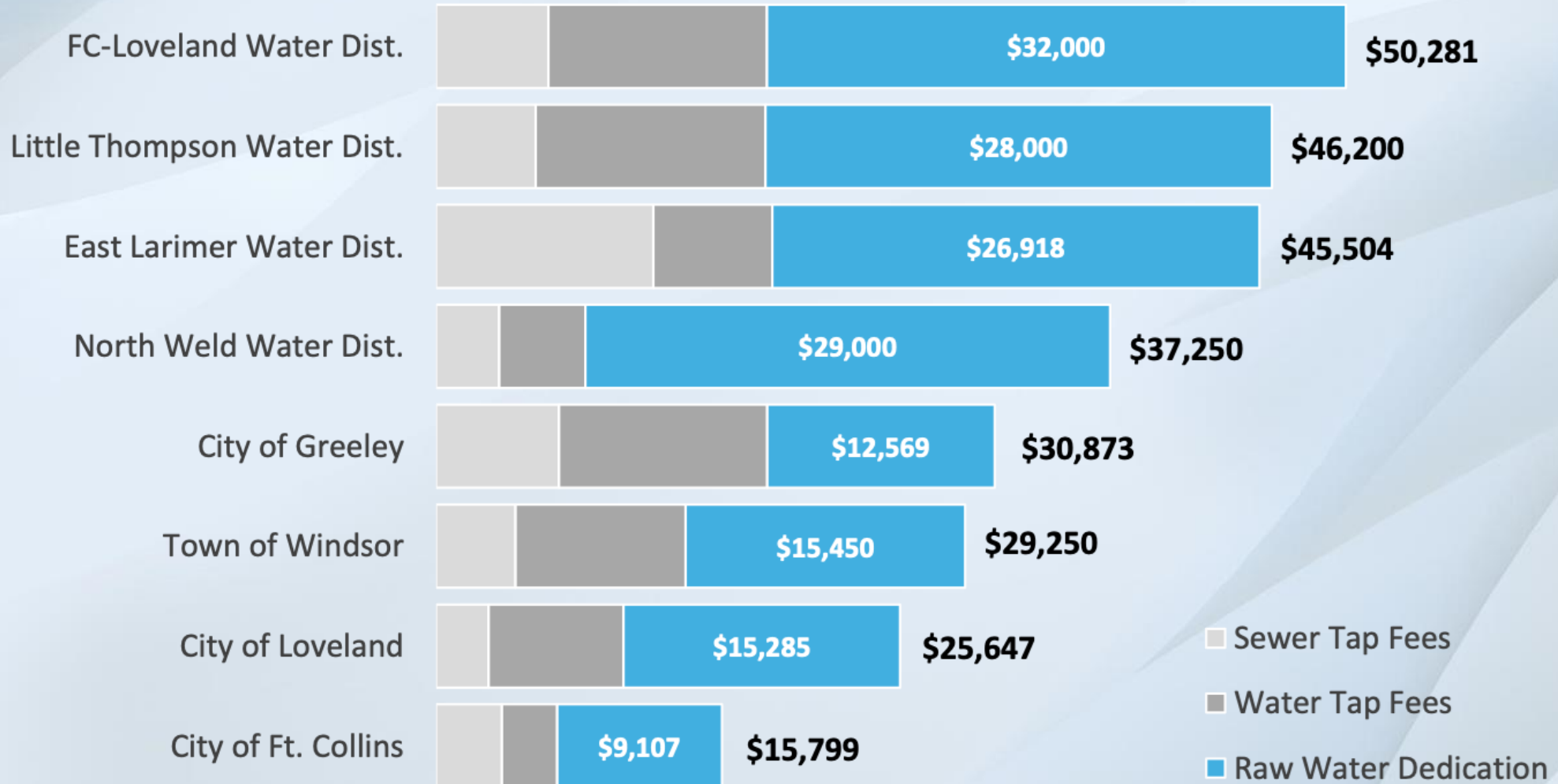
CITY FEES AND TAXES – GREENFIELD, SFD



Source: Economic & Planning Systems

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WATER COSTS BY DISTRICT



Source: Economic & Planning Systems

Z:\Shared\Projects\DEN\203010-Loveland Affordable Housing Task Force\Data\[203010-Development Costs.xlsx]Water District Costs-SFD

What the community says...

In a community town hall conducted on November 18, 2021, 75 members of the community attended to share their thoughts on the challenges facing our community around affordable housing.

Overall feeling and feedback:

Even with current measures, affordable housing is still unattainable for many in our community because of what is considered affordable and because of the current inventory of affordable homes.

While the housing inventory in Loveland is difficult for all income levels, Loveland is particularly lacking...

- Affordable smaller homes with 1-2 bedrooms.
- Affordable non-single-family homes including duplexes, townhouses, apartments, condominiums, mobile homes, mixed-use buildings, and other multi-unit residential developments.
- Homes for residents making minimum wage or living on fixed incomes, including seniors and single residents.

What the community says it needs...

The City could make it easier to build affordable homes in Loveland by

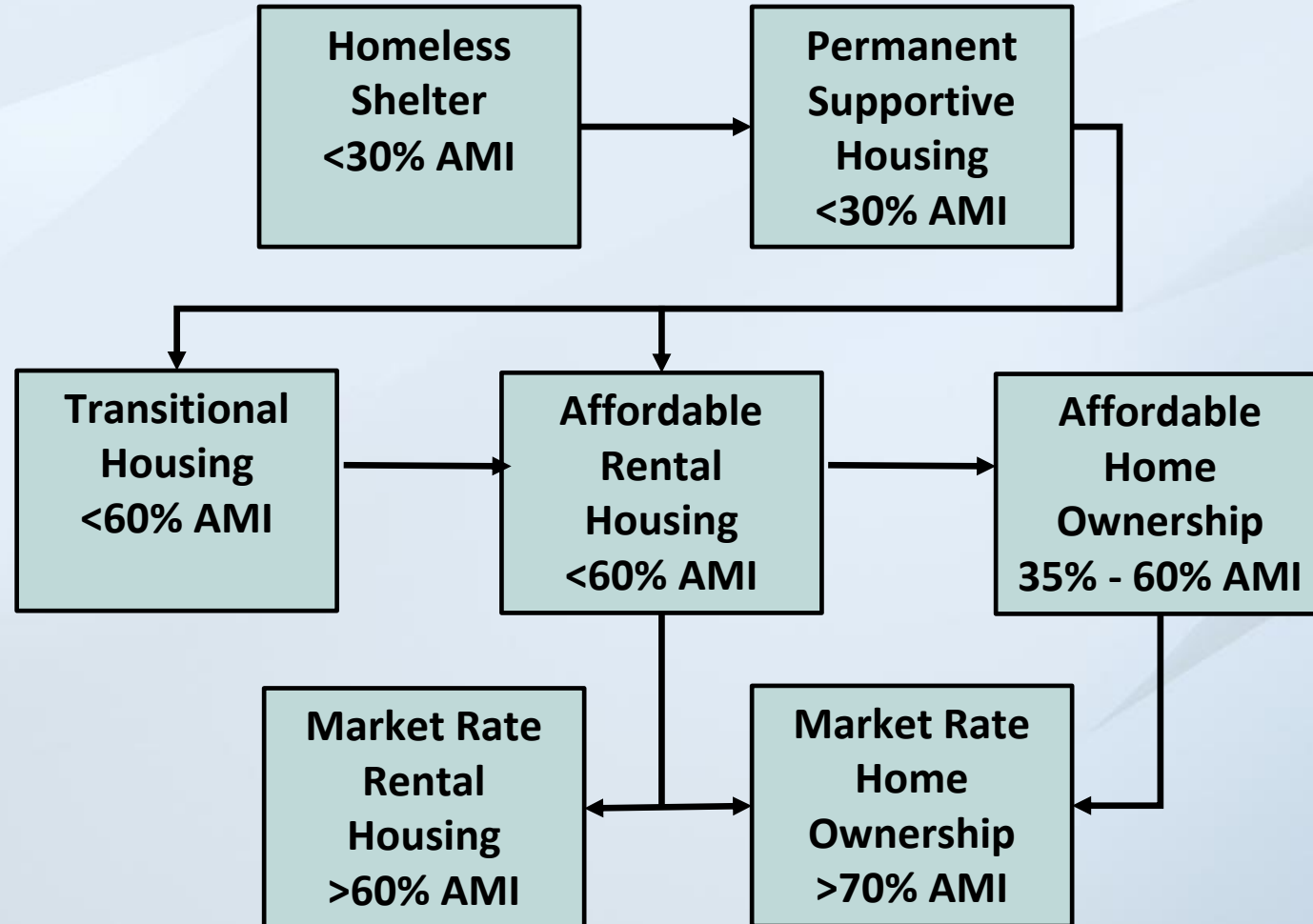
- Supporting an equitable housing market through re-zoning decisions such as PUD's, which increase diverse housing options for all income levels.
- Financial assistance: offering incentives to developers and Habitat for Humanity, offering subsidies/rebates to current landlords and first-time homebuyers purchasing older homes, and waiving building fees.
- Public/Private Partnerships with developers and landowners who are supportive of affordable housing.
- Quick and efficient project review/approvals and ensuring all codes support affordable housing in various ways (e.g. accessory dwelling units).
- Doing more to educate the public on home-buying resources and processes, especially for first-time home-buyers.

What the community says it needs...

There is a wide gap between what is considered affordable and what residents actually find affordable. \$1,400 average rent is out of the question for low-income residents, and \$1,124 is too expensive for minimum-wage workers.

Challenges to increasing affordable housing inventory through building include the rising cost of building materials and water; willingness of developers, contractors and workers to agree to make less money to support affordable housing projects; land to build on; and aversion to increased housing density.

Continuum Of Housing



Who Is Addressing Affordable Housing?

Key Players

- The Loveland Housing Authority
 - Rental units 60% AMI and below
- Habitat for Humanity
 - Homeownership 35-69.9% AMI
- The City of Loveland
 - Currently up to 70% AMI
- The local Private Sector
 - Primarily 70% AMI and above, but virtually impossible until up to 100-120% AMI

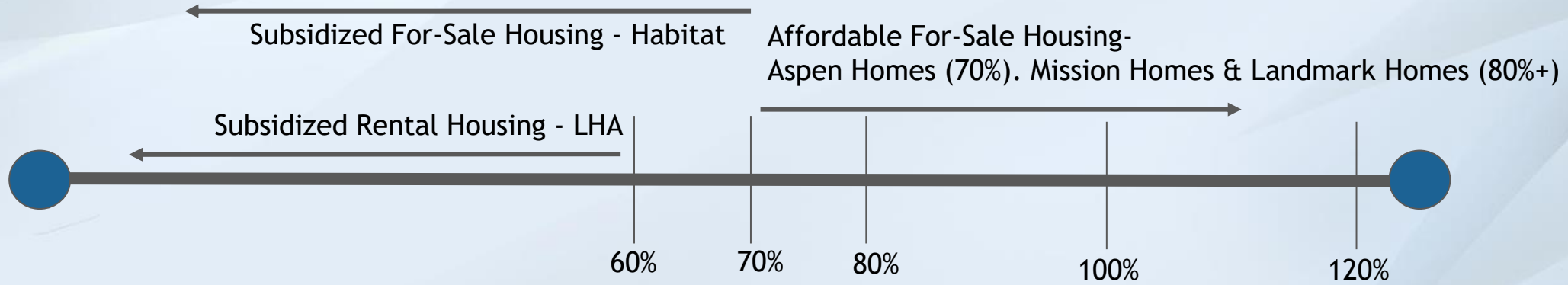
BUT THERE NEEDS TO BE MORE... WE ARE STILL SHORT THOUSANDS OF AFFORDABLE FOR-SALE AND RENTAL UNITS IN LOVELAND



Housing Spectrum

Homelessness

Home Ownership





Serving Loveland since 1971
Mission Statement:
To provide low and moderate income residents of Loveland with opportunities for home and community through housing.

- **Quasi-Governmental nonprofit agency:** Not a government agency, but uses federal and state programs to address community housing needs.
- **Core business**
 - 30% AMI - 60% AMI rental properties
 - Administration of Federal and State Section 8 Housing Choice Vouchers
 - Administration of home-repair program to preserve existing housing



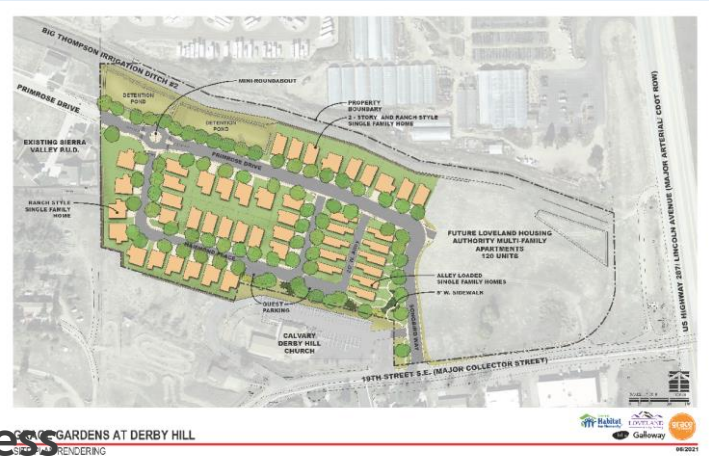
The Edge



Mirasol Senior Facility



ArtSpace Lofts



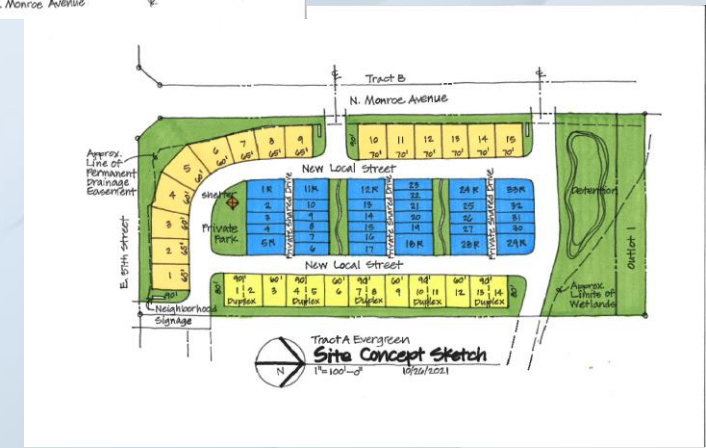
Grace Gardens: 47 affordable home ownership lots to be completed in early 2022

With strategic partnerships, working to address current community housing needs beyond core mission:

- Leading Loveland Affordable Housing Task Force to study current housing needs and propose initiatives.
- Assisting Archdiocesan Housing to create 54 supportive housing units for homeless persons.
- In partnership with Loveland Habitat for Humanity, providing 35%-69% AMI home ownership opportunities with development of 47 home lots at Grace Gardens.
- Pursuing additional opportunities to develop single-family home lots to enable creation of 35%-120% AMI home ownership opportunities.



Proposed Evergreen Site: Affordable apartments and home ownership lots serving 35% AMI – 120% AMI households





Serving Loveland since 1987:
We offer affordable home ownership options to individuals and families who: live or work in Loveland, are willing to partner with us, and demonstrate a need for housing.

- For an individual, this equates to an annual income of \$33,565 - \$50,683. For a family of 3, this is an annual of income of \$33,565 - \$63,353.
- Our 18-22 month program offers a no-interest mortgage loan, which requires homeowners to contribute 250 hours of sweat equity per adult, a monthly savings plan, and attendance of 40 hours of education classes.
- Education courses include learning financial tools and best practices for homeowners.



Sierra Valley Habitat Neighborhood



Impact Development Fund

Your Place • Our Passion

Consumer Lending

1st Mortgage Financing
Down Payment Assistance
Energy Efficiency Loans
Repair Loans
Historic Preservation

Loan Fund Administration

Single-family and multi-family
Rental and homeownership
Direct to Developer
Direct to Consumer

Program Administration

50+ programs statewide

Commercial Lending

Acquisition
Pre-Development
Rehabilitation
Construction
Mini-Perm

Impact Development Builders

In-fill SFR Development
SFR Acquisition & Rehab
8 units on 4th Street, Loveland
44 units in Ft. Collins

Consulting & Technical Assistance

*Impact Development Fund
creates economic opportunity by
delivering flexible capital to strengthen
underserved Colorado communities.*



4th Street Duplexes, Loveland

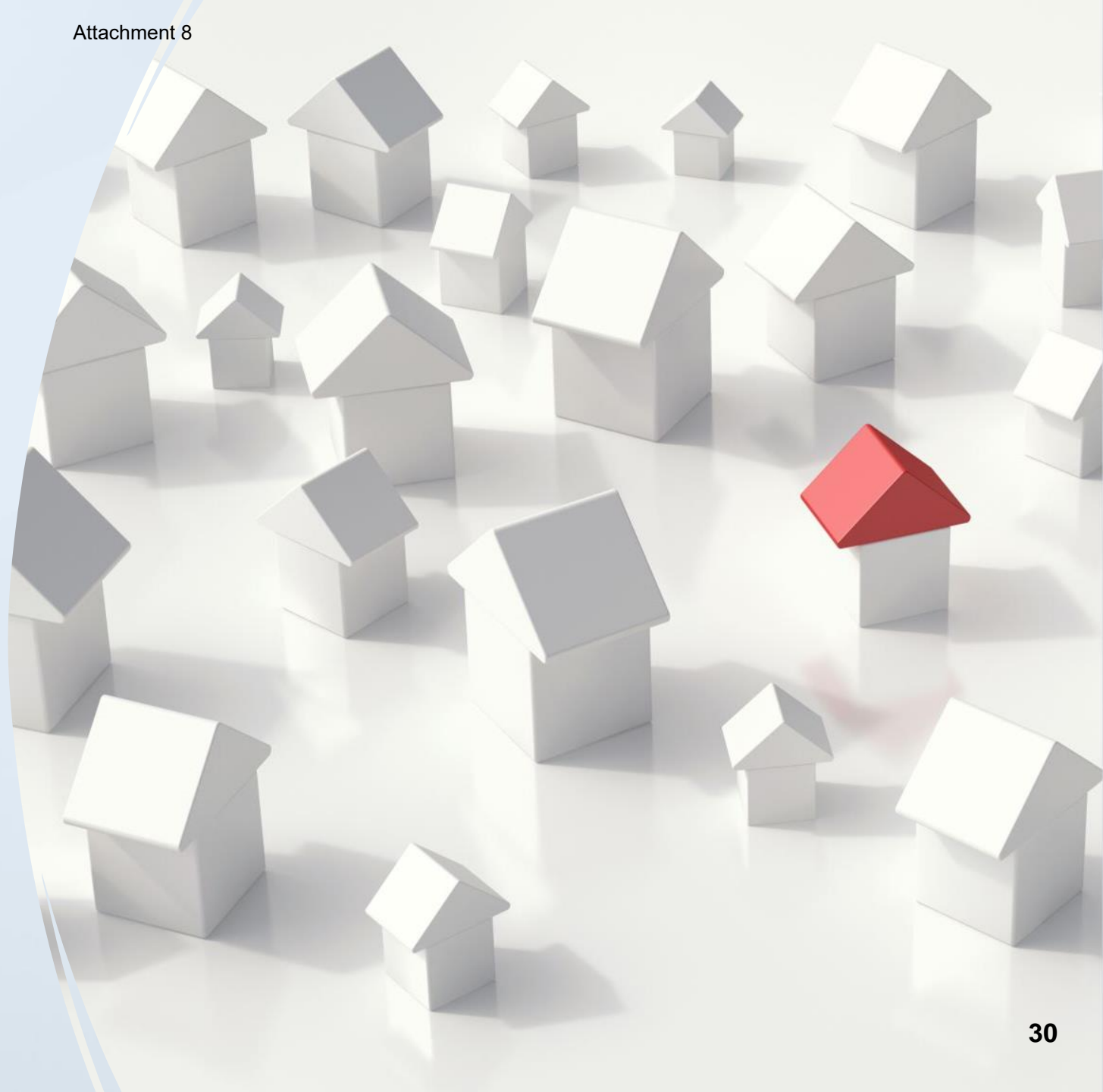
YTD 2022 ...

- \$45M in outstanding affordable housing loan portfolio
- Awarded \$10M AHIF capital request from Division of Housing
- Request of \$10M in Capital Magnet Funds from CDFI
- Pursuing partnership with Elevation Community Land Trust for long term affordable housing options at 80% or less AMI.
- Pursuing additional opportunities to develop single family homes for 80%-120% AMI home ownership opportunities.



The Impact Sector: What the Private Sector is doing in Loveland

The impact the private sector has on housing is crucial. More than 95% of all housing in Loveland. Without persistence, innovation, and willingness to build better, there is no chance of overcoming the “Missing Middle” housing crisis we are currently experiencing both nationally and here in Loveland.



Graph shows overall construction value break down between private and public construction annually.
(includes all municipality, commercial and residential construction)



Loveland's Private Sector

Fortunately for Loveland, we have local businesses persisting in doing their part to take on the affordable housing crisis. Below are a few examples of these innovative companies and their unique approaches to affordable living opportunities for our community. Listed are examples from three sectors in the private market, developers, builders, and the financial sector.



Project-Kinston

This newly designed neighborhood uses the concept of higher density and smaller lots to offer a wide variety of home options. To achieve more options, McWhinney designed smaller side yard setbacks, “pull apart townhomes,” cluster SFD on common private driveways, and more options for attached products including duplexes, townhomes, and condos.

Benefits - more units per acre, greater ability to support amenities (parks, schools, trails, retail, and employers), and fewer people per household. Also, smaller lots and households need less water.

Specific Challenges - high cost of building permit fees, utility service redesign acceptance including reduced easement widths and service from alleys and open space, alley design related to wide widths desired by fire and trash, and flexibility with requirements related to street tree spacing and front yard landscaping



Ways ANB Supports the “Missing Middle”

- ANB’s Home Advantage Mortgage Program provides home mortgages up to 90% loan-to-value/90% loan-to-cost without requiring private mortgage insurance for borrowers who make 80% Area Median Income or less, OR who live in a low-to-moderate income census tract.
- ANB’s Home Advantage Mobile Home Loan Program provides mobile home financing up to 90% LTV/90% loan-to-cost for new homes, OR up to 80% LTV/80% LTC for used homes at interest rates comparable to traditional mortgages. Consumer mobile home loans under this program are for borrowers who make 80% Area Median Income or less OR live in a low-to-moderate income census tract.
- ANB provides portfolio long-term financing options for resident-owned mobile home communities.
- ANB provides long-term and development financing for Housing Authorities and non-profit affordable housing organizations.

Builders



Founded in 2017, Berthoud-based homebuilder Mission Homes Colorado builds high-quality modest-sized 900-1,200 sq. ft. workforce cottages. To date, 70 homes have closed with an average sales price in the high \$200's, with another 18 currently under contract and under construction.

“We are providing an option for people in the 70-100% AMI range. Homes are sold at market prices without subsidy, primarily using conventional mortgages. At Mission Homes, we are dedicated to filling the gap in housing affordability which has been called the ‘Missing Middle.’”

Builders

ASPEN HOMES
OF COLORADO, INC.

Family-owned builder that is partnering with the City of Loveland pilot program to provide affordable new homes for over 10 years.

Core Business

- Providing affordable homes at 70% AMI and below with City partnership at Wilson Commons.
- Providing energy-efficient new homes.
- Providing attainably-priced new homes in Northern Colorado communities.





COMMUNITY HOUSING
DEVELOPMENT FUND: City of
Loveland funds dedicated to
partners creating affordable
housing options for
Loveland Residents.

Completed Projects

	COMPANY	TYPE	# of HOMES	INCENTIVE
2021	Loveland Housing Authority: Brookstone	Rehabilitation multi-family	72	\$ 161,122
	Habitat for Humanity	New single-family	7	\$ 198,610
	Aspen Homes	New single-family	6	\$ 368,195
2020	Habitat for Humanity	New single-family	6	\$ 170,001
2019	Loveland housing Authority: Edge II	New multi-family	69	\$1,196,102
	Habitat for Humanity	New single-family	7	\$ 190,599
2018	Loveland Housing Authority: Meadows	Rehabilitation multi-family	60	\$ 97,575
	Loveland Housing Authority: Green House H	New skilled nursing	10	\$ 257,416
	Loveland Housing Authority: Mirasol	New multi-family	60	\$ 930,472
	Habitat for Humanity	New single-family	6	\$ 162,526
		TOTALS	303	\$3,732,618



**COMMUNITY HOUSING
DEVELOPMENT FUND:**
City of Loveland funds are
dedicated to partners creating
affordable housing options for
Loveland residents.

FUTURE PROJECTS

	COMPANY	TYPE	# of HOMES	~ Incentive
2022	Archdiocesan Housing	New multi-family	54	\$ 460,000
	Loveland Housing Authority: Grace Gardens	Infrastructure		\$ 250,000
	Habitat for Humanity	New single-family	7	\$ 87,258
2023	Loveland Housing Authority: Edge III	New single-family	66	\$ 475,000
	Habitat for Humanity	New single-family	7	\$ 88,000
2024	Loveland Housing Authority: Grace Gardens	New multi-family	60	\$ 495,000
	Habitat for Humanity	New single-family	7	\$ 96,800
		TOTALS	201	\$1,952,058

Loveland Unified Development Code (UDC)

Affordable Housing Incentives Adopted 2019

- Expedited review for designated affordable housing projects
- Administrative variance approval for setback and bulk standards up to 20%
- Complete Neighborhoods increase the density and diversity of housing units
- Corridor Overlay allows for higher density, increased height, and reduced setbacks
- Added Micro-homes (up to 600 sq ft) and cottages (up to 1,000 sq ft)
- Reduced Community Expansion Fee (CEF's) 50% for Micro-homes and Cottages
- Five new small-lot single-family lot sizes between 3,500 – 7,000 sq ft
- Nineteen types of detached and attached housing types in Housing Palette

Loveland Unified Development Code (UDC)

Affordable Housing Incentives Adopted 2019 (cont.)

- Accessory dwelling units increased in size (up to 900 sq ft)
- Planned Unit Development (PUD) process has been streamlined
- Subdivision plats approved administratively
- Design standards such as landscaping are now flexible
- Water-wise landscape requirements and hydrozone incentives
- All Site Development Plans are reviewed and approved administratively
- Allows micro-homes in manufactured home parks
- Housing cluster development for micro-homes and cottages

Loveland Policy Changes

Adopted & Underway

Attachment 8

Adopted:

- Accessory dwelling units not charged CEF's
- Separate water and sewer taps are not required for accessory dwelling units
- Reduction in residential water right dedication based upon the type of housing unit
- Water rights can be purchased at building permits rather than subdivision plat
- Water right dedication reduction by 33% (\$20,000/unit)

Underway:

Reduce easements and right-of-way for utilities and services for small lots

Flexibility for utility location based upon product type and subdivision layout

Recommendation #1

Zoning, Fees, and Codes

Impact: Market rate and Rental Units

- Expand single family zoning, (don't eliminate single family homes) - anything to encourage density; building must go up; stop focusing on single-family development
 - Continue to focus on complete neighborhoods; increase density and diversity of housing units
 - Corridor Overlay allows higher density, increased height, reduced setbacks
- Create a Tiered Fee Structure to ensure smaller units aren't paying more than their fair share - especially on units intended for 80-120% AMI home ownership.
- Looking at how ADUs can help and fees associated with them.
- Partner with the private sector and start a proactive process looking to future parcels to anticipate how we can create affordable units on parcels yet to be developed (both greenfield and infill)
- Contract with a third party to fill gaps in development department to expedite projects through planning.

Recommendation #2

AMI determinations for Affordable Units

Impact: For Sale and Rental

To allow for more flexibility and options to tackle this challenge, the City of Loveland should change its affordable designation to

- 30%-70% AMI Rental
- 35-80% AMI for Habitat
- 80%-120% AMI Homeownership

This would allow all organizations to be more flexible in the housing space and accommodate their needs.

Recommendation #3

Market Rate Housing Fund

What: Address the loss of inventory of homes affordable to households with incomes of 80%-120% AMI

How: Create a financial tool to reduce the mortgage amount of a market rate home, to make it affordable to 80%-120% AMI households. This tool will be in the form of down-payment assistance carried in the financing as a second mortgage.

- Maximum assistance = \$75,000 per household
- Assistance will be a loan with a subordinate lien recorded on the property
- Loan repayments will be returned to the fund for redistribution
- Program will be operated either by City of Loveland, IDF, or other independent entity
- Request from City of Loveland: \$10M to convert 133 market-rate homes to affordable

Recommendation #3

Market Rate Housing Fund: Structure Options

Capital Structure: \$2M equity tranches per year for five years. Equity from the City can be leveraged with philanthropic and bank investment for additional growth.

Loan Structure: Subordinate lien on single-family attached and detached residential units.

Options:

- Monthly payments with below market interest rates to facilitate revolving funds
- Deferred payment Equity Share, due on sale or refinance
- Deed restriction: Resale restriction vs. recapture
- Participation from local employers for added workforce benefit

Recommendation #4

Attachment 8

Land Bank

Impact: For-Sale and potential rental

Start a Loveland Land Bank

- Seeded by land from the City, faith community, and private citizens, as well as land purchased through state grants
- Managed by the Loveland Housing Authority
- 100% Affordable - per changed city AMI for rental units, target 80-120% AMI for home ownership
- Home ownership - financing mechanism to keep affordability (third-party lender for the entire project). Lenders have the first right of refusal - proportional equity share based on incentives that went into the property. Soft second opposed to deed restrictions.
- Potentially housed at the Community Foundation of Northern Colorado to leverage them as a community asset
- Water bank too?

Additional Community Leadership & Partnership Opportunities

- Look at creative partnerships, funding/leveraging outside funding, and adaptable planning and codes to reward and incentivize affordable projects and create internal city pathways to ensure those units go online more quickly.
- Maintain the housing task force as a source for private sector and community input on robust housing policy.
- The City of Loveland should look at ways to restore the Community Housing Development Fund through a few ways:
 - Reallocate extra tax dollars from new revenue sources, or tax dollars from the use tax that is well over projected numbers
 - Dedicated sales tax for Affordable Housing?
 - Modifications of CEFs

This is just the beginning of the conversation. We look forward to partnership from the City of Loveland, the private sector, private individuals and philanthropic efforts, the faith community, and the non-profit community to make these big ideas happen for Loveland.

Questions?