

HOUSING, NEIGHBORHOOD SERVICES & REDEVELOPMENT POLICY COMMITTEE

December 1, 2022

Members Present: *Council Member, Chair Crystal Murillo*
Council Member, Juan Marcano

Others Present: Mattye Sisk, Adrian Botham, Tim Joyce, Jacquelyn Bayard, Andrew Rael-Trujillo, Courtney Tassin, Angela Garcia, Emma Knight, Jeannine Rustad, Dayna Ashley-Oehm, Sandra Youngman, Scott Campbell, Alicia Montoya, Roberto Venegas, Emily Fuller, Andrea Amonick, Jessica Prosser, Rachel Allen, Jennifer Orozco, Mindy Parnes, Craig Maraschky, Augusta Allen, Daniel Brotzman, Brandon Cammarata, Daniel Money, Saadia Aurakzai-Foster, Rochelle Nadeau (attendee)

WELCOME AND INTRODUCTIONS

Council Member Murillo welcomes everyone to the meeting.

MINUTES

November 2, 2022 minutes are approved.

ANNOUNCEMENTS

Emma Knight, Manager of Homeless Programs, announces that the point-in-time volunteer portal is open for sign-ups. The 2023 Point-in-Time count will be on Tuesday, January 31st. The information session will be held on December 6 at 6:30 PM.

NEW ITEMS

Aurora Mobile Response Team Update

Summary of Issue and Discussion

Courtney Tassin presents this item. The Aurora Mobile Response Team (AMRT) is composed of a licensed mental health professional from Aurora Mental Health Center and a paramedic or EMT from Falck Rocky Mountain. The team operates from Wednesday through Saturday from 8 AM to 6 PM in West Aurora and expanded its services to Northwest Aurora. AMRT responds to low-intensity, active mental health calls, through Aurora Dispatch. They are trained to triage calls that come through and are self-dispatching. Operations began on September 8, 2021. Since then, there have been 507 calls for service with 29 Emergency Room (ER) diversions. These ER diversions are due to the team de-escalating situations, providing crisis intervention and safety planning, or utilizing a lower level of care which resulted in \$118,000 of cost savings. There were 0 calls where APD was called emergent to the scene. However, APD requested the team 108 times, which led to a cost reallocation of alleviating APD to \$24,000. The most common calls are welfare checks, suicidal parties, and post-contact follow-ups.

Aurora Dispatch created a code to add into call notes to track how many calls would have been appropriate for AMRT. 1,146 calls for service were identified. This number is believed to be higher due to a level of error that it relies on the dispatcher to put the information in. In November, Aurora was devastated by another shooting. During this, AMRT was requested to assist grieving children

and families while Victim Services were en route and APD focused on the criminal aspects of the situation.

Questions/Comments

CM Marcano asks if AMRT has reached out to healthcare providers to see if they would be willing to contribute to the program and expand its services to increase the number of ER diversions. Courtney says there have not been any formal conversations. However, internal conversations have been had regarding leveraging hospital partners for funds. She adds that the new vendor is with the hospital system and offers a match program which may significantly offset costs. CM Murillo commends the team's effectiveness and plans to share their success at her Town Hall.

Outcome – This item is informational only.

Aurora Housing Authority Update

Summary of Issue and Discussion

Dayna Ashley-Oehm with the Aurora Housing Authority (AHA) presents an update on the application of the Montgomery County Revolving Housing Production Loan Fund into Aurora. Montgomery County set out a production goal of 41,000 units over 10 years and partnered with their Housing Authority as the developer. There is \$50 million in bond funds and a \$3.4 million appropriation to create the Production Fund which provides the low-cost construction equity to be repaid at project stabilization. In Aurora, there is a goal produce 7,500 low-income units serving households below the \$25,000 annual household income, 6,000 units for higher earners, and another 956 units for new growth.

There are several projects in Aurora's development pipeline. In 2022, Liberty View will have 59 units of senior rental Veteran's housing with state plus 4% tax credit deal. Out of the \$20 million deal costs, \$11.9 million were covered by the tax credit equity. Also in 2022, Range View will produce 223 units for those between 30-70% AMI. In 2023, 100 units will be brought in by Walden 35 using the tax credit mechanism. The \$37 million deal uses \$16.5 million in tax credits to help bring equity and serve those lower incomes at 30-60% AMI. In 2024, Eagle Meadows, Jewell Apartments, and Peoria Crossing will provide over 246 units. Peoria Crossing is a tax credit deal. Of the \$30 million deal, almost \$15 million comes in the form of tax credit equity. Aurora Metro Senior Housing Project, which also uses tax credits, will provide 222 units. In 2025, there will be 40 permanent supportive housing units built in conjunction with Aurora Mental Health Center. From 2022 to 2024, AHA will overall provide 850 units with the tax credit program to meet the low-income goal of Aurora.

Montgomery County wanted to accelerate the housing development beyond tax credits, increase the density of developments, create a low-cost capital source to support housing development outside normal funding sources, and provide both affordable and market-rate units in one development. Montgomery County has made 200-plus-unit deals. Based on these, the funding mechanism would be bonds. The sale of bonds would capitalize on a housing production loan fund. Housing production loans would be awarded to developers such as AHA. When the project is stabilized, typically after a 5-year period, the fund would be recapitalized with proceeds from the deals.

For the 268-unit deal, in which 80 units are low-income, they are leveraged to a construction loan that makes up 84% of their overall financing. The housing production loan fund makes up another 12%. In this case, there is also owner equity of \$5 million. It is assumed that the evolution of the market rate can help offset the costs needed to repay the revolving loan fund. It is assumed that rents

will rise aggressively annually which will produce more equity in the deal by the time they need to recapitalize the loan fund. The financing, entitlements, construction, and lease-up periods for housing development take up to 4.5 years. Lower-income housing has faster lease-ups since there are not as many units and they are highly coveted. For 72 units in Colorado, 35% comes from federal credits, 34% comes from construction loans, and 15% from state credits. It is a much more complicated capital stack and is limited by the tax credit rounds available through CHFA. It would take 3.3 years to do a tax credit deal including the tax credits application, entitlements, construction, and lease-up.

The overall cost of the 268-unit deal in Montgomery was \$122 million with the perm debt at \$99 million, mezz debt which replaces the bond construction during construction financing at \$15 million, and equity of \$7 million. In this deal, they were able to borrow the perm debt at a lower interest rate under 5%. The Per Unit Per Annum (PUPA) expense to keep the units up and running is also rising. For affordable housing, the PUPA would be around \$7,000. In a market-rate structure, there are expectations regarding amenities that increase overall operating costs.

In Aurora, the typical rent for a 2BR apartment would be around \$2,000 at the market rate. Taking into account the rent structures in Colorado, 268 units, a 5% vacancy, PUPA of \$10,000, a \$3.4 million NOI, and a 5.5% mortgage rate, there would be \$62 million in debt. This is in comparison to the \$122 million deal of the same number of units in Montgomery County. If 80 units were to serve households at 50% AMI, the rent would be \$1,300 for those units. There will be a total mortgage of \$50 million. Deducting this from the \$122 million deal in Montgomery, Aurora could sell a \$72 million gap. If the 80 units were to serve 30% AMI, the gap grows further to \$82 million. The state of Colorado has a pilot program with the Middle-Income Housing Authority serving those in 80% to 120% AMI. They do not have any deals that can qualify. The current interest rate environment is not conducive to bond funding. Moreover, the repayment of the bond loan fund is contingent upon aggressive rent growth. With market-rate units embedded within low-income units, the overall rent value had to be deducted to feed the project and the market-rate rents were not achieved. Developers would then have to take the risk of a hefty debt on a deal that depends on the growth in rents to repay everything. There are also concerns about limited land sizes which limits the number of units for these deals. Currently, entitlements for these deals are growing from 15 months. Also, there is a question if tax credits are not used on these affordable deals, how will compliance be done to make sure that the 50% AMI units are actually serving the correct households? Given the interest rate environment, the gap growth is more significant which means that more equity is needed to make the deals work and meet affordability objectives.

Questions/Comments

CM Marcano mentions that Aurora has had market-rate developments with more units, including a wrapped garage, for less than 1/3 of the total figure shown. He asks where the discrepancy originates. He comments that if the information is true, then no department is feasible whether market rate or not. Dayna says AHA does not develop market rates. She mentions that a market rate deal looking to sell over 200 units valued the replacement costs at \$400,000 per unit. This is directly affected by the rising construction costs. Craig Maraschsky adds that the numbers presented include tap fees, construction, engineering, architecture, and other fees. CM Marcano states it would be helpful to dig into how the numbers were calculated. He adds that the PUPA seems very high per unit. He asks what those are typically spent on. Dayna answers that the number was taken from the Montgomery County example. She states that the PUPA is used for the salary of people onsite, those who work in maintenance, those who work in property management, and utility fees for common areas. She adds that material and salary costs continue to rise. She mentions that they are now seeing PUPA at \$7,000 per unit in the affordable portfolio.

CM Marcano agrees that land costs and parcels are a challenge. He highlights the importance of a strong partnership between the city and AHA. He mentions they recently acquired the first parcel for this specific purpose. He states that he needs to follow up with other individuals and circle back with AHA to discuss the findings. Craig says they could get CHFA in to talk with city staff and council members to explore the model and what can be done from a policy standpoint. He mentions that they can discuss putting more resources towards pure low-income instead of having some affordable units within higher-income units. CM Marcano emphasizes that his goal is to provide enough housing to actively compete with the private for-profit sector and drive their prices down. He adds that he wants to focus on where they have the largest housing deficits.

Outcome – This item is informational only.

Prairie Dog Relocation Ordinance

Summary of Issue and Discussion

Dan Money presents the Prairie Dog Relocation Ordinance patterned after Parker, Colorado's ordinance. This would require developers to relocate prairie dogs in a humane way. However, if they must be exterminated, the developers should ensure it is done through what the state deems the most humane way.

Questions/Comments

Jessica mentions that staff weren't sure HORNS was the appropriate policy committee for this ordinance. CM Marcano mentions that they had conversations regarding how the ordinance would impact development. The feedback received stated that it would fall in line with the existing development schedule and would not become burdensome. He explains that they wanted to bring this to HORNS to have conversations regarding how the ordinance would impact Animal Services in terms of facilitating or supervising. CM Murillo expounds that the intent of the ordinance is to relocate prairie dogs in the most humane way possible. However, based on past conversations, this may not be feasible. She requested to have more information as to which departments would be impacted by the ordinance and what considerations they might need before going to Study Session. Jessica says they have previously done some relocation from city-owned land through the Parks Department, but this is not in the purview of Animal Services. Augusta Allen adds that Animal Services only deal with domesticated animals, not wildlife. She explains that prairie dogs are referred to the Division of Wildlife through the state.

Jeannine Rustad stresses that the development community will not take action and expend money until they have gone through the development process. She mentions that Parker has a 30-day requirement and asks if there is any room between that and the proposed 6-month requirement. She further asks what documentation will be required from developers. CM Murillo comments that she hoped the conversation would be more thought through before it was brought forward. CM Marcano explains that the 6-month requirement came from conversations regarding what the typical development timeline looks like since they did not want this ordinance to be a hurdle. He says that he is open to changing this. He adds that it would have been more appropriate to present this item at the Parks Commission if PROS is the one that deals with the relocations. Jeannine mentions that based on the ordinance and discussions with Dan Money, it is the onus of the developer to relocate, not PROS.

Jessica explains that they had an employee out on medical leave, which delayed the discussion of the item. Based on previous discussions, PROS would only be working on city-owned land and city

open space. When staff met internally, they felt the onus would be on the developer and the city. She adds that they could create a regulatory authority and that the state has some regulatory authority over wildlife. Staff felt the item would be appropriate for the PED Committee given its impact on developers, but they wanted to at least introduce the item at HORNS given it was previously postponed. CM Murillo says the item is not ready to go to Study Session. She adds that she would be happy to meet with the team and asks when it would be feasible to have further discussions. Jeannine says they will coordinate schedules. She adds that they will send the item to the right place to address the relocation and regulation conversations. CM Murillo suggests discussing it before the end of the year or early January.

Outcome – This item requires further discussions and will not yet go to Study Session.

Chapter 94-107(a) Draft Ordinance Change Discussion and Fiscal Analysis

Summary of Issue and Discussion

CM Marcano and Sandra Youngman present this item. The ordinance aims to provide timely responses to noise complaints and share the load with APD. In 2020, there were 7,000 disturbing the peace and noise complaints. In 2021, there were over 9,000, and 6,000 from January to October 2022. Calls come in and are labeled as “Disturbing the Peace/Noise.” Upgraded APD radios needed by Code Enforcement Officers (CEO) to monitor and scan Dispatch calls would cost \$6,000 per piece. Current radios can only talk to Dispatch for communication, but do not allow scanning calls throughout the city. Updated computers would cost \$5,100 each to allow CEOs to listen to calls and drill down on the complaint. Two additional noise meters would also be needed. Training for radios, computers, noise meters, and self-defense equipment must also be done. The team would require two CEOs to do the noise meter readings and respond to noise complaints, and a supervisor to provide assistance. Officers have a \$27 average hourly rate, a \$47 time-and-a-half rate, and a \$63 double-time rate. Supervisors have a \$39 average hourly rate, a \$63 time-and-a-half rate, and an \$84 double-time rate. Equipment needed per officer would cost \$11,000. Code Enforcement receives 30 to 35% of complaints through Access Aurora. In the wintertime, the team does systematic housing inspections across all apartment complexes in Aurora.

Scenario 1: Dispatch to calls on weekdays. Two CEOs would monitor the MDC in their vehicle in addition to doing their other daily work. Two CEOs would then be dispatched to respond to noise complaints. If they determine there is a safety issue, they will have to call APD for assistance. The CEOs would also gather information, take noise meter readings, and conduct an investigation. If a summons is issued, they must prepare the court file and attend the trial. Calls for service are minimal from 8 AM to 4 PM from Mondays through Thursdays. However, there are more calls from Friday through Sunday.

Scenario 2: Weekend Response. Officers would be paid \$47 per hour for an 8-hour shift totaling around \$800 for two officers per weekend day. The team would also require a supervisor.

Scenario 3: Next-Day Response. Access Aurora sends complaints to the appropriate CEO. Two CEOs would respond to the reporting parties, obtain evidence, review, determine the violation, and determine the responsible party. If there is a violation, a summons and court files will be prepared. Code Enforcement also offers mediation services with \$5,000 in the budget and about \$100 per hour. The approximate time to complete it is 3 hours through Community Mediations Concepts (CMC) where all the information is referred to. However, all parties must be willing to participate in the

mediation process. This scenario also requires a CEO to respond, take statements, make contact, and complete the referral. CMC contacts the parties, explains the mediation process, works through the process, does a follow-up, and completes it after a minimum of 30 days. Outstanding issues will also be addressed by CMC. It is recommended to increase the mediation budget to \$10,000.

Questions/Comments

CM Marcano asks how effective the Mediation Approach was in the past and how well it is utilized. Sandra answers that Animal Services and Community Engagement have used it in the past, but it is not widely utilized and was used only 10 times in 2022. She adds that some parties may not be willing to follow through with the process. CM Marcano asks if this would be effective for noise complaints. Sandra says it's hard to say given that some people are unwilling to talk about issues and there are concerns about retaliation. She adds that people also have different thresholds of what noise affects them. Jessica says it would be a more effective response for chronic noise issues between neighbors, but it may not be as effective for those wanting immediate responses. Jessica mentions that noise complaints are projected to be 7,300 in 2022.

CM Marcano says he is interested in pursuing a pilot program. He asks if the upgraded radios and noise meters would still be decent investments or could be repurposed if they decide to not pursue the program after the pilot. Sandra says she thinks so, but will double-check. CM Marcano states that it would be good to take things off APD's plate and provide better and more immediate responses to residents. He asks if the equipment could be easily repurposed by other departments for other uses. Roberto Venegas says they could explore shared uses and reach out to other departments.

CM Marcano asks for the yearly staffing costs for the weekend response. Sandra responds that taking this on would stretch out Code Enforcement and they are still in the hiring process. CM Marcano says there would be FTEs incorporated in the cost in addition to the materials. Sandra asks if they would only calculate 8 AM to 4 PM rates, or after-hour rates considering there may be some safety issues for after-hours. CM Marcano requested both be presented.

Roberto suggests analyzing if the task could be done by staff in other departments who are trained or if they require other FTE with a different kind of training. He mentions that adding this to Code Enforcement would be challenging for their staff. CM Marcano says he is open to suggestions as to who will enforce the ordinance. Roberto says they can provide the cost calculations, but suggests having further conversations to explore other areas.

Outcome – This item is informational only. Staff is requested to provide further information on the fiscal impact of specific scenarios discussed.

MISCELLANEOUS MATTERS FOR CONSIDERATION

None.

Updates from Community Members

None.

Next meeting: TBD

Meeting Adjourned: 11:12 AM

APPROVED: *Crystal Murillo*
Crystal Murillo (Jan 19, 2023 05:28 MST)

01/19/2023

Committee Chair, Crystal Murillo