

HOUSING, NEIGHBORHOOD SERVICES & REDEVELOPMENT POLICY COMMITTEE

July 6, 2023

Members Present: *Council Member, Chair Crystal Murillo*
Council Member, Vice-Chair Juan Marcano
Council Member, Allison Coombs

Others Present: Mattye Sisk, Tim Joyce, Andrew Rael-Trujillo, Emma Knight, Sandra Youngman, Emily Fuller, Andrea Amonick, Jessica Prosser, Bianca Lopez, Joseph DeHerrera, Jeff Hancock, Sarah Carroll, Scott Campbell, Omar Lyle, Michael Bryant, Mindy Parnes, Jacquelyn Bayard, Daniel Krzyzanowski, Odie Anaya, Andrea Barnes, Jacquelyn Bayard, Bianey Castro, Jeannine Rustad, Roberto Venegas, Rachel Whipple, Andrea Wright, Jeff Hancock

WELCOME AND INTRODUCTIONS

CM Murillo welcomes everyone to the meeting.

MINUTES

March 2, 2023 minutes are approved.

May 4, 2023 minutes are approved.

ANNOUNCEMENTS

No announcements are made.

NEW ITEMS

2023 Neighborhood Improvement Grant Update

Summary of Issue and Discussion

Scott Campbell the Community Engagement Coordinator presents this item. The 2023 Neighborhood Improvement Grants program is in its second year. The City Council has allocated a total of \$60,000, with a maximum of \$5,000 per project from the General Fund. The program aims to enhance the appearance of Aurora neighborhoods while strengthening community ties and organizational networks. The four main goals of the program are to improve the physical condition of neighborhoods, boost neighborhood pride and identity, facilitate connections among neighbors and foster a strong sense of community, and encourage placemaking by introducing assets that promote community gatherings and positive experiences.

To promote community building, at least three residents from three separate households must actively participate in each improvement project. These residents must register as program coordinators. Projects with greater resident involvement tend to be more successful. The program also collaborates with business owners, neighborhood organizations, and residents in areas where neighborhood organizations do not exist.

Communication takes place with Code Enforcement Officers and city leaders to identify neighborhoods or places that can benefit from the grant. In terms of this year's program, there were 21 total applicants, representing a 31% increase compared to the previous year. Fourteen projects were awarded grants. The funding requested amounted to approximately \$91,000, marking a 32%

increase from the previous year. Awards were distributed across different wards, ensuring that at least one award was given in each ward.

Scott provides an overview of the specific groups and their project types for the Neighborhood Improvement Grants. The projects showcase a good variety this year. Some notable projects include a neighborhood marketplace, which has gained popularity, and the Business Arts and Culture Alliance from Ward I, which is installing artistic bike racks. Funding is also allocated for community events and dumpster days, where residents can dispose of bulky waste using roll-off dumpsters or compactor trucks. Landscaping projects are prevalent, and they are particularly beneficial as they collaborate with the water conservation team to incorporate xeric materials or water-wise materials into the community. The aim is to maximize the environmental benefits of these projects. Scott concludes by inviting questions from the audience.

Questions/Comments

CM Marcano expresses gratitude to Scott for the brief overview. However, he mentions receiving feedback from disappointed constituents whose utility box wrapping requests were not granted. He discussed with Interim City Manager Batchelor and observed that the difference between the total number of requests and the funded amount is relatively small compared to the city budget. He suggests the possibility of reallocating additional funding to accommodate all requests in the current round. He asks if any Deputy City Managers are present on the call and expresses his curiosity regarding whether the department has engaged in discussion with either the Deputy City Manager (DCM) or Interim City Manager (ICM) Batchelor regarding this matter. He mentions that Roberto is currently participating in the call.

Jessica Prosser, Director of Housing and Community Services, acknowledges that Roberto has not provided any input on the matter. She states that they have not received any information or message regarding the possibility of reallocating additional funding. She suggests that it might be feasible to proceed with additional agreements by going down the list of projects. She asks Scott if there were projects that were recommended for funding or if there were any projects that did not meet the criteria and would not be recommended for funding.

Scott responds to the previous question. He explains that the Review Committee scores the applications based on a numerical basis. They received a total of 22 applications, but one of them was incomplete and the group did not respond afterward. The remaining applications were ranked from best to worst according to the criteria. Scott suggests that if additional funding is available, they can continue going down the ranked list of projects until the allocated funding is fully utilized.

CM Marcano acknowledges the response and states that they are unsure if increasing the funding would require a Council decision or if it could be done administratively, considering the relatively small amount involved. He expresses their intention to follow up with Jason to explore the possibility further. He emphasizes that the residents who requested utility box wrapping were enthusiastic about the project. He concludes by expressing gratitude for the presentation.

CM Coombs comments and suggests a possible approach for future funding. She acknowledges the significance of dump days and how people rely on them. She proposes the idea of allocating dedicated funds for dump days in the budget, aiming to stretch the funding for various projects that residents are attempting to undertake. This approach could allow for a more equitable distribution of dump days across different geographic areas, rather than solely relying on neighborhood organizations that the city sponsors and supports.

Jessica requests CM Coombs to repeat their initial request, as they had difficulty hearing it. CM Coombs apologizes for the audio issue and restates her suggestion. She recommends allocating dedicated funds specifically for dump days to maximize the impact of the community improvement projects and ensure equitable coverage throughout the entire city.

Jessica acknowledges the suggestion and recalls previous discussions about waste-hauling efforts and including large items and bulky waste. She expresses gratitude for the clarification.

CM Murillo agrees with CM Coombs' suggestion. She notes that in the past, there used to be more regular investment in dump days, which later transitioned to a voucher system. She is uncertain about the voucher system's success but was unaware that trash hauling is now considered an eligible project for neighborhood beautification or improvement grants. CM Murillo expresses support for moving in that direction. She then inquires if anyone else has any additional thoughts or questions. Finally, she expresses her thanks to Scott for the presentation.

Outcome – The item is for information only.

Flex Fund Update Homeless Services

Summary of Issue and Discussion

Emily Fuller the Homeless Program Coordinator presents this item. She provides an update on the Flex Fund, comparing its usage this year to the previous year. The purpose of the Flex Fund is to remove financial barriers for households seeking or maintaining permanent housing in a high-cost, low-vacancy rental market. It assists those who do not qualify for other funding sources, aligning to prevent homelessness and reduce its occurrence. The funding for the Flex Fund comes from 2% of Recreational Marijuana Tax Revenue.

To apply for the Flex Fund, applicants are advised to work with a trained case manager who increases their chances of approval. Training sessions are conducted monthly typically on the first Monday, and the application period opens on the second Monday of each month. She mentions that the application for July will open on the 10th. She highlights the high demand for the Flex Fund, with funding typically being depleted within 24 hours. Many agencies depend on this fund to assist their clients. While it used to be more practical in the past, it has now become a race-like process to submit and approve applications due to the limited availability of funds.

In 2023, \$250,000 has been spent from the Flex Fund, with approximately 278 applications received and 113 approved out of a total of 166 submissions. Disapprovals often occur when applicants do not meet residency requirements, submit incomplete or incorrect applications, or when funding is depleted. Generally, there are limited non-compliant applications. In 2022, 466 applications were received, with 321 approved, amounting to over \$878,000 requested and just under \$600,000 spent. Regarding the types of assistance requested in 2023, the majority of applications were for security deposits and the first month's rent (70), followed by rental arrears on the current unit (56), relocation or family reunification (15), rental arrears on a past unit (10), utility assistance (5), one-time move-in costs (3), hotel or motel stays (2), and application fees (2). Some applicants request assistance in multiple categories.

It is worth noting that hotel or motel stays are only provided if the applicant has a lease agreement and temporary accommodation is needed between leases. Emergency hotel or motel stays are not funded unless there is a forthcoming permanent housing option.

Emily provides an overview of the agencies involved in the Flex Fund program and highlights their

significant number of trained case managers, totaling close to 200. It emphasizes the uniqueness of the program, as there are no similar funds offered by other cities or counties. The most frequent applicants come from organizations such as Aurora Housing Authority, Mile High Behavioral Health Care, Aurora Mental Health and Recovery, the Salvation Army, and AD Works! with the majority of funding being allocated among these organizations.

Emily highlights significant data points regarding the Flex Fund program. Out of the applications received this year, 81 were from single parents, accounting for slightly more than half of the total. Furthermore, 37 of these applicants were experiencing literal homelessness, and all 37 were successfully housed, which is considered a significant achievement. While a major portion of the funding is currently allocated to eviction prevention, it is gratifying to witness the program's positive impact in assisting individuals in transitioning off the streets and finding stable housing.

Monthly spending is explored, with the fund opening on the second Monday of each month and usually running out within the first 24 hours. The monthly budget is around \$40,000, with each application eligible for a maximum of \$4,000 based on their specific needs. The high demand for the fund underscores the reliance of many agencies on this unique funding opportunity. Additionally, she mentions other available funding in the general area, such as eviction prevention and rehousing funds in Arapahoe County, although they are not accessible to Aurora residents. The Metro Denver Homeless Initiative in Denver offers a fund similar to Aurora's, serving the entire metro area, including Adams County and Littleton.

She mentions that Community Solution has been awarded \$30,000 in funding for flex funding specifically for veterans experiencing homelessness in Aurora. The funding is intended to address needs that are not already covered by the VA or other agencies providing services to veterans, such as car repair payments, landlord incentives, and other barriers to housing. While the details are still being finalized, the hope is to utilize the funding within the next few weeks to provide further assistance to the veteran population.

Questions/Comments

CM Marcano expresses gratitude to Emily for the overview and raises a question regarding the agencies involved in assisting individuals with the Flex Fund application process. Specifically, she mentions the Colorado Economic Defense Project, which handles the state's rapid program and potentially the program of the city and county of Denver. She asks if this agency has been contacted or if they provide referrals in the past.

Emily responds to CM Marcano's question, stating that to her knowledge, the Colorado Economic Defense Project (CEDP) has not been contacted or involved in the Flex Fund program. However, she mentions that if there is interest from the agency, they would be open to providing training to them.

CM Marcano informs the team that they received a request from a constituent concerning a family at risk of homelessness. He explains that they have already submitted a Council request to the team regarding this matter but also referred the family to the CEDP. He expresses hope that the team is already in contact with CEDP and suggests exploring the possibility of working with them as well. He also comments on the high demand for the Flex Fund, noting that the allocated \$40,000 per month is quickly exhausted within 24 hours. This highlights the significant need for assistance and emphasizes the importance of taking further action to prevent homelessness. He expresses gratitude for the team's work and expresses a desire to secure additional resources to support their efforts.

Emily expresses gratitude to the Council Members and confirms that she will reach out to the mentioned agency. Emma Knight asks CM Marcano if they have any contacts at that agency and requests them to share the contacts if available. CM Marcano agrees to provide a couple of contacts. Emma acknowledges CM Marcano's assistance and mentions that the presentation will be shared with the rest of the Council during the Study Session, seeking confirmation from Jessica on the matter.

Jessica Prosser informs the Committee that there is interest from the Mayor and other Council Members regarding the topic discussed. She mentions that the information was initially presented to HORNS and the request from colleagues, conveyed through her, is to bring it to the Study Session for informational purposes.

CM Marcano agrees with the proposal mentioned in the previous part of the conversation. CM Murillo seeks confirmation from CM Coombs if she agrees or if she has any questions. However, CM Coombs may be experiencing technical difficulties, as no response is given.

CM Murillo concludes that there appears to be sufficient support to proceed with the discussed plan. However, they note that it would be beneficial to hear from CM Coombs once she is back online. CM Murillo suggests that CM Coombs could share their input by posting in the chat.

CM Murillo then confirms that CM Coombs supports moving the topic to a Study Session. CM Coombs affirms her support for the proposal.

Outcome – The Committee unanimously supports the request to move the item forward to Study Session.

Proposition 123 Affordable Housing Program Update

Summary of Issue and Discussion

Jeff Hancock, the Financial Supervisor with Community Development, introduces himself to CM Murillo and mentions that he will be delivering the presentation along with his colleague, Sarah Carroll. Jeff notes that Jessica has some initial comments to share before the presentation begins.

Jessica Prosser provides an overview of the timeline and developments related to Prop 123, starting with the resolution passed by the Council in January 2023 supporting it. The state provided preliminary information in mid-February, followed by additional details in the spring. Technical assistance meetings were held with the state, and legislation was drafted to clarify the implementation of Prop 123, but it did not pass. The issue at hand involves the comparison between un-deed-restricted units on the front end and deed-restricted units on the back end. Aurora has a higher proportion of naturally occurring affordable housing compared to some other communities in the metro area. While discussions with the state explored the possibility of comparing the number of deed-restricted units on the front end and tracking the creation of such units over three years, the state has not been favorable to this approach.

Jessica mentions that a letter was written jointly with other cities, such as Denver, Boulder, and Fort Collins, to the state, highlighting the lack of passed legislation and reiterating the challenges in calculations. The response received from the state indicated that they will proceed with the current framework and cannot make changes without legislation. As a result, developers have shown interest in moving forward with projects, and there are various funds available for developing housing at different income levels.

The strategy proposed at this point is to sign on and commit to unlocking the funding for the city to distribute and for developers. The funding is divided among the OEDIT, CHFA, and the Department of Housing. Collaboration with regional working groups will continue to address legislative changes for the next year to ensure more meaningful calculations. She mentions that the topic discussed should be presented to the full Council for an update. Additionally, the intention is to submit a commitment through an online application, which does not require a resolution from the Council. She then handed over the discussion to Jeff to provide further information.

Jeff begins by providing a summary of Proposition 123, explaining that it was passed in 2022 and allocates funds from one-tenth of 1% of the annual state income tax revenue for affordable housing. The allocated amount for 2023 is approximately \$145,000, increasing to around \$291,000 in 2024. The funds are distributed by the State's Department of Local Affairs and the Office of Economic Development and International Trade to communities that have opted into Proposition 123. The next step involves creating a baseline of existing affordable housing units in Aurora, which is currently being worked on. Jeff mentions that they plan to present the baseline number at a Study Session on July 24.

The city of Aurora must agree to increase the baseline number by 3% annually for the next three years to participate in the funding. The process of opting in requires providing data sources for the baseline number and describing the prioritized areas for potential future funding, such as high-density housing, mixed-income housing, environmental sustainability, and deconcentration of affordable housing. The city manager's approval is needed, and the opt-in will be submitted to the state online by the end of July, assuming no issues arise.

Sarah Carroll from Community Development continues the presentation on the existing population of deed-restricted units, the cost of building affordable housing, and the potential number of units that can be created through Proposition 123.

She provides an overview of the current status of deed-restricted housing units in Aurora. There are approximately 5,000 existing deed-restricted housing units, and there are an additional 2,102 units in the pipeline for creation between 2020 and 2023. The city of Aurora currently provides \$15,000 per unit as gap financing to create affordable housing. The state has given a current count of 34,401 units of affordable housing based on their count.

She mentions that David Paul Rosen & Associates is conducting a market study on adding more units and estimating the associated costs. Preliminary calculations indicate that to create the desired number of units (1,032 per year for three years), an additional \$137,620.75 per unit is needed, based on the average gap suggested by David Paul Rosen & Associates (\$152,620.75). This amounts to a total of \$142 million.

She presents new information stating that the inventory of affordable housing units in Aurora is currently at 56,000. Using an average cost per unit of \$137,620, the city would need to increase its inventory by 1,680 units per year, totaling \$231,000,202 or \$202,860 annually. She provides examples based on different types of construction and unit numbers, highlighting the significant financial investment required. She breaks down the calculations and emphasizes the substantial amount of funding needed to increase the inventory. She invites questions for further clarification.

Questions/Comments

CM Coombs asks a question about the requirement to meet the total number of units rather than targeting specific types of housing. Sarah confirms that the city needs to build 1,032 units per year

for the next three years to meet the total of 34,401 units. The focus is on finding the necessary gap financing to achieve this increase in units.

Jessica clarifies that the 1,000 units per year mentioned earlier need to be deed-restricted, which typically requires gap financing. She discusses how the city has provided gap financing in the past and that they have relied on additional funding sources like COVID relief funds, which will no longer be available. She mentions that Denver has similar numbers but highlights the challenges of increasing affordable housing units, including land availability, entitlement processes, financing, and tax credit procedures. She recommends signing on to create the 1,000 units per year as required by Prop 123 and then working with the legislature to refine the definitions of unit counts on the front end.

CM Coombs acknowledges the financial challenge of not having \$142 million available, even with the funds from Prop 123. She asks if there are ways to leverage the Prop 123 money to attract additional support and create a funding package that would be appealing to the Council. She suggests the possibility of other entities contributing a significant portion of the funds and collaborating on the project. CM Marcano requests CM Coombs to speak closer to the microphone due to audio issues.

CM Coombs expresses the desire to explore funding options beyond Prop 123 to avoid the Council bearing the majority of the costs. She proposes finding additional sources of funding to create a comprehensive funding package, acknowledging that the total amount may not reach \$142 million but aiming to distribute the financial burden more equitably among various sources.

Jessica explains that they would continue to utilize existing funding methods, including community investment financing and gap financing, alongside the funds unlocked from Prop 123. She mentions working with a consultant to explore additional dedicated funding options for affordable housing, which will be presented to the Council in the future. While acknowledging that there are no quick solutions, she emphasizes their obligation to leverage and distribute the Prop 123 funds effectively. She also notes that maximizing the number of units may require higher-density projects, which could limit other types of affordable housing options and deviate from the overall housing strategy.

CM Murillo asks if they can explore the potential availability of properties in the housing industry if there is a significant shift in the Airbnb market. She mentions seeing articles suggesting challenges for Airbnb in larger markets, including Colorado. She wonders if this could lead to properties becoming available for other uses. Jessica seeks clarification, asking if the question refers to whether properties converted to Airbnb would be included in the count for affordable housing units.

CM Murillo says no and suggests exploring the possibility of acquiring properties that were previously used for short-term rentals if there is a significant trend of such properties becoming available on the market. She mentions the potential for capturing these properties for the city's purposes. Jessica acknowledges the suggestion and expresses a willingness to explore ways to track the properties exiting the short-term rental market and consider licensing requirements. She mentions working with organizations like Elevations Land Trusts, which aim to proactively acquire properties from the regular market and impose deed restrictions for single-family use. She also assures cooperation with other groups in the city to assess the current landscape of short-term rentals.

CM Murillo confirms that there are no further questions or comments on the item. Jeff requests to move the information item to the Study Session for an update with the final baseline number and the intention to opt in. CM Murillo expresses her support for the proposal and asks for the opinions of CM Coombs and CM Marcano, who both express their support as well. CM Marcano also mentions

that some Aurora representatives are willing to collaborate with the staff on potential revisions in the future. Jessica and Sarah express their gratitude.

Outcome – The Committee unanimously supports the request to move the item forward to Study Session.

MISCELLANEOUS MATTERS FOR CONSIDERATION

None.

Updates from Community Members

None.

Next meeting: Thursday, August 3, 2023.

Meeting Adjourned: 10:48 a.m.

APPROVED: *Crystal Murillo*
Crystal Murillo (Aug 23, 2023 15:49 MDT)
Committee Chair, Crystal Murillo