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GRAND JUNCTION CITY COUNCIL
MONDAY, JULY 10, 2023
SPECIAL WORKSHOP, 6:00 PM
FIRE DEPARTMENT TRAINING ROOM AND VIRTUAL
625 UTE AVENUE

1. **Discussion Topics**

   a. Housing Strategies Update

2. **City Council Communication**

   An unstructured time for Councilmembers to discuss current matters, share ideas for possible future consideration by Council, and provide information from board & commission participation.

3. **Next Workshop Topics**

4. **Other Business**

What is the purpose of a Workshop?

The purpose of the Workshop is to facilitate City Council discussion through analyzing information, studying issues, and clarifying problems. The less formal setting of the Workshop promotes conversation regarding items and topics that may be considered at a future City Council meeting.

How can I provide my input about a topic on tonight's Workshop agenda?
Individuals wishing to provide input about Workshop topics can:

1. Send an email (addresses found here https://www.gjcity.org/313/City-Council) or call one or more members of City Council (970-244-1504);

2. Provide information to the City Manager (citymanager@gjcity.org) for dissemination to the City Council. If your information is submitted prior to 3 p.m. on the date of the Workshop, copies will be provided to Council that evening. Information provided after 3 p.m. will be disseminated the next business day.

3. Attend a Regular Council Meeting (generally held the 1st and 3rd Wednesdays of each month at 6 p.m. at City Hall) and provide comments during “Citizen Comments.”

Grand Junction City Council

Workshop Session

Item #1.a.

Meeting Date: July 10, 2023

Presented By: Ashley Chambers, Housing Manager

Department: Community Development

Submitted By: Ashley Chambers, Housing Manager

Information

SUBJECT:

Housing Strategies Update

EXECUTIVE SUMMARY:

Discussion on next steps for implementing various adopted strategies from the 2021 adopted Grand Junction Housing Strategy.

BACKGROUND OR DETAILED INFORMATION:

Staff has been collectively working with community housing partners, the housing and homeless coalitions, and Root Policy to advance the implementation of strategies as adopted in the Grand Junction Housing Strategy. Staff will provide a brief review of the work completed to date on various adopted Housing Strategies and include a more specific discussion focused on:

- Proposition 123
- Housing Strategy #5: Formalize Existing Incentives and Consider Additional Incentives for Affordable Housing Development.
- Housing Strategy #6: Allocate City-owned land for Affordable and Mixed-income Housing.
- Housing Strategy #12: Consider Adoption of a Voluntary Rental Registry Program in Conjunction with Landlord Incentives.

FISCAL IMPACT:

This item is for discussion only.

SUGGESTED ACTION:

Staff recommends City Council review the information and related recommendations, discuss, and provide direction to staff.

Attachments

1. Proposition 123
2. Housing Implementation Update
3. Strategy 5 Affordable Housing Incentive
4. Strategy #5 Affordable Housing Incentive from 11.22
5. Strategy #5 RES-Affordable Housing Production Incentive REDLINE
6. Strategy #5 LDG Public Comment
7. Strategy #5 Chamber Board Public Comment
8. Strategy 6 - Allocate City Owned Land For Affordable and Mixed-Income Housing
9. 99 Year Lease
10. 99 year lease Original Staff Report 08.22
11. Original ORD-Charter 124 amend to 99 years for affordable housing 080922
12. Strategy 12 - Voluntary Rental Registry & Landlord Incentive

Proposition 123

Prop. 123 Overview. In November 2022, Colorado voters approved Prop.123 which set aside a portion of annual income tax revenue from the State's General Fund - up to 0.1 percent of taxable income each year - for affordable housing programs. The amount set aside for Prop. 123 is estimated to be $145 million in State Budget Year 2022-23 and $290 million in State Budget Year 2023-2024 and beyond. The Proposition was signed into law by Governor Polis on December 27, 2022. (Executive Order D-2022 050). Requirements to utilize funds require jurisdictions to 1) commit to an expedited review process, 2) increase affordable housing production from the approved baseline by 3 percent annually (9 percent within 3 years), and 3) specify that dedicated revenues for housing will not supplant appropriations for affordable housing. Prop. 123 funds can be used for:

- Grants and loans to local governments and nonprofit organizations to acquire and preserve land for affordable housing development;
- Assistance to develop affordable, multi-family rental housing;
- Equity investments in affordable housing projects, including a program to share home equity with tenants;
- Home ownership programs and down payment assistance for first-time homebuyers;
- A program addressing homelessness through rental assistance and eviction defense; and
- Grants to increase capacity of local government planning departments.

Baseline. Baselines are established utilizing the 2017-2021 American Community Survey (ACS) published by the U.S. Census Bureau and the most current Comprehensive Housing Affordability Strategies (CHAS) estimates published by the U.S. Department of Housing and Urban Development for the baseline number of affordable units within the municipalities. In addition, to the housing number income limits utilizing the income limits of the area median income (AMI) of the county that the jurisdiction is within, the AMI of a county adjacent to the jurisdiction or the state median household income. Some flexibilities permitted in the baseline calculation including utilizing AMI's from past years within the time frame, utilizing an adjacent counties AMI, various household sizes, and affordable for-sale units may only include those that are currently available on the market. Additionally, recent legislation has permitted inflation to be factored into the rising costs of units in the baseline calculator.

Based on the most moderate baseline calculations using the State of Colorado's Baseline Assistance Tool, the City of Grand Junction's baseline for affordable housing is estimated to be 4,158 units. To meet the required commitment in Prop. 123, the City would need to commit to increasing affordable housing stock by an estimated 374 units over the course of three years, or 125 units annually. This is a significant leap in numbers compared to the current production goal recently set by the City. Prop. 123 administrative procedures currently outline that City Council, or an elected official, do not need to provide approval of this commitment, and it can instead be submitted by a designated staff person; however, jurisdictions may set an internal policy that necessitates Council approval before finalizing and submitting the commitment.

Compliance. If a commitment is not filed by November 1, 2023, then a local government and any development project within its jurisdiction are ineligible to receive any funding established by Proposition 123 during the 2023 or 2024 calendar year. If a local government is unable to meet its 9% total commitment by December 31, 2026, then it and any development project in its jurisdiction are ineligible to receive any funding established by Proposition 123 for the 2027 calendar year but may apply again in 2027 for the 2028-2029 calendar years of funding.

Aligning City Policy with Prop. 123. Staff has identified several adopted City policies that could be revised to better align City policy with the standards of Prop.123, as follows:

1. Commit to increasing number of affordable housing units by 3 percent annually for the next three years or 9 percent total increase at the end of the 3-year period and update the cities adopted housing goals to align with commitment.

The City Council Resolution 48-22 outlined the City's housing goal to increase the affordable housing stock in the City by 225 to 250 units over the next 5 years (an average range of 45-70 units per year), serving residents at 80 percent AMI or less. Staff recommends the City's housing goal be increased to match required Prop. 123 commitments for the creation of 374 units over the next three years (125 units annually). Staff recommends that the City of Grand Junction increase their housing goals to align with Proposition 123 and make a baseline commitment to meet the requirements of Prop. 123 as soon as possible due to the funds that have been made available on July 1, 2023, for the specific purpose of funding land banking projects. resolution would be prepared to be considered at the July 19th meeting. Additionally, should staff receive direction to proceed, the council could approve a resolution at the July 19th meeting making the commitment for a 9% increase (374 units) over 3 years.

2. Update the City of Grand Junction Affordable Housing Definition to align with the definition outlined by Prop. 123.

City Council adopted Resolution 48-22 in June 2022, which outlined the City's Housing Definition as the following:

- "Affordable Housing Units" are units affordable to households making 80 percent Area Median Income (AMI) or less.
- "Attainable Housing Units" are units affordable to households making between 80-120 percent AMI.

Prop. 123 defines Affordable Housing as (1) rental housing that is affordable to households making 60 percent AMI or below, or (2) for-sale housing that is affordable to households making 100 percent AMI or below; in either scenario, housing is affordable to the household when housing costs make up less than 30 percent of the household's monthly income. Staff recommends the Council consider changing the AMI thresholds for affordability to reflect a higher AMI for-sale units (from 80 percent to 100 percent AMI) and a lower AMI for for-rent units to 60 percent AMI. Should Council support this change occur, the definition for "attainable" should also be revised (increasing from 80 to 100 percent

AMI). Though the definitions could continue to be different, staff sees benefit in making them same as it would decrease opportunities for confusion and create consistency about what is or is not considered affordable housing. Should council want to modify these definitions, a resolution would be prepared to be considered at the July 19th meeting.

3. Update the City of Grand Junctions Expedited Review affordability definitions to align with Prop. 123.

Grand Junction City Council adopted Resolution 97-22, which included expedited review for affordable for-sale and for-rent units in the City of Grand Junction. For any development project that is submitted that includes at least 10 percent for-sale units at 80 percent AMI or for-rent units at 60 percent AMI, the development process will be expedited so that the initial round of review comments will be made within 30 days of the complete submittal, and subsequent rounds of comments will be made within 15 days of resubmittal.

Prop. 123 requires expedited review of projects that have more than 50 percent affordable units. While Prop. 123 is not currently requiring the expedited review component of Prop.123 to take effect until 2026, aligning the City and State's definitions of affordability – which will affect what projects are applicable for the expedited review process -- will ensure compliance with the State's requirements. Staff recommends maintaining the same affordable unit percentage (10% instead of 50%) to be eligible for expedited review but recommends revising the definition of affordability within the expedited review process to align with the state's definitions. This change would occur via resolution based on Council's direction.

Housing Strategy Implementation Overview

This overview was sent to City Council in the form of a memo dated June 15, 2023. Some updates have been made under Strategies #4, #8, and #13.

In 2019, the City of Grand Junction partnered with Mesa County Public Health and Grand Junction Housing Authority to contract with Root Policy Research to conduct the Grand Valley Housing Needs Assessment (HNA) (attached). The HNA, published in 2019, revealed that there were significant shifts happening in the local housing market, including increased home and rental prices, lower homeownership rates, and a shortage of available housing for certain income earners. To date, these issues continue to pressure the housing and rental market in Grand Junction.

In 2021, City Council adopted the Grand Junction Housing Strategy, which included 12 strategies for promoting housing affordability and attainability in Grand Junction. In December of 2022, a 13th Strategy on Community Engagement and Education was adopted by Council. Since Spring of 2022, the City has hired a professional housing staff with a team of three full-time employees including a Housing Manager and two Housing Specialists, as well as an AmeriCorps fellow and an intern to help expand the City's capacity.

Strategy 1: Participate in Regional Collaborations regarding housing/homeless needs and services – Staff continues to participate in regional collaboration through discussions and partnerships with housing and houselessness services through the local ad-hoc Housing Coalition and the Homeless Coalition, respectively. Both groups are designed to help leaders stay informed of community issues and trends and learn about opportunities for collaboration. Additionally, staff hosts a monthly meeting with executive level decision-makers of affordable non-profit housing and service providers to discuss needs and increasing access to services.

More specific partnerships and collaborations are described below under their respective strategy.

Strategy 2: Adopt a Local Affordable Housing Goal(s) – In October of 2021, City Council, via Resolution 48-22 (attached), established a goal of creating a total of 45-70 affordable housing units per year for the next five years, with a combined total of 400-525 units. In 2022, Grand Junction was able to produce five affordable homeownership units through Habitat for Humanity. Preliminary, Freedom Institute also indicated they created 45 new rental units in 2022, which, when combined with Habitat's units, meet the lower end of City Council's adopted goal for 2022.

Additionally in 2022, City staff and multiple housing organizations met through the Housing Coalition to create a collective five-year pipeline report. The pipeline report projected unit production rates of 400 to nearly 900 units.

The production pipeline is dependent on significant funding sources.

2022 Completed Units	
	Housing Units
Historical Average Annual Production	35
Adopted Goal: Total annual Unit Production	45 to 70
Home Ownership Units Produced (Habitat)	5

Rental Units Produced (Freedom Institute)	45
Total Units	50
Preserved Units (rental & homeownership)	51

Strategy 3: Implement Land Use Code Changes that Facilitate Attainable Housing Development and Housing /Diversity – The City is currently working to update the Zoning and Development Code to both implement the Comprehensive Plan as well as to address housing affordability and housing diversity.

Strategy 4: Encourage Development of Accessory Dwelling Units (ADU) – The City adopted revised regulations for Accessory Dwelling Units in January of 2023. Since August 2022, Staff have developed and launched an ADU toolkit, ADU workshops, and an ADU Production Program that incentivizes the construction of long-term rental ADUs. The ADU Workshops have been very successful, with a focus on the planning and permitting process for ADUs. There have been around 20-30 attendees at each of four workshops, with two additional workshops planned. After receiving feedback, staff developed a second ADU workshop series to provide resources specifically on financing and building ADUs, which launched in late June. This second ADU workshop was also well-attended, with around 20 participants, and another ADU financing and building workshop is being planned for Fall 2023.

The ADU Production Program, approved by Council in March of 2023, has been funded with $250,000. This incentive is intended on encouraging property owners to develop long-term rental ADUs. There are two tiers of incentives, and which tier an applicant receives depends on whether the property is owner-occupied and if the owner makes less than 140% Area Median Income. There are currently four applications processing for incentives equaling approximately $50,000. Many who have attended an ADU workshop plan to apply for funds once they have their planning clearance submitted.

Strategy 5: Formalize Existing Incentives and Consider Additional Incentive for Affordable Housing Development – At the August 2022 Council Workshop, staff discussed an affordable housing incentive with the intent to compel developers to create new affordable housing units. In October 2022, at the direction of Council, staff met with focus groups that included for-profit affordable housing developers, non-profit housing developers, and market-rate developers to provide feedback on the incentive. Through the feedback process, market-rate developers indicated that the incentive was not financially feasible, and that any incentive would need to be a dollar-to-dollar offset of the profit that would otherwise be lost. However, both for-profit (LIHTC developers) and non-profit developers who specialize in building affordable housing units said that the incentive program would increase predictability and reduce their costs and could potentially gain more affordability, more units, or both. In November of 2022, Council determined that since there was not a current dedicated funding source for housing, the incentive program would be tabled until a future date.

Strategy 6: Allocate City-Owned Land (and/or acquire land or underutilized properties) for affordable and mixed-income housing – In November, a 99-year lease for affordable housing was brought to the public for vote and lost with a vote of 13,645 For and 14,698 Against (2C). Currently, the City of Grand Junction charter limits City-owned property to a 25-year lease agreement and prevents many entities like GJHA or other publicly funded LIHTC (Low-Income Housing Tax Credit) properties from being built, as they require a lease agreement that lasts 30-

40 years or longer. It was determined that City Council may address the lease issue as part of the Charter revision to occur in the future.

Strategy 7: Create a dedicated revenue source to address housing challenges – In 2022, ballot measures 2A, which established a 1 percent increase in the lodging tax, and 2B which established a 6 percent short term rental tax, were included on the November ballot, both to be utilized as a dedicated revenue source for Housing. Both measures failed.

Strategy 8: Provide Financial Support to Existing Housing and Homelessness services and promote resident access to services – In December of 2022, staff conducted an Unhoused Needs Survey (attached) which provided a snapshot of the characteristics and experiences of People Experiencing Houselessness (PEH) in the City. The survey, along with ongoing discussion with partners working with the community's unhoused and housing insecure population, indicated a need to conduct a deep dive into houselessness in the area. Since the survey has been completed, the City has received financial support from Mesa County, the Grand Junction Housing Authority, the Colorado Department of Local Affairs (DOLA), Western Colorado Community Foundation (WCCF), and Rocky Mountain Health Plans (RMHP) for the creation of a comprehensive Unhoused Needs Assessment. The Assessment will enable the development of a regional strategy for reducing homelessness. The intention is to complete the UHNA and have strategies drafted and discussed with Council in late 2023.

Additionally, staff is currently in partnership with the Grand Junction Community Resource Unit (CRU) to build a referral team comprised of City staff and staff from local agencies to connect unsheltered PEH with services. This referral team would provide People Experiencing Houselessness on-the-ground referrals to resources through scheduling real-time appointments with agencies, directly applying for housing services, and getting them on the waitlists. As part of this work, staff created an Emergency Resources Brochure listing the most pertinent emergency resources and services in the Grand Junction area, which has been distributed by CRU, the Parks and Recreation department, and Grand Junction Housing Authority. In 2023, staff's engagement with unsheltered PEH has already resulted in one individual receiving a housing voucher, one individual engaging in behavioral health services, and four individuals getting on housing waitlists. Staff is also working with the municipal courts to develop a court referral to the Neighbor 2 Neighbor referral team when individuals are issued tickets related to lack of housing such as unlawful camping or trespassing.

Strategy 9: Support Acquisition/Rehabilitation that Creates or Preserves Affordable Housing – In the fall of 2022, in partnership with Grand Junction Housing Authority (GJHA), the City applied for and was awarded a $2.25 million grant from DOLA for a GJHA affordable housing development, which leveraged $750,000 the City had budgeted for housing. The closing on the property will take place this summer.

In March of 2022, the Land and Building Acquisition Program was approved by Council and $3.37 million from American Rescue Plan Act (ARPA) was allocated to this program. Staff have met to discuss approximately 10 projects from both non-profit and for-profit affordable housing developers, who are currently working on finding land and submitting applications. The current inquiries reflect acquisitions totaling approximately $8 million.

Staff has met with DOLA, Grand Junction Housing Authority (GJHA) and several Fair Housing lawyers to explore the newly passed 2023 legislation regarding preservation of units, eviction prevention strategies, and educational opportunities for both landlords and tenants. With new state legislative efforts around this topic, staff will be devoting time to these efforts in the next coming months.

Strategy 10: Consider Implementation of an Inclusionary Housing/Linkage Fee Ordinance -This strategy was prioritized to commence within two to four years. Staff discussed this strategy with Council in late 2022 and Council recommended not proceeding with this strategy at that time. No additional work has been completed on this strategy.

Strategy 11: Explore Designation of an Urban Renewal Area (URA) and Utilization of Tax Increment Financing for Affordable Housing – This strategy was prioritized to commence within four to six years; Staff has not yet begun working on implementation of this strategy.

Strategy 12: Consider Adoption of a Voluntary Rental Registry Program in Conjunction with Landlord Incentives – Originally, this strategy was prioritized to commence within four to six years, and staff has not begun actively working on implementation of this strategy. However, with related Prop. 123 requirements and growing interest from the community, staff is evaluating options and models around this strategy.

Strategy 13: Provide Community Engagement and Educational Opportunities to Address Housing Challenges and Promote Community Participation – Staff has initiated and collaborated on numerous projects to promote community education and participation around housing and houselessness issues. Staff have been working with United Way on their “United to End Homelessness” campaign, which includes a Poverty Immersion Experience and future community workshops on houselessness. This summer, staff will be working with multiple stakeholders including business leaders, homeowners, unhoused individuals, and other community leaders as part of the Unhoused Needs Assessment. Staff are currently working to create a business toolkit and launch a workshop series on houselessness that will serve to support both businesses and the unhoused. Staff is currently working on a curriculum in partnership with Housing Resources to create a five-part educational class series on housing and the unhoused for New Dimensions Grand Junction which provides non-credit educational programs for adults aged 50 and older.

Staff has also created a book club focused on housing. The first book featured was *Fixer Upper* by Jenny Schuetz and *Homelessness is a Housing Problem* by Greg Colburn and Clayton Page Aldern. Each of these books are nonfiction books intended to educate and engage the public on the issue of housing. Guest speakers were also invited to these events further building. Throughout these book club sessions, a total of 51 people have signed up to attend.

Housing Strategy #5.

Formalize Existing Incentives and Consider Additional Incentives for Affordable Housing Development. This information is related to implementation of Grand Junction Housing Strategy 5: Formalize Existing Incentives and Consider Additional Incentives for Affordable Housing Development. Additional Attachments have been provided with history and the formerly proposed Resolution.

With new funding sources like Proposition 123 and the City's newly created Land and Building Acquisition Program, many for-profit and non-profit housing developers have indicated to staff that their projects that are in the initial planning stages will be making requests for the city to pay the Impact fees (Parks, Traffic, Police and Fire) and Plant Investment Fee (water and sewer) on a behalf of a project to increase affordability and their ability to construct more units and/or more affordable units. Currently, those requests are determined on a case-by-case basis, but having a more structured program and funds available may help assist in the complicated capital stacks required to produce affordable housing.

FISCAL IMPACT:

The exact fiscal impact of this incentive will depend upon the affordable units proposed within any given year and the number of projects that utilize this incentive. Both Impact Fees and Plant Investment Fee waivers require the City to backfill the lost revenue from those waived fees. Should Council support this incentive further direction on how to fund should be discussed.

Housing Strategy #5.

Formalize Existing Incentives and Consider Additional Incentives for Affordable Housing Development

At the August 1 City Council workshop, an incentive for the production of affordable housing units was discussed which would work to implement the Council's adopted Housing Strategy 5: Formalize Existing Incentives and Consider Additional Incentives for Affordable Housing Development. The incentive was refined and presented for adoption via resolution at the September 7 Council meeting. Direction was received to further test the incentive and refine the incentive based on industry input. Based on input received, Staff has refined the incentive and will present the revisions for Council discussion.

BACKGROUND OR DETAILED INFORMATION:

At the August 1 City Council workshop, an incentive for the production of affordable housing units was discussed which would work to implement the Council's adopted Housing Strategy 5: Formalize Existing Incentives and Consider Additional Incentives for Affordable Housing Development. With the direction garnered from that discussion, Staff prepared a resolution for consideration at the September 7 Council meeting that provided an incentive with the purpose of encouraging the development, both by non-profit and for-profit developers, of affordable housing units anywhere within the City of Grand Junction.

In early October, Staff conducted a series of focus groups whereby not-for-profit, for-profit and affordable housing developers attended. Over 30 people participated, with some of the city's largest for-profit multi-family developers and single-family home developers/builders participating, alongside non-profit organizations including GJHA, Housing Resources of Colorado, and Habitat for Humanity.

The incentive as proposed in September included waiving all development impact fees (Transportation Capacity Payment or TCP, Police, Fire and Parks) and water and sewer plant investment fees (PIFs) for units that are affordable at 60% AMI or below for rental housing and 80% AMI and below for for-sale units. The incentive required a commitment to maintaining the affordability of the unit for at least 30 years, which is consistent with industry standards. The 60% AMI or below definition for affordable rental housing and 80% AMI and below definition for affordable for-sale for units is consistent with the city's most acute needs for housing and the City's Council's adopted affordable housing goal and related definition. For the purposes of the incentive, "waiver" means the City will backfill the lost revenue in impact fee funds and enterprise funds from the General Fund or another funding source the Council may deem appropriate.

Based on input received from industry representatives, Staff is recommending the following revisions to the proposed incentive and has included discussion around these revisions.

1. **A.i. Increase 80% AMI to 120% AMI.** Staff conducted work with Root Policy and Fidelity Mortgage to estimate the home price based on a four-person household at various AMIs including mortgage payments and utilities. At 80% AMI the household income is $65,760, and household income at 100% AMI is $82,200. An approximate home price at 7.125% interest for a four-person household at 80% AMI is approx. $201,000. At 100% AMI, the home price is approx. $251,000, and at 120% AMI, the home price is approximately $301,973, with home prices dependent upon credit, debt, and down payment.

   For a single-family home impact fees and plant investments fees range from $15,766 to $19,450.

Impact Fee and Plant Investment Fees*				
	Single-Family Unit (Square feet)			
	<1,250	1,250 to 1,649	1,650 to 2,299	2,300+
Fire	$ 751	$ 751	$ 751	$ 751
Police	$ 323	$ 323	$ 323	$ 323
Parks	$ 1,333	$ 1,333	$ 1,333	$ 1,333
Transportation	$ 3,201	$ 4,718	$ 5,337	$ 6,885
Subtotal	**$ 5,608**	**$ 7,125**	**$ 7,744**	**$ 9,292**
Sewer PIF	$ 5,544	$ 5,544	$ 5,544	$ 5,544
Water PIF	$ 4,614	$ 4,614	$ 4,614	$ 4,614
Subtotal	$ 10,158	$ 10,158	$ 10,158	$ 10,158
Total	**$ 15,766**	**$ 17,283**	**$ 17,902**	**$ 19,450**

* Fees based on January 1, 2023 adopted rates

   According to Zillow.com, there are a couple newly-constructed and soon-to-be-constructed townhomes that are available for sale around $315,000, which appears to indicate the market can produce single-family attached units with an approximate $17,000 subsidy (fee waiver) at 120% AMI. However, it is important to note that while there are homes at that price point, there are very few. The average home price in Grand Junction currently is approximately $350,000 which is unattainable even for a family at 120% AMI.

   The Needs Assessment highlighted the need for for-sale homes at the 50% to 80% AMI range, with prices closer to $250,000 but this was prepared at a time that average interest rates were at 3% and the recent interest rate increase substantially impact the buying power of the home buyer. The Needs Assessment also noted a substantial gap in homes for sale between $250,000 and $315,000.

1. **A.ii. Expedited Review For Sale Units.** Any project or subdivision including at least 10% of the units as 100% AMI Affordable Units, when submitted, will be advanced in the current planning workflow so that the initial round of review comments on behalf of the City will be issued within 30 days of a

complete submittal, and subsequent rounds of review will be issued within 15 days of a resubmittal.

1. B.ii. Expedited Review For Rent Units. Any project including at least 10% of the units as 60% AMI Affordable Units, when submitted, will be advanced in the current planning workflow so that the initial round of review comments on behalf of the City will be issued within 30 days of a complete submittal, and subsequent rounds of review will be issued within 15 days of a resubmittal.

Development projects often note that “time is money,” and as such, the speed in which a project can be reviewed, revised, and approved is important to the development community. Many of the City’s standard practices already create abbreviated review times compared to other communities. For example, the Railyard project (196 units) was reviewed and approved by the City in approximately 10 weeks, of which the project was under review by the City for 49 days. Another similar project (48 units), the Struthers Residence was in the City’s review cycle for approximately 22 weeks of which the project was under review by the City for 78 days. Notwithstanding these relatively expeditious review timelines, there may be additional time savings that could be reaped by a project being forwarded to the front of each City Staff’s workload with not to exceed timelines for review and comments to be issued.

Attachment A: Administrative Procedures. 5.f. For projects already subject to a land use or deed restriction imposed by an entity such as CHFA, HUD, or another similar agency, the City will forego the requirement of an additional restriction.

Projects constructed with funding assistance from agencies such as CHFA, Colorado Division of Housing, DOLA, and HUD already require deed or land use restrictions which functionally preserve the affordability of that project over an extended period. Requiring additional restrictions may serve to complicate the funding and create unnecessary complications for owners of the property when they may want or need to transact the property.

For Sale Unit Incentive. As discussed above, Staff is recommending changes to the proposed for-sale unit incentive that would include the fee waivers for units up to 120% AMI, include an Expedited Review and modify the Administrative Procedure 5.f. Staff also recommends that mortgage rates are tracked and should there a decline in rates, that this incentive be reevaluated, and the AMI target (120%) be adjusted downwards to 100% AMI or below.

For Rent Unit Incentive. At this time, Staff is not recommending any changes to the rental unit incentive except Expedited Review. In discussions with the development community, there were three distinct groups that provided feedback on this portion of the incentive.

As expected, the not-for-profit organizations indicated they would utilize the incentive for their projects and expressed gratitude that the incentive would be formalized and would not require case-by-case requests to the City for fee waivers.

For-profit developers indicated that most of their projects are driven solely by profitability, and unless the incentive could match dollar-for-dollar the discounted rental rates to meet the target AMI levels, they would not utilize such an incentive. For all the for-profit projects discussed during the focus groups, the level of subsidy required would likely be unaffordable for the City.

For example, in new market-rate apartment projects in Grand Junction today, a one-bedroom apartment might rent for around $1400 a month, including estimated utilities. (The monthly rent at The Railyard, including estimated utilities, is around $1310; at The Eddy, it’s around $1460.) A $1400 monthly rent (including utilities) is only affordable for those who are earning 90% AMI or above. If these market-rate units were made affordable for those earning 60% AMI, then the rent + utilities of the unit could not exceed $925 per month (according to the definition of affordability, which states that housing costs cannot exceed 30% of a person’s income). As a result, an incentive would have to provide a $475 per-unit-per-month subsidy in order to make the unit affordable for those earning 60% AMI, or an annual subsidy of $5,700 per unit. Over a 30-year period, this equates to a $171,000 subsidy for a single unit, which doesn’t factor in any increases in the unit’s market-rate value. For an apartment project that delivers 10 affordable units at 60% AMI, this would be a $57,000 subsidy per year, or a $1,710,000 subsidy for 30 years.

The third group that provided feedback was for-profit developers that specialized in LIHTC projects. In general, a LIHTC project is required to provide housing at 60% AMI or less. Feedback received indicated the proposed City incentive may be able to assist in making a LIHTC project more attractive to investors as well as possibly allowing for a deeper level of affordability for each project.

Utilizing this incentive, a housing project that is entirely affordable rental units would have all impact fees and PIFs waived. For a mixed-income housing project that delivers at least 10% of their project as affordable units, impact fees and plant investment fees would be reduced by 30% for the entire project. Below is a table showing an example of a mixed-income project in which 17 of 168 units (10%) are affordable units. This example project is located outside of the City’s existing Redevelopment Area. School impact fees are collected on behalf of School District 51 and are therefore not subject to any city-approved waiver.

168 Unit Project-10 Percent (17) Affordable Units Incentive				
Fee Type	Current/Unit	Fees Before Incentive	30% Fee Reduction for 10 Percent Affordable Units	Net Fee After Incentive
TCP	$ 2,464	$ 413,952	$ 124,186	$ 289,766
Parks	$ 692	$ 116,256	$ 34,877	$ 81,379
Police	$ 200	$ 33,600	$ 10,080	$ 23,520
Fire	$ 467	$ 78,456	$ 23,537	$ 54,919
Water**		$ 107,710	$ 32,313	$ 75,397
Sewer**		$ 758,843	$ 227,653	$ 531,190
School Impact		$ 154,560	$ -	$ 154,560
Open Space		$ 230,000	$ -	$ 230,000
	TOTAL FEES	$ 1,893,377		$ 1,440,732
		Total Incentive	$ 452,645	
		Incentive per Affordable Unit (17)	$ 26,626	

** Water and Sewer Plant Investment Fees are estimated based on similar projects.

A second mixed-income project example (shown below) reflects a rental housing project that delivers less than 10% of their project as affordable. In this project, there is a total of 168 units, but only 15 are affordable. In this case, impact fees and plant investment fees for each Affordable unit would be waived.

168 Unit Project-15 Affordable Units				
Fee Type	Current/Unit	Fees Before Incentive	100% Waiver for each Affordable Unit	Net Fee After Incentive
TCP	$ 2,464	$ 413,952	$ 36,960	$ 376,992
Parks	$ 692	$ 116,256	$ 10,380	$ 105,876
Police	$ 200	$ 33,600	$ 3,000	$ 30,600
Fire	$ 467	$ 78,456	$ 7,005	$ 71,451
Water		$ 107,710	$ 9,077	$ 98,633
Sewer		$ 758,843	$ 63,947	$ 694,896
School Impact		$ 154,560	$ -	$ 154,560
Open Space		$ 230,000	$ -	$ 230,000
	TOTAL FEES	$ 1,893,377		$ 1,763,008
		Total Incentive	$ 130,369	
		Incentive per Affordable Unit (15)	$ 7,669	

The remainder of the draft incentive remains consistent with the previous version. A redlined version of the draft resolution has been attached for review and discussion, including Attachment A, which outlines the Administrative Procedures related to this incentive. The incentive is proposed to become effective immediately upon adoption. Applications to utilize the incentive would be opened within 60 days or less from the effective adoption date of the incentive. This incentive could be simultaneously applied or “stacked” with other incentives that may be offered by the City, such as the

Redevelopment Area and Corridor Infill Incentives. Other public incentives may also be secured through the DDA. Should this incentive be approved, Staff recommends establishing, as part of the annual budget, a line item to backfill “waived” fees for projects that may utilize this incentive.

FISCAL IMPACT:

The exact fiscal impact of this incentive will depend upon the affordable units proposed within any given year and the number of projects that utilize this incentive. Staff has included two examples of hypothetical projects within the report. Both Impact Fee and Plant Investment Fee waivers require the City to backfill the lost revenue from those waived fees. In August, Staff recommended establishing, as part of the annual budget, funding to pay fees for projects that may utilize this incentive. In September, the proposed funding resources for this incentive included General Fund and/or revenue from a dedicated tax. In the 2023 Staff recommended budget, $2,565,500 was set aside for affordable housing related projects, and all or a portion of these funds could be utilized for this incentive. Of the $2,565,500 budgeted for affordable housing projects, $259,000 was projected to come from the proposed short-term rental excise tax), $804,000 was projected to come from the 1% increase in the City’s lodging tax, and $502,500 was projected to come from the City’s general sales tax on Cannabis retail sales. However, since the ballot measures did not pass, $1.063 million is no longer revenue that could be utilized to fund this incentive. Should Council support this incentive further direction on how to fund should be discussed.

CITY OF GRAND JUNCTION, COLORADO
RESOLUTION NO. XX-22

A RESOLUTION ADOPTING AN AFFORDABLE HOUSING PRODUCTION INCENTIVE FOR AFFORDABLE FOR SALE AND FOR RENT UNITS IN THE CITY OF GRAND JUNCTION, COLORADO

RECITALS:

In May 2021 the City in conjunction with several housing agencies completed a Grand Valley Housing Needs Assessment (HNA). The HNA showed a poverty rate in Grand Junction of 16% which is well above the state average, a rental housing gap of 2,168 units for households earning less than $25,000 (roughly 30% to 50% Average Monthly Income [AMI]), a need for accessible housing units for the 15% of the City's population that are disabled, and a generalized substandard condition of housing units within the community.

In response to and informed by the HNA, in October 2021, the City Council adopted a Housing Strategy outlining twelve (12) strategies tailored to address certain needs identified in the HNA with two of the top needs being “production and availability gaps including needs for additional affordable rentals and “starter homes and family homes priced near or below $250,000.”

Strategy 5 calls for the City to “formalize existing incentives and consider additional incentives for affordable housing development.” By and with this Resolution the City Council is

In June 2022, the City Council approved Resolution 48-22 and adopted a definition of *Affordable Housing* as “Housing units with a contractual requirement (deed-restriction or income restriction of no less than 30 years) that keeps the cost of rent or mortgages affordable to households making 80% or less of AMI”.

As demonstrated in the HNA, the City’s most acute housing needs are for rental units for households below 30% AMI and up to 60% AMI and for ownership units for households at or below 80% AMI

Resolution 48-22 includes a goal to increase the total housing stock in the City for residents at 80% AMI or less by 225 to 350 units over the next 5 years (an average range of 45 to 70 units per year).

By adopting this Resolution, the City Council establishes and provides an incentive to produce Affordable Housing units.

For the reasons stated in the Recitals, the City Council of the City of Grand Junction does hereby adopt the Affordable Housing Production Incentive for Affordable For Sale and For Rent units to become effective immediately and without further action by the City Council, the terms and provisions of this resolution shall expire on December 31, 2025.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION, COLORADO:

The 2022 Affordable Housing Production Incentive together with the Administrative Procedures, Attachment A hereto, are hereby adopted and made effective immediately (also known as the "Effective Date" for purposes of Attachment A, Administrative Procedures) as follows:

1. Upon application and a determination by the City that an Affordable Housing project has or will be able to conform to the Grand Junction Municipal Code, the City Manager is authorized to waiver applicable Development Impact Fees (Transportation Capacity Payment [TCP], ~~p~~Police, ~~f~~Fire and P~~, p~~arks) and water and wastewater Plant Investment Fees (PIFs~~water, sewer~~) collectively referred to as "Fees" for the Affordable Housing units that have an affordability term of at least 30 years and are determined by the City to be "affordable" as defined and described below.

    a. Affordable For Sale Units
        i. For sale units at 12~~8~~0% AMI or below receive Fee waivers.

        ii. A Project or Subdivisions providing at least 10% of the units at 100% AMI, will be subject to Expedited Review.

    b. Affordable For Rent Units
        i. For rent units at 60% AMI or below receive Fee waivers.

        ii. A Project providing at least 10% of the units at 60% AMI, will be subject to Expedited Review.

        iii. A Project providing at least one (1) Affordable rental unit that comprise at least 10% of rental units at 60% AMI receive a 30% Fee waiver for the Project or that part of a mixed-use Project that is residential.

        iv. A Project providing at least two (2) Affordable rental units that comprise at least 20% of rental units at 60% AMI receive a 50% Fee waiver for the Project or that part of a mixed-use Project that is residential.

2. Without further action by the City Council, the Affordable Housing Production Incentive shall on expire on December 31, 2025.

ADOPTED AND APPROVED THIS 7th day of September 2022.

ATTEST:

____
Anna M. Stout
President of the Council

Amy Phillips
City Clerk

ATTACHMENT A
AFFORDABLE HOUSING PRODUCTION INCENTIVE
ADMINISTRATIVE PROCEDURES

Application.

1. For 2022, applications will be available no later than 60 days after the Effective Date. In future years, no later than July 1 of a given year, applications may be made to the City for an Affordable Housing Production Incentive.

2. At a minimum, the application for an Affordable Housing Production Incentive Project (Project) shall include the following:
    a. Project Name, property ownership, developer's, or entity(s) information;
    b. Description of how the Project will address the City's housing needs and whether the units in the Project will be "for sale" or "for rent." The Project description shall include but not be limited to an explanation of how many people the Project will serve, the level of need served as determined by AMI and/or if there are other considerations made for population served;
    c. Description of the Project timeline, whether the Project is dependent on other grant funding or entitlements, whether the Project will be phased, and if there any known uncertainties for the Project;
    d. Description of the developer's experience with and capacity to implement the Project;
    e. Amount of incentive being requested as determined by the Affordable Unit count and/or portion of project that is residential.
    f. A preliminary financing plan and letter from a State or Federally chartered commercial bank or lender expressing the ability, expertise, and financial capability of the developer's ability to complete the Project.

Application Review and Funding Reservation.

3. An application found by the City in its sole discretion to be consistent with the Affordable Housing Production Incentive and that demonstrates ability and capacity to perform will be recommended by the City Manager (or designee) for funding.

4. During the City's annual budget process, City Council will review the recommendations and consider the suitable Project(s) for funding during the following fiscal year(s). If an Affordable Housing Production Incentive is for more than one year each year shall be subject to annual appropriation. The City Council may utilize the General Fund or other special revenue funds such as dedicated revenue for affordable housing for the repayment of the fees to appropriate Enterprise Fund(s) and/or Development Impact Fees in the amount of fees waived for a Project(s) pursuant to this incentive policy.

Incentive Agreement.

5. Should an Incentive be approved by City Council, the City and the developer and Project entity(ies) shall execute an Affordable Housing Production Agreement, which agreement shall at minimum provide:
    a. The value of the Fee waiver" as a not to exceed amount
    b. Terms for the commencement and completion of the Project

c. Payment schedule whereby the Fees waived upon the completion of the Project will be credited or paid by the City pursuant to the Affordable Housing Production Incentive
d. Remedy for default
e. Recording memorandum
f. A Land Use Restriction Agreement and/or Deed Restriction requiring affordability of the Affordable Units for a 30-year term. For projects already subject to a land use or deed restriction imposed by an entity such as CHFA, the city will forego the requirement for an additional restriction.
~~f.~~g. Other provisions, as deemed appropriate by the City Attorney.

Maintenance of Agreement

6. The City shall either directly or through a contractor:
    a. Income qualify renters and/or buyers; and,
    b. Review and approve lease agreements verifying maximum rent (plus utilities and other expenses related to the rental of the unit) do not exceed 60% AMI for the tenant. No unit or portion of a unit shall be sublet; and
    c. Conduct periodic audits at intervals determined necessary or appropriate of the Projects compliance with the Affordable Housing Production Incentive agreements. Audits shall include but not limited to compliance with deed restrictions, lease terms and income qualifications of buyers and tenants.
7. Deed restricted "for sale" units shall be subject to an annual equity appreciation cap (e.g., 3% per year).

Definitions.

I. "Affordable Unit" means any primary or multi-family dwelling unit for rent for 60% Area Median Income or below or a primary or multi-family dwelling unit for sale for 10~~8~~0% Area Median Income or below.

II. "Area Median Income - AMI" means the area median income as regularly determined and published by the United States Department of Housing and Urban Development (HUD).

III. "Expedited Review" means the City will issue first round review comments on a project in no more than 30 days and further rounds the City will issue review comments in no more than 15 days.

~~III.~~IV. "Fees" means

a) "Sewer Plant Investment Fee" means a plant investment fee (PIF) collected on behalf of Persigo Wastewater Treatment Facility. Does not include any fee collected by any other wastewater provider.

b) "Water Plant Investment Fee" means a plant investment fee (PIF) collected on behalf of the City of Grand Junction. Does not include any fee collected by any other water provider.

c) “Development Impact Fees or Impact Fee” means certain fees now collected or as may be later applied and collected, also known as Development Impact Fee(s), for the purposes of police, fire, parks and recreation, transportation capacity and/or other governmental functions and services.

October 21, 2022

Chase Cain
Development Manager
LDG Development

To: **Ashley Chambers**
City of Grand Junction Housing Manager

Re: Endorsement and Response to City of Grand Junction Development Incentives and Affordable Housing Goals

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City of Grand Junction Development Incentives Overview and Recommendations

Leading Objectives

- Urge infill and redevelopment in City Centers (CC) and Important Corridors (IC) by providing incentives based on dollars invested in the community and affordable housing.

- The incentives aim to fulfill the City of Grand Junction's current Housing Strategy (2021) and comprehensive plan objectives.

- The incentives will encourage private developers to develop within the CC and IC and utilize the existing infrastructure to manage the City's growing economy and provide quality, safe, and sustainable housing for households across the income band.

Corridor Infill Incentives	
Qualified Areas	Redevelopment Area, Important Corridors, and City Center
Community Benefit	Efficient Use of infrastructure, reduce commuting distance and automobile dependency, reduce suburban sprawl, encourage redevelopment
Developer Benefit	50% or greater Transportation Capacity Payments (TCP) reduction + 100% Plant Investment Fees (PIF) + 100% impact fee reduction + 100% Open Space (OS) + sales/use tax rebate if at least $51 million is invested in the community. (Further referred to as "Development Impact Fees.")

Affordable Housing Incentive	
Qualified Areas	Anywhere in Grand Junction
Community Benefit	30+ years of affordability, encourage mixed-income communities for households with incomes up to 60% of the area median income (AMI.)
Developer Benefit	Waive 100% development impact fees for units that are affordable; waive 30% of development impact fees for communities with at least 10% units at or below 60% AMI.

Recommendations	
Description	Advantages
Expand the qualifying AMI levels to 120% to serve the missing middle.	- Provides housing for the “Missing Middle” households and individuals who compete with an accelerated population shift from pricey urban centers to cities that are trying to attract and retain populations. - A working family and young professional could live close to work and recreation without being cost burdened renting a market rate apartment. - Lowers barrier to entry for future jobs and industry growth.

Expanding Public/Private Partnerships and Tax Exemptions	- These exemptions help offset the income loss from providing below market rents and stabilizes the developer’s return for more certainty in the development process and meet the City’s housing goals.
	    o Special Limited Partnerships (SLP) could mean co-ownership for Government Agency/Authority)
	    o Ground-Lease Agreements with Property Tax Abatement

Provide expedited permitting review for developments providing affordable housing.	- Improves financial feasibility of projects. - Provides more certainty in the development process. - Provides more affordable units at certain levels that would not be possible otherwise.

Other incentives worth exploring:

- Land Banking
- Extend lease-agreement to 99 years in City’s charter

Thank you for the opportunity to provide feedback on these initiatives.

Chase Cain

Chase Cain
Development Manager

LDG DEVELOPMENT

Grand Junction Area
CHAMBER
OF COMMERCE

Memo to: Greg Caton and Tamra Allen
From: Grand Junction Area Chamber of Commerce Board
Date: August 18, 2022
Subject: City Infill and Affordable Housing Incentives

The Chamber Board of Directors reviewed the City Infill and Affordable Housing Incentives as proposed to City Council at their board meeting this morning. Overall, the board is very pleased that such an incentive program being established for infill/redevelopment and affordable housing.

While there were no comments regarding the infill/redevelopment incentives the board did have some concerns about the affordable housing incentive. Specifically, the board expressed that the definition of affordable housing being defined as up to 60% of AMI may be too narrow, particularly in addressing the needs of workers. While area wages have been growing the costs of housing have been growing even faster.

The suggestion from the board was to provide a more graduated scale of incentives based on the AMI of the units being deemed affordable housing. While realizing this may complicate the calculations and administration of this incentive it would also benefit a greater population and encourage diversity in housing stock. By way of example based on the chart in the draft incentive, continue to provide the 30% reduction in fees for ten units at 60% of AMI, then add a 20% reduction in fees for ten units at up to 75% of AMI and a 10% reduction for ten units at up to 95% of AMI.

This is still consistent with the existing policy statement found in the Impact Fee section of GJMC (21.11.010(K)) that provides "To promote the provision of low-**moderate** income housing in the City, the City Council may agree in writing to pay some, or all of the impact fees imposed on a proposed low- **or moderate**- income…"

Thank you for allowing us to comment on the proposed City Infill and Affordable Housing Incentives draft and for your commitment to addressing infill/redevelopment and affordable housing.

Housing Strategy 6#

Allocate City Owned Land (And/Or Strategically Acquire Vacant or Underutilized Properties) For Affordable and Mixed-Income Housing. The city and other public agencies own properties which could potentially reduce costs and facilitate development of affordable housing. It is increasingly common for local governments to donate, discount, or lease vacant land or underutilized properties (e.g., closed schools, vacant or out-of-date public sector offices) for use as residential mixed-income or mixed-use developments. However, there are some limitations to implementation due to the current city charter. The City of Grand Junction charter limits City-owned property to a 25-year lease agreement with any entity unless the lease agreement is brought before the public for a vote. The charter also specifies that any property sold held for "governmental purposes" by the city must go to the vote of the people to sell the property.

If every city owned or purchased property is required to o go to the vote of the people to lease or sell, it creates significant impediment to utilize city-owned or city purchased land to be used for affordable housing. In addition, it hampers the ability to act fast when a suitable property becomes available. The charter provisions prevent many affordable housing entities like GJHA or other publicly funded LIHTC (Low-Income Housing Tax Credit) from utilizing city owned or city purchased property, as they require a lease agreement that lasts a minimum of 30-40 years, and often 75 to 99 years, depending on funding and investment sources.

Many of the different grant and funding programs through Prop. 123 require a 30–99-year lease which may prevent the city from accessing these resources. Prop. 123 created the State Affordable Housing Fund, dedicating 40% or approximately $124.4 million of funds to the Affordable Housing Support Fund administered by the Department of Local Affairs (DOLA) and 60% or $186.6 million to the Affordable Housing Finance Fund overseen by the Colorado Office of Economic Development and International Trade (OEDIT) to fund housing programs. OEDIT selected Colorado Housing and Finance Authority (CHFA) as the third-party administrator. The Affordable Housing Finance Fund helps to support three funding opportunities a Land banking Program, Equity Financing Program, and Concessionary Debt Program. The land banking program provides $27-$47 million (15-25% of the Financing Fund) for grants to local governments to purchase land for the specific use of acquisition and preservation of land for developing affordable housing units. The land purchased must have proper zoning and permits within 5 years and permitted and fully funded within 10 years. If those goals are not met, the land must be transferred to another agency or another non-profit entity to develop affordable housing. If the City wanted to pursue these funds, the city could acquire property, but each project may need to be brought before the public for a vote before selling, leasing, or transferring property to an affordable or mixed-use developer. This may diminish the overall competitiveness of a city-led grant request based on the State's scoring criteria. And, as mentioned, if the City wanted to lease the land, the funding for projects to be developed likely would come through federal or state grants and would be unavailable for projects with less than a 30-99 year commitment.

In November 2022, a 99-year lease for affordable housing was brought to the public for vote and lost by a small margin of .26%. It was determined that City Council may address the lease issue as part of the Charter revision to occur in the future. Additional attachments have been provided on the previous staff report and formerly adopted ordinance.

NEXT STEPS

Staff is recommending that City Council discuss these issues and provide direction on how to address concerns with implementation of Strategy 6.

99-year Lease Charter Amendment

In November 2022, a 99-year lease for affordable housing was brought to the public for vote and lost by a small margin of .26%. It was determined that City Council may address the lease issue as part of the Charter revision to occur in the future.

The City of Grand Junction charter limits City-owned property to a 25-year lease agreement with any entity unless the lease agreement is brought before the public for a vote. The charter also specifies that any property sold held for "governmental purposes" by the city must go to the vote of the people to sell the property.

These charter provisions impact the city's efforts in the following ways:

Limits Implementation of Housing Strategy 6: Allocate City Owned Land (And/Or Strategically Acquire Vacant or Underutilized Properties) For Affordable and Mixed-Income Housing. The city and other public agencies own properties which could potentially reduce costs and facilitate development of affordable housing. It is increasingly common for local governments to donate, discount, or lease vacant land or underutilized properties (e.g., closed schools, vacant or out-of-date public sector offices) for use as residential mixed-income or mixed-use developments. If every city owned or purchased property is required to o go to the vote of the people to lease or sell, it creates significant impediment to utilize city-owned or city purchased land to be used for affordable housing. In addition, it hampers the ability to act fast when a suitable property becomes available.

Limits Collaborative Partnerships. The charter provisions prevent many affordable housing entities like GJHA or other publicly funded LIHTC (Low-Income Housing Tax Credit) from utilizing city owned or city purchased property, as they require a lease agreement that lasts a minimum of 30-40 years, and often 75 to 99 years, depending on funding and investment sources.

Prevents Access to New Funding Opportunities. Many of the different grant and funding programs through Prop. 123 require a 30–99-year lease which may prevent the city from accessing these resources. Prop. 123 created the State Affordable Housing Fund, dedicating 40% or approximately $124.4 million of funds to the Affordable Housing Support Fund administered by the Department of Local Affairs (DOLA) and 60% or $186.6 million to the Affordable Housing Finance Fund overseen by the Colorado Office of Economic Development and International Trade (OEDIT) to fund housing programs. OEDIT selected Colorado Housing and Finance Authority (CHFA) as the third-party administrator. The Affordable Housing Finance Fund helps to support three funding opportunities a Land banking Program, Equity Financing Program, and Concessionary Debt Program. The land banking program provides $27-$47 million (15-25% of the Financing Fund) for grants to local governments to purchase land for the specific use of acquisition and preservation of land for developing affordable housing units. The land purchased must have proper zoning and permits within 5 years and permitted and fully funded within 10 years. If those goals are not met, the land must be transferred to another agency or another non-profit entity to develop affordable housing. If the City wanted to pursue these funds, the city could acquire property, but each project may need to be brought before the public for a vote before selling, leasing, or transferring property to an affordable or mixed-use developer. This may diminish the overall competitiveness of a city-led grant request based on the State's scoring criteria. And, as mentioned, if the City wanted to lease the land, the funding for projects to be developed likely would come through federal or state grants and would be unavailable for projects with less than a 30-99 year commitment.

NEXT STEPS

Staff is recommending that City Council discuss and again consider a charter amendment to change the authorized length of leases of city property for affordable housing from twenty-five to up to ninety-nine years.

Grand Junction City Council

Regular Session

Item #2.a.ii.

Meeting Date: September 7, 2022

Presented By: John Shaver, City Attorney

Department: City Council

Submitted By: John Shaver

Information

SUBJECT:

Introduction of an Ordinance Placing a Charter Amendment to Change the Authorized Length of Leases of City Property for Housing from 25 Up to 99 Years on the Election Ballot for the Special Municipal Election to Be Held November 8, 2022, and Setting a Public Hearing for September 21, 2022

RECOMMENDATION:

Adopt and approve on first reading and pass for publication in pamphlet form an ordinance placing a Charter amendment to change the authorized length of leases on City property from 25 up to 99 years for affordable housing and set a public hearing for September 21, 2022.

EXECUTIVE SUMMARY:

The City Council is considering an ordinance to present to the City voters to change the City Charter to allow the City to lease City property for up to 99 years for affordable housing. Increasing the possible lease term from 25 up to 99 years will benefit the public by allowing the highest and best use of certain property and in turn contribute to reducing the shortage of affordable housing in the community. Voter approval of the ballot question will only change the possible lease term for affordable housing on City property now owned or after acquired.

BACKGROUND OR DETAILED INFORMATION:

Pursuant to §151 of the Grand Junction City Charter, the Charter may be amended at any time in the manner provided by Article XX of the Constitution of the State of Colorado. The City Council has determined that the Charter provision limiting leases of public property to a term of 25 years may be unduly restrictive for the possible use of City property for affordable housing, and that increasing the term from 25 up to 99 years will benefit the public by allowing the highest and best use of certain property and in turn contribute to reducing the shortage of affordable housing in the community. Leasing of any public property is permissive and within the sole and sound discretion of the City Council on terms it deems necessary and appropriate; amending the Charter will only change the possible lease term for affordable housing of City property now owned or after acquired. Therefore, the City Council is considering an ordinance to present to the City voters a change to the City Charter, allowing the voters to determine if amending the Charter as provided in this ordinance would be in the best interest of the City.

FISCAL IMPACT:

There is no direct fiscal impact as a result of this ordinance.

SUGGESTED MOTION:

I move to introduce an ordinance placing a Charter amendment on the November 8, 2022 ballot to change the authorized length of leases on City property from 25 up to 99 years for affordable housing, publish the ordinance in pamphlet form and set a public hearing for September 21, 2022.

Attachments

1. ORD-Charter 124 amend to 99 years for affordable housing 080922

CITY OF GRAND JUNCTION, COLORADO

ORDINANCE NO. ____

AN ORDINANCE PLACING A CHARTER AMENDMENT TO CHANGE THE AUTHORIZED LENGTH OF LEASES OF CITY PROPERTY FOR AFFORDABLE HOUSING FROM TWENTY-FIVE UP TO NINETY-NINE YEARS ON THE ELECTION BALLOT FOR THE SPECIAL MUNICIPAL ELECTION TO BE HELD THE 8th DAY OF NOVEMBER 2022

Recitals.

Pursuant to §151 of the Grand Junction City Charter, the Charter may be amended at any time in the manner provided by Article XX of the Constitution of the State of Colorado.

The City Council has determined that the Charter provision limiting leases of public property to a term of twenty-five years may be unduly restrictive for the possible use of City property for affordable housing, and that increasing the term from twenty-five up to ninety-nine years will benefit the public by allowing the highest and best use of certain property and in turn contribute to reducing the shortage of affordable housing in the community. Leasing of any public property is permissive and within the sole and sound discretion of the City Council on terms it deems necessary and appropriate; amending the Charter will only change the possible lease term for affordable housing on City property now owned or after acquired.

Therefore, the City Council desires to present to the City voters a change to the City Charter, allowing the voters to determine if amending the Charter would be in the best interest of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION:

That a question of proposed amendment to Section 124 of the Charter to increase the length of the allowed term of lease of certain City property from twenty-five to ninety-nine years, as follows, be placed on the November 8, 2022, ballot:

City of Grand Junction

Shall there be an amendment to Article XIV, Section 124 of the City Charter, as amended, to increase the authorized lease term for City property, now owned or after acquired, from 25 years to a term not to exceed 99 years when the property is to be used for affordable housing project(s)?

If approved, Section 124 will read, in relevant part (and without amendment of the balance of Section 124 as amended) as follows:

124. "No franchise, lease or right to use the streets or the public places, or property of the city, shall be granted by the city, except as in this Charter provided, for a period longer than twenty-five years; however, the City may, by and with adoption of an ordinance, lease certain City property, now owned or after acquired, for affordable housing for a term not to exceed ninety-nine years."

_________ **FOR THE AMENDMENT**

_________ **AGAINST THE AMENDMENT**

The ballot title is set based upon the requirements of the Colorado Constitution and the City Charter, all State statutes that might otherwise apply are hereby superseded to the extent of any inconsistencies or conflicts and, pursuant to Section 31-11-102, C.R.S., is an alternative to the provisions of State law. Any inconsistency or conflict is intended by the City Council and shall be deemed made pursuant to the authority of Article XX of the Colorado Constitution and the Charter.

Pursuant to Sections 31-10-1308, and 1-11-203.5 C.R.S., any election contest arising out of a ballot issue or ballot question election concerning the order of the ballot or the form or content of the ballot title shall be commenced by petition filed with the proper court within five days after the title of the ballot issue or ballot question is set, and for contest concerning the order of a ballot, within five days after the ballot order is set by the County Clerk.

The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

If any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid of unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall in no manner affect any remaining provisions of this resolution, the intent being that the same are severable.

INTRODUCED ON FIRST READING AND ORDERED PUBLISHED THIS 17th DAY OF AUGUST 2022.

PASSED AND ADOPTED THIS ___ TH DAY OF SEPTEMBER 2022.

____
Anna M. Stout
President of the City Council

ATTEST:
____
Amy Phillips
City Clerk

Housing Strategy #12

Consider Adoption of a Voluntary Rental Registry Program in Conjunction with Landlord Incentives

This information is related to implementation of Grand Junction Housing Strategy 12: Consider Adoption of a Voluntary Rental Registry Program in Conjunction with Landlord Incentives. The strategy language from the Grand Junction Housing Strategies is excerpted below for reference.

HSP STRATEGY 12. CONSIDER ADOPTION OF A VOLUNTARY RENTAL REGISTRY PROGRAM IN CONJUNCTION WITH LANDLORD INCENTIVES.

Having a rental registration or license program (a program in which landlords are required to obtain a license from the City) makes it easier to promote best practices and resources to landlords, identify problem landlords, and implement a variety of renter protections (such as housing quality standards). Voluntary registration programs can be paired with landlord incentives; examples include:

- Access to security deposit insurance in exchange for accepting housing choice vouchers;
- Access to grants or interest free loans for rehab in exchange for keeping units affordable (income restricted); and
- Access to grants or incentives in exchange for converting short term rentals to long terms rentals. Landlords participating on voluntary programs typically also receive access to city-provided resources such as template leases (in English and Spanish), fair housing training, landlord/tenant mediation services, etc.

Benefits. Promotes equity, relatively easy to implement, provides resources to landlords.

Challenges. Monitoring and compliance is difficult (requires staff capacity).

Expected outcomes and keys to success. Depends on structure of program. Can improve existing housing stock (quality inspections and rehab), can create additional affordable housing stock, can improve conditions for renters and better equip landlords. Works in any market

Recommended actions for Grand Junction:

- Form task force to review best practice research on program design and evaluate priorities for program implementation.
- Consider community and landlord engagement to help refine policy proposal.

Recently, with the increase of rental rates and the City's problematically low vacancy rate, there have been significant discussions within the local affordable housing sector regarding the need for incentives for landlords and a volunteer rental registry (see Strategy 12, above). In addition to helping alleviating rent burden for residents, a volunteer rental registry combined with a landlord incentive program may assist in the unit increases required for compliance with Proposition 123, since these two initiatives can work in tandem to ensure preservation of and access to existing constructed housing units.

In strong housing markets, low vacancy rates and high rental costs contribute to an increase in lengths of stays at local shelters for families experiencing houselessness, and longer waiting lists of those needing affordable housing[1]. Landlord incentives can help increase the number of properties where lower-to-middle income households can rent and live. More specifically, landlord incentives can help preserve the affordability of existing units that are at risk for rental increases, recruit new potential landlords who are willing to rent to individuals and families with low-to-middle incomes, and encourage acceptance of vouchers or other subsidies that help pay for market-rate rental prices. Landlord incentives are easy to distribute and can be done through a housing department or division, or by contracting with a local service provider. A voluntary rental registry, then, is a helpful resource and tool to ensure the successful implementation of an incentive program, and help track current market conditions and support tenants, landlords, and municipalities in a variety of ways.

LANDLORD INCENTIVES AND RENTAL REGISTRY OVERVIEW

Landlord incentives are tools utilized by the non-profit sector and government entities to provide monetary payments and reimbursements for landlords, to alleviate concerns property owners may have about renting to certain individuals or households. Municipalities who seek to increase the number of landlords it is working with, expand into new neighborhoods, or address specific landlord issues, financial incentives and reimbursements will motivate landlords to overcome their possible reluctance to rent to households facing bigger barriers or satisfy concerns expressed by landlords.[2]

Problematic Conditions The affordable housing crisis in the United States has plagued Americans across the country since the Great Recession—and is only getting worse. In Grand Junction, the 2019 Housing Needs Assessment (HNA) indicated that there was a shortage of 2,168 housing units affordably priced for renters who earn less than $25,000 a year and a shortage of 1,368 units for those earning $75,000 or more. In Mesa County, rental rates have increased by 45% and home prices have increased 48% since the HNA was completed[3]. Currently, 47.8% of Mesa County residents are rent-burdened[4]. Wages have not kept pace (rising 5.4% between 2019 and 2021) with the rising cost of rent food, and other necessities, and many low-and-middle-income households in the Grand Junction area are struggling to make ends meet.

Driven by the unit shortage, rising rents, and an overall construction lull due to increased interest rates, evictions filings by landlords are nearing pre-pandemic levels, and most low-income tenants can no longer count on pandemic resources that had kept them housed[5]. In Mesa County, during the eviction moratorium (April 30,2020 to August 26, 2021) eviction rates had a monthly average of approximately 55% of the pre-pandemic levels. In 2022, the average was 82.41% of pre-pandemic levels. As of April 2023, the average is

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[1] Affordable Housing Incentive Program. Home for All. Www.homeforall-seacoast.org/affordable-housing-incentive-program
[2] Monetary Incentives and Reimbursements. HCV Landlord Guidebook. www.hud.gov/site/dfiles/PIH/documents/LLGuidebook_Incentives_FullChapter.pdf
[3] https://www.zillow.com/rental-manager/market-trends/grand-junction-co/
[4] Civilcourtdata.lsc.gov/data/eviction/Colorado/mesa
[5] Casey, Michael and Rico, R.J. Eviction Filings are 50% higher than they were pre-pandemic in some cities as rents rise. https://apnews.com/article/evictions-homelessness-affordable-housing-landlords-rental-assistance-dc4a03864011334538f82d2f404d2afb

already at 94.87% of pre-pandemic levels[6]. In late 2022, it was estimated that at least12.4% of renters were currently behind on rent. [7]

As a result, houselessness is on the rise. In 2021, the Point-In-Time (PIT) count showed that the unhoused population in Grand Junction increased by 43% from the last PIT count in 2019[8]. According to the District 51 REACH Program, 907 children in District 51 were identified as experiencing houselessness by the end of the 2022-23 academic year, and more children may be experiencing houselessness that have gone unidentified, as families sometimes opt not to report in fear of losing their children. On average, children typically make up about 30% of an area's unhoused population, so it is likely that in the Grand Junction area, there are between 2,500-3,500 people experiencing houselessness[9]. And, once someone is houseless, the low vacancy rates and high rental costs are contributing to a longer length of stay at local shelters.[10]

The Housing Choice Voucher Program (previously known as Section 8 Vouchers) is administered by the US Dept of Housing and Urban Development and is meant to assist low-income individuals and families in renting apartments or homes from landlords in the private market. There are also state-level and population-specific housing vouchers, such as HUD/VASH vouchers (for veterans), project-based vouchers, Continuum of Care (CoC) Permanent Supportive Housing Vouchers, and a new Colorado pilot program Statewide Supportive Housing Expansion (SWISHE) Vouchers, administered locally through the Grand Junction Housing Authority These programs work to increase housing choices for low-income families by providing a subsidy for market-rate housing after the household has spent 30% of their income towards their housing costs. In 2019, it became illegal in Colorado for landlords (with some limited exceptions) to refuse to accept prospective tenants based on their source of income. However, many landlords have found loopholes around accepting vouchers or other sources of rental assistance. Some common loopholes include raising rents beyond the rental limit amount set by HUD that the voucher will cover, requiring tenant leases to be less than the HUD required 1 year term or simply by choosing another more desirable individual or family to rent their unit.

So far in 2023, the Grand Junction Housing Authority has issued 90 housing vouchers, and within 30 days of issuance, only 15.6% of households with a voucher had found a unit to lease. Within 60 days, an additional 8.9% found a unit. At 60 days, a housing voucher usually expires, though extensions can be requested. With an additional 60-day extension, only 2.2% of the original households with a voucher were able to find housing. Overall, out of 90 vouchers issued, 25 families were able to find a home within the 120 day (maximum extension permitted) leaving 72.2% of the vouchers were unable to be utilized before they expired.

[6] Civilcourtdata.lsc.gov/data/eviction/Colorado/mesa
[7] https://cedproject.org/estimated-number-of-renters-behind-on-rent-in-colorado/
[8] https://commonsenseinstituteco.org/homelessness-in-grand-junction/
[9] https://endhomelessness.org/homelessness-in-america/who-experiences-homelessness/children-and-families/
[10] Affordable Housing Incentive Program. Home for All. Www.homeforall-seacoast.org/affordable-housing-incentive-program

There are a few reasons why landlords may be hesitant to accept vouchers include: a lack of familiarity with the program, concerns about their obligations under the program, and beliefs that voucher holders or other households receiving rental assistance may be challenging tenants. Landlords with only a few units under ownership may be particularly hesitant to accept vouchers, since they are the most vulnerable to losing their property, or not having enough funds to properly maintain their buildings, if even a limited number of tenants are unable to pay rent.

Incentives and education for landlords can work in tandem to help stabilize the market, preserve units and give access to housing that may otherwise be unavailable to certain household. Landlords who participate in a successful incentive program are likely to stay with the program long-term, since the program can offer a steady pool of potential tenants, and in some cases, makes renting less financially risky.

Program Development

1. Provide Supportive and Educational Resources.

Recruitment & Outreach to Landlords. To increase opportunities for voucher holders and encourage landlords to maintain affordable rental rates, municipalities can engage in proactive outreach to landlords to promote renting to lower-income tenants. These landlord outreach efforts can be conducted by dedicated staff or by nonprofit partners and may include education and information about affordable housing programs, promotion of benefits to landlords, and potentially offering financial incentives of various types.

Recommendation: Staff to create outreach-specific plan and make materials available

Timeframe: 3 months initially, and ongoing

Educational Materials and Workshops. Many landlords do not understand the benefits of utilizing housing voucher programs or renting to “low-income” tenants. Additionally, landlords may not understand tenant rights or rental obligations. City Staff could provide educational materials and workshops to share information with landlords and respond to any questions and concerns. The workshops can clarify expectations regarding voucher property inspections and quality standards, answer questions about security deposits and payments of utilities, and provide information about tenant selection. Additional workshops may help landlords or real estate professionals gain the credits needed for maintaining their licenses.

Recommendation: Staff to work with other local non-profit housing providers, professional networks and fair-housing professionals to develop an educational series, and workshops.

Timeframe: Pilot quarterly workshops for 1 year

Tenant Certification Course. Providing structured educational materials and workshops for potential tenants can successfully bring many people into housing who would not otherwise be given the chance, because of barriers including have a history of homelessness or noticeable gaps in rental history, addiction, criminal justice involvement, evictions, poor credit, and past property debt. Topics in such a “tenant certification course” could include Fair Housing Laws, the rental screening process, how to talk to potential landlords about screening barriers, credit repair and building, how to maintain a healthy home, the eviction process, rental screening reports, and their rights and responsibilities as renters. Classes may not only help tenants become better tenants, but also help alleviate the concerns of landlords. Similar programs when partnered with an incentive for landlords, it has been found that less than 1% of landlords who rent from tenants with a tenant certification have needed to access additional deposit or damages funds.

Landlord Certification Course. Like a tenant certification course, a landlord certification course may provide training opportunities for landlords. Topics addressed could be similar, including Fair Housing Laws, rental screening best practices, best practices for maintenance, repairs and how to maintain a safe property, and the rights and responsibilities of being a professional landlord. Landlords who participate could gain special recognition in a landlord registry, and participation could be a requirement for accessing monetary incentives.

Case Management & Mediation. Programs offered through a housing division or coordinate with a non-profit that create ongoing case management, resourcing, and a point of contact if issues arise can ease the stress and burden for a landlord renting to tenants with issues and barriers. Additionally, mediation and case management may help with eviction prevention, since such tools could negotiate terms by which a tenant successfully moves out without a landlord proceeding with eviction. Eviction prevention can help a tenant maintain good rental standing and can help a landlord avoid expensive court litigations. Case management can also provide tenants with ongoing education to navigate life skills, budgeting, handling rental situations, creating appropriate documents, and encouraging strong neighbor connections and rapport with their landlord.

Recommendation: Staff to work with other local non-profit housing providers, professional networks and fair-housing professionals to develop tenant and landlord certification courses. Assist non-profits to establish case management and mediation opportunities.

Timeframe: Launch within 1 year

2. Develop Monetary Incentive Program. Financial incentives combined with a program that provides educational materials can be even more enticing to landlords. These incentives often mitigate two landlord concerns: payment delays and damages to units more than the deposit amount. Landlord incentives may have specific criteria for the landlords who enroll.

Signing Bonus. A signing bonus is a one-time payment to a landlord who has rented a unit to a voucher family or other family that meets the goals of the program (i.e., a household within a specific AMI range). The payment may come with other specific conditions. This type of incentive is best for landlords who have never participated in an incentive program; it incentivizes them to join the program or utilize a voucher or other rental assistance program.

Vacancy/Holding Fund. The process of moving a voucher-holding household into a rental unit can take longer than the process of moving a non-voucher-holding household into a rental unit. A move-out with tenant damage may also delay a landlord from moving in a new tenant in a timely manner. Therefore, a vacancy/holding fund, which provides compensation for missed days of rental income, may help to "hold" the unit until another voucher holder can secure the unit. These funds could supply the landlord with all or a portion of the rent the landlord would have been able to collect during a "holding" period. The incentive is a recognition that the inspection and paperwork process, as well as a move-out process, can slow the move-in process.

Security Deposits/Mitigation Funds. Damage claim or damage mitigation funds can pay the landlord for excessive damages beyond normal wear and tear when the landlord is unable to collect payment from a tenant. They can increase landlord satisfaction even when the landlord does not necessarily need to use these funds; simply knowing that these funds area available for repairs offers security. These types of funds are usually set aside for unpaid rent or lease fees, lease-break fees, loss of rent due to repairs for qualifying property damage, property damage above normal wear and tear, and legal fees related to filing with a small claim.

Repair/Rehabilitation Loans. Many smaller independent landlords may struggle with updating, upgrading, or providing more costly structural or safety repairs due to the large costs associated with issues such as heating or HVAC systems, roof repairs, water damages, etc. In addition to assisting with these kinds of repairs, repair/rehabilitation loans could also assist in the payment of permitting fees related to those repairs and improvements. Providing a no- or low-interest loan may provide landlords the ability to make these repairs in a timely manner and help to maintain overall affordability or preservation of the unit. Additional rehabilitation options may include helping landlords purchase photovoltaic systems, windows, or other energy efficient renovations.

Recommendation: Staff to create several stakeholder focus groups to explore options of incentives and develop a formalized incentive program that could include one or all of the above-mentioned financial incentives based on local input.

Timeframe: 6 months to 1 year.

2. Create a Voluntary Rental Registry. A rental registry is a database of rental property that includes information about property owners and the rental property. Rental registration can be a voluntary program or a requirement through a licensing process. Some rental registries, whether voluntary or required, have a small fee attached to each unit that is registered to help fund the programmatic elements and benefits, and add a supplemental funding source to any monetary incentives offered through a municipality. In its most basic form, it enables owners to provide up-to-date information of management and maintenance of their property, including the numbers of units owned, the occupation status of units, and how much is currently being charged for rent.

For a municipality, a rental registry could help inform depending upon design all or some of the following: housing and community development policies, identify households at risk for displacement, by monitoring rental leases and increases, address health and safety concerns, facilitate community outreach, support social services in times of crisis, provide information about rental landscape, help target acquisition efforts, and mitigate issues related to code enforcement or legal concerns.[11]

Related to the implementation of Prop. 123, a rental registry can help provide real-time tracking of rental housing trends and ensure that naturally occurring affordable units that come online are counted towards the City's unit production goals. Online registries can provide landlords a safe, convenient, and secure method for engaging with a local municipality and get real-time information about property rights and responsibilities and changes to local laws. It could also give property owners, depending on registry design, free advertising for their properties, the means to update important emergency information, access to certified quality tenants, financial incentives, education, and programming. Research has shown that rental registries combined with rental inspection programs have increased the property values of nearby rental properties[12]. For tenants, a rental registry can provide real-time information on available vacancies and rental amounts in the community, as well as provide basic information about their protections, gain information about changes in local housing laws, and offer incentive programs to landlord that help the property stay in code compliance.

Recommendation: Staff to explore registry types, tools, and best practices for implementation

Timeframe: 6 months to 1 year in conjunction with landlord incentive program

Fiscal Impact:

Staff is proposing that a total of $55,000 be budgeted from the general fund for the development and implementation of Strategy 12. Similar programs estimate approximately $50 per person for a tenant or landlord to become certificated and receive case management and mediation services. Staff proposes funding in the amount of $5000 to provide funding for up to 100 participants (tenants and landlords). Staff proposes an additional $50,000 for a pilot landlord incentive program in conjunction with the operation of a voluntary rental registry. Additional programmatic funding may be achieved through implementing a small fee per unit for landlords registering to the program.

NEXT STEPS

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[11] Rental Registries. www.policylink.org/resources-tools/tools/all-in-cities/housing-anti-displacement/rental -registries

[12] McGill, Scott. How Rental Registries Benefit Everyone and Why We Need them. www.blog.3disystems.com/rental-registries-benefit-everyone.

Originally, this strategy was prioritized to commence within four to six years, or between 2025-2027. However, due to increased rental rates and increasing eviction rates, increased homelessness, and increased community interest as well as an important tool to help track the City's Prop. 123 commitment, Staff has conducted some preliminary research around landlord incentives and forming a rental registry. Staff has begun evaluating support for a voluntary rental registry and landlord incentives, specifically asking how these initiatives – and any other landlord-related programs – could be structured to make them impactful to both landlords and tenants. Additionally, Staff is currently researching different types of renter certification programs and landlord education workshops. Staff is seeking direction from council to pursue this strategy earlier than the anticipated timeline.