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**CITY COUNCIL AGENDA
TUESDAY, JANUARY 30, 2024
250 NORTH 5TH STREET
CITY HALL AUDITORIUM
VIRTUAL
4:00 PM – SPECIAL MEETING**

Call to Order, Pledge of Allegiance, Moment of Silence

REGULAR AGENDA

If any item is removed from the Consent Agenda by City Council, it will be considered here.

1. Action Items

- a. A Resolution Authorizing The City Manager to Commit and Expend Funds in Support of the Grand Junction Housing Authority Affordable Housing Development Known as the Current Located at 674 23 ³/₄ Road in Grand Junction, Colorado

2. Adjournment



Grand Junction City Council

Regular Session

Item #1.a.

Meeting Date: January 30, 2024
Presented By: Ashley Chambers, Housing Manager
Department: Community Development
Submitted By: Ashley Chambers, Housing Manager

Information

SUBJECT:

A Resolution Authorizing The City Manager to Commit and Expend Funds in Support of the Grand Junction Housing Authority Affordable Housing Development Known as the Current Located at 674 23 ¾ Road in Grand Junction, Colorado

RECOMMENDATION:

Staff recommends approval of this resolution.

EXECUTIVE SUMMARY:

The Grand Junction Housing Authority (GJHA) requests financial assistance of \$1,500,000 from the City Council to address a financing gap for the development of "The Current," a 54-unit affordable housing project. This request is crucial to meet funding requirements for the Colorado Housing and Finance Authority's (CHFA) Low-Income Housing Tax Credits application, which is due on February 1, 2024.

BACKGROUND OR DETAILED INFORMATION:

In 2022, the Grand Junction City Council allocated \$1 million to support housing strategies, with a specific focus on Housing Strategy 6, which emphasizes the allocation of city-owned land for affordable and mixed-income housing to optimize unit development at reduced costs. This initiative utilized \$750,000 from the 2022 housing funds as a cash match for the \$2,250,000 Department of Local Affairs (DOLA) Affordable Housing Incentive Grant. The grant was successful, and the city used its cash match along with the grant funds to purchase 15 acres for the Grand Junction Housing Authority (GJHA) for the future development of up to 300 new affordable units in three phases, prioritizing households below 60 percent and 80 percent of the area median income.

"The Current" is the first 54 units proposed to be developed on the recently acquired

15-acre parcel. "The Current" will include one- and two-bedroom apartments with rent restrictions for 40 years at or below 60 percent of the area median income. GJHA has been diligent in securing funding from various sources. However, challenges such as construction and material cost inflation, coupled with higher interest rates, have significantly increased development costs, resulting in a financing gap of \$1,500,000. GJHA is requesting financial assistance to ensure the construction of "The Current" project. The targeted construction start date for Phase 1 is set for 2025. This financial support is crucial for the Colorado Housing and Finance Authority (CHFA) Tax Credit application, ensuring a balanced budget for the development. The application for Low-Income Housing Tax Credits with CHFA is scheduled for submission by February 1, 2024.

FISCAL IMPACT:

The City's 2024 adopted budget included \$6,491,758 to facilitate the execution of adopted housing strategies including production of affordable housing units. Of these funds, \$200,000 are budgeted for the Grand Valley Catholic Outreach Mother Teresa Place project and \$356,600 is budgeted for operating costs towards the United Way of Mesa County and Homeward Bound of the Grand Valley's resource center. In addition, the Council has directed staff to consider utilizing \$500,000 to support Colorado Mesa University's Behavioral Health Provider Retention Program, leaving \$5,435,158 remaining. Staff is recommending utilizing \$1,500,000 of the remaining appropriated funding to support the Grand Junction Housing Authority (GJHA)'s "The Current" housing project.

SUGGESTED MOTION:

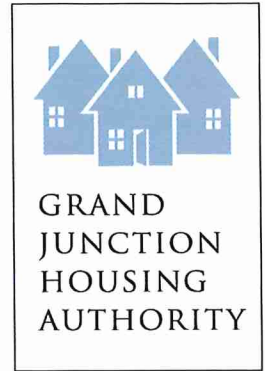
I move to (adopt/deny) Resolution No. 07-24, a Resolution authorizing the City Manager to expend \$1,500,000 in support of the Grand Junction Housing Authority affordable housing development known as "The Current" Located at 674 23 ¾ Road in Grand Junction, Colorado.

Attachments

1. GJHA funding request
2. RES-GJHA 20240126 jpsjtn

January 25, 2024

Mr. Greg Caton
City Manager
250 North Fifth Street
Grand Junction, CO 81501



Dear Greg:

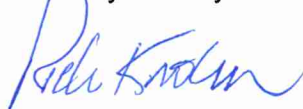
Grand Junction Housing Authority is committed to initiating development of our 15-acre parcel of land platted as Confluence Subdivision, located just west of 24 and F ³/₄ Roads. Our first phase of development, "The Current", is the subject of an application to Colorado Housing and Finance Authority for Low Income Housing Tax Credits, which must be submitted February 1, 2024, the single application window this year.

This 54-unit community will have one- and two-bedroom apartments rent restricted for 40 years at or below 60% of area median income. First year rents are set to start as low as \$416 for a one-bedroom apartment, and \$488 for a two-bedroom apartment, well below market rate rents. We expect to obtain a building permit in September 2024.

Inflation in construction and materials costs and higher interest rates have driven up cost estimates for this development substantially, creating a financing gap. We have trimmed expenses as much as we feel is responsible, while maintaining long term viability of the development. We have sought maximum funding from typical resources and have accessed new funders. GJHA expects to reinvest all proceeds from its recent sale of two older properties to bring these new affordable units to market. GJHA's anticipated total investment in The Current is approximately \$4,900,000.

While we continue to refine our projections and seek additional economies in this development budget, we currently have an estimated financing gap of \$1,500,000. Given the City's strong commitment to affordable housing, we respectfully request financial assistance in this amount from the City to help make The Current a reality. We realize that this request requires consideration by the City Council and ask that we be given the opportunity to present our request to the Council. For our Tax Credit application to be considered by CHFA, the sources and uses must balance.

Thank you for your consideration.



Richard H. Krohn
Board Chair



Jody M. Kole
CEO

8 Foresight Circle Grand Junction, CO 81505 (970) 245-0388
(TTY) Dial 711 or 1 (800) 842-9710





1 RESOLUTION __-24

2 AUTHORIZING THE CITY MANAGER TO COMMIT AND EXPEND FUNDS IN SUPPORT OF THE
3 GRAND JUNCTION HOUSING AUTHORITY AFFORDABLE HOUSING DEVELOPMENT KNOWN
4 AS *THE CURRENT* LOCATED AT 674 23 ¾ ROAD IN GRAND JUNCTION, COLORADO

5 RECITALS:

6 The Grand Junction Housing Authority (GJHA) is developing affordable housing on its
7 15-acre property located at 674 23 ¾ Road. The first phase of the development known
8 as *The Current* will provide 54 one and two bedroom rent restricted units for persons at
9 or below 60% of the area median income (Development). Once constructed the rent
10 for the units in the Development will be restricted for a term of 40 years.

11 Due to several factors, including higher interest rates and inflation in construction and
12 material costs, the GJHA asked that the City contribute \$1,500,000 to the Development.
13 The City contribution is necessary to augment the GJHA application to the Colorado
14 Housing and Finance Authority (CHFA) for Low Income Housing Tax Credits. For the Tax
15 Credit application to be considered by CHFA the City's commitment needs to be
16 made on or before February 1, 2024.

17 On January 30, 2024, the City Council met in a Special Meeting and determined, based
18 on the importance of the Development, and that the City has budgeted in 2024 for
19 significant investments in housing, that construction of *The Current* and the dedication
20 of it by the GJHA to affordable housing is necessary, appropriate and will advance the
21 public health, safety, and welfare of inhabitants of the City.

22 NOW THEREFORE, as provided in this Resolution, be it resolved that the City Council of
23 the City of Grand Junction authorizes the City Manager to commit and expend
24 budgeted funds in the amount of one million five hundred thousand dollars
25 (\$1, 500,000.00) for and in support of the Development as described in this Resolution.

- 26 1. That the Recitals are incorporated herein. Based thereon, and in support of
27 the City Council's commitment to affordable housing, City Council hereby
28 authorizes the City Manager to commit \$1,500,000.00 to assist the Grand
29 Junction Housing Authority with its application to the Colorado Housing and
30 Finance Authority for Low Income Housing Tax Credits; and,
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- 32 2. When that application is successful, the City Council hereby authorizes the
33 City Manager, as contemplated in this Resolution, to disburse \$1,500,000.00 to
34 the Grand Junction Housing Authority for and on behalf of the Development.
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- 36 3. That this Resolution shall serve to demonstrate and confirm the City's support
37 of the Grand Junction Housing Authority's application to the Colorado

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Housing and Finance Authority for Low Income Housing Tax Credits, or for any other purpose necessary or required for the Grand Junction Housing Authority to secure the necessary financing for the Development.

Anna M. Stout
President of the City Council

ATTEST:

Amy Phillips
City Clerk

DRAFT