

Affordable Housing Development Incentives Grant Program (HB 21-1271)

What is the Affordable Housing Development Incentives Grant Program?

The Affordable Housing Development Incentives Grant Program will assist eligible Colorado communities with funds to support an affordable housing development project directly or through programs that support development or long-term preservation of affordable housing.

Which communities are eligible to apply?

Municipalities and counties are eligible to apply for and receive funds. Housing authorities, councils of government, and other nonprofit organizations are not eligible on their own but can partner with municipalities and counties. Only municipalities and counties that have adopted at least three qualifying strategies are eligible to apply for funds (see list on the back of this page).

How can the funds be used?

All funds must be applied to housing for families or individuals earning up to 80% AMI for rental housing and up to 140% AMI for affordable homeownership. Eligible expenses may include but are not limited to development fees, infrastructure extensions, construction or rehabilitation costs, land acquisition, pre-development costs (with prior approval), and seed money for programs that support the creation of affordable housing (e.g. land bank or community land trust). Off-site improvements may also be eligible.

What costs are ineligible?

Funds cannot be used for housing needs assessments, land use/zoning code updates, or other similar studies that are eligible to be funded through the Planning Grant Program.

What is the award limit? Is there a match requirement?

Approximately \$37,728,000 is available for awards. DOLA expects to issue between \$500,000-\$1,000,000 per grant, with a suggested maximum award amount of \$3 million. A 20% local cash match is required (e.g., cash, waived fees, purchased/donated land); no in-kind match (e.g., staff time). Local governments that can demonstrate an economic hardship may be considered for a match reduction or waiver (contact your Division of Local Government Regional Manager).

When do the funds need to be spent by?

All funds must be fully expended (not just encumbered) before June 30, 2024.

When does the application process begin?

The first funding round (“Catalyst Projects”) will fund 3-5 projects that exceed the requirements of the program guidelines, are ready to implement, and have demonstration value. Letters of intent for this initial round of funding are due November 1, 2021. The remainder of the funding will open in 2022 with letters of intent due next fall.

List of Qualifying Strategies to be Eligible to Apply for Incentives Grants:

1. The use of vacant publicly owned real property within the local government for the development of affordable housing;
2. The creation of a program to subsidize or otherwise reduce local development review or fees, including but not limited to building permit fees, planning waivers, and water and sewer tap fees, for affordable housing development;
3. The creation of an expedited development review process for affordable housing aimed at households the annual income of which is at or below one hundred twenty percent of the area median income of households of that size in the county in which the housing is located;
4. The creation of an expedited development review process for acquiring or repurposing underutilized commercial property that can be rezoned to include affordable housing units, including the preservation of existing affordable housing units;
5. The establishment of a density bonus program to increase the construction of units that meet critical housing needs in the local community;
6. With respect to water utility charges, the creation of processes to promote the use of sub-metering of utility charges for affordable housing projects and the creation of expertise in water utility matters dedicated to affordable housing projects;
7. With respect to infrastructure, the creation of a dedicated funding source to subsidize infrastructure costs and associated fees related to publicly owned water, sanitary sewer, storm sewers, and roadways infrastructure;
8. Granting duplexes, triplexes, or other appropriate multi-family housing options as a use by right in single-family residential zoning districts;
9. The classification of a proposed affordable housing development as a use by right when it meets the building density and design standards of a given zoning district;
10. Authorizing accessory dwelling units as a use by right on parcels in single family zoning districts that meet the safety and infrastructure capacity considerations of local governments;
11. Allowing planned unit developments with integrated affordable housing units;
12. Allowing the development of small square footage residential unit sizes;
13. Lessened minimum parking requirements for new affordable housing developments;
14. The creation of a land donation, land acquisition, or land banking program;
15. An inclusionary zoning ordinance (per CRS 29-20-104(1)), and
16. Other novel, innovative, or creative approaches to incentivize affordable housing development.