



Focus On: Westminster, Colo.

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Westminster, Colo., is a prime spot for affordable housing.

“We’re located right between Denver and Boulder,” said Jenni Grafton, economic development coordinator for Westminster and the city’s lead on developing affordable and workforce housing. “If you can’t afford to live in either of those two cities, Westminster is a great option.”

Westminster is 20 miles southeast of Boulder, where the median price for homes is approaching \$1 million (Westminster’s median home price in 2016 was \$319,000), and 9 miles northwest of Denver, the center of the metro area.

“I think there’s a greater need here [for affordable housing],” said Ron Mehl, vice president and project partner at Dominion Development, who lives in Westminster and whose company is preparing to build a 200-apartment affordable senior development in the city. “There are tons of people moving here and every affordable housing development that gets built fills up fast. I love it here. It’s a great community.”

Colorado’s Eighth-Largest City

Westminster is part of the 10-county Denver Metropolitan Statistical Area (MSA) and its

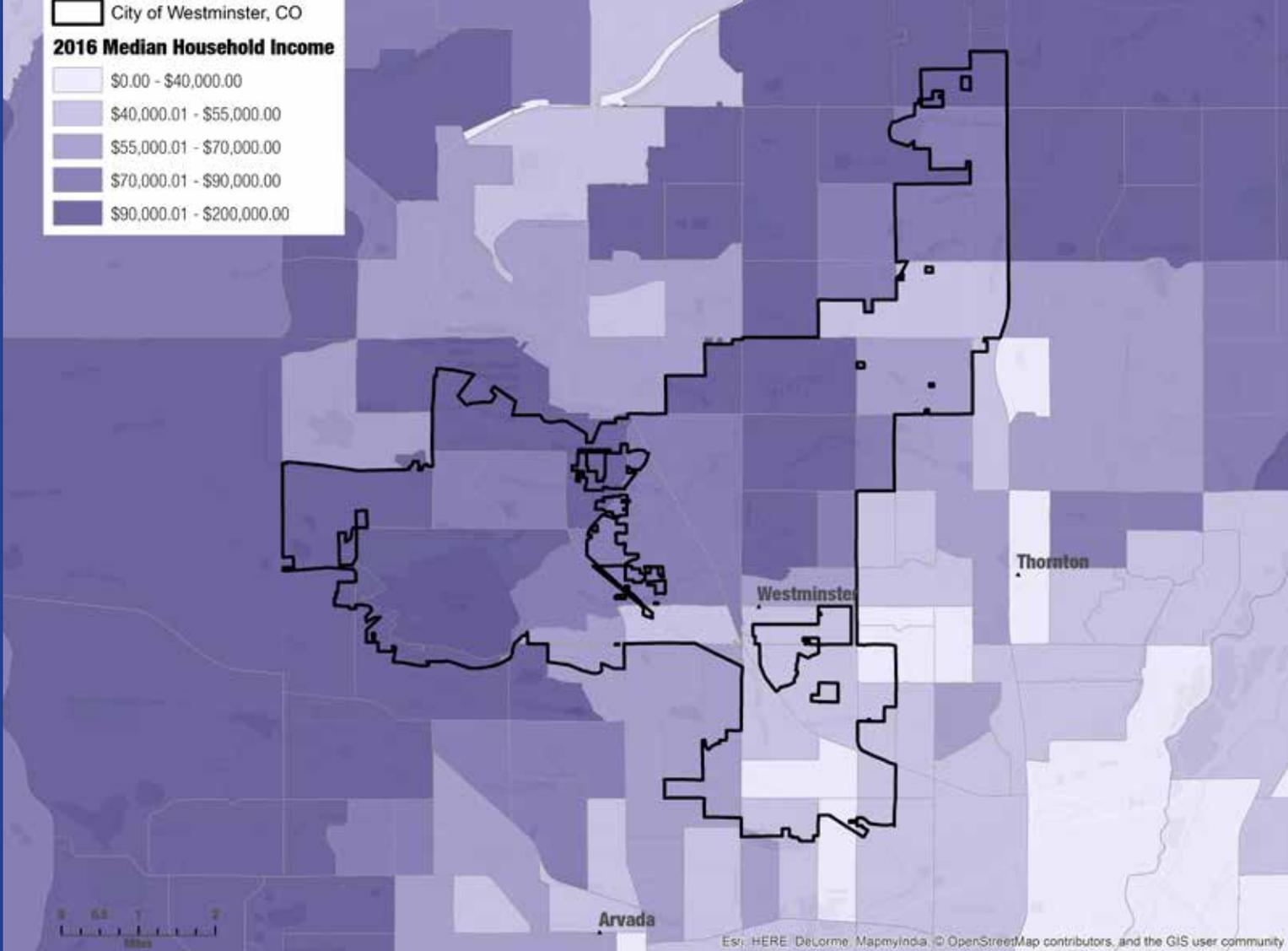
population in 2015 was 113,000, making it the eighth-most-populous city in Colorado.

The city is split between Adams County and Jefferson County. As a suburb of Denver, Westminster’s economy is directly impacted by the metro area. Employment in the MSA increased in every year since 2003 except 2009 and the unemployment rate is consistently lower than the national average. In June, the unemployment rate was 2.5 percent, compared to a 4.4 percent national rate.

Rental Market

With home prices rising, the demand for affordable multifamily housing has grown. “Westminster used to be known as an affordable suburb, but it’s really not the case for any of Jefferson County communities now,” said Lori Rosendahl, executive director and CEO of the Jefferson County Housing Authority. “Poor and moderate-income people are being priced out of every community.”

With the senior population more than doubling (from 14 percent to 29 percent) since 2000, the need for senior affordable housing is at the top of the list. “Our market study said there’s a huge demand for senior affordable housing,” said Neal Mendel, managing general partner at Mendel Development, the co-developer with Elkco Properties of the 300-



Median Household Income in Westminister, Colo.



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plus, multiphase Panorama Pointe development in Westminister. “We were also surprised at the demand for the 60 percent [area median income] housing—and there’s a huge waiting list (nearly 400 families) at our current building, the Residences at Panorama Pointe.”

That’s not all.

“There’s a strong need for homeless permanent supportive housing,” said Peter LiFari, the deputy director of the Adams County Housing Authority (ACHA). “The homeless situation has been exacerbated over the past two years due to the Denver urban-camping-ban ordinance. People come up the Platte River and have

started to move into south Westminister to avoid the ordinance. While it’s not unique to Westminister, we are at the outset of a challenge that is expanding with each day.”

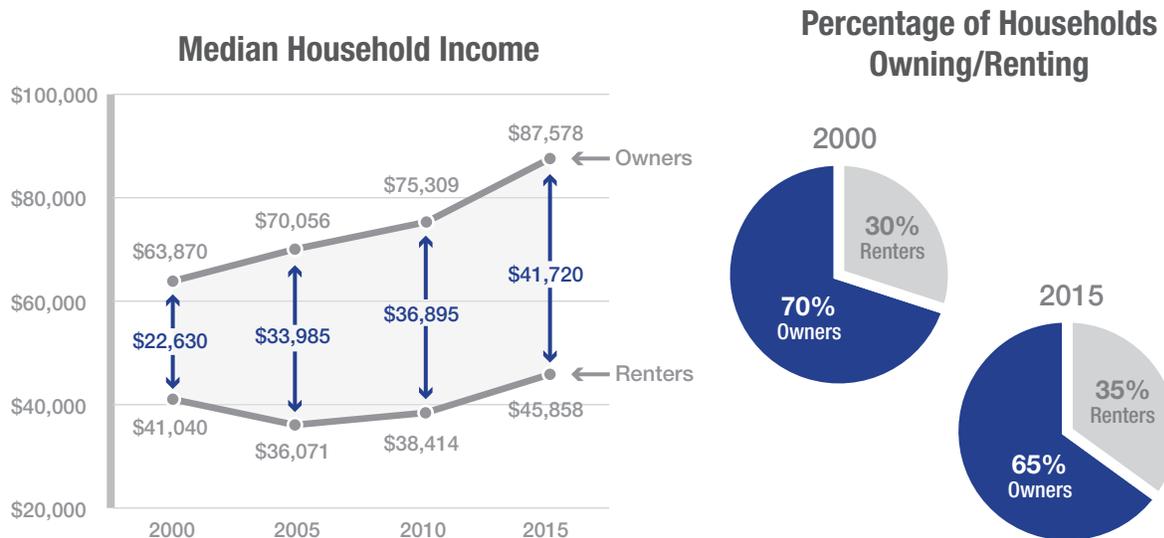
Being split between two counties actually benefits Westminister.

“I think [having two counties] is great for Westminister,” Rosendahl said. “We just finished a 72-unit senior development and [ACHA] is working on a tax credit development. Westminister citizens have two housing authorities working on their behalf and both agencies are eager to help.”

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A Growing Gap

The gap between the income of renters and owners is increasing in Westminster, Colo., while the proportion of renters keeps going up.



Source: City of Westminster Economic Development Department, Novogradac & Company LLP

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Willing Leaders, State Tax Credit

Westminster has a city government eager to grow affordable housing. “What is exciting is that in 2014, Westminster, various stakeholders and the ACHA identified the need to collaborate to maximize opportunities of the future rail station,” said Don May, ACHA executive director. “That culminated in the partnership receiving a Sustainable Communities Initiative (SCI) grant. Those resources and the collaborative nature of the grant played a role in kick-starting the effort to ensure a spectrum of housing availability in South Westminster.”

Building on that success, ACHA was awarded low-income housing tax credits (LIHTCs) in 2015 to develop Alto, a 70-apartment mixed-used deeply affordable infill project with 18,000 square feet of commercial space. It’s set to open in December.

“Westminster is focused on playing a leading role in affordable housing in this region,” Grafton said. “There is a very progressive [city] council and they have made affordable and workforce housing a high priority in the city’s strategic plan. It’s an important part of achieving our vision of being the next urban center of the Front Range and one of the most sustainable cities in the country.”

That commitment led to a housing needs assessment in January that resulted in a task force to find the best approaches. An in-depth report will guide a housing plan due later this year.

A broad-based committee met seven times, vetted the best practices and compiled a draft report that went to the city council in late August. “The goal is to get an affordable housing and workforce housing strategic plan that can be adopted to implement policies and effect meaningful change,” Grafton said.

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The civic leadership is recognized by the state housing agency.

“There tends to be a lot of local government leadership and support,” said Jerilynn Martinez, the director of marketing and community relations for the Colorado Housing Finance Authority (CFHA). “The connection between affordable housing and sustainable communities is important.”

Martinez said Colorado’s state LIHTC—which is generally paired with 4 percent federal LIHTCs—is a significant opportunity for developers. “We’re one of the states that modeled our LIHTC after the federal LIHTC and we used that to support the development almost 3,000 units between 2015 and 2016,” Martinez said.

Colorado’s tax situation also presents a unique possibility. “In Colorado, if you partner with the housing authority, you get a property tax exemption,” Mehl said, explaining that the state’s taxpayer bill of rights (TABOR) requires a public vote for any tax increment financing plan. “What you do is meet with the housing authority and ask how you can make them a 0.01 percent special limited partner. That’s true for all suburban areas in Colorado. It’s standard for developers and it’s necessary [for developments to work financially].”

There are other considerations while collaborating with a housing authority, including sharing the developer’s fee and/or an annual payment for a portion of the real estate tax savings. These funds are an important source to help the housing authorities create additional affordable housing.

Fees, Competition Provide Hurdles

Fees, bureaucracy and competition have made Westminster difficult for some developers, despite the friendly city government. “Westminster is challenging, but a lot of places are challenging,” Mendel said. “I don’t

know if [Westminster is] any more [challenging than the others].”

Mendel referenced the tap fees required to connect to the water system. Colorado, like many states, provides water through local agencies that charge a fee to developers to join the system.

“The costs for taps vary from district to district,” Martinez said. “A lot of what drives it is the cost to acquire the water and provide the infrastructure to serve new demand. That’s one development factor at play, on top of school fees, park fees and others, depending on where the development is being constructed.”

Mendel’s Westminster development cost an additional \$690,000 to connect. His Panorama Pointe development started in 1996 and went through several phases, capped by a senior property that broke ground in August. Mendel faced various hurdles to get the property—low-income, market-rate and a senior center—developed.

A change to exempt affordable housing from competition took effect earlier this year, ending what Mehl described as “an impossible” situation. Some in affordable housing cite the need for additional help. “What Westminster needs is affordable housing guidance for taps, land, discounts on costs like the tap fees, sewer fees, plan fees, school fees,” Mendel said.

The strategies from the task force are intended to provide development assistance. “We are limited in our ability to adjust certain fees, like taps, because of the city’s costs to acquire the water, and school fees, because those are passed to the school districts, but we have discounted and rebated a number of others,” said Grafton. “We are looking into how we can provide land in some areas where it may not otherwise be financially feasible to develop affordable housing.”

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And, there's no obvious help on the way. If there was a way for other funds to be available for affordable housing, it would be wonderful," said Mehl. "But that pie is very thin. There just isn't a lot left."

Mehl said the city's relative affluence adds a layer of difficulty.

"We look for land in a DDA [difficult development area] or QCT [qualified census tract] to get the 30 percent basis boost for tax credits," Mehl said. "But there aren't any in Westminster."

Rosendahl advised that while city government is friendly, as with any local governmental entity, it can take time to get developments approved.

"The city of Westminster is very eager to work [with developers] in the affordable housing process. It's always a good idea to work with the city in advance and understand their vision for their community," Rosendahl said. "It gives city staff an opportunity to weigh in on the development and offer support and guidance. They are eager to help and we should work to fit into the plan for their community."

With a motivated city government, but some practical hurdles, Westminster is like a lot of cities when it comes to affordable housing: Plenty of need, but challenges to make it happen.❖

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