



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: DON REIMER, COMMUNITY DEVELOPMENT DIRECTOR
DANELLE COOK, HOUSING PROGRAM MANAGER
RE: CONTRACT WITH COLORADO DEPARTMENT OF LOCAL AFFAIRS FOR GRANT AWARD
FROM HB21-1271, INNOVATIVE AFFORDABLE HOUSING STRATEGIES PROGRAM
DATE: SEPTEMBER 13, 2022

Summary and Background: Workforce housing continues to be the most urgent challenge faced by the Town of Frisco. Businesses in Town have continued to struggle to hire enough employees to operate, leading to reduced business hours. The Town of Frisco has seen these same challenges in filling open positions, whether it is for full-time professional positions or for seasonal employees.

For the past two years, the Town has working with the Colorado Department of Transportation (CDOT) to develop a workforce housing project on a CDOT owned parcel at 619 Granite Street, for a project now known as Granite Park. The design is complete, and is out to bid for a general contractor for project construction. As part of 80% designs in December 2021, construction cost estimates were prepared, which estimated vertical construction costs of approximately \$6.7 million. As a result of significant escalation in material and labor costs over the past year, staff is estimating that construction costs will be in the range of \$9 - 10 million.

Because the need for additional workforce housing exceeds the funds available in the Town's 5A funds, staff continues to pursue opportunities to leverage 5A funds to develop additional housing units. One such opportunity is grant funding, in this case made available by the Colorado Department of Local Affairs, through HB-21-1271, Innovative Housing Incentives Grant Program. The Town applied for a grant under this program in March 2022, and received notice of award in the amount of \$1.5 million in April 2022.

Analysis: As the effects of the COVID-19 pandemic became better known throughout the State of Colorado, in 2021 the State Legislature passed a number of bills intended to assist communities in recovery from those impacts. In many communities, including Frisco, those impacts included changes to the local housing market, specifically which impacted housing for the local workforce. As a result, HB21-1271 was enacted, to provide funding to local governments that are implementing housing solutions.

A prerequisite to a government applying for funds was that "qualifying strategies" designed to encourage workforce housing development in the community must first be in place; strategies include development code provisions, dedicated funding, and community partnerships. Because Frisco has been focused on this issue for several years, DOLA determined that the Town was

eligible to apply for the first round of funding, the “Catalytic Round”. Town staff first submitted a Letter of Intent to apply for funding in September 2021, and following an interview with DOLA staff in December 2021, Frisco was invited to submit an application for the Catalytic Round in February 2022.

On March 7, 2022, Town staff submitted an application under this program, requesting grant funding in the amount of \$1.5 million for partial funding of the Granite Park project. On March 22, 2022, Town Council approved Resolution 22-11 to support the grant application and commit to expenditure of required matching funds in the amount of 20%. As the overall project cost including land value is likely to be approximately up to \$12 million, the Town’s match will far exceed the 20% (\$300,000) requirement.

Financial Impact: A requirement of the grant award is to commit to the expenditure of matching funds in the amount of 20%. The 2022 budget includes \$5 million expenditures for this project. In addition to grant funding, staff is exploring financing options to further leverage our limited housing funds. This grant award will make funds available for other housing projects.

Alignment with Strategic Plan: Creating additional workforce housing is a High Priority Goal. These grant funds will allow the Town to further leverage available funding in pursuit of this high priority goal.

Staff Recommendation: Staff requests Council approve the grant contract for the \$1.5 million grant from DOLA under HB21-1271 for construction of the Granite Park workforce housing development.

Reviews and Approvals: This report has been reviewed and approved by:

Leslie Edwards, Finance Director
Tom Fisher, Town Manager

Attachments:

Attachment 1 – Grant Award Letter
Attachment 2 – Grant Contract