Housing Funding Strategic Framework

Prepared for: City of Louisville, Colorado
By: Trestle Strategy Group

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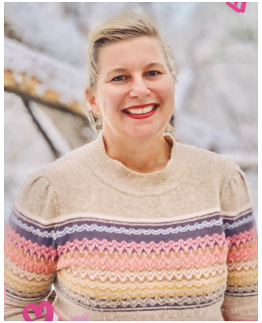
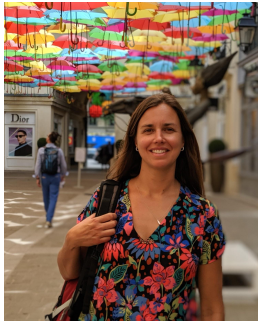
TRESTLE STRATEGY GROUP - WHAT WE DO

Boulder, CO, Community Building Consulting Firm:

- Complex Entitlements
- Real Estate Strategy and Analysis
- Community and Stakeholder Engagement
- Affordable Housing





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Scope

Purpose

Provide guidance for the City of Louisville to evaluate and prioritize its housing funding strategies in order to maximize impact, align with community goals, and respond to the critical community priority of increasing the supply of affordable and attainable housing.

Scope

Background

Louisville's 2024 Housing Plan identifies increasing the **supply of affordable and attainable housing as a critical community priority**. With the **availability of $2 million in dedicated housing funds**, the City has a timely opportunity to make targeted investments that can catalyze long-term solutions. However, to ensure this funding is used strategically and leveraged to create the most impact, a **framework is needed to identify, evaluate, and prioritize options**. The scope of this project includes:

- **Engaging** directly with developers, funding partners, regulatory agencies, financial institutions, public agencies and industry experts in attainable housing **to inform the evaluation process** and **lay the groundwork for future implementation**.
- Through these conversations, **informing the investment strategy options** presented to City Council and helping ensure that any recommended projects are grounded in **practical, achievable outcomes**.

Scope

Goals

1. **Build Awareness and Transparency**: Share Louisville's housing goals and priorities to foster alignment, attract interest, and promote community trust in the process.
2. **Highlight Best Practices**: Gather insights on effective approaches to attainable housing from across the region and beyond.
3. **Identify Viable Projects**: Surface real-world development opportunities that could be supported by the $2 million housing fund.
4. **Explore Additional Funding Sources**: Identify potential sources of gap financing or leverage opportunities to expand the impact of city investment.
5. **Establish Strategic Relationships**: Build partnerships that could support long-term housing development and future public-private collaborations.
6. **Provide Case Studies**: Document relevant examples of successful projects to illustrate feasibility, outcomes, and lessons learned.

Step 1

- Identify Investment Strategies
- Develop an Evaluation and Ranking Framework

Step 1a – Identify Investment Strategies

1. Research and define a broad **range of eligible housing investment strategies**, drawing on best practices, local needs, and stakeholder input.
2. For each strategy, outline the **structure, use cases, and potential impact**.
3. **Deliverable**: well-defined set of options to inform the evaluation framework (step 1B) to guide Council in determining priorities for investment.

Examples of potential strategies include:

- Land acquisition for future housing (land banking)
- Construction subsidies for new affordable housing
- Rental assistance or rent buy-downs to improve affordability
- Public-private development partnerships
- Development cost reductions (e.g., fee waivers, expedited permitting)
- Incentives for accessory dwelling units (ADUs)
- Master leasing of market-rate units for affordable use
- Additional strategies identified through research and stakeholder outreach

Step 1b – Develop an Evaluation & Ranking Framework

Identify a **list of evaluation criteria to build a ranking framework** for future investments. The framework will be created with the intention of ensuring transparency, effectiveness, and alignment with city goals.

The following criteria may be used to compare and prioritize investment strategies:

- **Cost Efficiency**: Estimated cost per unit created or preserved, allowing comparison of relative value across options.
- **Depth of Affordability**: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability.
- **Feasibility and Timeline**: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes.
- **Scale of Impact**: Total number of housing units that could be created or preserved through the investment.
- **Sustainability**: Ability of the investment to have a lasting impact without requiring ongoing city funding.
- **Funding Leverage**: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city's investment

Key Takeaways – Barriers

- Impact fees are high
- Funding uncertainty - how is housing fund and AAHT money going to be allocated
- Land prices very high and not in alignment with risk
- Lengthy and complicated entitlements
- Low density zoning requires rezoning/PUD
- Louisville is not a housing authority, so will need a partner or developer to manage
- Certain funding sources (i.e. Prop 123) require City to be the lead
- Ballot measures

Key Takeaways – Opportunities

- Leverage funding with other sources
- Louisville can remove barriers, demonstrate support, lead by example
  - Comp Plan update, regulation changes and demonstrated support for higher density
- Clearly outline goals for new development if City is a funding partner
  - If going out to RFP, the project should be de-risked in order to attract the best developers (example Whetstone)
- Property tax exemption is key funding strategy - partner with BCHA
- Louisville would be competitive for tax credits (LIHTC)
- Louisville is attractive to affordable housing developers because of high market rents

Strategies Reviewed in December 2025

1. Public Private Partnership with Developer for Land Acquisition
2. Buy Down of Existing or Newly Developed Units
3. Pre-Development of a Site to “De-Risk” the Project and then Find Developer
4. Administrative Review and Fee Waivers for Affordable Housing Projects

Discussion/Questions from Council

- What role can the County play to assist Louisville with housing staffing and resources?
- What specific examples of developers saying that impact fees are high?
- How does property exemption work with Boulder County?
- Is funding at the federal level going away?
- How to get developers interested in building affordable housing?
- Why does affordable housing cost more than market housing?
- How can we derisk and speed up the process? What can Louisville do?
- Can we find an opportunity to build housing with this project?
- How can we increase and add diversity to the affordable housing options available?

Step 2

- **Property Identification and Feasibility Analysis**

Step 2 – Property Identification and Feasibility Analysis

Take the feedback provided by Staff and Council to **explore real estate investment opportunities and potential projects** that are strong candidates for investment through the $2 million housing funds. Evaluate how each opportunity aligns with the City Council's priorities and the **evaluation criteria** established in Step 1 through the following key activities:

- **Site Identification**: Identify specific parcels within Louisville—both public and private - of available, underutilized, or strategic properties that could support attainable housing.
- **Feasibility Assessment**: Analyze key site attributes, opportunities and constraints in alignment with the framework and evaluation criteria and framework, including zoning, land use designations, infrastructure capacity, acquisition costs, and overall development viability.
- **Partnership Exploration**: Engage with local developers, housing providers, and non-profit partners to understand existing pipelines and explore collaboration opportunities.

Overview

1. Continued to talk to **developers** about Louisville's commitment to housing development
2. Provided **introductions to City Staff** regarding potential development and funding opportunities
3. Created more **awareness about other funding and implementation programs** that could help Louisville
4. Explored **different parcels** throughout Louisville that could be developed for affordable housing
5. Followed up with **developers** about potential interest and explored details of a potential housing project
6. Reached out to the **Regional Housing Partnership** to discuss programs available to Louisville
7. Talked to **financial experts and funders**

Example Project 1

Public Private Partnership (PPP) with Development Partner

- Public Private Partnership with Affordable Housing Developer
- Approx 50 unit LIHTC project on vacant land in Transit Oriented Communities (TOC) location
- 55+ (senior) units under 60% AMI **In Louisville**
  - **$50k annual income = 50% AMI**
  - **$60k annual income = 60% AMI**
- City partners on land acquisition to unlock Prop 123 Funding and other funding CDBG and County Funding
- City partners on expedited entitlements to meet LIHTC deadlines
- County partners as .01% LLP to provide tax exemption
- Structure PPP to maximize long term affordability (length of deed restrictive covenant)

Example Project 1 - Potential Funding Sources

Federal LIHTC Equity	55%
Permanent Debt	13%
State Housing Tax Credit Equity	8%
State Transit Oriented Communities (TOC) Equity	4%
City of Louisville soft funds	5%
Boulder AAHT funds	5%
CO Division of Housing Funds	5%
Deferred Developer Fee	5%

Example Project 1 - PPP with Development Partner

Cost Efficiency: Estimated cost per unit created or preserved, allowing comparison of relative value across options.	**High**: Approximately $26,000/unit
Depth of Affordability: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability.	**High**: 30-60% AMI
Risk - Feasibility and Timeline: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes.	**Medium**: Tax credits likely will take 2 -3 rounds to get award
Scale of Impact: Total number of housing units that could be created or preserved through the investment and alignment	**High**: Creates long term affordability for seniors
Sustainability: Ability of the investment to have a lasting impact without requiring preliminary or ongoing city funding or staffing.	**High**: Some staff involvement required to access funding and participate in development agreement/ Developer would build, own, and manage the units.
Funding Leverage: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city's investment	**High**: Other funding sources likely aren't committed at this point. City is first in with their money. County prioritizes award of funding for local investment and leadership

Example Project 2 - Fee Waivers

- Supplement an existing affordable housing project through fee waivers to provide “gap” funding
- Louisville's water/sewer tap fee (~$53,500 per residence for ¾" line) is the highest among surveyed jurisdictions; subsidizing this is seen as high-impact use of funds.
- Permit fees are easy to rebate; utility fees (enterprise fund)

Example Project 2 - Fee Waivers

Cost Efficiency: Estimated cost per unit created or preserved, allowing comparison of relative value across options.	**High -** SImple tool to demonstrate Louisville's commitment to housing and reduce affordable housing costs
Depth of Affordability: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability.	**Low** - Typically this funding helps reduce costs, but likely won't drive down affordability
Risk - Feasibility and Timeline: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes.	**High** - Funded through Enterprise Fund
Scale of Impact: Total number of housing units that could be created or preserved through the investment and alignment	**Medium** - Demonstrates that Louisville has skin in the game and supports existing projects
Sustainability: Ability of the investment to have a lasting impact without requiring preliminary or ongoing city funding or staffing.	**Medium** - Supports already committed affordable housing projects and little city staffing
Funding Leverage: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city's investment	**Low** - One time investment to demonstrate commitment. Doesn't leverage other funding.

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Example Project 3 -

Permanent Affordable Ownership Units through Regional Housing Partnership (RHP)

- RHP **purchases an existing market-rate home**, places a permanent affordability covenant on it, and resells it to an income-qualified buyer at a reduced price — no new construction needed
- Creates **permanently deed restricted middle income For Sale units** in Louisville for Louisville residents
- Serves **100-120% AMIs** and can actually be sold to a lower income than than actual qualified income
- Modeled on Boulder's own program, which has roughly 820 covenant-restricted homes. **Scalable and replicable**
- City of Boulder acting on behalf of RHP - **does not require Louisville staff time:**
    - Negotiate home purchase
    - Make upgrades
    - Lists and sells home
    - Qualification and compliance
- **Foreclosure protection** - A county-funded risk pool lets the program buy a home directly out of foreclosure, preventing the covenant from being extinguished by a bank sale

Example Project 3 - Potential Funding Sources

Home is purchased for $400-500k and minor energy upgrades and improvements are made
Through RHP program sell home for $200-250k around 100% AMI

DOLA GRANTS

Acquisition Pool

Existing DOLA Grant of **$2.3M** dedicated for acquisition purposes.

Rehab & Energy Upgrades

Existing grant that reimburses **$70,000 per unit**.

COUNTY FUNDING

Risk Pool Support

Existing **$600,000** in secured funding from the County for the Risk Pool.

CITY OF LOUISVILLE

RHP Administration

Contribution of **$12,000 per unit** plus a **$700 annual fee** for administration to the Regional Housing Partnership.

Gap Funding

Provides critical gap funding to bring down unit costs by approximately **$75,000 - $80,000**.

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Example Project 3 - Permanent Affordable Ownership Units

Cost Efficiency: Estimated cost per unit created or preserved, allowing comparison of relative value across options.	**High**: Buying down an existing home costs roughly half as much as subsidizing new construction
Depth of Affordability: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability.	**High**: Serves middle income for sale homeowners and can serve lower income than than actual AMI. 150% income can be eligible for 120% AMI house (120% can earn up to 100% , 100% income eligible for 80%) Highest demand is 100% or below. 120% is competing with the market
Risk - Feasibility and Timeline: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes.	**High**: While there is a limited number of homes for sale, there is very high demand from buyer. Louisville residents given preference for Louisville homes in RHP
Scale of Impact: Total number of housing units that could be created or preserved through the investment and alignment	**Medium**: 1-2 homes/year but creates permanent deed restricted middle income for sale homes. Homeowner does not have to re-qualify once purchased
Sustainability: Ability of the investment to have a lasting impact without requiring preliminary or ongoing city funding or staffing.	**High**: Permanent deed restriction and very little/zero staff resources
Funding Leverage: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city's investment	**High**: Leverages several regional funding sources

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Summary: Example Projects Rating

Key Takeaway (Step 1)	Project 1: PPP	Project 2: Fee Waivers	Project 3: RHP Units
Cost Efficiency	High	High	High
Depth of Affordability	High	Low	High
Risk - Feasibility and Timeline	Medium	High	High
Scale of Impact	High	Medium	Medium
Sustainability	High	Medium	High
Funding Leverage	High	Low	High

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Case Study: Boulder's Technical Review Group (TRG)

Purpose: Advise Boulder's City Manager on awarding affordable housing funds. City Managers retains final decision authority.

≤7 — **Members from the real estate industry and the community** appointed by the City Manager

5 yrs — **Term length renewable once** — max 2 terms (10 years)

1
Staff Analysis
City staff completes an underwriting analysis of the application.

2
TRG Review
The application and staff analysis are submitted to the TRG.

3
Public Meeting
TRG holds a noticed public meeting; applicants present and the public may comment.

4
Recommendation
TRG issues a funding recommendation to the City Manager, who decides.

Case Study: Boulder's TRG Criteria

Every application is scored against a consistent set of criteria before funds are recommended.

Impact & Affordability

- **Number of Units**
  Maximize permanently affordable units produced or preserved
- **Deepest Affordability**
  Mix of affordability levels, prioritizing the lowest-income residents
- **Per-Unit Subsidy**
  Cost-effectiveness relative to target population and project type

Feasibility & Capacity

- **Readiness to Proceed**
  Site control, cost estimates, and secured financing in place
- **Development Team Capacity**
  Experience, skills, and resources to deliver the project
- **Management Capacity**
  Organizational strength, financial health, monitoring track record

Value & Alignment

- **Leverage & Reinvestment**
  Other financing and in-kind contributions; minimized developer fees
- **Community Benefit**
  Tangible, cost-effective benefit to residents and the community
- **Plan & Goal Alignment**
  Consistency with city goals and adopted comprehensive plans

Note: Boulder also gives added consideration to projects that exceed baseline energy code requirements. No numerical weighting is published for these criteria.

Thank you

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