



July 28, 2023

David Corliss, Town Manager
Town of Castle Rock
100 N. Wilcox Street
Castle Rock, CO 80104

Re: Proposition 123

Passed on Election Day in 2022, Proposition 123 created a State Affordable Housing Fund (SAHF) that dedicates one-tenth of one percent (0.1%) of state income tax revenue to fund affordable housing programs and initiatives to create:

- Land banking opportunities for affordable housing development.
- Affordable home ownership programs for homebuyers up to 100% of the area median income (AMI).
- An equity program to reduce rent burden and ensure rent is no more than 30% of household income.
- Capacity grants for local governments to process land use, permitting, zoning applications, etc.
- Programs, case management, and funding for people who are experiencing housing instability.

To be eligible for funding, local governments must establish a baseline (we recommend the American Community Survey (ACS) that counts the Town of Castle Rock existing affordable housing at 3,067) and certify to increase affordable housing units by 3% each year, for a three-year period. The Douglas County Housing Partnership (DCHP) is working with member jurisdictions to create a cooperative regional approach to the development commitment. Although the Town of Castle Rock development pipeline is slightly short based on the 277-ACS development goal, a regional cooperative can exceed the collective goal of 1,023 units. Certifying is low risk and high gain. If a local government is unable to meet its 9% total commitment by December 31, 2026, the penalty is ineligibility to receive additional Proposition 123 funding for the following calendar year. Additionally, Proposition 123 does not require the Town to make any changes to, or give up any authority over its planning, zoning, or land use.

The existing inter-governmental agreement (IGA) with DCHP participating jurisdictions authorizes DCHP to apply for Proposition 123 funding once local governments certify; however, the Colorado Division of Housing (CDOH) has not yet determined the specific requirements for a regional cooperative to distribute the development credits. We understand the requirements will include the cooperative of local governments formally committing to and documenting (through an MOU or IGA) the distribution method the cooperative of municipal partners will use for the credit of developed units related to the combined total commitment.

Finally, local governments are required to certify; however, the law does not require a passed resolution to do so. Therefore, it is up to each local government to determine the most appropriate method to authorize the certification action. Certifications must be made no later than November 1, 2023. The DCHP will provide guidance and support for the certification and subsequent requirements.

Ultimately, Proposition 123 funding will support the DCHP and local government efforts to provide housing opportunity, stability, and preservation to our communities. Important funding is available now--DCHP encourages the Town of Castle Rock and our other municipal partners to file a commitment as soon as possible to address urgent needs related to housing for older adults, middle-income homeownership, land banking, and more.

Thank you,

Maria Ciano, Executive Director
Douglas County Housing Partnership