



WESTMINSTER

Staff Report

TO: The Mayor and Members of the City Council
DATE: August 20, 2014
SUBJECT: Briefing and Post-City Council Briefing Agenda for August 25, 2014
PREPARED BY: J. Brent McFall, City Manager

Please Note: Study Sessions and Post City Council briefings are open to the public, and individuals are welcome to attend and observe. However, these briefings are not intended to be interactive with the audience, as this time is set aside for City Council to receive information, make inquiries, and provide Staff with policy direction.

Looking ahead to Monday night's Briefing and Post-City Council meeting briefing, the following schedule has been prepared:

Dinner 6:00 P.M.

Council Briefing (*The public is welcome to attend.*) 6:30 P.M.

POST BRIEFING (*The public is welcome to attend.*)

PRESENTATIONS

1. City Manager Profile Update (Verbal)
2. 2015-2016 Water Rates

CITY COUNCIL REPORTS

None at this time.

EXECUTIVE SESSION

1. Obtain direction from City Council re a proposed Third Amendment to the 2009 amended and restated Business Assistance Agreement for the cooperative development and construction of a Full Service Marriott Hotel Hyatt Place hotel pursuant to WMC 1-11-3(C)(4), WMC1-11-3(C)(7) and CRS 24-6-402(4)(e)

INFORMATION ONLY

1. Housing for Low and Moderate Income Residents
2. Acquisition of Water Rights
3. Community Garden Program Expansion

Items may come up between now and Monday night. City Council will be apprised of any changes to the post-briefing schedule.

Respectfully submitted,

J. Brent McFall
City Manager

NOTE: Persons needing an accommodation must notify the City Manager's Office no later than noon the Thursday prior to the scheduled Study Session to allow adequate time to make arrangements. You can call [303-658-2161](tel:303-658-2161) /TTY 711 or State Relay) or write to mbarajas@cityofwestminster.us to make a reasonable accommodation request.



Staff Report

City Council Study Session Meeting
August 25, 2014



SUBJECT: 2015 and 2016 Water Rates

PREPARED BY: Stu Feinglas, Water Resources Analyst
Christine Gray, Senior Management Analyst
Mike Happe, Utilities Planning and Engineering Manager
Jody Andrews, Director of Public Works and Utilities

Recommended City Council Action

Review Staff's proposed 4.0% water rate increases for 2015 and 2016 and provide feedback.

Summary Statement

- In 2006 City Council adopted financial policies designed to support the long term stability of the Utility.
- The City has historically followed these policies, with favorable ratings from the financial rating institutions.
- On July 28, 2014 Staff was directed to evaluate the impacts of reducing the recommended 4.0% water rate increase for 2015 and 2016 to 3.5%.
- The impact of the recommended 4.0% water rate increase to the average single family customer would be \$1.42 per month in 2015 and \$1.47 per month in 2016.
- Reducing the rate increase to 3.5% would reduce the cost to the average single family customer by \$0.19 per month in 2015 and \$0.36 per month in 2016.
- The Utility's revenues at a reduced rate of 3.5% would drop \$488,000 over the two year budget cycle, \$1,575,000 over the next 5 years and \$4,250,000 over 10 years.
- Since the vast majority of operational expenses for the Utility are fixed, the impact of a revenue reduction would be a reduction of funding for water capital projects.
- Delaying or eliminating recommended capital projects will increase the risk to the City and require higher rate increases in the future to meet the City Council goal of a sustainable utility system. In the future there will also be an increased reliance on rates to fund the Utility's expenses as the City approaches buildout and its tap fee revenues are reduced.
- Accordingly, Staff affirms its recommendation for water rates to increase 4.0% in 2015 and in 2016.

Expenditure Required: \$0

Source of Funds: N/A

Policy Issue

Should City Council affirm Staff's recommendation to increase water rates by 4.0% in 2015 and 2016 to fully fund the City Utility's operating and capital expenses?

Alternatives

City Council may choose to direct Staff to reduce the annual 2015 and 2016 water rate increase from the recommended 4.0% to 3.5%. This would save an average single family customer \$0.19 per month in 2015 and \$0.36 per month in 2016. However, a reduction of 0.5% to the recommended rate would have a significant impact on the financial sustainability of the Utility. Over two years the Utility would experience a revenue reduction of \$488,000, over five years the reduction would be \$1,575,000 and over 10 years the reduction would be \$4,250,000. This alternative would impact the Utility's ability to keep up with the deterioration of the system, thereby increasing risk to the Utility by eliminating or delaying required infrastructure repair and replacement. This could result in larger water rate increases in the future to address this increased risk. Staff does not recommend this option as it is not compatible with the current financial policies that support the long term sustainability of the Utility.

City Council may choose to direct Staff to increase water rates lower than 3.5% in 2015 and 2016. Staff does not recommend this option as it is also incompatible with current practice, further reduces revenues below the Utility's needs and increases the likelihood that future rates would need to be significantly increased to address delayed or eliminated projects.

Background Information

The City of Westminster's water and wastewater Utility's mission is to supply high quality drinking water and reliable wastewater services to our customers at a reasonable and equitable cost. The Utility's goals include establishing fair and equitable rates, providing for long term sustainability of the Utility, and providing high quality service to our customers. To provide this service, the Utility expends funds annually on operational costs and planned capital repairs, replacements, and improvements. Rate and tap fee revenues are the Utility's primary funding sources for these operational and capital expenses.

The City's buildout timeline (the point at which all developable land within the City is developed) is anticipated to be approximately 30 years in the future. While tap fee revenues will be an important component of the Utility's finances for many years to come, they will ultimately be a minor component of Utility funding at buildout. The Utility infrastructure will continue to age, requiring increased levels of funding to meet repair and replacement needs. As tap fee revenues decline, there will be pressure on rate revenue to meet an increasing percentage of the Utility's costs.

Recognizing the challenges posed by this transition, City Council adopted long term financial policies in 2006 as a framework that allows the Utility to provide excellent service well into the future. These policies established the practice of implementing frequent, moderate rate increases to avoid the need for sharp increases in the future, and are designed to ultimately allow the Utility to fully fund all expenses with water rate revenues.

The Utility’s long term infrastructure needs are based on the age, type and use of its components. The short and long term capital improvement plan takes these factors into consideration and the result is a straightforward timeline of needs designed to lower the Utility’s risks and costs to customers. To provide for predictable, fair and equitable rates, a long term view is taken. Each year’s proposed rate increase is evaluated based on that year’s specific operating and capital needs.

Staff considers a number of components when calculating the water rate for the Utility. Expenses include the Utility’s operating expenses, and consist of salaries, commodities (such as chemicals, parts and power, the costs of which often increase faster than the Consumer Price Index), contracts for services, and minor capital items. Expenses also include Staff benefits, payments to other departments for services, and debt service. Finally, Staff includes the costs of the Utility’s capital improvement project (CIP) plan to improve the Utility system and make repairs and replacements to the system.

<u>Water Fund Expenses – Proposed</u>	<u>2015</u>	<u>2016</u>	<u>2015 + 2016</u>
Operating Expenses	\$28,971,462	\$29,752,694	\$58,724,156
Capital Improvement Plan	\$16,992,000	\$26,296,000	\$43,288,000
Total Proposed Expenses	\$45,963,462	\$56,048,694	\$102,012,156

Staff then analyzes the revenue requirements necessary to meet the Utility’s operating and capital improvement needs. Sales of reclaimed, residential and commercial water are calculated using an “average” year as the base year. An “average” year is considered a year of typical water use on which to base future revenues. It is defined as a recent year when the weather was neither too hot (which would result in higher than normal water use), nor too rainy (when water use would be lessened) nor during drought conditions (when water use in the City would be restricted). Staff includes any growth that has occurred since that base year into the projected revenues to include all potential water use in the City. Staff includes projected water use for the City’s wholesale contracts with the City of Federal Heights and the City of Brighton, as well as meter service fees, which are a fixed component of the customers’ monthly Utility bills. Staff also works to identify development projects (residential and commercial) that are projected to occur in the next two years. This information is then translated into projected tap fee revenues.

Staff uses all of this information to determine the water rate that will provide the revenue necessary to fund the Utility’s needs while not collecting more revenue than is required. Care is taken to propose the minimum current rate increase required while avoiding the need for even higher rate increases in the future. Staff’s recommended water rate increase for 2015 and 2016 is 4.0% for each year. This increase considers the funding necessary to meet the Utility’s operational and capital needs, and the existing fiscal policy recommending frequent and incremental rate increases to fund those needs.

TABLE TWO: PROJECTED 2015 AND 2016 REVENUES			
Water Fund Revenues – Projected	2015	2016	2015 + 2016
Water Sales at 4.0% Rate Increase in 2015 and 2016	\$34,883,309	\$36,602,866	\$71,486,175
Water Tap Fee Revenues	\$10,327,653	\$10,285,828	\$20,613,481
Other Miscellaneous Income	\$752,500	\$760,000	\$1,512,500
Use of Water Capital Project Reserve	\$0	\$8,400,000	\$8,400,000
Total	\$45,963,462	\$56,048,694	\$102,012,156
<i>All revenues and expenses are still being finalized.</i>			

At City Council’s direction, Staff has reviewed the option of reducing the water rate increase for 2015 and 2016. Staff calculated the impact on Utility revenues of a 0.5% reduction of the recommended water rate increase from 4.0% to 3.5% annually for 2015 and 2016. The revenue reduction would be approximately \$157,000 in 2015 and \$331,000 in 2016, for a total two year reduction of \$488,000.

TABLE THREE: THE BUDGET AT 4.0%	
Category	Amount
Total 2015 + 2016 Proposed Expenses	\$102,012,156
Total 2015 + 2016 Projected Revenues at 4.0% Water Rate Increases in 2015 and 2016	\$102,012,156
Difference	\$0

TABLE FOUR: THE BUDGET AT 3.5%	
Category	Amount
Total 2015 + 2016 Proposed Expenses	\$102,012,156
Total 2015 + 2016 Projected Revenues at 3.5% Water Rate Increases in 2015 and 2016	\$101,524,156
Difference	-\$488,000

Over five years the revenue reduction would be \$1,575,000 and over 10 years the reduction would be \$4,250,000.

The revenue loss from a reduced rate would significantly impact the Utility’s ability to keep up with the planned repair and replacement schedule, reduce the reliability of the system resulting in an increased risk of system failures and service interruptions, and likely require higher rate increases in the future to address reacting to the impacts of delayed or eliminated projects. Because operational expenses are primarily fixed, it would be difficult to meet the revenue reduction by cutting operating costs. Instead, the Utility’s capital plan would have to be cut to make up the shortfall, resulting in the delay or elimination of water system capital projects and a corresponding increase in risk to the Utility. In some cases there could be additional impacts to other related City projects.

Specifically, in the proposed five year capital plan, a reduced rate increase of 3.5% would likely mean that the replacement of the 104th Water main between Sheridan Boulevard and Federal Boulevard would have to be deferred, along with the planned street resurfacing. The risk of deferring this water main project is the potential additional costs to repair additional breaks and the related added costs of street repairs. This main is nearly 50 years old, with three repairs in recent history, and its replacement is essential to the function of the water system as it is the primary water source for the Wandering View storage tanks and pump station. These tanks and the pump station support a large portion of the City and are critical pieces of the system infrastructure.

Over ten years, a reduced rate increase of 3.5% would likely mean that the City's planned replacement of residential water meters would have to be deferred. These meters report customer water consumption to the Finance Department for utility billing purposes. Industry standards recommend the replacement of residential water meters every ten years to ensure accurate metering of customer water consumption, and the City most recently replaced these meters in 2008. A deferral of this project would reduce the Utility revenues through under-reading of water use, negatively impacting over 50% of the Utility's rate revenues.

Since 2006, the City has remained committed to its long term rate policy and strategy of incremental rate increases. The continued implementation of this policy fully funds the Utility's immediate needs and the transition to a rate-funded Utility at buildout. Choosing not to set water rates to fully recover the funding required to maintain the water system at sustainable levels will result in underfunding the timely replacement of critical City infrastructure. This will reduce the reliability of the system and will likely lead to costly unplanned repairs and the need for additional funding through higher rate increases. Accordingly, Staff recommends a 4.0% water rate increase in 2015 and 2016.

City Council's action on this item supports the Strategic Plan goal of "Excellence in City Services" by funding the maintenance of city infrastructure and supplying revenues to support the city services of providing high quality drinking water and reliable wastewater treatment.

Respectfully submitted,

J. Brent McFall
City Manager



WESTMINSTER

Staff Report

Information Only Staff Report
August 25, 2014



SUBJECT: Housing for Low- and Moderate-Income Residents

PREPARED BY: Heather Ruddy, Community Development Program Planner

Summary Statement

Given the interest by Councillors in learning about the affordable housing inventory in the City, Staff is providing this memo as a summary of housing affordability in the City based on the 2012 American Community Survey and Environmental Systems Research Institute/Geographical Information Systems (ESRI/GIS) data, which provides the most current data regarding housing and income levels for Westminster. This fall, the City will be conducting an Analysis of Impediments to Fair Housing Choice (AI) as required by the Department of Housing and Urban Development as a part of our Community Development Block Grant Consolidated Plan. This AI may provide more accurate and up to date information regarding the City's housing inventory and market. In summary, based on the data currently available, the City maintains a wide range of affordable housing available to all income levels. Data concerning affordable home ownership, affordable rental housing, income-limited housing and homelessness is included in this Informational Staff Report.

Background Information

Affordable housing is generally defined by the U.S. Department of Housing and Urban Development (HUD) as a housing unit that is of a sufficient size to meet the needs of the household and costs 28% or less of the gross monthly income of the household. Therefore, in addition to housing inventory statistics, it is necessary to provide area median income data as a context for the discussion of the affordability of housing in Westminster. Also, in order to avoid confusion about terminology, it is important to focus on the definition of certain words that are used in the context of an affordable housing discussion. HUD uses the word "low-income" to describe households with income up to 80% of the Area Median Income (AMI), a concept which is explained in the next section. "Low-income" in this context does not imply poverty-level incomes nor is it synonymous with subsidized or public housing (commonly known as Section 8 housing). "Affordable" housing, also known as "workforce" housing, is also not synonymous with subsidized or public housing and generally refers to households earning 50% to 80% of AMI. As will be reviewed herein, "affordable" housing for "low-income" households is, in large part, targeted to households that would be considered a part of the "middle-class" or "middle-income" in most discussions and are often headed by persons in the service industry such as grocery clerks, bank tellers, administrative assistants, secretaries, restaurant personnel, laborers, and professionals entering the workforce from college. In many instances government workers, teachers and lower level managerial positions fall within this income group, particularly those in entry level positions.

South Westminster

Throughout this report reference is made to South Westminster. For the purposes of this report South Westminster is defined as being bordered by 78th Avenue and U.S. 36 to the north, Sheridan Boulevard to the west, the City boundary to the south, and Zuni Street to the east.

Area Median Income (AMI)

HUD publishes data annually on AMI as its housing programs are targeted for lower-income persons, which is defined as 80% of AMI or less. Here are the 2014 income levels by percent of AMI for the Denver-Boulder Metropolitan Statistical Area (MSA):

Table 1: HUD Area Median Income				
Household Size	1 person	2 persons	3 persons	4 persons
Median Income*	\$54,000	\$61,000	\$69,000	\$76,700
80% AMI	\$42,950	\$49,100	\$55,250	\$61,350
50% AMI	\$26,850	\$30,700	\$34,550	\$38,350
30% AMI	\$16,100	\$18,400	\$20,700	\$23,000

*Median income for the Denver-Boulder Metropolitan Statistical Area, which means 50% of the population earns less than this amount and 50% earns more than this amount.

It is important to note that these income levels are based on household size and do not necessarily represent multi-person earnings for households of two or more. For example, a two person household could represent a young couple where one person is a wage earner while the second person is going to school. Or, the household could represent a single parent with one or more children.

Affordability Relative to Household Income

A household income of \$40,000 translates to a monthly housing payment capability of about \$1,000, or a \$151,376 mortgage (4.049%, 30 yr.), if a homeownership opportunity was available at that price. A household income of \$25,000 to \$30,000 can afford the South Westminster median rent of \$663. Based on the guideline of spending not more than 28% of household income on housing, the following table provides examples of what can be afforded at various household income levels:

Table 2: Affordability of Home Ownership			
Annual Household income	Gross monthly income	28% monthly income	Affordable mortgage (4.3%, 30 yr.)**
\$16,640 (\$8/hr)*	\$1,387	\$388	---
\$31,200 (\$15/hr)	\$2,400	\$672	\$106,266
\$35,000	\$2,917	\$817	\$121,062
\$50,000	\$4,167	\$1,167	\$175,568
\$60,000	\$5,000	\$1,400	\$214,127
\$70,000	\$5,833	\$1,633	\$249,048

*Current Colorado Minimum Wage

**Includes taxes and insurance, rounded to nearest \$1,000 and does not include utilities.

The Fair Market Rents (FMR) for FY 2014 for existing housing in the Denver-Aurora-Broomfield MSA (which includes Adams and Jefferson County) were released by HUD last year, to be effective October 1, 2013 – September 30, 2014. These rent levels represent the maximum, which may be charged for public assisted housing. These rates are \$600 for an efficiency apartment; \$742 for a one-bedroom apartment; \$960 for a two-bedroom; \$1,409 for a three-bedroom; and \$1,633 for a four-bedroom apartment. With an average market rent of \$890 for a two-bedroom apartment in Adams County, some units may still not be affordable for those low- and moderate-income individuals or families. In Westminster, 24% of all owner occupied households and 49% of all renter occupied households were cost-burdened according to the 2012 American Community Survey. This means that these households paid more than 30.0% of their household income toward housing. The following table summarizes the numbers and percentages of cost-burdened (paying over 30% of income on mortgage or rent) owner and renter households in Westminster, as well as other area communities.

City	Total Owner Households	Cost Burdened Owner Households: #/%	Total Renter Households	Cost Burdened Renter Households: #/%
Arvada	31,972	9,308/29%	10,502	5,011/48%
Broomfield	15,002	3,643/24%	6,181	2,556/41%
Federal Heights	2,316	791/34%	2,101	1,069/51%
Northglenn	7,799	2,433/31%	5,382	2,854/53%
Thornton	28,624	9,184/32%	11,310	6,018/53%
Westminster	28,320	6,884/24%	14,514	7,107/49%

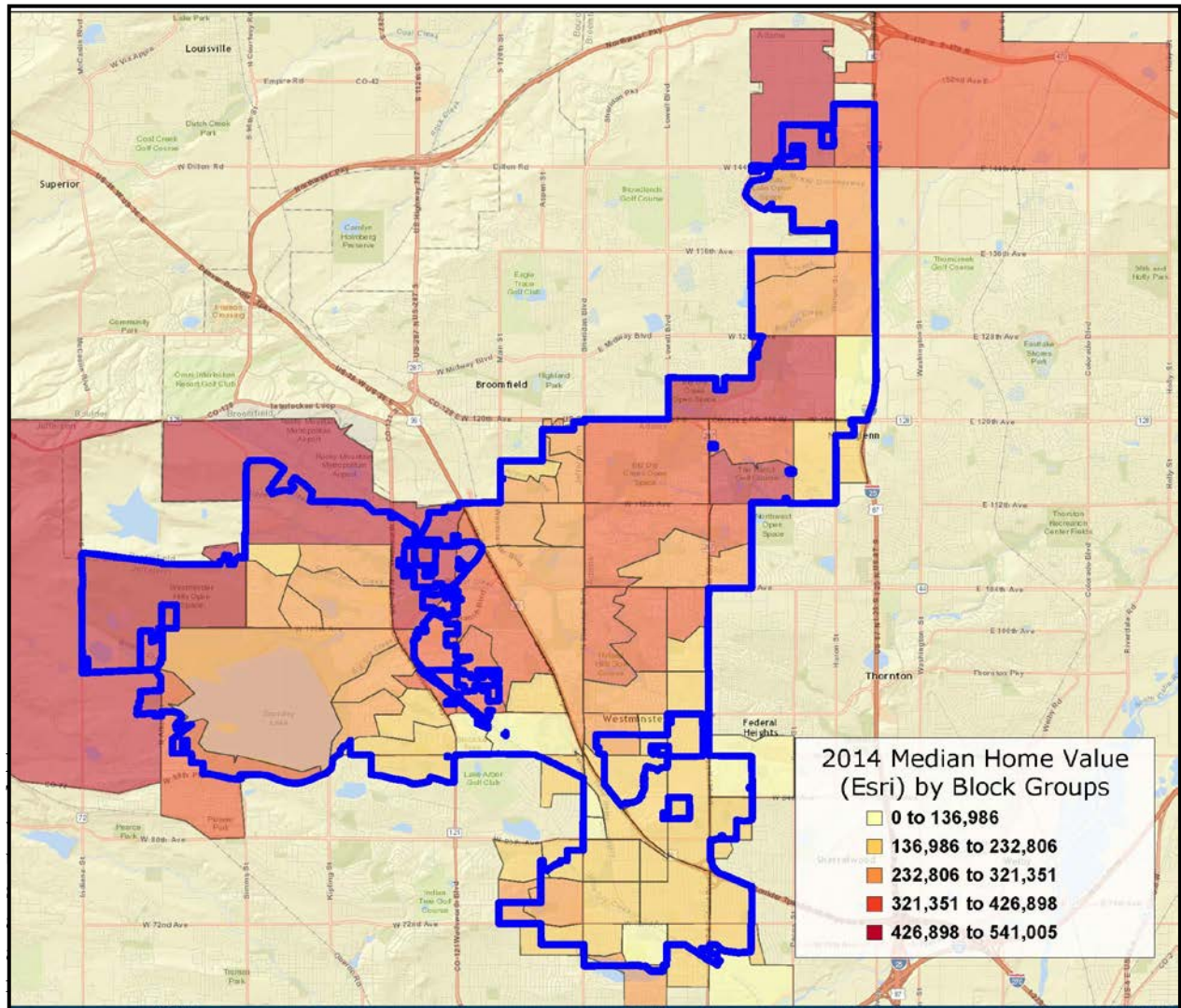
Housing Affordability

In 2003 the City of Westminster completed a Housing Needs Assessment. At the time, the assessment found that the City had a good inventory of housing affordable to most income levels, although the various types of housing were not distributed evenly throughout the City. Over a decade later, the City still maintains a good mix of housing for varying income levels, however little has changed in the geographic distribution of affordable housing. The housing consultant that conducted the assessment described the environment as “The Tale of Two Cities,” indicating differences in housing value, age of homes, unit types, and incomes based on location within the City.

Affordable Homeownership

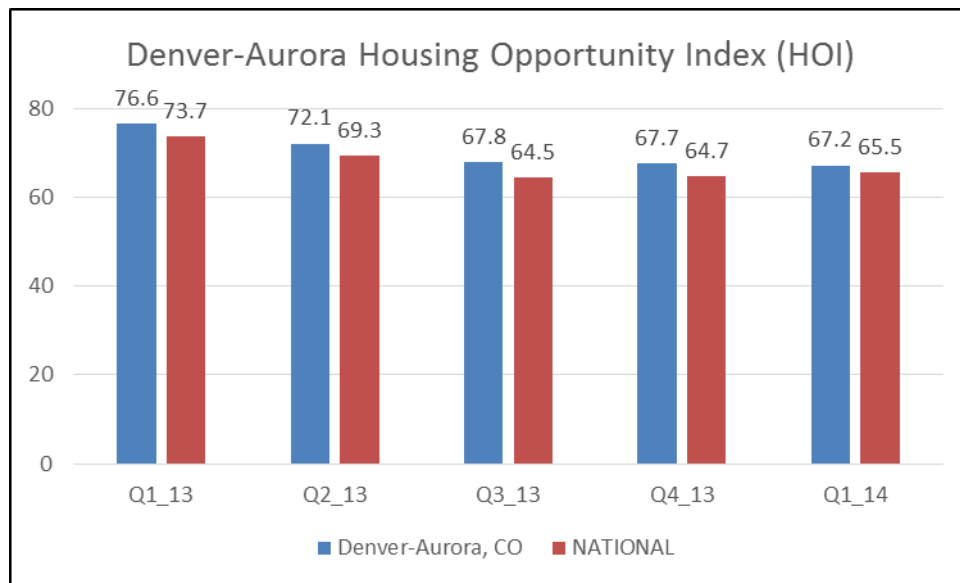
According to the 2012 American Community Survey 1-Year Estimate, the homeownership rate in Westminster decreased from 69.7% in 2000 to 65.9% in 2012; illustrating that ownership continues to be challenging for many residents. Westminster’s median new single-family home price (homes built in 2011 and 2012) of \$505,850 was affordable only to a household with an annual income of about \$131,000. The median price of new single-family homes increased 41% over the ten-year period from 2002-2012. According to the 2012 American Community Survey 1-Year Estimate, existing housing such as that found in South and South Central Westminster is more affordable, with a median price in 2012 of \$219,000. A more recent sampling of sales prices for homes in South Westminster in the vicinity of Lowell Boulevard and 72nd Avenue conducted by staff found that small, older, fully renovated homes in the neighborhood were selling at about \$210 per square foot, and given the tight housing market in Denver, rising. Accordingly, a sale on an older 1,000 square foot house would be about \$210,000.

According to ESRI, a Geographic Information System software and geodatabase management company, the 2014 median home value in Westminster is \$299,396 while the average home value is \$384,827. The following map illustrates the 2014 median housing values in Westminster. The heaviest concentration of lower-cost homes is located in the South Westminster area where the median home value falls in the range of \$136,986 to \$232,806. Home values rise as you move north through the City.



Metro Denver Housing Opportunity Index (HOI)

The housing Opportunity Index for a metropolitan area is defined as the percentage of homes sold that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria. This means that in the first quarter of 2014, 67.2% of all new and existing homes sold in the Denver-Metro area were affordable to families earning the area median income. Since 2014, area median income as published by HUD shows a decrease from 2013 in the Denver-Metro area. This is a contributing factor to the decrease in affordability. This is the third consecutive year of a decreasing median income in Metro Denver.



Vacancy Rates

According to the quarterly Multifamily Housing Vacancy and Rental Survey conducted by the University of Denver, the vacancy rate for Westminster at the end of the second quarter of 2013 (most recent data available) was 4.0%. This compares to the Metro Denver average of 4.2 % and the Adams County vacancy rate of 3.8%. The following table provides five years of data reflecting rental vacancy rates in Westminster. The City's vacancy rates are their lowest level in ten years; the highest vacancy rate was recorded in the second quarter of 2003 at 16.8%. In contrast, the vacancy rates for affordable housing units in Adams County (note: specific data for Westminster affordable units is not available) was 4.5% and 8.5% in Jefferson County by the first quarter of 2011 (the last year this data was collected and reported by the University of Denver).

Table 4: Average Vacancy Rates in Westminster by Quarter, 2008-2013

Quarter/Year	2009	2010	2011	2012	2013
First Quarter	7.3%	8.6%	6.6%	4.2%	4.1%
Second Quarter	7.5%	5.5%	5.7%	4.5%	4.0%
Third Quarter	7.4%	4.6%	5.0%	4.1%	N/A
Fourth Quarter	6.2%	6.8%	4.5%	4.3%	N/A

Affordable Rental Housing

The City of Westminster has about 34% of its housing inventory as rental units, which is lower than the City and County of Denver, but a higher rate than most suburban cities surveyed (see table below). The median rent in Westminster as a whole, however, is \$905 (2008-2012 American Community Survey), which is 18% higher than median rents (\$765) in the Denver area. This may indicate that the average Westminster renter has a higher household income than the average renter throughout the Denver area or alternatively, maintains a higher housing cost burden.

Table 5: Renter Occupied Housing Units			
City	Total Occupied Housing Units	Total Renter Occupied Housing Units	% Renter Occupied Housing Units
Arvada	42,701	11,420	27%
Broomfield	21,414	5,917	28%
Centennial	37,449	6,193	17%
Loveland	27,153	9,255	34%
Thornton	41,359	12,281	30%
Westminster	43,843	14,763	34%

On the other hand, the median rent in the South Westminster area, where 49% of the residents are renters, is \$663 (2008-2012 American Community Survey). This also indicates that household incomes of renters in South Westminster are lower than the average renter in the rest of the City, which is also supported by the fact that the estimated 2014 overall median household income in South Westminster is the lowest in the City at \$38,219. The estimated 2014 median household income for the City as a whole is \$63,942.

It is important to distinguish between rental housing that is dedicated as affordable, either through ownership by a public housing authority or covenant restricted through a private developer’s participation in the federal Low Income Housing Tax Credit (LIHTC) program and housing that is deemed to be “affordable” by virtue of low rent rates given its older age, relative condition, and market attractiveness as indicated in Table 6 below and the attached map (Attachment A). Note the largest concentration of these units is in South Westminster.

Table 6: Dedicated Affordable Housing in Westminster				
Property	Property Manager	Type	Year Built	Number of Units
HUD Section 8 Subsidized Apartments				
Clare of Assisi Homes 2451 West 82 nd Place	Franciscan Ministries, Inc.	Senior	1996	100 (59 subsidized units)
East Bay Senior Housing 3720 West 68 th Avenue	Brothers Property Management (non-profit)	Senior	1996	81
Lowell Colony 7495 Lowell Boulevard	Adams County Housing Authority	Family	1960	24
Orchard Crossing 4183 West 72 nd Avenue	Adams County Housing Authority	Family	1973	73

Staff Report - Housing for Low- and Moderate-Income Residents

August 25, 2014

Page 7

Susan Kay Apartments 3145 Craft Way	Adams County Housing Authority	Family	1961	16
Terrace Gardens 7100 Hooker Street	Adams County Housing Authority	Family	1973	183
Village of Greenbriar 8290 North Federal Boulevard	Adams County Housing Authority	Family	1973	232
Villa Maria 2461 West 82 nd Place	Franciscan Ministries	Senior	1998	198 (40 subsidized units)
Westminster Commons 3180 West 76 th Avenue	Volunteers of America, Colorado	Senior	1979	130
Low Income Housing Tax Credit (LIHTC) Apartments				
Bradburn Gardens 7545 Bradburn Boulevard	Privately Held	Family	1973	44
Glendale Apartments 5345 West 79 th Avenue	Jefferson County Housing Authority	Family	1974	119
Panorama Pointe Senior Housing 2590 West 83 rd Way	Privately Held	Senior	2011	72
Toscana Apartments 8490 North Sheridan Boulevard	Privately Held	Family	1987	252
Other Income Restricted Units				
Mountain Terrace 3600 W. 84 th Avenue	Rocky Mountain Communities (non-profit)	Family	1975	178
Westchester Apartments 7240 Newton Street	Growing Home (non-profit)	Family & Homeless Transition	1961	20

Federal tax credits through the LIHTC program are awarded to developers of qualified projects. Developers then sell these credits to investors to raise capital (or equity) for their projects, which reduces the debt that the developer would otherwise have to borrow. Because the debt is lower, a tax credit property can in turn offer lower, more affordable rents. Provided the property maintains compliance with the program requirements, investors receive a dollar-for-dollar credit against their federal tax liability each year over a period of 10 years. The amount of the annual credit is based on the amount invested in the affordable housing.

A significant amount of the lower cost housing in the City is also provided in the form of older, privately-owned units being in relatively poor condition, and being primarily concentrated in the South Westminster area. Staff has determined that there are 930 apartments (based on buildings having four or more units) within this geographic area that are not owned by a governmental agency or income restricted through participation in the LIHTC program. Ninety eight percent of these units are 40 years or older and generally in poor to extremely poor condition. Of these units, 534 (57%) were built prior to 1965 and another 380 (41%) built between 1966 and 1975. Sixteen of these units were built in 1979, and no apartment units have been built since. By virtue of their age and condition, they serve as an “affordable” product given the limited rents that they can command. While these meet affordability standards, these apartments are not attractive to more educated young persons or couples having limited financial means

in the formative years of their careers, yet capable of higher earnings as their careers progress. Yet, this population demographic is essential to helping revitalize the economic base in South Westminster.

Relative to affordable homeownership, the Westminster Housing Authority (WHA) and City of Westminster have previously played a role in providing homeownership opportunities in South Westminster by providing financial assistance towards the construction of 62 townhouses on Lowell Boulevard and Meade Street. The WHA was able to provide such assistance using proceeds from refinancing its low-income senior apartment complex, Westminster Commons, in September, 2002. The City's contribution came from outlays in the CIP budget. These investments allowed the townhouses to be built between 2004 and 2010, selling for between \$170,000 and \$200,000. All of the units have been sold, with the last sale having occurred in 2010. No new "affordable" sale product has been constructed since.

Housing for Very Low-Income Households

Westminster has 777 units of rental housing restricted to households at or below 50% AMI, which is about 1.7% of the City's total housing inventory; but, most of this housing is actually provided to those households at about 30% AMI or below. This supply of housing is operated by Jefferson County Housing Authority, Adams County Housing Authority, and Volunteers of America. Concentration of very low-income residents in large complexes is less favored now, and the federal Section 8 subsidy program is aimed more at providing vouchers directly to tenants, who are then allowed to use them for a broader range of housing. The county housing authorities operate several larger complexes in Westminster, but Adams County Housing Authority also owns a single family home in the area of the Westminster Station that is made available to the lowest income households. The Section 8 voucher programs and housing authority ownership of single family homes helps to diversify the community by integrating low-income residents throughout various neighborhoods. However, the federal Section 8 voucher program funding is limited, and it is currently very difficult for the lowest income households to even gain access to a Section 8 voucher. In 2013 Adams County Housing Authority had approximately 6,200 applicants for Section 8 vouchers of which approximately 200 new people were placed via lottery. Adams County Housing Authority does not maintain a waitlist as it operates under a lottery system. Lottery cards are valid for a 12 month period; if a lottery cardholder is not selected within this timeframe, they must reapply each year.

Affordable Senior Housing

Affordable housing dedicated to seniors is available at a number of locations in the City of Westminster as noted in Table 6 above.

The Westminster Housing Authority built, owned and operated the 130-unit Westminster Commons senior housing complex at 76th Avenue and Hooker Street since 1984 and more recently sold the project to Volunteers of America (VOA). Under the sale agreement, VOA invested over \$6.0 million in rehabilitating the aging complex and will continue to operate the project as low income senior housing for another 30-years. A covenant on the property by the WHA effectively ensures the property will remain in such use in perpetuity. The City of Westminster has also participated in the development of senior housing having provided land for the development of Panorama Pointe, a mixed-income senior community at West 84th Avenue and Zuni Street. The most recent addition to Panorama Pointe was the opening of a 72-unit apartment building geared towards independent senior living.

The demand for affordable senior housing is growing, which has increased the interest in the development community to build more housing. This trend is reflected in the City receiving several inquiries for such housing development in the last year. Most of these projects require a significant infusion of cash equity to offset the costs of the project relative to potential revenues. The most sought after program is the Low Income Housing Tax Credit program, particularly what is referred to as the 9% program. Unfortunately these proceeds are limited and subject to a high level of competition annually, thus limiting the number or projects that can be built throughout the state and Denver Metro area.

Homelessness

“Homeless person” is defined by the federal government as a person sleeping in a place not meant for human habitation (such as cars, parks, sidewalks, or vacant buildings) or in an emergency shelter, and includes a person in transitional or supportive housing for homeless persons who originally came from the street or an emergency shelter. Over 150 private and public agencies in the Denver metro area join together to provide a “continuum of care” for homeless persons that includes efforts such as counting the homeless persons, providing emergency shelter and food, providing transitional housing and other support to help people overcome the causes of homelessness (such as unemployment or domestic violence) and assist them in getting and keeping permanent housing.

Under the leadership of the Metro Denver Homeless Initiative (MDHI), agencies that work with homeless persons conduct an annual “point in time” survey. This year the agencies’ coordinated effort to contact all homeless persons occurred on January 27, 2014. The 2014 point in time survey found the following:

- 5,812 homeless persons were surveyed on January 27, 2014
- 13% of respondents served in the military
- 24% of all homeless were considered newly homeless
- Households with children are the majority of HUD defined homeless (53%) and at-risk (65%)
- 43.9% of respondents listed loss of job as the main reason contributing to their homelessness
- A total of 532 individuals were reported as homeless and 360 individuals were identified as at risk in Adams County

In 2014, the City Council funded non-profit agencies through the Human Services Board such as Adams County Housing Authority and Colorado Homeless Families who provide services to families in severe financial straits. Human Services Board funding in 2014 included grants to:

Agency	Funding Amount	Services Provided
Adams County Housing Authority	\$2,500	Various services, including homelessness prevention
Alternatives to Family Violence	\$2,500	Emergency shelter and other services to victims of domestic violence
Catholic Charities of Denver	\$5,000	Emergency financial services and temporary shelter
Colorado Homeless Families	\$4,000	Transitional housing and services to homeless families
Inter-Church Arms	\$2,500	Financial aid

This report has provided an overview of household affordability criteria and affordable housing inventory for the City of Westminster. As previously noted, most of this information is based on reports dating back to 2012 or before. However, the City is in the process of preparing a HUD required Analysis of Impediments (AI) study relative to affordable housing study that will provide more updated information. The study is due to be completed by the end of 2014, at which time the results will be presented to City Council.

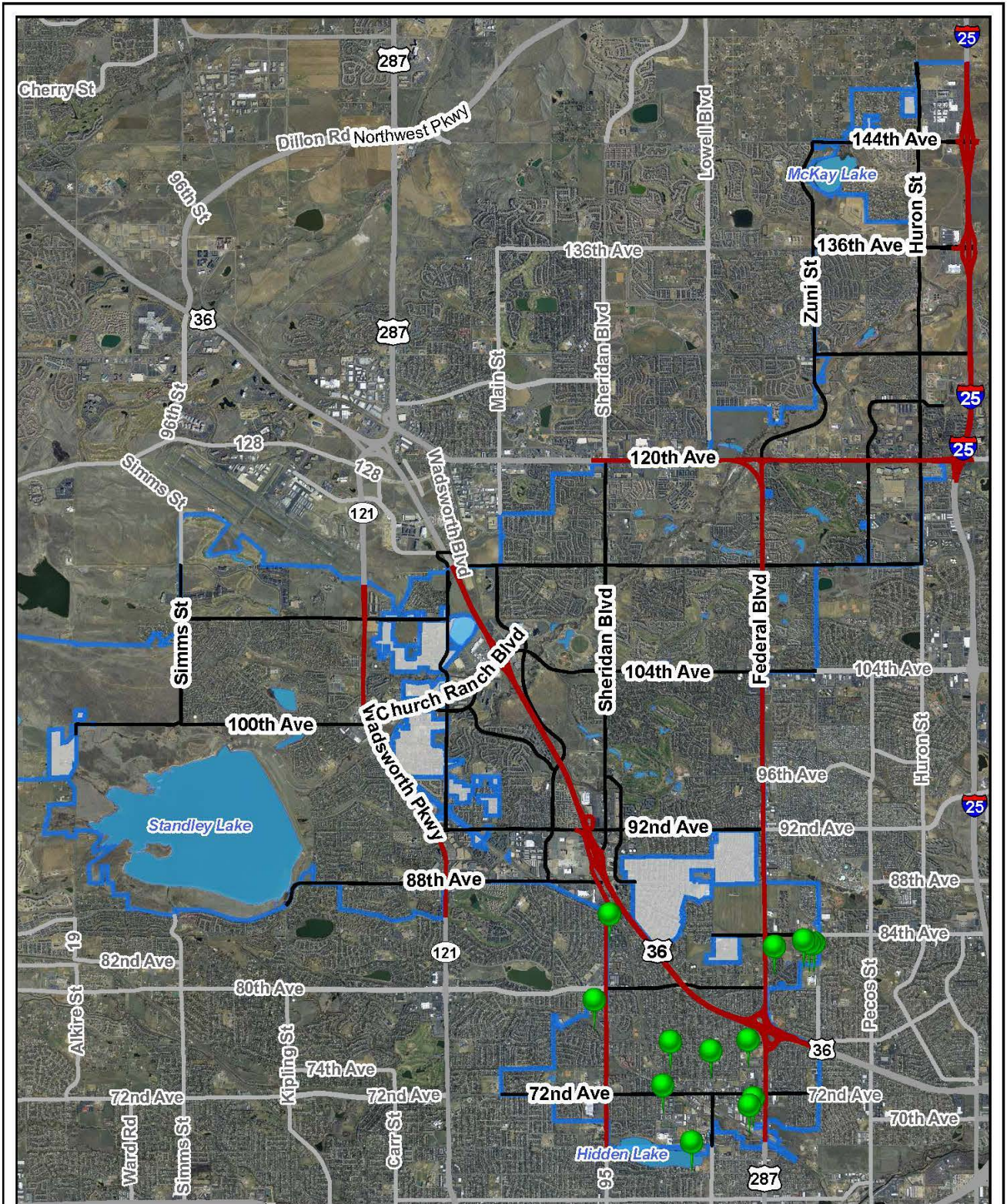
The provision of affordable housing fulfills the City's Strategic Plan goal of Vibrant and Inclusive Neighborhoods.

Respectfully submitted,

J. Brent McFall
City Manager

Attachment

Attachment A

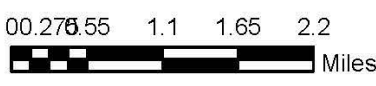


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Location of Affordable Rental Units



City of Westminister





WESTMINSTER

Staff Report

Information Only Staff Report
August 25, 2014



SUBJECT: Acquisition of Water Rights

PREPARED BY: Sharon I. Williams, Water Resources Engineering Coordinator
Mike Happe, Utilities Planning and Engineering Manager

Summary Statement

This report is for City Council information only and requires no action by City Council.

Background Information

Chapter 15-1-12 of the City Code requires the City Manager to provide a written report to City Council within 20 days of a purchase of water rights. This information only agenda memo serves to meet this requirement.

On August 11, 2014 the City closed on a purchase of 16.32 Farmers Reservoir and Irrigation Company (FRICO) shares in the Standley Lake Division. As discussed with City Council at the May 5, 2014 Study Session, this was a rare opportunity to purchase a relatively large number of FRICO shares in a single transaction. The shares provide both direct flow water rights from Clear Creek and storage in Standley Lake. Acquisition of these shares is part of the City's Comprehensive Water Supply Plan to provide adequate water supply for meeting future demands and to support the future vision of the City.

The City paid \$3,019,200 for these shares at a price that fairly represents present market conditions.

This supports the Council's Strategic Plan Goal of Excellence in City Services securing and developing a long-term water supply.

Respectfully submitted,

J. Brent McFall
City Manager



WESTMINSTER

Staff Report

Information Only Staff Report
August 25, 2014



SUBJECT: Community Garden Program Expansion

PREPARED BY: Patti Wright, Open Space Volunteer Coordinator

Council Action

This report is for City Council information only and requires no action by City Council.

Summary Statement

- The Parks, Recreation and Libraries Department (PRL) Community Garden Committee was given a departmental directive to explore developing new and/or expanding existing community gardens in Westminster. Currently, there are two community gardens: Semper and Della Villa.
- After site visits and discussion, the committee determined the Westminster T-Ball Complex property (see attached photograph) located on 112th Avenue east of Navajo Street was an appropriate garden site.
- The committee used the following criteria to identify potential garden sites:
 - High density housing/limited back yards
 - Visibility/Safety
 - Water availability
 - Parking
 - Walking proximity
 - Ease of Implementation
 - Underserved by other garden
- The Western T-Ball Complex property is being recommended because the entire western half of the site is undeveloped, meets the above criteria, and has straightforward implementation. Additionally, the site is in close proximity to Kaiser Permanente, which actively supports community gardens. Potential partnerships can be explored in the future if the garden use concept is embraced by the community.
- The first step in developing a community garden is initiation of a community meeting to determine interest, conflicts, and acceptance. This meeting will assist Staff in gauging the community's level of interest and will also seek to identify potential resident garden leaders.
- In order to take advantage of favorable weather conditions for planning and construction, the committee proposes to meet with area residents in late September to ensure this site is favorable.
- Funding is available in the PRL budget for development and construction. The Neighborhood Enhancement Program currently receives \$50,000 per year for grants. Staff will explore the possibility of allocating a portion of these funds for grants that HOAs and multi-family complexes could use to create and maintain their own community gardens. Planning assistance would be available and zoning parameters would provide construction guidance.

- The committee will present both the Westminster T-Ball Complex site as a potential community garden and the Neighborhood Enhancement Grant component to the PRLOS Advisory Board on September 11.
- If City Council and the Advisory Board are supportive, Staff will proceed with the outreach process.
- If the neighborhood is agreeable, Staff will move forward with further planning and design.

Background

The development of community gardens supports the mission statement of Parks, Recreation and Libraries (*Together we create exceptional opportunities for a vibrant community with a commitment to nature, wellness and literacy*) and is a 2015 PR&L objective. A community garden provides the following benefits: builds healthier communities, promotes community pride, improves health, increases food security, reinforces ties to the environment, and provides visual diversity. Westminster's two community gardens are very active and productive. Staff receives requests for community gardens in other neighborhoods.

In the 2013 PRL Citizen Needs Assessment, protecting the natural environment, creating a beautiful community, providing green, natural spaces, trails and paths and opportunities to support physical wellness were the most important purposes of parks and recreation, rates essential or very important by 87% or more of respondents. Specifically, 59% of the respondents indicated it would be somewhat likely or very likely that an adult (18 or older) in the household would participate in a Neighborhood Community Garden, and 57% of the respondents indicated it would be somewhat or very likely that a child (17 or younger) would participate in one.

The Neighborhood Enhancement program is designed to provide a funding source for neighborhood communities who wish to enhance their neighborhood and community. Funds are allocated through a grant process. Additional funding may be available through uncompleted projects or funds that were not awarded.

If City Council has concerns or comments with the proposal set forth in this Staff Report, please contact Don Tripp.

The Community Garden program in conjunction with the Neighborhood Enhancement program meets the following 2015 Strategic Plan Goals/Principles:

Vibrant and Inclusive Neighborhoods; Comprehensive Community Engagement; and Beautiful, Desirable, Environmentally Responsible City.

Respectfully submitted,

J. Brent McFall
City Manager

Attachment: Map

