Utilities Policy Advisory Committee
Affordable Housing Assignment

Analysis and Recommendations to the
Colorado Springs Utilities Board

July 11, 2018
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Utilities Policy Advisory Committee
Affordable Housing Assignment Analysis and Recommendations

1. Executive Summary

Housing costs for owners and renters across the nation and in the Pikes Peak region continue to rise more quickly than wages. As housing costs continue to increase, many families that could afford housing expenses 10 years ago can no longer make ends meet. The affordable housing issue involves those without homes (the homeless) as well as lower-income existing homeowners and renters.

Housing expenses that are 30 percent or more of the occupant’s household income are considered unaffordable. In Colorado Springs, nearly a quarter of owner-occupied households and nearly half of rental households spend 30 percent or more of their income on housing expenses. Due to the significant shortage of affordable housing, finding ways to bring down the cost of owning and renting has become a priority for our community.

In March 2018, the Utilities Board asked the Utilities Policy Advisory Committee (UPAC) to study Colorado Springs Utilities’ appropriate role regarding affordable housing. In April, UPAC began the assignment by examining existing policy and programs, tariffs, Utilities Rules and Regulations, and City Code. The Committee explored issues and opportunities around redevelopment, infill, densification, accessory dwelling units and demand side management. UPAC received input from staff, community experts and affordable housing stakeholders from across the community.

The issue of affordable housing has two basic elements: first, how can housing be made affordable to those currently unable to afford existing market prices and, second, how can ongoing costs be made affordable to those already in housing? In consideration of these affordable housing issues, UPAC makes the following conclusions and observations:

- Current policy allows for deferment of development charges, grants, Project COPE funding, and energy and water savings programs to support affordable housing. Recent changes to tariffs and standards also support affordable housing.

- Colorado Springs Utilities’ Development Charges (also known as tap fees) are low and among the lowest of Front Range cities and are not a significant factor in the total cost of new single- and multi-family housing construction.
Stakeholders providing input to UPAC’s assignment emphasized that reducing energy and water use, and lowering utility bills as a result, is one of the most significant factors to make housing costs more affordable. Thus, UPAC believes that Colorado Springs Utilities can most benefit the affordable housing situation by allocating more of the total Demand Side Management (DSM) and the Community Focus Fund (CFF) granting budgets to efficiency improvements in existing low-income housing stock.

In 2017, Colorado Springs Utilities allocated 5 percent of the total DSM budget to the Home Efficiency Assistance Program (HEAP) helping 135 low-income customers lower their ongoing utility bills.

For the 2018 budget year, Colorado Springs Utilities’ CFF awarded grants totaling $256,000. Of that total, 20 percent ($50,350) was awarded to low-income affordable housing improvements.

UPAC’s policy recommendations include allocating 10 percent of the total DSM budget (double the current allocation) to support the HEAP program and allocating a minimum of 50 percent of CFF grant funding to nonprofit organizations in support of affordable housing. Colorado Springs Utilities should continue to keep over all service rates as low as possible, benefiting not only those citizens needing affordable housing but all ratepayers.

These actions do not require an increase to Colorado Springs Utilities overall budget. Implementing the recommendations will reduce ongoing housing expenses for numerous customers each year without increasing utility rates for other customers.

The committee also recommends that Colorado Springs Utilities:

- Analyze the feasibility of extending the HEAP program to renter-occupied households.
- Evaluate the potential of including multi-family residences in DSM and solar power programs.
- Offer surplus property to nonprofits at market value for development of affordable housing before sale to third parties.
- Continue to work with the building industry to streamline approval processes, proactively communicate rationale behind construction standards, eliminate standards that no longer provide value and offer alternative solutions as permitted by Tariffs, URRs, and City Code.
- Continue the Development Charge deferral program and simplify the repayment schedule.
Assignment Scope
Determine the appropriate role of Colorado Springs Utilities in affordable housing. Examine existing policy, tariffs, Utilities Rules and Regulations, and City Code. Explore issues and opportunities around redevelopment, infill, densification, accessory dwelling units and demand side management.

Explore barriers for development of affordable housing within Colorado Springs Utilities’ domain over the next 4-6 months for the 2019 budget. Also identify what is outside existing Colorado Springs Utilities’ structure for the future.

Background

Housing and Urban Development, Colorado Springs

Mr. Steve Posey, Housing and Urban Development (HUD) Program Administrator, Community Development Division discussed trends in affordable housing and stated that currently, there are more households than houses and that housing costs are going up faster than household incomes. Mr. Posey discussed projected growth and demographics in Colorado Springs and reported 25 percent of homeowners and that 50 percent of renters are cost-burdened, spending more than 30 percent of their income on housing.

Mr. Posey reported that the area median income is slightly higher than $73,000 and that household income that is 50 percent of the median income or $35,000 to $40,000 is considered low to moderate income for a four-person household.

Mr. Posey discussed prioritizing housing types, managing project-specific costs and cultivating local funding. He indicated that there are different types of housing needed and that incentives to construct affordable housing units differ. Mr. Posey stated that providers of homeless housing say that 500 to 1,000 permanent units of supportive housing would go a long way to support the homeless community.

UCCS Economic Forum

Dr. Tatiana Bailey, Director, UCCS Economic Forum, University of Colorado - Colorado Springs presented information on housing affordability in El Paso County, Colorado and nationwide including:

- Demographics and household income
- Home prices and home ownership
- State and local housing picture
- United States housing and ownership rates
- Millennials and housing
• Apartment leasing trends and affordability
• Lack of affordable housing
• Innovative thinking

4. Affordable Housing Considerations

• What is Colorado Springs Utilities’ current role in affordable housing?
• How do we identify utility-related issues that may be barriers to affordable housing?
• How do the Strategic Plan and current policies support affordable housing?
• How do current affordable housing programs compare to peer utilities?
• How much of the total price of a new dwelling is from Development Charges?
• How can demand side management programs help reduce customers’ monthly expenses?
• What are the implications of dense development for affordable housing?
• What are potential and appropriate roles for Utilities in affordable housing moving forward?

5. Current Affordable Housing Policies


<table>
<thead>
<tr>
<th>Category</th>
<th>Utilities Board Instructions to the Chief Executive Officer</th>
<th>Date of Adoption:</th>
<th>May 16, 2018</th>
</tr>
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<tbody>
<tr>
<td>Policy Title (Number):</td>
<td>Community Investment (I-13)</td>
<td>Revision Date:</td>
<td></td>
</tr>
<tr>
<td>Monitoring Type:</td>
<td>Internal</td>
<td>Revision Number:</td>
<td></td>
</tr>
<tr>
<td>Monitoring Frequency:</td>
<td>Annual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guidelines:</td>
<td>Affordable Housing (G-10)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Chief Executive Officer shall direct that Colorado Springs Utilities is responsive to community needs and values by maintaining and communicating a strong community presence that significantly contributes to the citizens’ quality of life. Accordingly, the CEO shall:

1. Maintain a community involvement plan that is in alignment with Colorado Springs Utilities’ strategic objectives and that provides a benefit to the citizens and customers.
2. Encourage and support employee volunteerism within the communities served by Colorado Springs Utilities.

3. Communicate to customers and provide student and adult education programs on the safe and efficient use of utility services.

4. Allow philanthropic support of community-oriented organizations only in the service territories or localities impacted by Colorado Springs Utilities’ operations.

5. Only allow funding of community-oriented organizations that complete an application describing how the funds will be used in alignment with Colorado Springs Utilities’ strategic objectives.

6. Allow funding of community-oriented organizations with Political Action Committees (PACs) only if they demonstrate independent PAC revenue and decision-making.

7. Consider partnerships with other funding entities to leverage resources and maximize impact.

8. Inform the community of the enterprise’s corporate citizenship and employee volunteerism.

9. Develop programs intended to support affordable housing within the City.

<table>
<thead>
<tr>
<th>GUIDELINES</th>
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<tr>
<td>Guideline: Affordable Housing (G-10)</td>
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<tr>
<td>Applicable Policy Title (Number): Community Investment (I-13)</td>
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</table>

**Affordable Housing**

1. Recommend tariffs and implement procedures to allow deferral of the immediate impact of system extension and development charges on housing projects consistent with the City’s Affordable Housing Program that meets specified energy and water conservation criteria. The programs shall include recovery of the carrying cost of any deferrals to not create an adverse financial impact on other customers. Any current year fee deferrals shall not, in aggregate, exceed five percent (5%) of the previous year’s total development charges.

2. Develop and promote energy and water savings audit and installation programs for low-income households.
Community Support

1. Allow the expenditure of no more than 0.1 percent of budgeted operating revenues on direct monetary support of community-oriented economic development and charitable organizations.

2. Provide up to $500,000 annually, to match customer donations to the Project COPE (Citizens Option to Provide Energy) utilities bill assistance program.

6. Current Affordable Housing Programs

Development Charges

Summary
- Purpose: Recover existing and forecasted system infrastructure costs
- Modified Equity Buy-in methodology, an industry accepted practice
- Outside City charges are 50% higher than inside City charges

Recent action taken to lower Development Charges
- In 2017, new meter capacity ratio approved for all meters greater than ¾ inch.
  - Lowered the Water Development Charge (WDC) for meter sizes greater than 4 inches.
  - Lowered the Wastewater Development Charge (WWDC) for meter sizes greater than ¾ inch.
- In 2018, added WDC lot sizes less than 1,500 square feet for both Inside City and Outside City Limits
Development Charges – Single Family

Based on 2016 data and average lot size (7,000 – 8,999 square feet for Colorado Springs Utilities).

Development Charges – Multifamily/Commercial

Based on 2016 data.
Development Charge as a Portion of Total Construction Costs

**Single Family Residential Example**
- Assume affordable housing project cost of $250,000

<table>
<thead>
<tr>
<th>Avg. Lot Size (7,000 – 8,999 square feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Wastewater Dev. Charges = $11,160</td>
</tr>
<tr>
<td>-4.5% of total project cost ($11,160 per door)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Avg. Lot Size (3,000 – 4,999 square feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Wastewater Dev. Charges = $8,401</td>
</tr>
<tr>
<td>-3.4% of total project cost ($8,401 per door)</td>
</tr>
</tbody>
</table>

**Multifamily Dense Development Example**
- Assume 65-unit affordable housing project with total cost of $14 million

Two-inch meter
- Water and Wastewater Dev. Charges = $63,436
- 0.45% of total project cost ($975 per door)

**Current Affordable Housing Fee Deferral Program Overview**
- Deferral, primarily for five years, of water and wastewater development charges
- Housing that is designated for households earning 80% or less of the Area Median Income (AMI)
- Must meet affordable housing and conservation criteria
- First-come, first-serve basis
- Total deferred not to exceed five percent (5%) of previous year’s total development charges for water and wastewater
- Program participation has been low over the last few years due to high construction costs and low interest rates available in the market.
Current Affordable Housing Fee Deferral Program

Affordable Housing Fee Deferral Program - History of Participation

<table>
<thead>
<tr>
<th>AFFORDABLE HOUSING DEFERRAL PROGRAM</th>
<th>2017 Program Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Water and Wastewater Development Charges</td>
<td>$24,309,712</td>
</tr>
<tr>
<td>2017 Deferral Cap (5% of 2016 Development Charges)</td>
<td>$1,215,486</td>
</tr>
<tr>
<td>2017 Water Development Charges Deferred</td>
<td>$69,690</td>
</tr>
<tr>
<td>2017 Wastewater Development Charges Deferred</td>
<td>$19,530</td>
</tr>
<tr>
<td>Deferral Projects in 2017</td>
<td>1</td>
</tr>
<tr>
<td>Total Project Participation in Deferral Program since 2003</td>
<td>88</td>
</tr>
<tr>
<td>Total Deferred Charges since 2003</td>
<td>$2,759,907</td>
</tr>
<tr>
<td>Outstanding Balance of Deferred Charges</td>
<td>$1,152,023</td>
</tr>
</tbody>
</table>

Deferral projects by year:
- 2016 – 2
- 2015 – 0
- 2014 – 4
- 2013 – 3
Affordable Housing Fee Deferral Program - Conservation Criteria - seven points are needed to qualify.

<table>
<thead>
<tr>
<th>Energy Conservation</th>
<th>Minimum Rating</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furnace</td>
<td>90% or 95% AFUE</td>
<td>1 or 2 (or)</td>
</tr>
<tr>
<td>Boiler</td>
<td>85% AFUE</td>
<td>2</td>
</tr>
<tr>
<td>Central Air Conditioners</td>
<td>14 SEER</td>
<td>1</td>
</tr>
<tr>
<td>Electric Water Heater</td>
<td>.94 Energy Factor</td>
<td>1 (or)</td>
</tr>
<tr>
<td>Gas Water Heater</td>
<td>.65 Energy Factor</td>
<td>1</td>
</tr>
<tr>
<td>Attic Insulation</td>
<td>R49 or R60</td>
<td>1 or 2</td>
</tr>
<tr>
<td>Wall Insulation</td>
<td>R19 or R23</td>
<td>1 or 2</td>
</tr>
<tr>
<td>Windows and Exterior Doors</td>
<td>Energy Star Rated</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water Conservation</th>
<th>Minimum Rating</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xeriscape Design</td>
<td>No more than 40% of total yard area is turf grass, and basic Xeriscape 7 design principles as identified by Utilities are met.</td>
<td>2</td>
</tr>
<tr>
<td>Irrigation System</td>
<td>Irrigation system should use WaterSense approved timer with rain shut off devise. Requires use of Matched Precipitaion Nozzles.</td>
<td>1</td>
</tr>
<tr>
<td>Toilet, showerhead, and bathroom faucets Must be WaterSense approved models for new and retrofit construction.</td>
<td>Toilet=≤ 1.28 gpf, showerhead=≤ 2.0 gmp and faucets=≤1.5gpm</td>
<td>1</td>
</tr>
</tbody>
</table>
Current Affordable Housing Fee Deferral Program – Repayment Schedule, Based on Area Median Income (AMI).

<table>
<thead>
<tr>
<th></th>
<th>Program A (50% - 80% AMI)</th>
<th>Program B (less than 50% AMI)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Owner Occupied</td>
<td>Corporate Owned</td>
</tr>
<tr>
<td>Due at Application</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>1st Year</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>2nd Year</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>3rd Year</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>4th Year</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>5th Year</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>6th Year</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>7th Year</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>8th Year</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>9th Year</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>10th Year</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

Demand Side Management (DSM) - Home Efficiency Assistance Program (HEAP)

- Supports affordable housing goals
- Partnership with the Energy Resource Center
- Addresses critical life safety issues (carbon monoxide leaks)
- Focuses on long-term permanent reduction in energy and water use
- There is significant need and demand for this low-income program
- Number of customers that benefited from HEAP energy and water retrofits:
  - In 2017 - 135
  - In 2016 - 145
  - In 2015 - 119
  - In 2014 - 126
  - In 2013 - 118
- There are complexities to extending the program to renter-occupied households
- Savings Return on Investment:
  - Five percent of the 2018 DSM budget is allocated to the HEAP program
  - For every dollar invested, the HEAP program provides $1.80 return
  - DSM programs provide a weighted average return of about $3.50 for every dollar invested
  - With increasingly stringent building codes regulating new construction, majority of future savings may shift to improving the efficiency of existing housing stock

Community Focus Fund (CFF) Grants

- The Community Focus Fund program was established in 1997 to support employee volunteerism and financial assistance to local nonprofits and educational institutions.
• Grants are given for program or project support to organizations according to Utilities Board policies and CFF Charter guidelines. The CFF steering committee, composed of employees from across the organization, is responsible for recommending funding with oversight by managers and officers.

• Program Criteria:
  – 501(c) 3 nonprofits or educational institutions
  – Organizations within the Colorado Springs Utilities service territory or in communities significantly impacted by business operations
  – Grant must address one of seven focus areas identified in CFF charter

• The 2018 CFF granting strategic focus areas include:
  – Energy efficiency, wise water use
  – Prepared and diverse workforce pool – STEM education
  – Environment - watershed management
  – Customer stability/sustainability
  – Affordable housing and economic development

Community Focus Fund (CFF) Grant Process
• Nonprofits complete an on-line application for funding requests according to program guidelines. Application deadline is December of current year.
• Applications initial screening by the CFF Program Manager
• Applications reviewed and evaluated by CFF steering committee members according to established criteria
• Committee recommends grant amounts and recipients
• Final review and approval by the Strategy External Affairs Officer

2018 Community Focus Fund (CFF) – Total Funding Awarded $256,000

• $50,350 for low-income affordable housing improvements including energy and water efficiency = 20 percent of total funding
  – Includes $15,000 to Energy Resource Center for the Crisis Emergency Program
• $30,500 for transitional housing programs = 12 percent of total funding

7. Stakeholder Input
Community stakeholders described their respective programs of work and suggested ways (bulleted below) for Colorado Springs Utilities to further support affordable housing.

Housing and Urban Development, Colorado Springs – Steve Posey, HUD Program Administrator
• Streamline and complete development reviews more quickly
• Increase incentives for builders and DSM program funding
• Explore utility incentives for high density affordable housing

Habitat for Humanity - Jeff White, Chief Operations Officer
• Continue to defer Development Charges (tap fees) for affordable housing

Rocky Mountain Land Trust - Nathan Clyncke, Executive Director
• Permanent deferment of development charges
• Increase DSM funding for affordable housing non-profits
• Continued support from the Community Focus Fund

Colorado Springs Housing Authority - Mike Burks, Director of Maintenance; Paul Spencer, Maintenance Supervisor
• Relief on development charges
• Energy conservation and rebate programs
• Support for solar power

Housing & Building Association of Colorado Springs - Kevin Walker, Public Policy Chair
Mr. Walker described several utility-related items that the HBA sees as barriers to a streamlined home construction process including:
• Project feasibility limits for gas installation
• Deposit costs for gas service on new construction projects
• Global solutions used to fix localized problems
• Restriction of water use during construction
• Inconsistent gas and electric installs
• Wide easement corridors
• Joint trench for service lines
• Placement of gas meters on single family homes
• Curb stop distance from townhome buildings
• Gas service line standards

Energy Resource Center - Howard Brooks, Chief Executive Officer
• Increase funding for efficiency improvements in existing housing stock
• Provide incentives for landlords to weatherize their homes to benefit renters

Pikes Peak United Way - Cindy Aubrey, Chief Executive Officer; Amanda McDermith, 2-1-1 Call Center Supervisor
• Continued support to serve those in the community that need assistance with referrals to other agencies
• Emergency funding to allow for more assistance in the community through Project COPE funding

Greccio Housing - Lee Patke, Executive Director
• Long-term deferral of Development Charges (tap fees)
• Expedite process for evaluation and approvals of affordable housing projects
• Continue the Community Focus Fund (CFF) grants.

Aspen Institute - Thomas (Toby) Gannett, First Movers Fellowship
• Focus on workforce housing, senior housing and student housing
• Consider changes to electric demand rates for master metered multi-family dwellings

8. Sample Utility Policies and Programs
Colorado Springs Utilities staff researched programs at sample utilities that support affordable housing. Anecdotal findings include:

New Housing Stock
• Energy efficiency utility allowance providing incentive to affordable housing new-build with high efficiency products (San Diego)
• Line extension cost waiver as a percent of affordable housing (Austin)
• Development Charge waiver for affordable housing up to 1,500 units per year (Austin)
• Cost sharing infrastructure for infill with affordable housing (Salt Lake City)
• Reduced Development Charge by 25 percent for affordable housing development (Charleston)
• Multifamily energy assistance program gives additional funding on DSM incentives for affordable housing projects (PNM Albuquerque)

Existing Housing Stock
• Most utilities have income-qualified bill payment solutions and energy efficient retrofit programs consistent with Project COPE, Low-income Energy Assistant Program (LEAP) and HEAP
• Free home energy audit and consulting (several)
• Low income qualified utility rates (several)
• Service disconnect avoidance (several)
• Nonprofit grant funding for low income/affordable housing with a focus on high-energy demands, such as shelters and safe houses (Xcel)
• Grant funding for income-qualified, multifamily facilities that need energy-efficiency improvements (Xcel)

9. Observations

• There is a significant shortage of affordable housing inventory in the community.
• Affordable housing is a priority for the community.
• Supporting affordable housing aligns with the Strategic Plan’s Objectives.
• Current policy allows for deferment of development charges, grants, Project COPE funding, and energy and water savings programs to support affordable housing.
• Recent changes to Tariffs and construction standards support affordable housing.
• Colorado Springs Utilities’ Development Charges are among the lowest among Front Range cities.
• Improving the energy and water efficiency of existing housing stock reduces overall housing costs.
• Utility charges, construction standards and regulations contribute to but are not a significant portion of overall cost of new housing stock.
• Demand Side Management (DSM) in HEAP-eligible homes provides a return on investment comparable to other DSM programs.
• Current DSM programs are designed for owner-occupied households only.
• Utility expenses are included in what is considered total housing costs.
• Nearly a quarter of owner-occupied households and nearly half of rental households in Colorado Springs Utilities spend 30 percent or more of their household income on housing expenses.
• A key focus of several community affordable housing agencies is to help lower the monthly utility bill rather than providing one-time assistance.
• The Development Charge deferral repayment schedule is unnecessarily complex.
10. Concepts Analyzed but Not Recommended

UPAC considered recommendations to waive all or a portion of Development Charges for affordable housing projects. Waiving Development Charges in the first example below would result in a 3 percent increase to Development Charges to all other housing projects to recover the waived revenue. The Committee is not in favor of increasing charges for one category of customers to subsidize another category of customers and therefore does not recommend any of the concepts below.

Potential recommendations and financial impact assumes 10 multi-family affordable housing projects in a year. The examples assume a 2-inch water meter, each serving 60 to 100 units:

<table>
<thead>
<tr>
<th>Concept Analyzed</th>
<th>Assumption Example</th>
<th>Estimated Required Change to Development Charge Rate for All Other Housing Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Waive Development Charges for 10 Affordable Housing Projects</td>
<td>$634,360 waived</td>
<td>3% increase</td>
</tr>
<tr>
<td>2. Waive 50% of the Development Charges for 10 Affordable Housing Projects</td>
<td>$317,180 waived</td>
<td>1.5% increase</td>
</tr>
<tr>
<td>3. Waive the recovery of carrying costs for 10 affordable housing Development Charge deferments</td>
<td>$28,500 waived (Program A2)</td>
<td>0.14% increase</td>
</tr>
</tbody>
</table>

Also discussed and not recommended by UPAC is the idea of creating a new set of service rate schedules for qualified lower-income customers. To provide lower rates of service for one class of customers would require rate increases for other customers, which UPAC does not support.
11. Policy Recommendations

Excellence in Governance Policy – Affordable Housing Guidelines (G-10)
UPAC recommendations shown in red.

GUIDELINES

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Affordable Housing

1. Recommend tariffs and implement procedures to allow deferral of the immediate impact of system extension and development charges on affordable housing projects consistent with the City’s Affordable Housing Program that meets specified energy and water conservation criteria. The programs shall include recovery of the carrying cost of any deferrals to not create an adverse financial impact on other customers. Any current year fee deferrals shall not, in aggregate, exceed five percent (5%) of the previous year’s total development charges.

2. Develop and promote energy and water savings audit and installation programs for low-income households. Allocate 10 percent of the total Demand Side Management budget to support the Home Efficiency Assistance Program (HEAP). *

* 7 percent of the DSM budget is proposed to support HEAP in 2019.
**Excellence in Governance Policy – Community Support Guidelines (G-11)**

UPAC recommendations shown in red.

### GUIDELINES

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**Community Support**

1. Allow the expenditure of no more than 0.1 percent of budgeted operating revenues on direct monetary support of community-oriented economic development and charitable organizations.

2. Allocate a minimum of fifty percent (50%) of Community Focus Fund grant dollars to nonprofit organizations in support of affordable housing projects and programs.

3. Provide up to $500,000 annually, to match customer donations to the Project COPE (Citizens Option to Provide Energy) utilities bill assistance program.

These actions do not require an increase to Colorado Springs Utilities overall budget. Implementing the policy recommendations will reduce ongoing housing expenses for hundreds of customers each year without increasing utility rates for other customers.

### 12. Additional Recommendations

1. Analyze the feasibility of extending the Home Efficiency Assistance Program (HEAP) to renter-occupied households.

2. Evaluate the potential of including multi-family residences in Demand Side Management (DSM) and solar power programs.

3. Offer surplus property to nonprofits at market value for development of affordable housing before sale to third parties.

4. Continue to work with the building industry to streamline approval processes, proactively communicate rationale behind standards, eliminate standards that no longer provide value and offer alternative solutions as permitted by Tariffs, URRs, and City Code.

5. Continue the Development Charge deferral program and simplify the repayment schedule.
13. About the Utilities Policy Advisory Committee

UPAC is a seven-member citizens committee appointed by the Utilities Board. UPAC develops policy recommendations for consideration by the Utilities Board.

UPAC meetings are held on the first Wednesday of each month at 8:00 a.m. in the Blue River Board Room on the fifth floor of the South Tower in the Plaza of the Rockies (121 S. Tejon Street). All meetings are open to the public. Citizens are invited to comment during general discussion near the end of each meeting.

Meeting agendas, minutes, presentations and recordings can be accessed at http://csu.granicus.com/ViewPublisher.php?view_id=4.

UPAC Members as of July 2018:

Rich Kramer, Chair
Rex Adams, Vice Chair
Balu Bhayani, Member
Gary Burghart, Member
James Colvin, Member
Scott Harvey, Member
Joseph Mark, Member
Reginald Ash, Alternate Member
Larry Barrett, Alternate Member