

HB22-1304 Infrastructure & Strong Communities: Infrastructure Grant Program Guidelines



COLORADO
Department of Local Affairs
Division of Local Government

The Colorado Department of Local Affairs (DOLA), with funding from [HB22-1304](#) and in partnership with the Colorado Energy Office (CEO) and Colorado Department of Transportation (CDOT), established the Strong Communities grant program for municipalities and counties. The program has two goals:

- adoption of sustainable land use strategies that support affordable housing development in infill locations; and
- enable local governments to invest in affordable housing projects through infill infrastructure investment.

The Community Development Office (CDO) within DOLA's Division of Local Government will manage the Strong Communities Grant Program.

Strong Communities Infrastructure Grant Program

The Strong Communities Infrastructure Grant Program provides grants to local governments for infrastructure to develop community benefit-driven infill affordable housing that meets critical housing needs as identified by the local government. Eligible communities ([see below](#)) can apply for funds to support affordable housing development located in or adjacent to downtowns, municipal core business districts, transit oriented development areas, or where onsite child care is offered.

Funding

- **Available funding:** Approximately \$33,600,000 in funding is available for infrastructure awards.
- **Funding source:** Funding for Strong Communities is appropriated from the Affordable Housing and Home Ownership Cash Fund which originated from the Federal Coronavirus State Fiscal Recovery Fund (also referred to as State and Local Fiscal Recovery Funds, or SLFRF). See more information about managing this federal stimulus grant on the [Strong Communities web page](#).
- **Grant maximum:** Suggested maximum award amount is \$4 million; however, DOLA expects most awards to fall within the \$1,000,000 to \$3,000,000 range. Funding requests should be proportionate to the project's impact on local housing needs, community benefits added, and/or inequities addressed. A competitive strategy can be discussed in a pre-application meeting with DOLA.
- **Expiration of funds:** All grant awards will be made before September 2024. To meet program close out deadlines, all grant and matching funds must be spent by October 31, 2026. No extensions can be granted.
- **First funding round:** Letters of intent (LOIs) from municipalities and counties will be due in August of 2023. DOLA staff will meet with each local government who submits an LOI to discuss the project idea(s), and will invite the most competitive to apply (anticipated application due date in November 2023).
- **Local match:** A minimum of 20% local cash match of the total project cost is required. In-kind matching funds (e.g., staff time) do not count toward this requirement. However, DOLA will accept and encourage leveraged funding from partner agencies and will count land purchased or donated after August 1, 2022; costs covered by foundations or nonprofit housing organizations;

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and similar leveraging opportunities as local match. **Note: all grant funds and matching funds must be spent by October 31, 2026.**

- An applicant may make a case for a reduced match (15%) by incorporating some of the objectives below:
 - exemplary age-friendly and/or accessible design beyond minimal code requirements
 - project provides onsite early childhood education center
 - addresses inequities in communities by bringing needed investment to increase levels of service to higher/equitable standards
 - utilizes renewable energy sources and/or project has extreme focus on energy efficiency such as passive energy homes
 - converts a vacant/underutilized commercial building to one with affordable housing
 - integrates transit options such that transit is an integral part of the project design and the preferred and easy option for project residents, such as including walking distance access (within ¼ mile) to transit options, infrastructure that encourages walking (e.g., wide sidewalks, shade, and pedestrian-friendly access to the site, etc.), sheltered and/or secured bicycle storage, or other innovative solutions to integrate multi-modal options)
- An applicant who lacks local resources to contribute may request a reduced level of matching funds. DOLA encourages communities to submit a letter of intent (LOI) even if they have concerns about the match requirement.
- DOLA will consider financial need in making final award determinations; however, financial need will not be required to receive funds.
- Number of applications: Local governments may apply for projects in both funding cycles, but communities that have not been awarded funds in the previous round will take priority over communities with prior awards.

Eligibility

- Applicants
 - Eligible entities include municipalities, counties, and city/counties. Awards cannot be made directly to housing authorities or regional governments, but partnerships are encouraged where appropriate.
 - Applicants can apply for funds to support a collaborative multi-jurisdictional affordable housing project and the units may be located outside the jurisdiction of the primary applicant.
 - While there is not a minimum requirement for the number of land use strategies that must be adopted to apply for these funds, competitive communities will have adopted several impactful land use best practice strategies (see list below). Proposed strategies will be reviewed by DOLA staff and/or contractors to guarantee they meet eligibility requirements, and communities may submit for review innovative or creative strategies not currently on the list but which have the effect of incentivizing

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affordable housing development in infill areas to the same degree as other options on the list.

- Projects
 - “Affordable housing” for this program is defined in statute as up to 140% AMI for ownership in most areas and up to 160% AMI for homeownership in rural resort communities. The AMI for rental properties is 140%. Applicants should demonstrate that the project addresses one or more AMI ranges with significant need. Affordable housing can include both income- and deed-restricted units as long as rents meet the AMI limits. The percentage of restricted units and affordability levels must comply with laws enacted by local governments promoting the development of new affordable housing units. See the [FAQ document](#) for more information.
 - Infrastructure for affordable or mixed-income developments (with affordable units) that supports the project site, such as streets, sidewalks, improvements to existing infrastructure (e.g., water, wastewater, drainage, etc.), bus/transit shelters, accessibility improvements for those with disabilities, and accessibility and age-friendly improvements and amenities.
 - Projects that are converting an existing building into housing units (such as an office conversion) may be eligible to cover structural infrastructure, such as plumbing and electrical work.
 - Infill development that places sites in or directly adjacent to downtown cores, job centers (such as an industrial or office park), or transit oriented development and should not extend services beyond existing developed areas.
- Expenses
 - Eligible expenses may include:
 - Infrastructure elements that support a healthy and resilient built environment on, around, or near the infill project site, such as parks, playgrounds, open space/trails or trailhead lots, upgraded streetscapes, pedestrian and cyclist safety improvements, investments meant to address equity concerns, accessibility, age-friendly improvements and amenities, and other public amenities. Engineering costs are eligible as part of the infrastructure project.
 - Local government infrastructure costs and fees related to the affordable housing development project (for example, tap fees levied by special district water utilities).
 - Administrative costs: A portion of the total award may be used to cover administrative expenses (e.g., project delivery, planning, community engagement, public or nonprofit partner agency expenses such as project management, staff time spent on community engagement, etc.). Applicants intending to utilize more than 10% of their award amount for administrative costs will be expected to demonstrate hardship or other capacity constraints and should discuss this at a pre-application meeting with DOLA staff.
 - Ineligible expenses include: site development, housing needs assessments, land use/zoning code updates or other land use planning work, which may be funded through other programs such as the Strong Communities Planning Grant Program. Housing construction is not eligible. Vertical infrastructure (internal plumbing, wiring,

HVAC, etc.) is only eligible for projects that are converting an existing building (such as an office building) into housing units.

Scoring Criteria

Scoring criteria will be used to evaluate and rank projects while ensuring statutory priorities are met.

- **Readiness:** The applicant clearly shows they are ready to begin work; however, the applicant cannot bill for work done prior to the contract date. The applicant has a reasonable timeline for completion. A comprehensive project schedule is clearly documented and demonstrates certainty that all grant and matching funds will be spent before October 31, 2026. Staff and partner roles are clearly defined. All partners are officially committed to the project (support letters are helpful and any financial commitments should be clearly stated).
- **Capacity:** The applicant and its partners have organizational experience with and capacity to manage grants and to manage the overall project. Staffing and resources are sufficient to complete the project on time and with adequate public and stakeholder engagement and communications.
- **Broad, Sustained Support:** The applicant must show broad support from stakeholders and community leadership (e.g., through adopted plans, policies, financial or in-kind commitments, and letters of support). Letters of support should come from all key project partners. Leveraged funds and resources can also be important indicators of support from various partners.
- **Impact on Housing Needs:** It is clear how the project will contribute to meeting the documented affordable housing need in the community, ensuring long term affordability with use covenants, regulatory agreement, or other deed restrictions. For homeownership projects, limited appreciation projects will be more competitive (see [FAQ document](#) for more information).
- **Long-term Impact on Affordability & Sustainable Land Use:** Competitive projects will reduce vehicle miles traveled (VMT) and greenhouse gas (GHG) emissions, as well as household travel costs and long term public infrastructure maintenance costs. The local government should also show sustained support for and implementation of [land use best practices](#), and those that have adopted more of these strategies will be more competitive for this funding.
- **Equity, Diversity, and Inclusion:** The applicant must show they have developed an inclusive and equitable stakeholder engagement strategy. Applicants must assess impacts of the project on historically disadvantaged communities and should consider accessibility and age-friendly requirements. The application may include funds to support a high level of inclusive stakeholder engagement and partner communications throughout the project.



- **Community Benefits:** The project is driven by community benefits, which may include healthy environment and active living amenities, early childhood education and childcare centers, ADA accessibility, age-friendly design, renewable energy or energy efficiency, walkability, prioritizing multi-modal and active transportation options, public gathering or open space, connectivity to trails, proximity to jobs and schools, workforce development options, etc.
- **Sustainable Development Pattern:** The project supports sustainable development patterns such as infill and the redevelopment or adaptive reuse of existing buildings. The project is located outside of hazardous areas. Greenfield development located far from transit access, jobs, grocery stores, public services, etc. are not eligible.

Application and Award Process Timeline

- First round:
 - LOI: Local governments must submit a simple letter of interest by the due date (August 2023). Upon review, DOLA will schedule a pre-application meeting for all qualifying projects, and those that do not qualify will be notified. This consultation protects the applicant's time and money spent planning, increases the likelihood of funding success, and improves access to the funding program to a broader group of communities. A pre-application meeting also gives DOLA staff an opportunity to present additional leverage options or alternative funding sources that would be a good fit for the project in question.
 - DOLA will invite local governments with the most competitive projects to submit applications through the Division of Local Government [Online Grants Portal](#) per the Notice of Funding Available (NOFA) in December 2023. Visit the [Strong Communities program webpage](#) for more information.
 - Applications for the initial round of infrastructure funding will be reviewed and awarded by the end of March 2024. DOLA will work to finalize grant agreements within 2 months from the time of award.
- An award letter announcing a decision to provide project funding is not a formal obligation of funds by the State; rather, it is an offer to enter into a grant agreement for the dollar amount and project specified. Award conditions may be stated as a contingency in the letter. Such conditions must be met either prior to or during the project performance period at the discretion of DOLA.
- Grantees cannot charge the grant for any work begun prior to receiving an executed grant agreement from DOLA. Any contracts for services being charged to the grant must be selected using a competitive bidding system. An executed grant agreement is one that has been signed by the State Controller. Local governments must follow their own procurement rules, as well as [SLFRF procurement rules](#).
- All applicants requesting funds for projects listed on the State Register of Historic Properties must indicate in their application that History Colorado, Office of Archaeology and Historic Preservation (OAHP) is engaged in the project when applying for a grant. Any design, construction and/or engineering documents, quotes from contractors following the

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Secretary of the Interior's Standards for Rehabilitation, and photos must be attached to the application. Prior to awarding a grant for a state-listed site, DOLA will seek a determination of effect from the OAHP via official board action—no grant dollars can be awarded by DOLA without a determination of effect being completed first. Applicants are encouraged to reach out to DOLA staff for assistance with listed historical properties.

- These federal ARPA/SLFRF funds do not, on their own, trigger NEPA or Davis-Bacon Act requirements.
- Applicants must disclose whether they can receive—and meet the requirements of—federal funds.
- Grantees will be required to submit for reimbursement and report quarterly until the project is completed and will be required to report minimal metrics after the project is closed (e.g., number of affordable housing units approved for development in the grantee's jurisdiction). See the program application for more details on reporting requirements.

Please refer to the [Strong Communities page](#) for additional information. Any questions or concerns may be directed to Lisa Loranger via [email](#) or by calling 303-565-6200.

Land Use Best Practices

Overview

The following list of best practices in land use policy is intended as a guide as every community has different needs. Suggested adaptations for rural areas are noted, but other policies can be adapted for an individual community.

Best Practices

Compact Development

1. **Higher density mixed use development in core areas**

Establish higher minimum density mixed use development (by-right) in downtown areas, workforce centers, and around multimodal transportation nodes (or other walkable areas).

Rural Adaptation **Higher density near service areas**

Establish higher densities in areas close to jobs and services that are served by public water and sewer. In areas served by well and/or septic systems, reduce allowed densities.

2. **Density bonus program**

Establish a density bonus program to increase construction of units that meet affordable housing needs within the local community.

3. **Minimum lot size requirements**

Reduce or eliminate minimum lot size requirements and permit development of small residential unit sizes (e.g., 500–1000 square feet of living space) to increase options for affordable housing development.

Rural Adaptation **Minimum lot size**

Increase minimum lot size to avoid and mitigate impacts from development in prime agricultural lands, critical habitat corridors or spaces, and hazard areas in counties (e.g., 70 or 120 acres).

Affordable Housing

4. **Use by right affordable housing**

Classify affordable housing developments as a use by right in all residential zones.

5. **Inclusionary Zoning Ordinance (IZ)**

IZ programs vary in structure; they can be mandatory or voluntary and have different set-aside requirements, affordability levels, and control periods. Most offer developers incentives such as density bonuses, expedited approval, and fee waivers to offset costs with providing the affordable units. Many programs also include developer opt-outs or alternatives, such as allowing developers to pay fees or donate land in lieu of building affordable units, often with guardrails to mitigate clustering affordable units in segregated and/or far-flung areas. (C.R.S. 29-20-104(1)).

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6. **Land donation, acquisition, banking program, or land trust program**
Create a land donation, land acquisition, land banking or land trust program for developing affordable housing or create incentives (e.g., reduced property tax) to support such programs.
7. **Rural Adaptation—Affordable housing subsidies and/or incentives**
Create subsidy and/or incentive tools to support affordable housing development (served by public water and sewer) near jobs and services (e.g., fee waivers or reductions, funding source to buy down costs, use of vacant publicly owned land, reduced parking, etc.).
8. **Reduced affordable housing development fees**
Codify development policies to reduce or remove local development fee/deposit schedules, including but not limited to, building permit fees, planning fees, and water/sewer tap fees for affordable housing developments.

Housing Diversity

9. **Multi-family housing options**
Permit duplexes, triplexes, or other appropriate multi-family housing options as a use by right in single-family residential zoning districts.
10. **Accessory Dwelling Units (ADUs)**
Permit ADUs as a use by right in all residential zoning districts.
11. **Alternative building options**
Remove barriers and/or update zoning to permit alternative housing options, including but not limited to, modular, manufactured, and prefabricated homes.

Growth Management

12. **Annexation policies**
Update annexation policies to require or incentivize mixed use development that includes affordable housing and ensures connectivity with roads, transit, trails, parks, and schools.
13. **Urban Growth Areas & Boundaries**
Establish Urban Growth area/boundary agreements between neighboring municipalities and/or counties to coordinate future development by directing development toward existing communities. Jurisdictions determine together where it is cost effective to grow, guiding growth where most desired (e.g., infill areas) and away from areas where it can create problems (e.g., high hazard areas, wildlife habitat, prime agricultural land).
14. **Rural Adaptation—Intergovernmental Agreements (IGAs)**
Use IGAs with municipalities that designate tiers/growth areas where urban and suburban-level growth will be built only if annexed by the municipality and low level density will occur only in the unincorporated county. These IGAs may require development in areas of municipal interest (i.e., likely to be annexed in the future) to develop to the municipality's infrastructure standards in order to reduce future costs.
15. **Rural Adaptation Transfer of Development Rights (TDRs) and Purchase of Development Rights (PDRs)**
Use TDRs and PDRs to incentivize housing development in municipalities while allowing some cost recapture/return on investment for agricultural or other large lot land owners.

Districts & Subdivisions

16. **Planned Unit Developments (PUDs)**
Require PUDs to include and/or increase the percentage of integrated affordable housing units.
17. **Infill incentive districts**
Designate an infill incentive district or districts that allow a mix of uses and prioritize inclusion of affordable housing units in infill locations, including the possible use of property tax abatement, development fee reductions, or other incentives.
18. **Rural Adaptation Mixed-use zoning districts**
Establish flexible, by-right, mixed-use zone districts adjacent to towns and in town influence/growth areas to accommodate large developments that are in accord with town and/or county comprehensive plans.
19. **Rural Adaptation Cluster & Conservation subdivisions**
Require cluster subdivisions at a community's edge to transition to rural areas. Require conservation subdivisions in rural areas (residential subdivision that devotes at least half of its potentially buildable land area to undivided, permanently protected open space).

Mobility

20. **Minimum Parking Standards**
Reduce minimum parking requirements and/or create parking maximums, principally focused near active transportation nodes and areas in, or adjacent to, job centers and services.
21. **Multi-modal road standards**
Adopt pedestrian and multi-modal road standards that allow for minimum width roads/streets to reduce construction and maintenance costs, increasing connectivity, multi-modality and walkability (e.g., complete streets, ADA access, bike lanes, sidewalks, etc.).

Resource Conservation

22. **Water conservation**
Adopt water conservation standards, such as permitting recycled water irrigation systems or providing stormwater management credits to protect agricultural land and greenspaces.
23. **Water rate structure reduction**
Codify water rate structures with cost percentage reductions for affordable and denser housing.
24. **Energy efficiency codes**
Adopt energy efficient building codes and design standards that substantially exceed the standards required by HB 22-1362 to ensure lower household utility costs long term.
25. **High risk and environmentally sensitive areas**
Restrict development in high risk, hazard, and environmentally sensitive areas (e.g., floodplains, wildfire, protected wildlife habitat areas, etc.).