

## TOP CHALLENGE? INFLATION

### Survey finds unease over rising prices, staffing shortage, housing

For the first time in the 15-year history of the Colorado Municipal League's State of Our Cities and Towns survey, municipal officials consider inflation to be the greatest cause of concern, followed closely by the tight labor market, affordable housing, unfunded street and road maintenance needs, and unfunded water and wastewater improvement needs.

The survey, administered from August to September 2022, inquired about the effects of staffing shortages and inflation on municipal operations, as well as challenges related to housing supply and affordability, water, and navigating the state and federal funding available to address these challenges.

Most municipalities are experiencing negative impacts on their expenses due to recent inflation, which has drastically increased costs for capital projects and further complicated the recruitment and retention of employees, already made difficult by the lack of affordable and workforce housing. Among municipalities, 98% are at least slightly concerned about inflation's impact on their community.

The 2023 State of Our Cities and Towns Report features stories of how the individual municipalities of Craig, Estes Park, Fraser, La Junta, and Loveland are working to respond to staffing shortages, increased wildfire pressure, and a lack of affordable housing

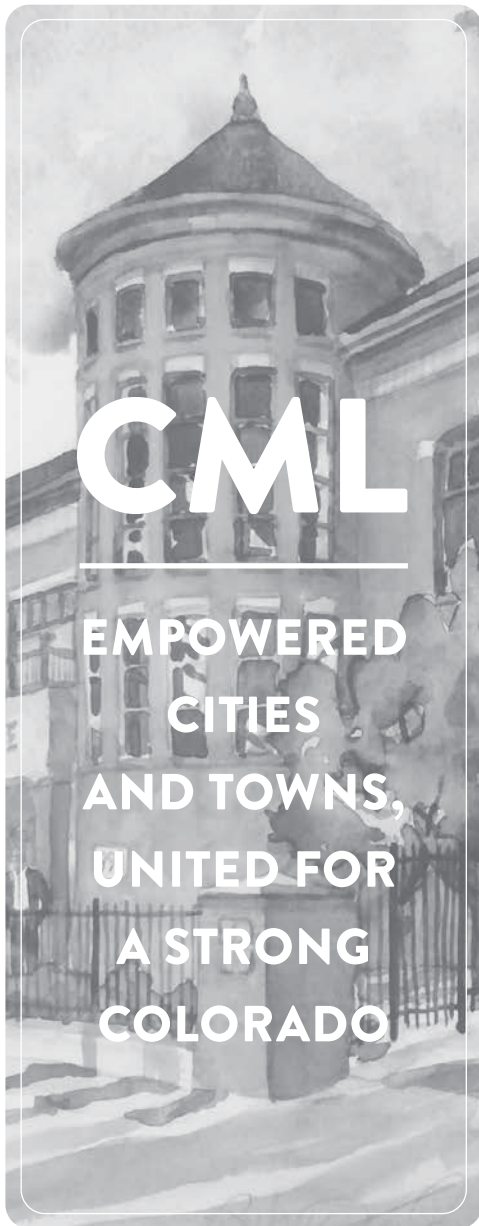
#### KEY FINDINGS

- 33% of respondents reported their local economy was somewhat or much better in 2022 than in 2021.



- 42% of respondents reported their municipal revenues were somewhat or much better in 2022 than in 2021.
- 62% of municipalities are experiencing moderate to significant operational impacts due to staffing challenges.
- 80% of municipalities are increasing wages to be more competitive in the job market, and nearly two-thirds (65%) increased wages outside of their normal budget cycle.
- 47% reported low or no confidence in applying for Bipartisan Infrastructure Law funding.
- 38% reported not being aware of state programs for affordable housing, and of those who are aware, 46% reported low or no confidence in applying for them.

- Over 40% of respondents — including over half of Western Slope/Mountains municipalities and 45% of Front Range municipalities — representing almost three-quarters (72%) of the municipal population covered by the survey, are taking action to promote affordable housing.
  - 73% are allowing accessory dwelling units.
  - 52% are proving increased density on smaller lots.
  - 33% are reducing parking requirements
- More data from the survey can be found in the Research Corner, on Page 7. In-depth results are online, <https://bit.ly/3WoPpPa>.



## CML Board appoints Keehne to fill vacancy

The CML Executive Board appointed Jim Keehne, Burlington city administrator, to the vacancy in the Small Municipality category (under 8,000 population). Seven candidates from around the state applied for the vacancy. After being interviewed by the board’s executive officers, Keehne was recommended to the full board for appointment.

“Jim will be a great addition,” said CML President Dale Hall. “His background and love of Burlington and Colorado make him an ideal member of the CML Board.”

Keehne has been city administrator in Burlington since 2017. Prior to city management, he had a 23-year career in law enforcement, including seven years and chief of police in Gunnison, where he was also an associate professor at Western Colorado University. He graduated from the FBI National Academy and was active in the Colorado Association of Chiefs of Police as a board member and recipient



of CACP executive certification. After law enforcement, Jim and his family spent 12 years in Delta County in the private sector, as well as a Law Enforcement Academy instructor and Town of Cedaredge planning commissioner.

Keehne’s first meeting as a CML Board member will be Jan. 27.

## Colorado Municipal League hiring engagement & communications manager

The League is currently recruiting for the position of engagement & communications manager. This position is a key advisor and leader on CML’s senior management team. The person in this role will plan, design, implement, direct, and evaluate internal and external communications strategies and membership services to ensure that

CML advocacy activities and training content meet the organization’s goals and members’ needs.

The full job announcement, salary range, qualifications, and application instructions can be found at <https://bit.ly/3CZU2IS>. The position will remain open until filled.



COLORADO MUNICIPAL LEAGUE **NEWSLETTER**

*CML Newsletter* (ISSN 7439903) is published biweekly by the Colorado Municipal League, 1144 Sherman St., Denver, CO 80203-2207, for Colorado’s municipal officials. (USPS 075-590) Periodical postage paid in Denver, Colorado.

**Designer: Alex Miller**  
**Circulation/mailling lists: Mark Vanderbrook**

**POSTMASTER:** Send address change form 3579 to Colorado Municipal League, 1144 Sherman St., Denver, CO 80203-2207; (p) 303-831-6411 / 866-578-0936; (f) 303-860-8175.

Subscription to *CML Newsletter* is offered as a portion of member dues.

Get this newsletter by email. The *CML Newsletter* is available by email three days before it arrives in the mail! Sign up at [bit.ly/CMLNewsletter](https://bit.ly/CMLNewsletter).

## CELEBRATE WITH CML

**CML wants to hear about your community’s successes. Tell us about a new grant you’ve won, water tank that’s finally finished, housing initiative, or anything else you’re excited about! To share your good news, please email CML Research Analyst Melissa Mata, [mmata@cml.org](mailto:mmata@cml.org), or complete the form at <https://bit.ly/3YF8XRM>.**



# MUNICIPAL GRANTS & FUNDING OPPORTUNITIES



## ARPA Flex allows additional uses of recovery funds

By Kevin Bommer, CML executive director

The National League of Cities and state leagues advocated strongly for a provision known as “ARPA Flex” to be included in the final 2023 budget package adopted in December 2022. State and Local Fiscal Relief Funds in the American Rescue Plan will be more flexible going forward.

According to NLC, new eligible expenditures include:

- Emergency relief from natural disasters
- Transportation infrastructure eligible projects and matching funds

● Any program, project, or service that would otherwise be eligible under the Community Development Block Grant program.

Expenditures on the new eligible expenses will be capped at the greater of \$10 million or 30% of the total grant amount received by the municipality.

These changes to ARPA Flex are expected sometime in February from the Treasury Department. Treasury also received authority to restart real time administrative and technical assistance to municipalities

with questions about the grant funds. Late last year, those services were shut off as funding dwindled.

While waiting for the updated rules, staff and elected officials will want to start discussing the new flexibility, as it may affect commitment of remaining funds. As a reminder, all funds must be encumbered by the end of 2024 and spent by the end of 2026.

## Project Accelerator offers funding for water projects in Colorado

WaterNow Alliance is accepting applications for its next round of Project Accelerator.

Project Accelerator provides municipalities, water agencies, and other organizations with pro-bono support to jump-start a sustainable water project.

During the application cycle, WaterNow will focus on projects based in Colorado. WaterNow hopes to not only support individual communities but also deepen connections across communities, foster

knowledge-sharing and collaboration, and open the door to innovative, regional solutions.

WaterNow Alliance is a network of water leaders advancing sustainable, localized water strategies. Applications for Project Accelerator are due by **Feb. 10**. More information about Project Accelerator, including the link to apply and examples of past projects, can be found on WaterNow’s website, <https://bit.ly/2VJrPxH>.

## New opioid settlement opportunities

Several additional defendants in the nationwide opioid litigation have reached settlements with the state that could result in significant additional resources for Colorado and its local governments. As in the past, municipalities will need to decide whether to sign on to these new settlements. In the coming weeks, municipalities should receive a general notice about the settlements, followed by a more detailed notice from the attorney general with information about the settlements and instructions for signing on. The deadline for municipalities to join the settlements is expected to be in the spring.

## Matching grants available for electric vehicle charging stations

Charge Ahead Colorado, through the Colorado Energy Office, is accepting applications for grant funding for community-based Level 2 and DC fast-charging electric vehicle charging stations until **Feb. 17**. The Colorado Energy Office anticipates awarding about \$3 million.

Public and private entities interested in installing Level 2 or fast-charging stations

may apply; however, projects at workplaces, multifamily housing, and tourist destinations are of particular interest. The likely maximum award that will be provided during a single standard application round is \$250,000 per applicant.

All applicants must provide the minimum match requirement to be eligible for Charge Ahead Colorado grant funding, which

ranges from 10-20% of total project costs. All applicants will be required to incorporate accessible design features.

Learn more at <https://bit.ly/3we7zJ2>. Applicants seeking multiple fast-charging stations or large projects are encouraged to reach out to Colorado Energy Office staff, <https://bit.ly/3XItx2i>, or their local ReCharge coach, <https://bit.ly/3XnmiNB>.

## Hot off the press: New books from the Colorado Municipal League

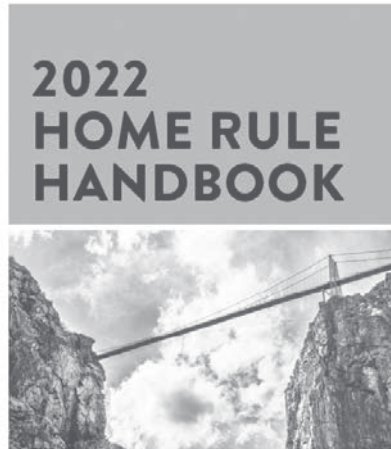
New books are available at the CML online bookstore. The “Home Rule Handbook” and “Liquor & Beer Handbook” have been thoroughly revised and updated.

First published in 1972, the “Home Rule Handbook” has been developed by the Colorado Municipal League as a starting point for municipal officials considering home rule or amending existing home rule charters. It is designed to be an introduction to the establishment and exercise of municipal home rule rather than a comprehensive discussion of the subject.

The latest edition contains judicial rulings on the subject of home rule through November 2022. It includes a history of home rule in Colorado, authored by Kenneth Bueche, CML executive director from 1974-2005. Attorneys will find the handbook to be a thorough source of case law, including an extensive table of case law evaluating areas of local and statewide concern and the scope of home rule authority.

Print and eBook versions of the Home Rule Handbook are available at the CML bookstore, <https://bit.ly/3ixKv4G>.

The sixth edition of the “Liquor & Beer Handbook,” updated in 2022, provides a general introduction to the law and practice of beer and liquor licensing by



Colorado municipalities and the interaction of municipalities with the Colorado Division of Liquor Enforcement. Updated appendices include fillable sample forms for municipalities to customize for their own needs.

The “Liquor & Beer Handbook” is available as an eBook, <https://bit.ly/3kdTvMF>.

Stay in touch with the latest developments in municipal governance all year long with CML periodicals. The quarterly Colorado



Municipalities magazine takes a deep dive into important issues that affect Colorado's cities and towns. Recent issues highlighted water, housing and infrastructure. And CML's bi-weekly newsletter covers the latest developments in municipalities and the state legislature. Read them online, <https://bit.ly/3Zy1owD>.

## Electric bikes and zero-emission vehicles

The Colorado Energy Office is exploring a funding opportunity to provide grants to local governments to develop and administer their own eBike rebate program within their communities for low- and moderate-income individuals. Grants would likely be available this summer and require up to a 50% match. Contact Sarah Thorne at [sarah.thorne@state.co.us](mailto:sarah.thorne@state.co.us) to learn more.

The Medium- and Heavy-Duty Vehicle Infrastructure Program will provide grants to support infrastructure for transitioning high-emitting fleet vehicles to zero-emissions in communities across the state. This new program is tentatively scheduled to launch in April. Learn more about transportation programs at <https://bit.ly/3XQ4QkV>.

## UPCOMING WEBINAR

### Hayden's Housing Model: How a Small Town is Addressing a Big Issue

Thursday, Feb. 23, 12-1 p.m.

In just 1.5 years, Town of Hayden municipal officials witnessed affordable—and even available—housing become a major issue. Was it growth induced, or was housing always an issue that had simply been ignored? Either way, the town needed to respond, even as their resources were only a fraction of what was available to larger municipalities. In this webinar, Town of Hayden staff will cover the story of their housing model, including their objectives, strategies, and tactics as well as how their mission statement and vision statement are guiding them forward. Presented by Mathew



Mendischo, Hayden town manager, and Tegan Ebbert, Hayden community development director.

Register at <https://bit.ly/3XMrijB>.

## Colorado Municipal League champions local zoning rights

By Meghan MacKillop, legislative & policy advocate

On Jan. 17, Gov. Jared Polis gave the first state of the state address for his second term. Gov. Polis spoke about public safety, education, water, and most notably affordable housing. He devoted much of his speech to the affordable housing crisis in the state. Many of his proposals, however, included preemption of local authority. The governor directly targeted local land use planning, stating, “*We have to break down government barriers, expand private property rights, and reduce regulations to actually construct more housing to provide housing options at a lower cost so that all Coloradans can thrive.*”

While the speech was light on the details of his plan to create more housing, staff anticipates the governor’s policy package to focus on adding more units into the market through preemption of local zoning and land use ordinances, paving the way for developers to have a greater say in how communities are developed. Notably, the governor did not say anything about whether new housing would be required to be affordable or if it would be market-based.

Despite highlighting the work of municipalities, the governor still blamed local regulations, stating, “... *we need more flexible zoning to allow more housing, streamlined regulations that cut through red tape, expedited approval processes for projects like modular housing, sustainable development, and more building in transit-oriented communities.*” The governor did not elaborate, but the intent is clearly



to supplant local policies and ordinances with one-size-fits-all state preemptions.

CML staff is also aware of efforts from environmental, transportation, and housing advocates to promote affordable housing policies. The goal of this group is to expand affordable housing through the promotion of “smart growth” policies, and they have submitted their proposal to the governor. The proposal includes:

- A statewide housing needs assessment in each region and the development of housing strategies that would help local governments meet those needs. Local governments would be required to update these plans every 5 years and report housing data to the state annually.
- Elimination of parking minimums, and more affordable housing near transit centers.

- Requiring local governments to provide residents with the right of first refusal to purchase or rent new affordable housing units if they are displaced by a new development.
- Reduction of minimum lot sizes and requirements that duplexes, triplexes, fourplexes, cottage clusters, and townhomes can be built in single-family zones, and up to six units per lot if two are affordable.
- Requiring local governments to allow accessory dwelling units as “use by right.”
- Incentivizing smart growth through incorporation of land use planning in the transportation planning process.
- Prohibition of residential growth caps.

The governor has not endorsed any of these policy proposals; however, some policies align with his stated objective to increasing affordable housing by placing developer interests above community expectations for land use planning. A “use by right” approach to increase availability of accessory dwelling units, duplexes, triplexes, etc. in urban areas effectively prohibits local governments from having input in where these types of units are built in their communities.

CML staff will continue to monitor potential legislation and will provide information as it becomes available. Colorado has a strong tradition of local control, especially around land use and zoning decisions. We are committed to collaborating with our state partners and other local government associations to increase the availability of affordable housing across the state.

## Vacancies on board of Front Range Waste Diversion Enterprise

The Front Range Waste Diversion Enterprise is accepting applications for three open seats on the board of directors through **Feb. 28**.

One seat is available for a county representative; one is available for a municipal representative; and one is available for a for-profit or nonprofit representative. Applicants must be involved in recycling, reuse, or composting activities on the Front Range (Adams,

Arapahoe, Boulder, Broomfield, Denver, Douglas, Elbert, El Paso, Jefferson, Larimer, Pueblo, Teller, or Weld counties)

Board members are appointed by the department’s executive director. Once appointed, the for-profit or nonprofit member will serve through Oct. 31, 2024, and the county and municipal representatives will serve through Oct. 31, 2025. Representatives can be reappointed for another term.

If you would like to join this important group, please complete and email the board member application, <https://bit.ly/3WqLpO9>, with your resume to Kendra Appelman-Eastvedt, [kendra.appelman-eastvedt@state.co.us](mailto:kendra.appelman-eastvedt@state.co.us), by **Feb. 28**. For questions, please contact Appelman-Eastvedt via email or by phone, 720-588-0040. Learn more about FRWD at <https://bit.ly/3wd2vod>.

# CML LEGAL CORNER



## Prepare now for affordable housing funds through Proposition 123

By Ashlyn DuThorn, CML law clerk

In November 2022, Coloradans approved Proposition 123 (codified at C.R.S. §§ 29-32-101–106), which dedicates revenue for affordable housing programs. Municipalities should start working now to qualify for the use of funding in their communities. The citizen-initiated statute created a de-Bruce “state affordable housing fund” funded through revenue from the existing state income tax on 0.1% of federal taxable income. Forty percent of the revenue collected will be transferred annually to a State Affordable Housing Support Fund (“Support Fund”) administered by DOLA’s Division of Housing, and 60% will be transferred annually to an Affordable Housing Financing Fund (“Financing Fund”) administered by the Office of Economic Development.

The Financing Fund will offer 15-25% of its funding for land banking grants and loans, for which local governments will be eligible. Between 40% and 70% of the Financing Fund will go toward an affordable housing equity program that invests in rental housing projects offering permanent affordability. Projects of this kind are defined as not requiring spending of more than 30% of household income for households that are at or below 90% of the area median income.

The Financing Fund will offer a debt and gap financing program for affordable rental housing projects that do not require spending more than 30% of household income for households that are at or below 60% AMI. This will comprise 15-35% of the fund. The Financing Fund places an emphasis on developing high-density housing, mixed-income housing, and promoting environmental sustainability.

The Support Fund will offer an affordable home ownership program with down pay-

ment assistance for those whose income is less than or equal to 120% of AMI, as well as grants and loans to non-profits, land trusts, and mobile homeowner groups. The goal is to support home ownership for persons with income less than or equal to 100% of AMI. This will comprise up to 50% of the Support Fund. The Support Fund will also offer support for persons experiencing homelessness by creating grants for non-profits, local governments, and private entities committed to helping those experiencing homelessness. This will comprise up to 45% of the Support Fund.

Lastly, the Support Fund will offer grants to local governments to increase planning capacity, which will comprise up to 5% of the support fund.

### MUNICIPAL OPPORTUNITIES

Municipalities seeking to increase affordable housing in their communities will benefit from the funding and planning opportunities provided through these statutes. The statutes do not impose any mandate directly on municipalities, but two conditions must be met for funds to be used in the community: a local commitment to affordable housing and the establishment of a “Fast Track” review process. The statutes’ conditions may be difficult for some municipalities to satisfy, but the statutes offer planning capacity grants to assist municipalities in meeting the statutes’ goals.

### PREPARING FOR IMPLEMENTATION

A local government must satisfy two requirements by **Nov. 1, 2023**, to initially qualify for funding and for other entities like non-profits to receive grants or funding to be used its jurisdiction. Municipalities are encouraged to continue to think creatively to meet these conditions.

First, municipalities must submit a commitment identifying how, by **Dec. 31, 2026**, the combined number of new and converted existing affordable units in the jurisdiction will increase by 3% annually over a baseline amount. Contributions to housing in other communities can be used. Local governments must later update that commitment starting **Nov. 1, 2026**, and when the baseline resets, to reflect the same percentage increase within three years.

Second, municipalities must establish a fast-track approval process to enable a final decision within 90 days of submission of a “complete application” for all development permits (not including subdivisions) in which 50% or more of the residential units are affordable housing. This process can include extension opportunities for resubmittals and external reviews.

### WHAT’S NEXT

The implementation of Proposition 123 is just beginning, and the 2023 legislative session may bring changes to the new law. In the meantime, municipalities that would like access to revenue dedicated to affordable housing programs by Proposition 123 should make plans for how they will implement their three-year commitments and fast-track approval processes by **Nov. 1** of this year. Look for further guidance from DOLA and additional information from CML on the planning process and early funding opportunities.

*This column is not intended and should not be taken as legal advice. Municipal officials are always encouraged to consult with their own attorneys.*

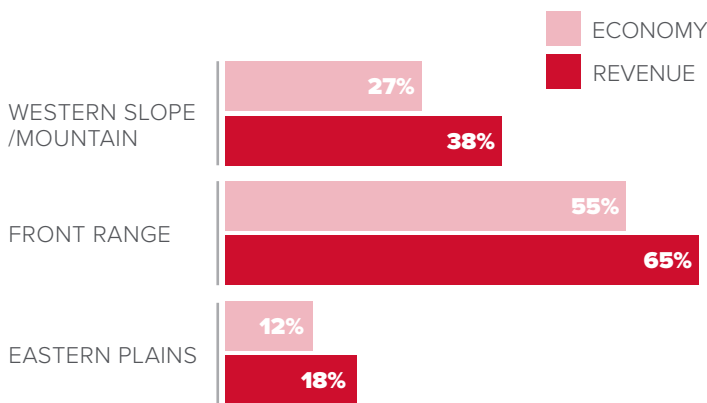
## RESEARCH CORNER

# State of Our Cities & Towns — 2023

The 2023 State of Our Cities & Towns report survey inquired about the impacts of staffing shortages and inflation on municipal operations, as well as challenges related to housing supply and affordability, water, and navigating the state and federal funding available to address these challenges. Of CML's 270 member municipalities, 163 responded to the survey, for a 60% response rate, and responses came from around the state. Future Research Corner columns will dive deeper into the findings. For more on 2023 State of Our Cities & Towns, including stories of how the individual municipalities of Craig, Estes Park, Fraser, La Junta, and Loveland are working to respond to staffing shortages, increased wildfire pressure, and a lack of affordable housing, visit <https://bit.ly/3WoPpPa>.

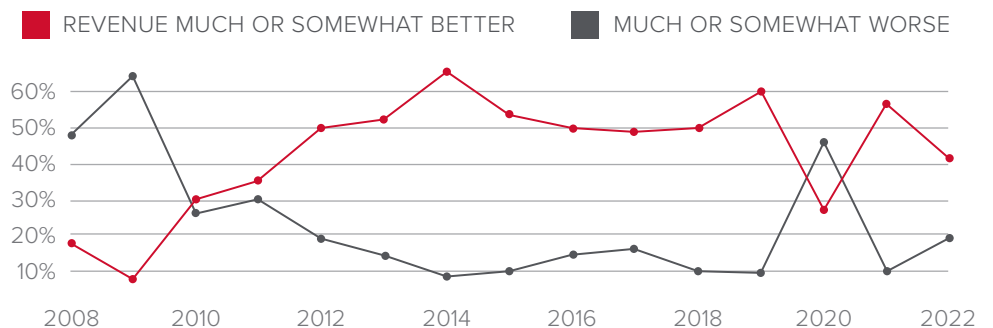
## 2. Municipal economies & revenues

Even as cities and towns feel the squeeze from inflation and unfunded infrastructure needs, one-third (33%) report that they feel their local economy is somewhat or much better, and 42% reported feeling that their municipal revenues are somewhat or much better, than in 2021. The graph below shows the percentage of municipalities reporting that their revenue and economy are somewhat or much better than in the previous year.



## 3. Revenue over time

In the 15-year history of the survey, it is typical for more municipalities to report higher revenue over the previous year than lower. The glaring exceptions are the two years following the Great Recession, and in 2020, during the first several months of the COVID-19 pandemic.



## 1. Chart-topping inflation

Colorado municipalities rated the challenges they expect to face in the upcoming year on a scale of 1-4, with 4 representing the most challenge and 1 representing the least challenge. Inflation ranked highest, for the first time in the 15-year history of the survey.

3.3

INFLATION

3.3

TIGHT LABOR MARKET

3.2

LACK OF AFFORDABLE HOUSING

3.1

UNFUNDED ROAD WORK

3.1

UNFUNDED WATER/WASTEWATER PROJECTS

2.8

PASSING BALLOT INITIATIVES TO INCREASE MUNICIPAL REVENUES

2.8

PUBLIC SAFETY

2.7

INCREASED DEMAND FOR MUNICIPAL SERVICES



USPS 075-590

Periodical postage  
PAID  
at Denver, Colorado

1144 Sherman St. • Denver, CO • 80203-2207

**Featured in this issue:**

- CML opposes preemption of local control over zoning, land use
- Burlington city administrator joins CML Executive Board
- Municipalities name inflation as No. 1 challenge
- Research Corner: Results of 2023 State of Our Cities & Towns survey
- Legal Corner: Prepare now to utilize Colorado affordable housing money

Vol. 49, No. 2, January 27, 2023

# NEWSLETTER

