City of Louisville
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# CITY COUNCIL COMMUNICATION
## AGENDA ITEM 10C

**SUBJECT:** TRESTLE STRATEGY GROUP AFFORDABLE HOUSING STRATEGIC FRAMEWORK WORK SESSION

**DATE:** DECEMBER 2, 2025

**PREPARED BY:** ROB ZUCCARO, COMMUNITY DEVELOPMENT DIRECTOR
DANICA POWEL, TRESTLE STRATEGY GROUP

**PRESENTED BY:** DANICA POWEL, TRESTLE STRATEGY GROUP


**SUMMARY:**
The City has contracted with Trestle Strategy Group to support City Council in developing a strategic framework for evaluating the use of approximately $2 million in designated affordable housing funds. There are two phases in the project scope, with each involving opportunities for Council feedback and direction. This work session is part of Phase 1 of the project.

**Phase I**

- Review funding strategies, including case studies and cost–benefit analysis.
- Develop a recommended prioritization framework.

**Phase II**

- Identify feasible development opportunities, including high-level cost estimates, target affordability levels, potential unit counts, and required City participation.
- Submit a feasibility summary report outlining next steps for high-priority projects and providing recommendations for the use of designated affordable housing funds.

City staff is also continuing to explore development opportunities in coordination with Trestle Strategy Group. These efforts will help to inform the final recommendations produced through this project.


**BACKGROUND / PRIOR DISCUSSIONS:**
City Council allocated $2 million in the 2025 budget to support the development of affordable housing. These funds are intended to provide financial assistance for affordable housing projects, including potential land acquisitions or other subsidies that help make such projects financially feasible.

**ANALYSIS:**
The 2024 City of Louisville Housing Plan includes the following Goals and Strategies:

> ***Goal 1:*** *Increase residential development opportunities in Louisville*
> ***Goal 2:*** *Expand and maintain access to affordable housing*
> ***Goal 3:*** *Diversity Louisville's housing stock*
>
> ***Strategy 1:*** *Targeted policy and zoning code changes to reduce barriers for residential development*
> ***Strategy 2:*** *Leverage funding opportunities and partnership to support income-restricted affordable housing*
> ***Strategy 3:*** *Comprehensive policy and zoning code changes to better support residential development and allow more diverse housing types.*

This project directly supports Strategy 2 by guiding the use of designated housing funds to leverage funding opportunities and partnerships that advance the goals of the City's Housing Plan.

**2025 COUNCIL WORK PLAN:**
Housing is one of four primary topic areas in the 2025 City Council Work Plan. This project supports the following action item in the Work Plan:

> *Potential Property Acquisition or Project Contribution for the Creation of Affordable Housing.*

**FISCAL IMPACT:**
Budgeted?: **Yes**
The 2025 budget includes $2M of designated funds to support affordable housing development opportunities.

**ALTERNATIVE(S):**
N/A

**RECOMMENDATION:**
Staff is requesting Council feedback on the initial phase of work to develop a strategic framework that will inform the use of designated affordable housing funds.

**ATTACHMENT(S):**
1. Trestle Strategy Group Presentation Materials

# Housing Funding Strategic Framework

Prepared for: City of Louisville, Colorado
By: Trestle Strategy Group

December 2025

# TRESTLE STRATEGY GROUP - WHAT WE DO

**Boulder, CO, Community Building Consulting Firm:**

- Complex Entitlements
- Real Estate Strategy and Analysis
- Community and Stakeholder Engagement
- Affordable Housing

TRESTLE STRATEGY GROUP

www.trestlestrategy.com

# Purpose

Provide guidance for the City of Louisville to evaluate and prioritize its housing funding strategies in order to maximize impact, align with community goals, and respond to the critical community priority of increasing the supply of affordable and attainable housing.

# Scope

## Background

Louisville's 2024 Housing Plan identifies increasing the **supply of affordable and attainable housing as a critical community priority**. With the **availability of $2 million in dedicated housing funds**, the City has a timely opportunity to make targeted investments that can catalyze long-term solutions. However, to ensure this funding is used strategically and leveraged to create the most impact, a **framework is needed to identify, evaluate, and prioritize options**. The scope of this project includes:

- **Engaging** directly with developers, funding partners, regulatory agencies, financial institutions, public agencies and industry experts in attainable housing **to inform the evaluation process** and **lay the groundwork for future implementation**.
- Through these conversations, **informing the investment strategy options** presented to City Council and helping ensure that any recommended projects are grounded in **practical, achievable outcomes**.

# Scope

## Goals

1. **Build Awareness and Transparency**: Share Louisville's housing goals and priorities to foster alignment, attract interest, and promote community trust in the process.
2. **Highlight Best Practices**: Gather insights on effective approaches to attainable housing from across the region and beyond.
3. **Identify Viable Projects**: Surface real-world development opportunities that could be supported by the $2 million housing fund.
4. **Explore Additional Funding Sources**: Identify potential sources of gap financing or leverage opportunities to expand the impact of city investment.
5. **Establish Strategic Relationships**: Build partnerships that could support long-term housing development and future public-private collaborations.
6. **Provide Case Studies**: Document relevant examples of successful projects to illustrate feasibility, outcomes, and lessons learned.

# Scope

## Step 1a – Identify Investment Strategies

1. Research and define a broad **range of eligible housing investment strategies**, drawing on best practices, local needs, and stakeholder input.
2. For each strategy, outline the **structure, use cases, and potential impact**.
3. **Deliverable**: well-defined set of options to inform the evaluation framework (step 1B) to guide Council in determining priorities for investment.

Examples of potential strategies include:

- Land acquisition for future housing (land banking)
- Construction subsidies for new affordable housing
- Rental assistance or rent buy-downs to improve affordability
- Public-private development partnerships
- Development cost reductions (e.g., fee waivers, expedited permitting)
- Incentives for accessory dwelling units (ADUs)
- Master leasing of market-rate units for affordable use
- Additional strategies identified through research and stakeholder outreach

# Scope

## Step 1b – Develop an Evaluation and Ranking Framework

Identify a **list of evaluation criteria to build a ranking framework** for future investments. The framework will be created with the intention of ensuring transparency, effectiveness, and alignment with city goals.

The following criteria may be used to compare and prioritize investment strategies:

- **Cost Efficiency**: Estimated cost per unit created or preserved, allowing comparison of relative value across options.
- **Depth of Affordability**: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability.
- **Feasibility and Timeline**: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes.
- **Scale of Impact**: Total number of housing units that could be created or preserved through the investment.
- **Sustainability**: Ability of the investment to have a lasting impact without requiring ongoing city funding.
- **Funding Leverage**: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city's investment

# Scope

## Step 1 Deliverables

Summary memo and presentation for Staff and City Council to include:

- 4–6 **primary strategies** with high level evaluation
- Facilitation of **City Council work session** to receive input and establish direction on areas of focus
- **Recommended prioritization framework**

# Scope

## Step 2 – Property Identification and Feasibility Analysis

Take the feedback provided by Staff and Council to **explore real estate investment opportunities and potential projects** that are strong candidates for investment through the $2 million housing funds. Evaluate how each opportunity aligns with the City Council's priorities and the **evaluation criteria** established in Step 1 through the following key activities:

- **Site Identification**: Identify specific parcels within Louisville—both public and private - of available, underutilized, or strategic properties that could support attainable housing.
- **Feasibility Assessment**: Analyze key site attributes, opportunities and constraints in alignment with the framework and evaluation criteria and framework, including zoning, land use designations, infrastructure capacity, acquisition costs, and overall development viability.
- **Partnership Exploration**: Engage with local developers, housing providers, and non-profit partners to understand existing pipelines and explore collaboration opportunities.

# Scope

## Step 2 Deliverables

- **Project Shortlist**: A curated list of feasible development opportunities, including high-level cost estimates, target affordability levels, unit potential, and required city participation.
- **Feasibility Summary Report**: A written report summarizing the analysis, outlining next steps for high-priority projects, and providing recommendations for deploying the housing fund strategically and effectively.

# City of Louisville 2024 Housing Assessment


Adopted by City Council May 7, 2024

**Goal 1: Increase Residential Development Opportunities in Louisville**

**Goal 2: Expand and Maintain Access to Affordable Housing**

**Goal 3: Diversify Louisville's Housing Stock**

**The goals help to frame the 3 key strategies** that include specific actions for the City to take in the near and long term as it aims to increase access and opportunity for residents in Louisville.

## STRATEGY 1

- Targeted Policy and Zoning Code Changes to Reduce Barriers for Residential Development

Targeted actions to help provide relief while the City works on broader policy updates during the comprehensive plan process, or soon after.

## STRATEGY 2

- Leverage Funding Opportunities and Partnerships to Support Income-Restricted Affordable Housing

A toolbox for easing financial burdens or generating revenue to provide more direct financial support for new income-restricted residential projects.

## STRATEGY 3

- Comprehensive Policy and Zoning Code Changes to Better Support Residential Development and Allow for More Diverse Housing Types

Comprehensive actions to modernize the City's approach to zoning and land use policy related to residential development.

### Exhibit 25: Total Units Needed by 2047, Louisville

Source: DOLA 2047 Boulder County Population, ACS 5-year 2017-2021, CHAS 2015-2019, ECONorthwest

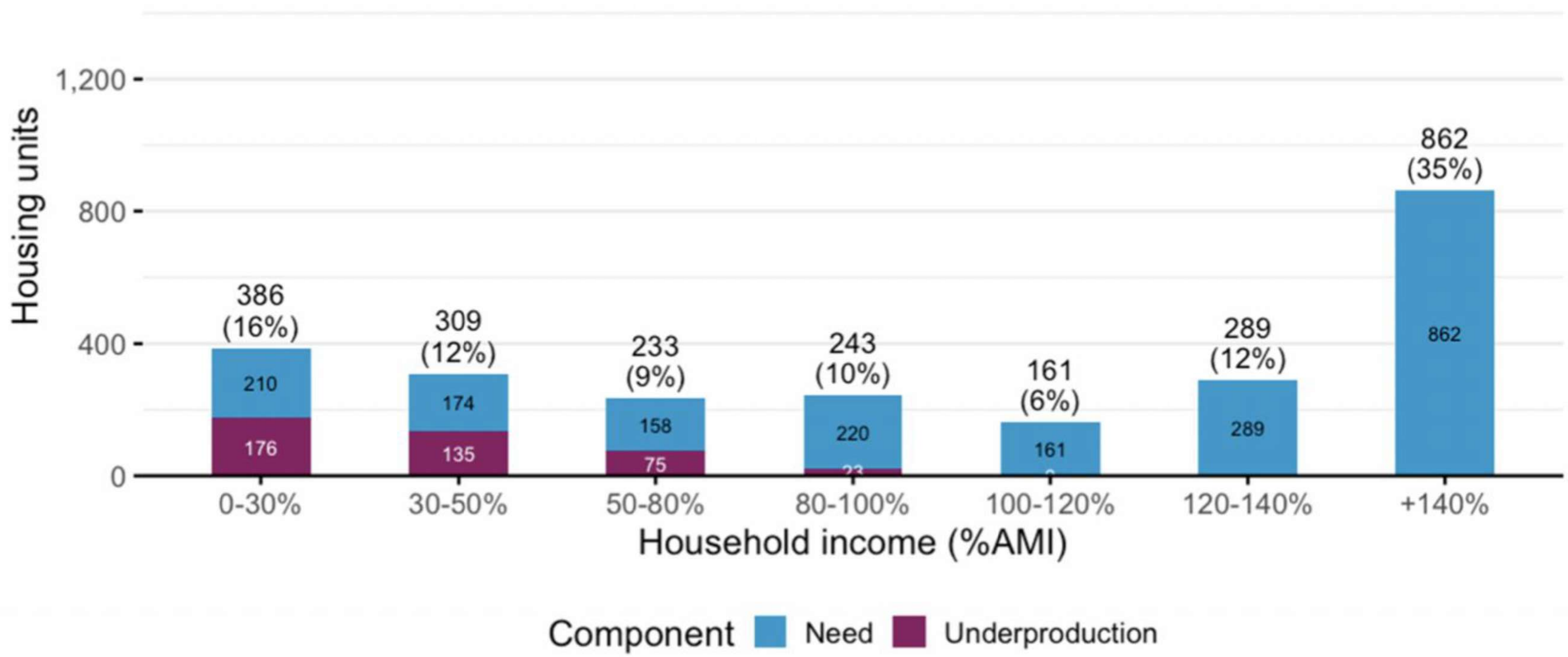


**Exhibit 20: Financially Attainable Housing by Median Family Income (MFI) for a Family of Four, Boulder Metro Area, 2023[7]**

Source: US Department of Housing and Urban Development, Boulder Metro Area, 2023

| If your household earns... | | | | |
|---|---|---|---|---|
| $43,230<br><30% AMI | $72,050<br>50% AMI | $115,280<br>80% AMI | $144,100<br>100% AMI | $172,920<br>120% AMI |
| **Then you can afford...** | | | | |
| $1,100<br>MONTHLY RENT | $984<br>MONTHLY RENT | $1,574<br>MONTHLY RENT | $1,855<br>MONTHLY RENT | $2,226<br>MONTHLY RENT |
| OR | OR | OR | OR | OR |
| $130k–$151k<br>HOME SALES PRICE | $216k–$252k<br>HOME SALES PRICE | $346k–$403k<br>HOME SALES PRICE | $432k–$504k<br>HOME SALES PRICE | $519k–$605k<br>HOME SALES PRICE |
| **And you might work as a...** | | | | |
| Medical Assistant<br>$44,870 | Middle School Teacher<br>$72,120 | Mechanical Engineer<br>$113,610 | Aerospace Engineer<br>$138,770 | Software Developer<br>$169,750 |
| Cashier<br>$33,900 | Firefighter<br>$65,110 | Nurse Practitioner<br>$122,320 | Pharmacist<br>$140,860 | Dentist<br>$161,060 |

# Interviews

- For Profit Affordable Housing Developers
- Non-Profit Affordable Housing Developers
- Market Rate Housing Developers
- LIHTC Lender/Financer
- Land Brokers

# Key Takeaways – Barriers

- Impact fees are high
- Funding uncertainty - how is housing fund and HHTA money going to be allocated
- Land prices very high and not in alignment with risk
- Lengthy and complicated entitlements
- Low density zoning requires rezoning/PUD
- Louisville is not a housing authority, so will need a partner or developer to manage
- Certain funding sources (i.e. Prop 123) require City to be the lead
- Ballot measures

# Key Takeaways – Opportunities

- Leverage funding with other sources
- Louisville can remove barriers, demonstrate support, lead by example
    - Comp Plan update, regulation changes and demonstrated support for higher density
- Clearly outline goals for new development if City is a funding partner
    - If going out to RFP, the project should be de-risked in order to attract the best developers (example Whetstone)
- Property tax exemption is key funding strategy - partner with BCHA
- Louisville would be competitive for tax credits (LIHTC)
- Louisville is attractive to affordable housing developers because of high market rents

TRESTLE STRATEGY GROUP

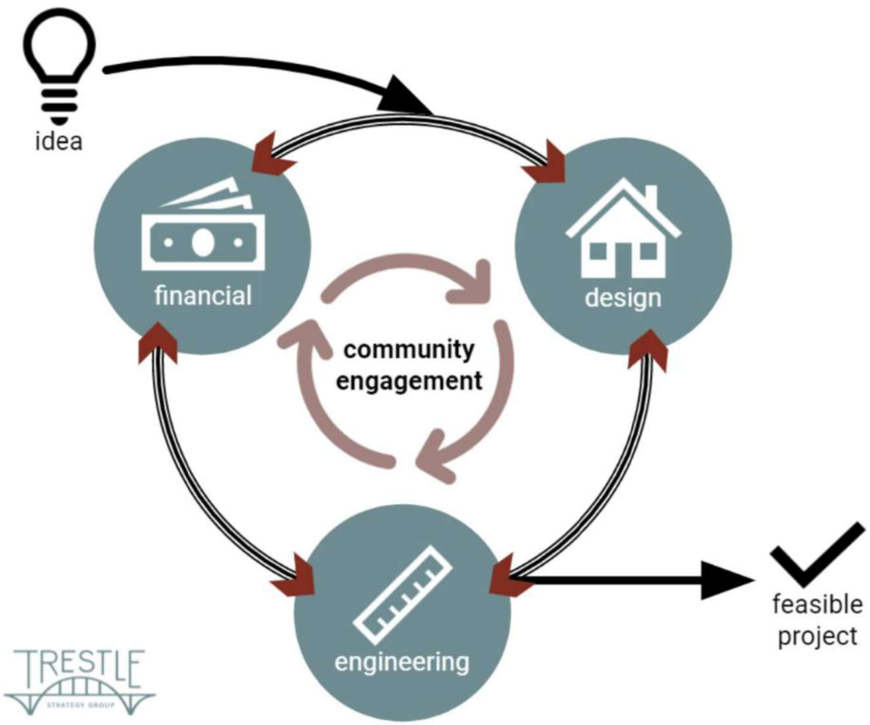
# What Does De-Risking a Project Mean?

1. The City puts money into the project to get **land control** and conducts **due diligence, preliminary entitlements, community outreach and infrastructure/cost estimates** in order to clear the path to an outcomes-based development with less risk. In this scenario, the City would:
    - Identify other committed funding sources (worthy cause, Prob 1B, tax exemption) and partners
    - Appraisal, utility analysis, cost estimates and infrastructure requirements
    - Identify other incentives that can be waived
    - Preliminary design and entitlements to achieve density
    - Build community support

2. With an understanding of the above, Louisville can package into **RFP to developers** clearly outlining **what outcomes they expect** (units, AMIs, size) and what the project costs, timeline, and risks are. Outcomes:
    - Developers are able to accurately calculate project risks, timeline and costs
    - City raises the bar on who will respond, which will lead to better out
    - City has a seat at the table

# From Setback to Comeback:
# How **Gunnison County** turned **Failure into Foundations**
## Lessons in affordable housing design, engagement, and unique partnerships

# Whetstone – a Different Approach




Build Trust through Candid Communication

- Engage and involve community early in the process
- Gather input from and confirm understanding with the community
- Use input where possible
- Be honest and open about what we can and cannot do and why

De-Risk Project

- County worked through most entitlements prior to bringing on development partner
- Simplify financing: single debt issue, no developer equity, public ownership and operation

# Strategies

1. Public Private Partnership with Developer for Land Acquisition
2. Buy Down of Existing or Newly Developed Units
3. Pre-Development of a Site to “De-Risk” the Project and then Find Developer
4. Administrative Review and Fee Waivers for Affordable Housing Projects

## Note about Strategies and Rankings

The ranking system is for discussion purposes and based on a high level evaluation. It is intended to create a dialogue for the framework that will emerge out of this project.

# 1. Public Private Partnership with Developer For Land Acquisition

| | |
|---|---|
| **Cost Efficiency/Scale of Impact**: Estimated cost per unit created or preserved, allowing comparison of relative value across options. | Medium - Without other funding sources and tax credits awarded, project outcome will be at risk. |
| **Depth of Affordability**: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability. | High - Can pair this with LIHTC, Prop 123, AAHT, and other funding to achieve below 60% AMI rents |
| **Risk - Feasibility and Timeline**: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes. | Medium - Land acquisition would still require entitlements and be subject to a risky process for competitive funding and. Partnering with a developer early on would preclude a competitive process. |
| **Scale of Impact**: Total number of housing units that could be created or preserved through the investment and alignment with HNA. | High - If successful, an early investment in land can drive a larger scale project. |
| **Sustainability**: Ability of the investment to have a lasting impact without requiring preliminary or ongoing city funding or staffing. | Medium - Some staff involvement required to access funding and participate in development agreement/ Developer would build, own, and manage the units. However if rents are very low, additional capital may be required for services needed by residents. |
| **Funding Leverage**: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city's investment | Medium - Other funding sources likely aren't committed at this point. City is first in with their money. |

Notes: This option brings on a developer early on without a competitive process and an at-risk project for entitlements, community opposition and other leveraged funding sources. Likely housing outcome: Rental.

# 2. Buy Down of Existing or Newly Developed Units

| | |
|---|---|
| **Cost Efficiency**: Estimated cost per unit created or preserved, allowing comparison of relative value across options. | Low - Higher subsidy would be needed for for-sale units. |
| **Depth of Affordability**: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability. | Medium - Would likely be used for “for-sale” units, so affordability will likely be middle income. |
| **Risk - Feasibility and Timeline**: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes. | High - Units would already be developed or in development. |
| **Scale of Impact**: Total number of housing units that could be created or preserved through the investment and alignment with HNA. | Medium - would require higher subsidy, likely resulting in less units, but would help subsidize middle income “for sale” units. |
| **Sustainability**: Ability of the investment to have a lasting impact without requiring ongoing city funding or staffing. | High - Likely to be used for “for-sale” units so City would not need to provide ongoing funding. |
| **Funding Leverage**: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city’s investment | Low - Likely to be used for “for-sale units” so other funding sources are limited. |

Notes: Buying down units would assist the developer to lower the sales price to increase affordability. Much higher subsidy required as a “for for sale” to meet target middle income goals than a rental project. Likely housing outcome: For Sale.

## 3. Pre-Development of a Site to "De-Risk" the Project and then Find Developer

| | |
|---|---|
| **Cost Efficiency**: Estimated cost per unit created or preserved, allowing comparison of relative value across options. | Medium - City will put more money into soft costs instead of construction costs. But outcomes can be more predictable. |
| **Depth of Affordability**: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability. | High - City can require certain outcomes and create a competition for the best approach/results from a developer. |
| **Risk - Feasibility and Timeline**: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes. | Medium - The City invests funds into de-risking the project and clearing pre-construction hurdles. However the City is also managing the pre-development and taking on the risk. |
| **Scale of Impact**: Total number of housing units that could be created or preserved through the investment and alignment with HNA. | High - By removing barriers, costs and unknowns, the impact can be results driven. |
| **Sustainability**: Ability of the investment to have a lasting impact without requiring ongoing city funding or staffing. | Medium - Would require City oversight of consultants during pre-development. City can require in RFP that units be managed and operated by developer. |
| **Funding Leverage**: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city's investment | High - With the City as the lead, additional funding sources can be pursued (grants, HHTA, Prop 123). |

Notes: This approach requires some staffing resources to oversee the pre-development work, however going to market with a clearly defined project that has been entitled with clear cost expectations improves the outcomes. Likely housing outcome: Rental and For Sale.

# 4. Administrative review/expedited process and fee waivers for affordable housing

| | |
|---|---|
| **Cost Efficiency**: Estimated cost per unit created or preserved, allowing comparison of relative value across options. | Medium - Removing lengthy timelines and risk for developers can save money on design and entitlements. |
| **Depth of Affordability**: The income levels served by the investment (e.g., <60% AMI), with higher priority given to deeper affordability. | Low - An expedited process alone won't create deed-restricted units. |
| **Risk - Feasibility and Timeline**: Likelihood that the project can move forward successfully and the expected timeframe for delivering housing outcomes. | High - Administrative review removes opportunity for NIMBY action, ballot initiatives and extensive timeframes. |
| **Scale of Impact**: Total number of housing units that could be created or preserved through the investment and alignment with HNA. | Medium - Administrative review and fee waivers alone won't guarantee deed restrictions or affordability. |
| **Sustainability**: Ability of the investment to have a lasting impact without requiring ongoing city funding or staffing. | High - Administrative approval and one time fee waivers would likely take less staff time. |
| **Funding Leverage**: Potential to attract additional public, private, or philanthropic funding to expand the reach and effectiveness of the city's investment | Low - Needs to be paired with other strategies. |

Notes: This strategy should be paired with other investment strategies to leverage funding and drive outcomes. Likely housing outcome: Rental or For Sale but likely no deed restriction based on level of subsidy.

# Potential Discussion Questions

Please provide feedback on the strategies.

Are we better off subsidizing property or subsidizing fees?

Should we wait for someone to come to us or be proactive?

If we want to be proactive what should we do?

# Thank you

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