



MANITOU SPRINGS CITY COUNCIL SPECIAL MEETING AGENDA

This meeting will be held by remote access via Zoom. The meeting participation link is provided under Work Sessions on the City's website

<https://www.manitouspringsco.gov/201/City-Council>

Position	Name	Term Expires
Mayor	John G. Graham	January 2, 2026
At-Large	Judith Chandler	January 2, 2028
At-Large	John Shada	January 2, 2028
At-Large	Julie Wolfe	January 2, 2028
Ward 1	Mayor Pro Tem Natalie Johnson	January 6, 2026
Ward 2	Nancy Fortuin	January 6, 2026
Ward 3	Michelle Whetherhult	January 6, 2026

January 28, 2025

6:00 PM

THE CITY COUNCIL MAY TAKE ACTION ON ANY OF THE FOLLOWING AGENDA ITEMS AS PRESENTED OR MODIFIED PRIOR TO OR DURING THE MEETING, AND ITEMS NECESSARY TO EFFECTUATE THE AGENDA ITEMS

- A. CALL TO ORDER
- B. ROLL CALL
- C. APPROVAL OF AGENDA
- D. BUSINESS

- 1. Consideration of a Letter of Support for Paragon Realty, LLC to Apply for Low Income Housing Tax Credit Funding at 123 Manitou Ave.

ADJOURN

The City of Manitou Springs does not discriminate on the basis of disability in the admission to, access to, or operations of programs, services or activities. Reasonable accommodation will be provided to ensure equal access to all. Individuals who would like to request auxiliary aids or services should contact the ADA Coordinator at (719) 685-5481 or jfryer@manitouspringsco.gov. You may also contact the City Clerk's Office at cityclerk@manitouspringsco.gov or (719) 685-2554. Please provide a minimum of 3-5 days advance notice.



Memorandum

Title: Consideration of a Letter of Support for Paragon Realty, LLC to Apply for Low Income Housing Tax Credit Funding at 123 Manitou Ave.

From: John Graham, Mayor

To: Mayor and City Council

CC: City Administrator Denise Howell

Allocated Time: 30 Minutes

January 28, 2025

Purpose:

For City Council to consider providing a letter of support to Paragon Realty, LLC to the Colorado Housing and Finance Authority. Paragon is applying for 9% low-income housing tax credit (LIHTC) funding.

Background:

The latest proposal from Paragon Realty, LLC, regarding the possible redevelopment of the former LaFun Motel property at 123 Manitou Avenue, consists of approximately 43 housing units. This proposal calls for a much less dense development than the previous proposal. The proposed development would be consistent with the City's Land Use Development Code.

Per a draft of the application letter, this proposed development would be a public/private partnership between Paragon, TWG Development, and the El Paso County Housing Authority as a Special Limited Partner. The new housing is proposed to serve people with incomes from 30% Area Median Income (AMI) to 60% AMI. The 2+ acre site would include a community center, small library, in-unit washers and dryers, a playground, a small dog area, and picnic tables.

Pros and Cons:

Pros: This is a letter of support to be used as part of the application to the Colorado Housing and Finance Authority and could help lead to a successful outcome for developing 43 units of low-income housing.

Cons: The applicant's inability to demonstrate City support for the project could jeopardize the application's success.

Fiscal Impact:

None.



Workload Impact:

Minimal.

Recommended Action:

Consider approving a letter of support for Paragon Realty, LLC for a 43-unit low-income development at 123 Manitou Avenue.

Dear Mayor Graham,

I spoke with the City Clerk, who recommended we send you an email to request this be added as an agenda item since a city letter requires a formal vote. I've cc'd the City Administrator and City Clerk to keep them in the loop.

As we mentioned during non-agenda items at the previous city council meeting, and following the variance denial with the planning commission, we are working to pursue commercial and low-income housing at our site (123 Manitou Ave) while collaborating with the city to hopefully increase the density allowed in this area.

With commercial tenants hesitant to sign leases in the current environment, our primary focus is on low-income housing (via state tax credits). Specifically, we are preparing to submit an application for the upcoming 9% February 3 deadline (one deadline per year). Candidly, it will be challenging to make the numbers work given the current density cap of 43 units, but we are committed to doing our best.

As part of the application process, Colorado Housing and Finance Authority (CHFA) requires documentation/evidence of city support for low-income housing. Without this, our application cannot be approved.

We've drafted the attached letter, which states:

- (1) The city is supportive of low-income housing and is willing to explore ways to make it viable
- (2) This support is fully contingent on city council approval, meaning it does not guarantee any specific commitments but signals openness to discussions if we are awarded the 9% tax credit

With the application deadline approaching (Feb 3rd), we kindly request that this letter (or a similar version) be signed. Could you please add this as an agenda item? I'm happy to address any questions or provide further information as needed.

For reference, I've also attached a similar letter signed by the Manitou Springs Housing Advisory Board.

Thank you for your time and assistance. We greatly appreciate your help with this matter.

Best,

John Block



January 17, 2025

Kathryn Grosscup, Manager, Tax Credits
Colorado Housing and Finance Authority
1981 Blake Street
Denver, CO 80202

RE: Support for 9% LIHTC Funding for 123 Manitou Ave

Dear Ms. Grosscup,

The Manitou Springs Housing Advisory Board (HAB) is pleased to submit this letter of support for the approximately 43 residences proposed by Paragon, TWG, and the El Paso Housing Authority at 123 Manitou Avenue in Manitou Springs, Colorado. We strongly recommend that CHFA consider funding this development, as it is critically needed in our community.

Like many communities across the nation, Manitou Springs is experiencing a housing affordability crisis. Compounding this issue, our city has limited growth opportunities due to a lack of vacant land for development, and construction costs are extremely high. Consequently, very few new rental housing units have been added to our housing stock in recent years, despite the pressing demand.

The HAB is encouraged by the proposed redevelopment of 123 Manitou Avenue and fully supports the addition of rental housing at this location. The east corridor of Manitou Avenue is ideal for residential growth, offering proximity to public transportation and supporting stable growth within the boundaries of the Urban Renewal Authority. This project will bring opportunities for residential housing, retail, and other development, contributing to the vibrancy and stability of the area.

The proposed housing will serve residents with incomes ranging from 30% to 60% of the Area Median Income (AMI). As costs continue to rise, many families, especially those on low or fixed incomes, face increasingly unattainable living situations. The addition of an affordable residential community will yield positive outcomes throughout the region by addressing a fundamental need for housing, which is essential to fostering physical, mental, and emotional well-being, as well as overall stability.

We look forward to CHFA's support of this venture, which will be a welcome addition to our community.

The HAB strongly supports the project proposed by the El Paso Housing Authority, Paragon, and TWG. For further questions, please contact Zachary Davison at 719-685-4398 or email at zdavison@manitouspringsco.gov for further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "AG", written over a horizontal line.

Alison Gerbig, Chair
Manitou Springs Housing Advisory Board



January 28, 2025

Kathryn Grosscup, Manager, Tax Credits
Colorado Housing and Finance Authority 1981 Blake Street
Denver, CO 80202

RE: Support for 9% LIHTC Funding for 123 Manitou Ave

Dear Ms. Grosscup:

Manitou Springs is a mountain town full of historic pride and character. Our 2017 Comprehensive Plan states, “Affordable/workforce housing. Housing values in Manitou Springs are higher than other parts of the region, and many people who work in Manitou Springs cannot afford to live here. A more diverse range of affordable rental options is needed, with a particular focus on the workforce, entry-level and family, and senior housing.” (pg.5)

This is a letter of support for the proposed new construction of approximately 43 housing units including for families with children in Manitou Springs, Colorado.

This development is a public/private partnership between Paragon, TWG Development, and the El Paso County Housing Authority as Special Limited Partner. The new housing will serve residents who have incomes from 30% AMI to 60% AMI. The 2+ acre site will include a community center, small library, in-unit washers and dryers, a playground, a small dog area, and picnic tables. The site is located at 123 Manitou Ave, near downtown Manitou Springs, the Manitou Incline, and Garden of the Gods.

I’m writing to inform you that the City supports the project and is open to discussing ways to provide financial support. Potential measures include supporting a sale and use tax exemption, as well as waiving local tap fees, improvement fees, and permit costs. All such support is contingent upon City Council review and approval, as well as CHFA’s award of 9% Low-Income Housing Tax Credits.

We look forward to CHFA’s support of this venture.

The City of Manitou Springs strongly supports this proposed development to serve additional low-income families and individuals. Please contact Frederick Rollenhagen, Planning Director at 719-685-2550 or email at frollenhagen@manitouspringsco.gov for further questions.

Sincerely,

John Graham, Mayor

January 28, 2025
Kathryn Grosscup, Manager, Tax Credits
Colorado Housing and Finance Authority
1981 Blake Street
Denver, CO 80202

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Dear Ms. Grosscup:

Manitou Springs is a mountain town full of historic pride and character. Our 2017 Comprehensive Plan states, "Affordable/workforce housing. ~~Housing values in Manitou Springs are higher than other parts of the region, and many people who work in Manitou Springs cannot afford to live here.~~ A more diverse range of affordable rental options is needed, with a particular focus on the workforce, entry-level and family, and senior housing." (pg.5)

This is a letter of support for the proposed new construction of approximately 43 housing units including for families with children in Manitou Springs, Colorado. **Our code allows a total 50 dwelling units on this property and with 43 Low-Income units this would make this development accessible for 86% of the apartments.**

This development is a public/private partnership between Paragon, TWG Development, and the El Paso County Housing Authority as Special Limited Partner. The new housing will serve residents who have incomes from 30% AMI to 60% AMI. The 2+ acre site will include a community center, small library, in-unit washers and dryers, a playground, a small dog area, and picnic tables. The site is located at 123 Manitou Ave, near downtown Manitou Springs, the Manitou Incline, and Garden of the Gods.

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Sincerely,

John Graham, Mayor

NOTES: HUD Fair Market Rents by [zipcode](#):

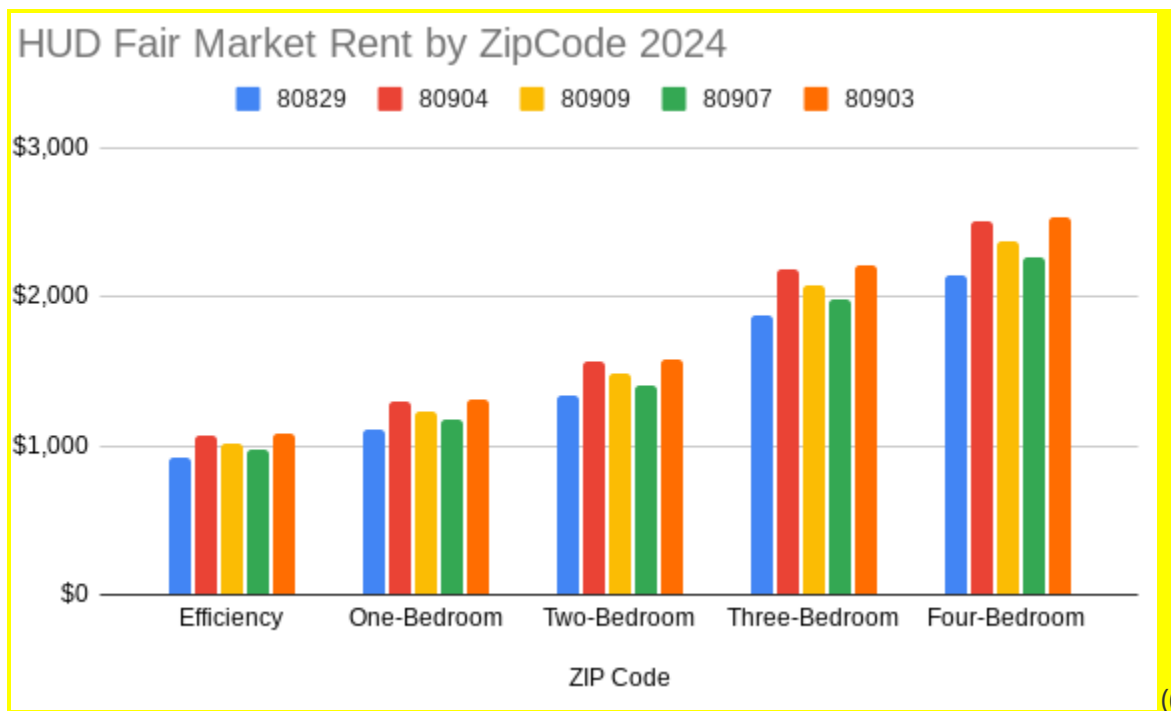
Notes: 2024 CHFA awards: <https://www.chfainfo.com/chfa-news/05302024-htc-round-one>

Notes: 50 dwelling units are allowed on this property given our current zoning code with the low-income city incentive. (The city provides a 25% increased density incentive for developments that have support Low-Income Housing). https://library.municode.com/co/manitou_springs/codes/code_of_ordinances?nodeId=TIT18LAUSDECO_CH18.02ZODI_18.02.1GEPR

3. Residential density may be increased by up to twenty-five percent (25%) above the permitted density listed herein if twenty-five percent (25%) or more of the residential units provided are rented or sold at a price that is affordable as determined by the U.S. Department of Housing and Urban Development (HUD) to a household earning one hundred percent (100%) of Area Median Income (AMI) or less as determined by HUD. All affordable units shall be documented by a legal covenant to be deed restricted for a minimum of thirty (30) years.

Fair Market Rents:

HUD DATA					
Colorado Springs, CO HUD Metro FMR Area Small Area FMRs By Unit Bedrooms					
ZIP Code	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
80829	\$920	\$1,110	\$1,340	\$1,880	\$2,150
80904	\$1,070	\$1,290	\$1,560	\$2,190	\$2,500
80909	\$1,010	\$1,230	\$1,480	\$2,070	\$2,370
80907	\$970	\$1,170	\$1,410	\$1,980	\$2,260
80903	\$1,080	\$1,310	\$1,580	\$2,210	\$2,530



Detail comparison by unit size across all Pikes Peak Zipcodes:

<https://docs.google.com/spreadsheets/d/e/2PACX-1vQTGm4QJ-NUPLdhNHdga32IU9Cmz3oiDaOykwVWHumOcNUYqHv4-PHhFET4T6dFmzj2h1mo5qagfoT/pubhtml#>

Raw HUD Rental Data:

https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2025_code/2025summary.odn?&year=2025&fmrtype=Final&selection_type=county&fips=0804199999