



## 2025 Workforce Housing and Childcare Funding Plan

### Purpose

The purpose of the 6E Annual Plan is to outline how the Workforce and Childcare Lodging Tax funds (6E) will be passed through from the Local Marketing District, which levies the tax, to the Town and allocated between workforce housing and childcare in 2025. This plan will further discuss how the funds will be administered and for what purpose. The Annual Workforce and Childcare Funding Plan outlines how funding decisions are made to address the needs in the Estes Valley for workforce housing and childcare in 2025, and beyond.

### Overview

In November 2022, residents of the Visit Estes Park Local Marketing District voted to approve Ballot Initiative 6E to increase the total lodging tax rate from 2% to 5.5%. This 3.5% increase in tax provides approximately \$5 million in funds to address workforce housing and childcare needs in the Estes Valley. The Board of Visit Estes Park (VEP) determined to serve as a “pass-through” of the funds and rely on the Town of Estes Park, in coordination with Larimer County, to decide how to administer 6E revenue.

The Workforce Housing and Childcare Lodging Tax funds received by the Town are administered in accordance with the Intergovernmental Agreement (IGA) between the County and Town of Estes Park by the Housing and Childcare Manager. The Housing and Childcare Manager works hand-in-hand with the Estes Park Housing Authority to strategically identify future needs and outline how they will be addressed, resulting in the proposed 6E Annual Plan.

When the Town entered into a memorandum of understanding in July 2023 with the Estes Park Housing Authority, it formalized its role to administer and use the Workforce Housing and Childcare Lodging Tax revenue dedicated to workforce housing. The Housing and Childcare Manager administers the distribution of funds retained by the Town to address childcare.

The Annual Funding Plan is drafted based on the initial framework presented in the ballot language in 2022. The initial framework included priorities consistent with the present workforce housing and childcare initiatives outlined below.

## Funding Allocations and Projections

In January of each year, a lump sum is retained at the Town for personnel and operating expenses related to the position of Housing and Childcare Manager. Throughout the year, a predetermined percentage of the revenue every month is transferred directly to EPHA. This percentage is presented in the Annual Funding Plan each year.

Funding decisions are made based on the evaluation of needs in the community and the consideration of maximizing the impact of Workforce Housing and Childcare Lodging Tax funds. All funding decisions will be made in accordance with the Intergovernmental Agreement between Larimer County and the Town of Estes Park and the adopted Annual Funding Plan (including this plan for 2025).

The 2025 Fund Plan pulls from and builds upon reports such as the 2023 Housing Needs Assessment, the Childcare and Housing Task Force recommendations, previous 6E Funding Plans, and the recently completed 2024 Childcare Needs Assessment and Strategic Plan. This Funding Plan acts as guidance and a framework for both EPHA and the Town to implement and measure the success of strategies presented in the Housing and Childcare Strategic Plans. The Town will monitor the impact 6E funds have on both housing and childcare in the Estes Valley with additional Needs Assessments every 3 to 5 years.

Visit Estes Park projects slightly higher 6E revenue in 2025 than in 2023 and 2024. In 2025, the Town will retain 20% rather than 12% from previous years. This proposed change is aligned with the anticipated trajectory of the increased need to allocate funds to childcare.

Projected total 6E Passthrough: \$5,512,500

- 80% Workforce Housing: \$4,410,000
- 20% Childcare: \$1,102,500

In addition to reports and assessments, the Town initiates public outreach each year in preparation for the next year's funding plan. Public outreach and stakeholder's feedback is included as Exhibit C of this plan.

The following proposed funding plan demonstrates how Workforce Housing and Childcare Lodging Tax funds (6E Funds) directly and strategically support childcare and workforce housing needs in the Estes Valley. All dollar figures are *approximations* contingent on several factors including actual collections each year.

The timing of collections impacts how much can be spent and at what point in the year. Funds received for childcare in 2024 but not distributed will roll over into the 2025 plan and are approximations based on the timing of this drafted plan (August 2024). Additional funding requests may be made that will lower the rollover funds available in 2025. Those dollars will be highlighted in the 2025 plan as "reserve" and are contingent upon the needs that may arise in the second half of 2024.

The Town's Workforce Housing and Childcare funding policies dictate the eligibility for awards and how they can be used. These policies are informed by the Town's existing finance policy, which limits administrative purchasing authority to \$100,000 or less. New fund accounts have been established within the Town budget for Workforce Housing and Childcare and distribution of the Workforce Housing funds are transferred to the Estes Park Housing Authority monthly.

Approval by the Town Board is required for the creation of funding programs for both childcare and workforce housing, as outlined in the MOU with EPHA. Reporting on the use of funds is conducted at least annually and upon request by either the Town Board, County Commissioners, or Visit Estes Park. Detailed expenditure reports for the previous year is presented to both boards by April 15 each year.

### Childcare

Workforce Housing and Childcare Lodging Tax funds, along with the Town's direct contribution, will be used to address the varied challenges faced by families in need of childcare, as well as the workforce challenges providers, early childhood teachers, and support staff experience. The Town retains 20% of the expected 6E revenue in 2025, totaling approximately \$1,102,500.

The estimated revenue and budget for childcare is an *approximation* and is subject to change based on opportunities that arise and all funds may not be spent each year but may carry over to the following year.

With a growing reserve fund and approximately \$1,000,000 in revenue to spend on childcare needs, there is potential to implement impactful strategies outlined in the 2024 Childcare Needs Assessment and Strategic Plan. The Strategic Plan provides strategies to address workforce challenges, tuition assistance, facilities and capital needs, and out-of-school programming. The Strategic Plan includes targets for 2027 and 2030. Taking these targets into account, the following targets have been included in the 2025 6E Funding Plan for 2025:

	Current	2025 Target	2027 Target	2030 Target
ECE Staff	27	30	30	40
Home Providers	2	3	4	6
Infant Classroom	0	1	1	2
Toddler Classroom	1	2	2	3
Preschool Classroom	3	3	4	4
After-school Spots	52	85	104	-
Summer Spots	163	225	228	-
Reserve Fund	\$306,392	\$500,000	\$1,000,000	\$1,500,000

### *Tuition Assistance*

Tuition Assistance is a prioritized strategy for addressing childcare challenges in the Estes Park community. The development of a robust framework of tuition assistance programs alters the childcare system to allow childcare providers to charge closer to the actual cost of care while making care affordable for more families. With tuition assistance that supports low- to moderate-income working families, providers can charge tuition rates closer to the actual cost of care without burdening the families with higher tuition rates.

As a recipient of the Buell Foundation Local Financing for Early Childhood grant, the Town seeks expertise and consulting assistance to meet the needs of families in the Estes Valley. By working with local and regional organizations, cost modeling and the development of an assistance program will complement the existing programs available to Estes Park families. Based on the strategies outlined in the Needs Assessment and Strategic Plan, the Town looks to serve families with incomes up to 100% AMI, while also supporting local private assistance programs that serve low-income families. The distribution of 6E funds to private assistance programs, such as the EVICS Childcare Scholarship Program will be reviewed annually through the Childcare Funding Application.

### *Addressing Childcare Workforce Challenges*

Funds to support childcare providers and early childhood teachers and support staff are needed to stabilize our workforce and bridge the gap between what providers can afford to pay staff and what is deemed to be a reasonable living wage.

To establish stability with the existing childcare providers and proactively distribute funds to childcare providers, the Early Childhood Workforce Subsidy was introduced in 2023. The second year of the annual Childcare Workforce Subsidy application opened in March 2024 and funds were distributed to two childcare centers.

The Annual Childcare Workforce Subsidy required that providers be on the Quality Improvement Plan with the state childcare agency and introduced a required minimum wage of \$20/hour for Teachers and \$16/hour for Aides and Paras. Recipients of the subsidy in 2023 used the funds to increase the minimum wage across all their staff, provide retention bonuses, and supplement free childcare for their staff. This program has successfully increased wages and provided financial benefits to the childcare workforce in the Estes Valley. The program will continue into 2025 while long-term systematic structures are created to support these workforce benefits. Additionally, the Childcare Workforce Subsidy will adapt to the 2024 living wage for a single adult (\$24.52 per hour, based on the MIT Living Wage Calculator for Larimer County). While this subsidy program is successful in supporting childcare centers, it has not served Family Childcare Home providers.

The Town will support Family Childcare Home providers by creating a designated grant program to support expenses related to health and safety improvements and start-up costs for new providers. Grants will support home-based providers with costs associated with childproofing, fencing, materials, etc. Funding for emerging providers has always been available through the

Childcare Funding Application, a more formal rollout of capital funding and facility grant program will provide the needed structure and messaging to impact the recruitment of additional Family Childcare Home providers.

Additional objectives such as mortgage/rental assistance, healthcare for childcare providers, and the inclusion of early childhood education in the Career and Technical Education program at the high school, require collaborative efforts between the Town and community-wide organizations, and may or may not require 6E funding.

- Mortgage and Rental Assistance for Providers: By using the Workforce Rental Assistance framework, funded by 6E revenue, the Town will work with the Estes Park Housing Authority and Crossroads Ministry to develop a rental and mortgage assistance program for childcare providers. Whether renting space for a center or paying the mortgage for a home where childcare is offered, real estate is one of the greatest expenses for providers.
- Healthcare for Childcare Providers: In collaboration with Salud Family Health and the Estes Park Salud Foundation, the Town is exploring how to increase access to affordable healthcare for childcare providers and their families. To ensure childcare is seen as a viable profession and stable field of work, childcare staff must receive appropriate benefits to meet their basic needs, including healthcare, dental care, and mental health. Initial exploration of a pilot program has been successful with Salud in 2024.
- Early Childhood Education Career Path: Under the Career and Technical Education program at Estes Park High School, offers an opportunity for high school students to start their careers and graduate with skills and knowledge to be successful in their industry. P-TEACH (Pathways to Teaching) is a dual enrollment program that offers high school credit, career education, and certification to help high school students before K-12 teachers. Expanding this program (or developing a similar program) to support high school students to receive the credentials necessary to become early childhood staff would create a new pipeline of opportunities to train and retain childcare staff.

The framework for programs such as these exists throughout the state and country. It is essential to work with local and county-wide organizations to ensure we are not duplicating services or programs, but rather expanding upon them to meet the unique needs of our local workforce.

#### *Out-of-School Programming*

Childcare for school-age children during the summer months, after and/or before school, and on out-of-school days like Teacher Professional Development days, will be subsidized through an application process by entities that provide care. Administering of such funds will be reviewed through the Childcare Funding Guidelines and Funding Application.

Funds allocated to programs and organizations serving children out-of-school *must* increase capacity. Funding to support out-of-school programs will be awarded based on the current

provider's ability to expand to meet the 2025 targets. Existing childcare providers may apply for operational funds as long as they demonstrate that they will increase capacity and meet the eligibility standards outlined in a funding program.

### *Capital and Facilities*

The development of the childcare capital and facilities grant will provide the needed structure to fund facilities and larger expenditures while allocating a specific amount each year to that program. The "reserve" fund will remain as a savings account for large one-time childcare expenditures and revenue that will sustain funding programs through years with variations in projected revenue.

The creation of a capital and facilities grant program in 2025 would strategically address the need to provide funding for facility costs, as outlined in the Strategic Plan. Strategy 2A states,

*Maintain a capital grants program to support the development, redevelopment, remodel, or expansion of childcare facilities.*

The Town's capital grants program should be continued with additional structure and guidelines. A grant fund for capital projects should include criteria for the creation of new facilities, the redevelopment or remodeling of existing facilities, and the expansion of facilities to serve additional children.

The Town will also consider creating an incentive fund for the conversion of existing commercial spaces into childcare facilities. An incentive program may bring together public and private partners to collaborate on the conversion of existing spaces into childcare facilities. This fund would be an expansion of the capital and facilities grant and was recommended by the Strategic Plan to be a matching grant to encourage partners to come to the table with ideas for promising projects.

The Housing and Childcare Manager will also begin exploring Development and Municipal Code changes to support the development of childcare facilities in the Estes Valley.

### **Workforce Housing**

The Estes Park Housing Authority (EPHA) exists to create and facilitate housing opportunities in the Estes Valley. In July 2023, the Town entered into a memorandum of understanding to transfer Workforce Housing and Childcare Lodging Tax funds to EPHA. EPHA has the authority to make purchasing decisions as outlined in the aforementioned MOU to administer and manage the various programs presented in the Annual Funding Plan. All expenditures by the EPHA will be subject to regular audits.

The Estes Park Housing Authority was created by the Town and is a quasi-governmental entity. The EPHA Board Members are appointed by the Town Board, and it is subject to the same auditing requirements as other public entities in Colorado.

Decisions regarding distribution will be made in collaboration with the Estes Park Housing Authority and specifics are informed by the Housing Needs Assessment and Strategic Plan, which was transmitted to the Town in January 2023, and the Annual Housing Supply Plan drafted by EPHA, which provides insight into the organization's future planning.

Again, it is important to note that the estimated revenue and budget for workforce housing is an *approximation* and is subject to change based on opportunities that arise and that all funds may not be spent each year but may carry over to the following year.

	Current	2025 Growth	2028 Target
Preserving Property	36	90	100 more preserved or enhanced
DRPP	0	5	20-39 units preserved
New Development	0	0	300-400 units
eDPA	0	5	5-10 transactions per year
Rental Assistance	7	25	10-20 rentals annually

#### *Property Acquisition*

A key strategy outlined in the 2023 Housing Needs Assessment and Strategic Plan was land banking, or the acquisition of property for future development, redevelopment, or for preservation of existing housing stock. EPHA quickly capitalized on this strategy and took advantage of the opportunities they presented. Since the signing of the MOU with the Town of Estes Park, EPHA has utilized 6E funding to secure or enter into purchase agreements for the following assets:

- Acquired: 775 Riverside (2.72 acres)- \$884,000
- Acquired: 0 Mary's Lake Rd (11.35 acres)- \$1,375,000
- Acquired: 507 Grand Estates (Existing 16 unit multi-family)- \$4,800,000
- Purchase Agreement: 1700/1738 HWY 66 (Existing 20 unit multi-family)- \$4,690,000

The acquisition or anticipated acquisitions outlined above provide an opportunity for EPHA to build up to 78 new workforce housing homes in the Estes Valley. Additionally, the purchase of Grand Estates allows EPHA to extend the current workforce restrictions on eight units which are set to expire in 2040 while further adding restrictions on the other eight units which are not currently restricted. The anticipated acquisition of 1700/1738 HWY 66 should result in a conversion of 20 units currently operating as short-term rentals into long-term workforce rentals.

The presence of 6E funds has allowed EPHA to move quickly and nimbly to preserve existing workforce housing, ensure affordability is retained in workforce-restricted housing options, increase the inventory of available workforce housing, and position our community for the development of new housing options based on our community's need.

### *Predevelopment of Existing Property*

The Estes Park Housing Authority projects the creation of approximately 291 units through the development of four capital development projects within the next five years. These projects are dependent upon market forces and the availability of funding sources beyond 6E revenue. All projects are under the direct control of the Estes Park Housing Authority or the Town of Estes Park. Workforce Housing and Childcare Lodging Tax funds, in partnership with various Prop 123 initiatives, or other available federal and state funding sources will support the development of these projects. Property owned by the Town of Estes Park slated for concept work and possibly the development of housing in upcoming years include the Fish Hatchery Housing Development, 179 Stanley Circle Drive, and the Dry Gulch Property. The collaboration between the Town and EPHA will allow for efficient planning and development of these properties.

The Fish Hatchery Housing Development has been in predevelopment since 2021, but the Town stepped back from pursuing a workforce rental development at that location due to changes in the financial market, construction costs, and market demand. EPHA and the Town will continue to work together to jumpstart a redevelopment of mixed-income workforce housing at the site. EPHA anticipates pursuing Low-Income Housing Tax Credits (LIHTC) to develop the site in coordination with development partners. As of July 2024, EPHA has selected a planning and entitlement partner for the Fish Hatchery Workforce Housing Development. EPHA, operating as the developer of the site on behalf of the Town of Estes Park, anticipates making significant progress in 2024 to put them in a position to apply for required low-income housing tax credits in 2025.

### *Deed Restriction Purchase Program/Enhanced Down Payment Assistance*

The Housing Program Manager at EPHA is working on the development of both an enhanced down payment assistance program (eDPA) and a deed restriction purchase program (DRPP). The current goal is to create a program or set of programs, that would assist local members of the workforce in purchasing an existing home in the Estes Valley. In exchange for a potential public investment in an eDPA or DRPP, the community would receive a workforce deed restriction on an existing property. This would, over time, increase the amount of restricted home inventory in the Estes Valley, and most likely increase the availability of affordable single-family homes available for purchase to the local workforce.

EPHA anticipates initial funding of this program of about \$400,000 and seeks to remain flexible in the allocation of funding to these programs should the local community find them useful.

### *Rental Assistance*

The current Workforce Rental Assistance (WFRA) pilot program runs through the end of 2024. Through July 2024, the program has approved eight applications for assistance which represented \$38,400 in direct rental assistance. In January EPHA will analyze the program and present program performance, lessons learned, and any anticipated modifications to the EPHA Board of Directors and the Town of Estes Park Board. At this stage in the program, EPHA

anticipates allocating \$1,000,000 to housing programs in total (including the eDPA and DRPP). Funding allocations will remain dependent upon demand for the program and the evaluation of the 2024 pilot program.

#### *Staffing and Capacity Building*

The existence of 6E funds has allowed EPHA to increase staff capacity, thus increasing the organization's ability to execute housing strategies to address the needs and enact the strategies outlined in the 2023 Housing Needs Assessment and Strategic Plan. EPHA is fully staffed as originally planned and scoped after the passage of the Lodging Tax Extension and as a result, is positioned to deliver housing solutions to the Estes Valley Community.

EPHA anticipates additional staffing needs in 2025 to ensure proper coverage and expertise within the organization. Additional staffing is needed in financing and accounting, as well as operations. As a standard, operational positions are paid for by operating revenue (rent) from each respective property, however, EPHA may temporarily use additional 6E funds to aid in the scaling of rental operations to ensure adequate resources are in place for successful operations and execution.

## **Exhibit A: Process for Development of the Yearly Annual Workforce and Childcare Funding Plan for Lodging Tax (6E) Funds (and beyond)**

The timeline below outlines the high-level steps in the development of the 2024 Funding Plan and for future years. The process will be revisited annually in coordination with Larimer County. Changes to the process can be made at any time based on mutual agreement between the Town of Estes Park and Larimer County.

### **Quarter 1**

*January- March*

- Previous year's financial report is presented, outlining the itemized expenditures of funds and the roll-over of funds into the current year.

### **Quarter 2**

*April-June*

- Town Board engages in the Strategic Planning process for the following, year, which informs the development of the next year's budget
- Estes Park Housing Authority presents its Annual Housing Supply Plan to outline the future development of housing

### **Quarter 3**

*July- September*

- Visit Estes Park determines the projected 6E revenue for the following year
- Public outreach and stakeholder feedback informs the drafted plan
- The drafted 6E Funding Plan is proposed to Visit Estes Park to be included in their Annual Operating Plan and Budget
- Visit Estes Park Board considers the approval of the Plan

### **Quarter 4**

*October- December*

- Town adopts the Town Budget, approving the Annual 6E Funding Plan
- Town files the proposed VEP Operating Plan and Budget that includes the Annual 6E Funding Plan with Larimer County by November 1
- Larimer County considers the approval of the VEP Operating Plan and Budget, including the Annual 6E Funding Plan, and they can request changes by December 1

### Exhibit B: Proposed Childcare Program Budget

An allocation of funds for each grant program ensures that funds are available to distribute and directs the prioritization of awards. Allocation of funds for each program are based on previous data and expected needs.

The Annual Childcare Workforce Subsidy will be in its third year. To fund the existing childcare centers and leave room for additional home and center-based childcare centers, it is recommended that \$100,000 be allocated to that program. Additionally, the funds needed for Tuition Assistance are based on two years of distribution and projection of need.

These programs do not represent the total expected revenue in 2025. Funds may be distributed *up to* the amounts outlined in the proposed program budget and may change throughout the year.

2025 Proposed Program Budget	
Annual Workforce Subsidy	\$100,000
Childcare Facility and Capital Grant	\$200,000
Tuition Assistance	\$250,000
Out-of-School Funding Grant	\$100,000
<b>TOTAL PROGRAM BUDGET</b>	<b>\$650,000</b>

### Exhibit C: Community Outreach and Feedback

While drafting the annual funding plan, the Town engages the public in several ways to gauge the direction of the proposed plan for the next year. In 2024, the Town conducted a childcare needs assessment and strategic plan, so an additional stakeholder meeting was offered to discuss the strategies and the alignment of the goals with the distribution of 6E funds.

- Childcare Specific Stakeholder Meeting- 17 individuals in attendance
- 6E Funding Stakeholder Meeting- 13 individuals in attendance
- Public Presentation- 27 individuals attended one of two different public meeting opportunities at the Estes Valley Community Center
- Online Feedback Form- 5 individuals feedback via an online form
  - Responses from the online feedback form are below:

After reviewing the 2024 Funding Plan, what summarized suggestions do you recommend for 2025?

1. Continue working with varying ideas to see what works best and how to best leverage the funds.
2. After the last meeting, I believe that all suggestions offered there sound like the appropriate path to move forward with.
3. tuition assistance (expanded), out-of-school programming, and addressing workforce challenges
4. My suggestion is to increase funds towards child care initiatives. I think this is especially relevant as CCAP enrollment remains frozen.
5. As youth populations decline, it will still be important to maintain the levels of funding to support these operations.

What are your key observations from the use of 6E funding in 2024?

1. Seems to be taking advantage of opportunities that have come along
2. I think this has been an amazing program and is growing by leaps and bounds. Significant progress has been made and the future of this program is exciting!
3. It does not appear that funding is getting to the people who need it most particularly in the area of childcare
4. I commend Estes Park for creating a local, policy driven solution. I appreciate the integration of community feedback into decision making. My observation, combining the fund usage report with the child care strategic plan, is that a high portion of the funds should be allocated towards child care solutions.
5. You have built a good plan and found a path forward.

Please share your reasoning for suggesting any increases/decreases:

1. I agreed with the idea of increasing the childcare portion for next year to better meet the needs of the community.
2. I feel that housing and childcare go hand in hand. It won't do any good to have a surplus of housing if the childcare needs are not being met.
3. I believe that increasing affordable and accessible housing is vital, but without child care, residency for many families still will not be sustainable.

4. I have heard that this was not enough money for the childcare needs in our community.

Please share your reasoning for suggesting any increase or decrease in priority areas for housing:

1. Increased need/desire for home ownership among those in the workforce. Needed alternative to renting.
2. I think those with more intimate knowledge of the housing priority areas would be better suited to speak to priority areas than I would be.
3. I believe that the acquisition of land and the build is happening faster than the need.

Please share your reasoning for suggesting any increase or decrease in priority area for childcare:

1. There does not seem to be much for after school and summer alternatives for students.
2. I think we're on the right path and are giving each "bucket" the appropriate priorities.
3. These are all lacking.

What reporting mechanisms, metrics, or data points do you feel are necessary to see "success" within these different initiatives?

1. Public presentations, news articles, social media postings
2. I definitely think continuing the work started with the strategic plan would be a good measure of success.
3. Regular reports from the entities that are administering the programs but do not burden them with excessive reporting. Reports should be targeted but not excessive.