

RESOLUTION 2016-008  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
EXPRESSING THE CITY COUNCIL'S DIRECTION AND INTENT  
TO FACILITATE THE FORT COLLINS HOUSING AUTHORITY'S  
PROPOSED AFFORDABLE HOUSING DEVELOPMENT ON THE  
CITY'S LAND BANK PROPERTY ON HORSETOOTH ROAD

WHEREAS, on April 17, 2001, the City Council adopted Ordinance No. 048, 2001, establishing the City's Land Bank Program at Article XI of Chapter 23 of the City Code; and

WHEREAS, the purpose of the Land Bank Program is to help affordable housing providers secure sites for future affordable housing development throughout the City by purchasing sites that will likely appreciate in the future while they are less expensive, and holding them for five to fifteen years; and

WHEREAS, Section 23-352 of the City Code sets criteria for acquiring land for the Land Bank Program, and Section 23-354 places limits on how the City can dispose of Land Bank properties, including that:

- any sale must be to a housing provider legally bound to the City to provide rental housing for households at or below 50% of area median income ("AMI") for Fort Collins, or homeownership housing for households below 60% of AMI;
- the land cannot be sold for speculation, appreciation, development of nonresidential uses, or development of market-rate housing;
- the property must remain affordable in perpetuity, and if it is ever not used for affordable housing the City must have the right recover title to the property; and
- the land may not be sold by the City for more than 90% of its fair market value as determined by the City;

and

WHEREAS, under Section 23-355 of the City Code, the proceeds from the sale of any Land Bank property must be returned to the affordable housing trust fund to be used for additional property acquisitions for the Land Bank Program; and

WHEREAS, between 2002 and 2006 the City acquired five parcels of land for the Land Bank Program, one of which is located at 1506 West Horsetooth Road (the "Horsetooth Property"); and

WHEREAS, in 2014 the City commissioned a report called the Housing Affordability Policy Study (the "HAPS Study"); and

WHEREAS, one of the recommendations of the HAPS Study was that the City identify a disposition strategy for the Land Bank properties and work towards developing at least one of the properties; and

WHEREAS the HAPS Study was presented to the City Council at Work Sessions on May 27, 2014 and November 25, 2014, and at the November 25, 2014 Work Session the City Council expressed interest in looking at the best way to activate the Land Bank Program; and

WHEREAS, to follow up on the Council's interest, staff in 2015 commissioned a Land Bank Disposition Study, which concluded that several of the Land Bank parcels are development ready, and recommended that the City start developing one or more of the properties; and

WHEREAS, the City Council considered the Land Bank Disposition Study at a work session on September 8, 2015, and expressed interest in: (1) deploying one or more of the Land Bank properties; (2) including the Land Bank Program as an action item in the 2015-2019 Affordable Housing Strategic Plan; and (3) using the Land Bank Program to maximize the density potential of the Land Bank properties, including a willingness to consider changes to the Land Use Code and City Code if needed; and

WHEREAS, on October 6, 2015, the City Council adopted Resolution 2015-086 adopting the 2015-2019 Affordable Housing Strategic Plan; and

WHEREAS, the Affordable Housing Strategic Plan anticipates annual reviews of the Land Bank Program properties to determine if they are ready to develop and, if appropriate, selling the properties for the development of affordable housing; and

WHEREAS, in November 2015, based on the City Council's expressed interest in developing one or more of the Land Bank properties, the City issued a Request for Proposals ("RFP") to find a qualified development team to construct an affordable housing development on the Horsetooth Property in accordance with the requirements of the Land Bank Program (the "Project"); and

WHEREAS, after reviewing the three proposals received by the City, the City selected the Fort Collins Housing Authority ("FCHA") as its development partner for the Project; and

WHEREAS, FCHA provided three approximate purchase prices for the Horsetooth Property based on the income levels of the eventual renters of homes in the development; and

WHEREAS, all three options would provide units for households at 30% of AMI and below, which is the City's highest affordable housing need; and

WHEREAS, two of the purchase options cap the income of residents at 50% of AMI as required by the City Code, but would require additional grant funding from the City to complete; and

WHEREAS, the third option ("Option 3") would allow FCHA to pay the City more for the land and would not require additional City grant funding, but would require more flexibility in the AMI levels of residents by including some housing for residents at 60% of AMI; and

WHEREAS, Option 3, which is FCHA's preferred option, would require an amendment to the City Code to increase the AMI limit for rental households from 50% of AMI to 60% of AMI; and

WHEREAS, City staff also supports Option 3 because it still provides housing at an average income level of 50% of AMI, preserving the original intent of the Land Bank Program, but also gives FCHA flexibility to provide a more economically diverse community while maximizing the amount that FCHA can pay the City for the Horsetooth Property, returning more capital to the Land Bank Program; and

WHEREAS, FCHA is in the process of applying for Low Income Housing Tax Credits and federal Disaster Recovery Funds for the Project from the Colorado Housing and Finance Authority ("CHFA") based on Option 3; and

WHEREAS, the application to CHFA is due on February 2, 2016; and

WHEREAS, CHFA requires that FCHA show it has "site control" of the Horsetooth Property; and

WHEREAS, CHFA has reviewed a proposed purchase and sale agreement between the City and FCHA, but concluded that such agreement does not give FCHA adequate site control because the City Council has not yet authorized the conveyance of the Horsetooth Property by ordinance pursuant to Section 23-111 of the City Code, and passage of such an ordinance is therefore a contingency in the purchase and sale agreement; and

WHEREAS, the City wishes to show its support for the Project and its intention to authorize conveyance of the Horsetooth Property to FCHA provided the Project meets the requirements of the City Code and Land Use Code and acquires the necessary funding and development approvals to proceed as proposed by FCHA.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:


Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That the City Council hereby directs staff to bring forward an ordinance for the Council's consideration on February 16, 2016, authorizing the conveyance of the Horsetooth Property to FCHA should FCHA successfully obtain all necessary funding and development approvals for a project that meets the requirements of the City Code and Land Use Code and other applicable requirements.

Section 3. That the City Council hereby directs City staff to continue to work with FCHA to develop and pursue FCHA's Third Option for the Project, and to bring forward for the City Council's consideration at a later date an ordinance amending the Land Bank affordability

requirements in the City Code to permit rental housing priced at 60% AMI if the overall average for a particular development is still at or below 50% AMI.

Passed and adopted at an adjourned meeting of the Council of the City of Fort Collins this 26th day of January, A.D. 2016.

  
Mayor



ATTEST:

  
City Clerk