

**MINUTES
CITY OF FORT COLLINS
AFFORDABLE HOUSING BOARD**

Date: Thursday, October 1, 2015
Location: CIC Room, City Hall, 300 Laporte Ave.
Time: 4:00–6:00pm

For Reference

Troy Jones, Chair
Ray Martinez, Council Liaison
Sue Beck-Ferkiss, Staff Liaison 970-221-6753

Board Members Present

Troy Jones, chair
Eloise Emery
Diane Cohn
Terence Hoaglund
Curt Lyons

Board Members Absent

Jeffrey Johnson
Tatiana Martin

Staff Present

Sue Beck-Ferkiss, Social Sustainability Specialist
Dianne Tjalkens, Administrative Clerk/Board Support
Lisa Rosintoski, Utilities Customer Connections Manager
Ginny Sawyer, Policy and Project Manager
Lance Smith, Strategic Financial Planning Manager
Travis Paige, Community Engagement Manager

Guests

Lisa Eaton
Andy Smith

Call to order: Troy Jones called to order at 4:08pm.

Agenda Review: No changes.

Public Comment: Andy Smith, Chrisland Real Estate, on behalf of Arthur McDermott Properties— Update on proposed affordable housing project. 126 units for seniors, 4% tax credit with disaster relief funds. Proposed on McMurray drive south of Harmony. Have been working with City, in development review, and preparing to submit project. Considering creating a mixed use element. Very difficult to construct and finance, but exploring options. Tough to find land for multifamily, especially affordable. Has financing arranged; working with CHFA. When make formal development proposal to City would like to come back to board for letter of support to P&Z and/or Council. To deny a project for affordable housing that already has financing pledged would be against City goals.

- How are your negotiations going with neighborhood? What is other use in terms of mixed use?
 - Neighborhood meeting had some opposition and concern. Met with specific neighbors and addressed concerns. Mackenzie Place is supportive of project. Some of residents' objections included liking the vacant land. Have more work to do there.

Non-residential component will not be retail or restaurant, probably office/employment. Keeps with business park character. Businesses would be open to public, with storefronts facing the street.

- What issues do you anticipate? NIMBY?
 - Yes. Any undeveloped lot in fort Collins will meet resistance. There have been issues about the use, but there are ways to have residential in the Harmony corridor by including mixed use. Will not ruin economic vitality to not have 2 acres be a business park. Will ask for modification regarding parking. AHSP and Con Plan show affordable housing is number one issue and desire in city.
- How is public transportation in the area?
 - Deemed by CHFA to be very good.
- Coming into competitive process for funding?
 - Don't anticipate this. Have financing secured. Must spend funds by May of next year. Tight timeline.

Review and Approval of Minutes

<p>Eloise moved to approve the September minutes as presented. Diane seconded. Motion passed unanimously, 5-0-0.</p>
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AGENDA ITEM 1: Short Term Rentals—Ginny Sawyer

Vacation rentals issues have come to City attention over last two years, mostly through complaints. Unregulated at this time. Any rental less than 30 days should pay lodging tax. Council has asked staff to research. Online questionnaire, visiting boards, reaching out to vacation rental owners, bed and breakfast owners, and complainants. Will have a public forum at a later date. Delineated between vacation rental by owner (VBRO) versus Airbnb with property owner on site. However, a lot of units are marketed as both. Most VBROs and Airbnbs have been operating less than 3 years. Around 120 total in Fort Collins. Very difficult to track. Majority are occupied more than 15 nights per month. Have more compliance with sales and lodging tax with VRBO than Airbnb. Asked neighbors how became aware they were living near a unit; majority said the owners informed them. Most neighbors were not concerned, however concerns include operating a business in a neighborhood and character change with transiency of occupant. Many do not feel should be regulated. Received 471 comments on questionnaire. Benefits include supporting tourism, positive addition to community, and creating valuable secondary income. Those who support regulations would like to see permitting, limiting the number of occupants, self-certification, limiting the number of nights, requiring inspections, allowing only in certain zones, limiting total number citywide, and meeting ADA standards. Overall percentage of housing stock being used this way is less than 1%. Resort communities have much larger scale of this activity. Going to Work Session to decide whether do nothing, ban, or have some range of regulations. Many options through zoning, self-certifying, sales tax licensing, and registration/permitting. Marketing sites are somewhat self-policing. It is in best interest of owner to be safe, welcoming, etc.

Comments/Q&A

- Sue: Durango has parking limitations.
 - Ginny: Durango required a certain number of parking spaces per occupant.
- Eloise: What is problem with collecting sales tax?
 - Ginny: People knowing they need to collect it.
 - Terence: Not creating employees, so people don't think of this.

- Curt: Even if municipality is not regulating, it is somewhat self-regulating. Guests and owners can give negative feedback, which has consequences.
 - Resort communities and large cities are concerned with this activity taking housing off the market.
- Troy: Of ones that rent out and owner is not on site, do people rent while on vacation and otherwise live there, or use unoccupied home?
 - Ginny: Both. A lot of communities have built in exemptions for those who only rent a couple of times a year. Sometimes property is adjacent to primary residence or is a carriage home. Communities are trying to crack down on absentee owners.
- Diane: Explain community concerns.
 - Ginny: Expectation that a residential area remains residential, not a business area. Concern about not being able to know neighbors, character of neighborhood, noise, etc. In multifamily people treat it as a hotel rather than a living place.
- Sue: Regulations separate for different types?
 - Ginny: Yes. Enforcement will be challenging. Secondary income becomes important. Not always a guarantee that Airbnb owners are on site.
- Curt: Trying to understand how this is a threat to affordable housing? 30% AMI and below are not Airbnb clientele. And sites are not those that would be occupied by low income residents.
 - Sue: If you have a house that is vacation by owner, it is off the market for a family to rent or buy as primary residence.
 - Diane: Concern about percentage of housing stock in short term rentals can be addressed by having a limited number of licenses/permits.
 - Curt: Then it is first come first served and eliminates opportunity.
 - Troy: Since most don't feel it is a problem now, not the right time to regulate. From affordable housing standpoint, not a problem to spend staff time trying to fix.
 - Sue: What about Airbnb helping affordability by providing income to owners?
 - Troy: Can help someone into move-up property.
 - Curt: Property taxes are going up. Look at secondary income as not necessarily just discretionary.
 - Diane: Would not make a blanket statement that a good thing.
 - Sue: Has heard that this can help people keep property while un/under-employed.
 - Ginny: Will continue to pursue education about sales and lodging tax. Council has mentioned full blown rental licensing.
 - Curt: Could that become cost prohibitive?
 - Ginny: In Durango was \$750 for first year to cover inspection and less for annual renewal. Should Fort Collins begin inspections/regulation now, while there are less than 200? Don't want it to be so onerous that people take it underground. Keep it safe and get sales tax.
- Diane: Does the City have liability if someone is injured?
 - Ginny: Do we increase our liability if we inspect and license, but someone still gets injured?
 - Sue: For hotels we inspect, but are not liable for injuries.
- Ginny: Will let Council know board's comments in Work Session.
- Troy: Heard from Estes Park that it is a contentious issue there. Surprised it is only 7%.
 - Terence: A lot of second homes in Estes.
 - Troy: 0.44% is not a problem yet, but 7% is. Need to find right proportion.

- Sue: Bed and Breakfast comments on this?
 - Ginny: Only two in Fort Collins and one is a hostel. The hostel completely supports Airbnb, but would like to see it taxed.
 - Curt: If goes toward regulation, investors that are not on site need to have higher level regulations. Too onerous for on-site owners.
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**AGENDA ITEM 2: Utilities Income Qualified Rate Program for Low Income Customers—
Travis Paige & Lance Smith**

Census block data shows 12% of community is at 50% AMI and below. The lowest income customers are paying a larger percentage of their incomes on electricity than those with higher incomes. Utilities would like to provide a comprehensive portfolio of assistance programs for low income customers. One concern is that if make electricity less expensive, user may use more, so education is a component. For 50% AMI there would be 30% reduction in rate and 50% reduction for 30% AMI and below. Two tiered approach to avoid cliff effect. Four areas of support for low income customers: development of rate, administration of rate, other funds such as PAF, and conservation and energy efficiency education. Integrated approach includes ongoing and temporary assistance. Ongoing assistance addresses chronic struggle. Temporary assistance includes PAF, LEAP, Energy Outreach Colorado, etc. that help one-time, seasonally, or for emergency. The Income Qualified Rate would replace the Medical Assistance Program (MAP). MAP customers have life sustaining equipment and are income qualified at 60% AMI and below. Currently receive 30% rate reduction. Timeline would include two-year pilot as the program will go through the rebate program. Now through 2016 will be completing planning and outreach. Want to make it an attractive program and ensure those in need are getting benefits.

Comments/Q&A

- Sue: How did you choose 50% AMI as cut off?
 - Travis: Customers have short and long term needs. Rebate program already qualifies people up to 50% AMI and has a window and process in place.
- Troy: Backfilled or just less income?
 - Lance: Revenue will be recovered through rates.
- Troy: Any reason not including water services?
 - Travis: Testing with electric. Realized tiered rates could be detrimental to lower income customers. Mitigating. Also, electricity is essential.
 - Diane: Majority of cost is typically water.
 - Terence: Not everyone in city has City water.
- Troy: If give lesser rate, might be less sensitive to conserving? Energy audit?
 - Travis: Partner with Larimer County Conservation Corps who does energy audits. As become qualified can get them set up with Corps to learn how to use energy more efficiently. Also, many of these homes may be inefficient, so makes sense to partner on campaigns such as switching out light bulbs, etc.
- Diane: Income only, or assets based qualification?
 - Travis: Based on tax forms.
 - Sue: Some people's income does not require filing taxes.
 - Travis: Would have to look at rebate form. Seniors get utility rebate.
 - Dianne: Can provide other forms of income verification.
- Curt: Any idea how many of those who qualify are using electric heat?
 - Travis: No way of knowing. Newer ones are more efficient. But potential to get this information later as work with partners.

- Sue: Will this go hand-in-hand with time of use pilot?
 - Travis: Time of Use pilot starts today—rate approach where tie higher rate to hours where it is more expensive to generate electricity.
 - Sue: It is a pilot; there is a guarantee that won't pay more total over the course of the year. But people with cash flow issues may not have resiliency to wait until end of year to settle up. People can opt out of pilot.
 - Lance: Would like people to try to stay in for the year to see how changes in behavior affect bill. Pilot will go through next September and give staff time to analyze data. Will talk to Council in spring about IQR pilot. Can't know how many will participate, so difficult to quantify cost. Have estimates. If get most of households that qualify, could cost about \$1M per year. If covered cost through rate increase for commercial and residential, would be less than 1% increase across the board. Will market ahead of City rebate program that goes from August through October. Those applying for City rebate will also apply for IQR, which will go into effect in January 2017.
- Travis: Maybe reduced bill allows more income toward housing or discretionary funds.
- Troy: Board will discuss and forward motion.
 - Terence: Needs to go hand-in-hand with energy efficiency program.
 - Travis: Making sure not hurting another program with this one.
 - Curt: Getting LEDs into households would help reduce use.
 - Travis: Utility rebates have barriers. This group cannot afford to buy energy smart appliances. Looking at integrated approach.
 - Sue: Board can help with marketing effort.
 - Travis: Will provide updates and ask for input on reaching customers.
- Terence: Most electric heated homes were built in late 70s and this stock is some of most affordable housing in town.
 - Lance: City has separate rate for all-electric housing. The City required all-electric at that point. This program will provide direct benefit in addition. In affordable housing, utilities are wrapped within affordable housing component. Average electric bill is \$65. If 30% AMI or less, would get reduction of about \$32. Directly lower cost of housing by \$32. Work with Conservation Corps for weatherization, and work with LEAP program.
 - Sue: This could identify appropriate places to add assistance.
- Lance: If there is affordable housing where utilities are part of rent, need to understand how they will qualify.
 - Sue: How do we make sure landlord passes benefit on to customer?
- Eloise: Older refrigerators need to be addressed. Landlords do not want to replace them. Need incentive.
 - Travis: Have double rebates right now.
 - Sue: May not be marketing directly to landlords.
 - Eloise: Property owners may be out of state.

ACTION ITEM: Sue will draft a memo in support of program and email to board for edits. Vote to approve memo at next meeting.

AGENDA ITEM 3: Calendar Competitive Process meeting

Only one mandatory competitive process per year. Could have a fall process if receive additional funds that need to be allocated before the following spring. Would like AHB recommendations before deliberations. Board members are welcome to come to presentations, but they will also be

filmed. Housing presentations are March 22. Thursday, March 24 will be AHB ranking session. Sue will send calendar appointment. Applications will be available for viewing online starting March 3. Can provide paper copy upon request.

AGENDA ITEM 4: Impact Fee Rebalancing Discussion

Troy and Curt gave public comment at Council on this subject.

Comments/Q&A

- Troy: What do we need to do to keep this topic moving forward?
 - Diane: It is in the AHSP.
 - Troy: Can point this out to Council. Once it is passed can bring up specific points on fees.
 - Terence: New requirement for FHA and VA loans to treat for termites. National requirement at about \$1800 per home. Must hire company to do soil treatments.
 - Sue: Don't have termites in Colorado.
 - Terence: Not sure if existing homes or new construction only, but requirement.
 - Sue: Insurance premiums have crept up so high with FHA that not serving those it is meant to. Had not heard about this previously.
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AGENDA ITEM 5: 2015-2019 Affordable Housing Strategic Plan

Plan, Agenda Item Summary, and attachments are on website as part of agenda for next Tuesday's Council meeting. Several subcommittee members will attend. Have a good plan that incorporates great ideas from the board, Council, and public. Living document, so changes can be made. People have responded well to overarching goals. Have gotten specific on metrics, so will know how we have done in five years. More specific on implementation than last plan, but will respond to market forces and opportunities. Have action items to address how to achieve goals, who will work on them, and how to monitor. Board of Realtors wrote a letter to Council supporting the plan with a few minor concerns. They are willing to help. Board members are encouraged to attend Council meeting and can provide public comment. Sue thanked subcommittee members for participating in AHSP.

Comments/Q&A

- Troy: Appreciate that plan was created without the use of consultants.
 - Eloise: Have better ownership as self-created.
 - Sue: Communitywide plan as involved all stakeholders.
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AGENDA ITEM 6: Other Business

Land Bank Update

Looking to put Horsetooth property into action. May be able to attract disaster relief funds to make a project viable. Also working on bringing City water rates to that parcel. If can get water rates for this property, can look to expand to all Land Bank properties. Normal procurement rules do not all apply—can sole source if there is a substantial reason to work with single developer. Or can do competitive process. Plan is to sell property. Land Bank program was focused on acquisition. This year has focused on disposition. Now need to look at replacement acquisition/reinvestment.

Comments/Q&A

- Troy: What happens to funds from sale?

- Sue: Held in Land Bank fund for future acquisition. Talking to Clay Frickey from Planning. Councilmember Campana now understands all purchases should not be MMN (medium density mixed use neighborhood), but in different kinds of zones. Horsetooth is great first property as does not require ordinance change to move forward.
- Curt: FCHA, Habitat, etc. are groups interested?
 - Sue: Habitat wants to be considered for mixed development of bigger parcel. CDBGR funds could be available to other affordable housing providers through competitive process. Consistent with AHSP.
- Curt: All properties appraised?
 - Sue: Yes. Expire after six months, but give good ballpark values. Values included in disposition report by EPS.

Open Board Discussion

- Troy: Tatiana?
 - Sue: She was planning on coming tonight to formally resign as she is moving out of state; however, she did not attend. Have three open seats this session, two of which are open for renewal. Interested parties can apply through City Clerk's office. Also need chair and vice chair for 2016.
 - Troy: Has not decided if he will be on board next year or not. Jeff will most likely reapply.
 - Sue: Will not get replacement for Tatiana's position this year. Curt and Terence's positions have one more year.
- Sue: No speakers lined up for November at this time. HPI is having big fundraiser and honoring Rich Thompson, head of Interfaith Council same time as scheduled November meeting. Can cancel meeting, reschedule, or hold meeting.
 - Board agreed to cancel November 5 meeting.

Council Comments Planning

- November—Eloise: Thank Council for approving AHSP. Choose items like fee rebalancing, Land Bank, and water rights/rates to comment on.
 - Eloise: Water rights were brought up as a Council priority in their retreat.
 - Troy: Have email conversation to determine highlights for Council comment.

Liaison Reports

- Diane: Attends Interfaith Council. Focus this year on affordable housing. Panel discussion October 22 at Foothills Unitarian Church. Talking about alternative housing such as tiny homes, shared housing, etc.
 - Eloise: Meeting pushback from community members on affordable housing.
 - Sue: Show them list of people and jobs they hold who need this type of housing.

Review of City Council 6 Month Agenda Planning Calendar/Future Agenda Items

- Vacation Rentals (Short Term Rental Licensing) October 27
 - Long term rental will be considered in February.
 - Sue has let Tom Leeson know that board is interested in landlord licensing.

Meeting Adjourned: 6:14pm

Next Meeting: December 3