

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

Date: Thursday, February 4, 2016
Location: CIC Room, City Hall, 300 Laporte Ave.
Time: 4:00–6:00pm

For Reference

Jeff Johnson, Chair
Ray Martinez, Council Liaison
Sue Beck-Ferkiss, Staff Liaison 970-221-6753

Board Members Present

Jeffrey Johnson, Chair
Diane Cohn
Terence Hoaglund
Curt Lyons
Jennifer Bray
Kristin Fritz

Board Members Absent

Eloise Emery

Staff Present

Beth Rosen, Affordable Housing Program Administrator
Dianne Tjalkens, Administrative Clerk/Board Support

Staff Absent

Sue Beck-Ferkiss, Social Sustainability Specialist

Guests

Marilyn Heller, League of Women Voters
Chadrick Martinez, Fort Collins Housing Authority
Mike Sollenberger, President of Board of DMA Plaza

Call to order: Jeffrey Johnson called to order at 4:00pm.

Agenda Review: Public comment should be ten minutes according to bylaws.

Public Comment: Mike Sollenberger encourages the board members to educate selves on construction defect law that Council has scheduled for next Work Session. As long term member of affordable housing community, would like Board to write a resolution in support of the ordinance. Current defect law allows owners of as few as two units of an HOA to initiate a lawsuit against the contractor. Denver has passed similar ordinance to what Fort Collins is considering. Current law does not give contractor right to cure. This has stifled condominium construction in the state and shut down supply of traditional entry level housing. Detrimental impact on affordable housing. According to studies, it is lack of supply that is allowing high rents. Pulls up all rent levels, impacting those in affordable housing community. Senator Kefalas voted against this in the last round. Would like the state to look at this again as well.

- Beth: Staff will make sure board receives all pertinent information to address in comments at Council. Addressing construction defects is addressed in Affordable Housing Strategic Plan (AHSP).

ACTION ITEM: Dianne will scan documents provided by Mike and email to board.

Marilyn Heller: Public program in April—Thinking Outside the Box, affordable housing options. Curt Lyons and Bill Newfield will be speaking on tiny homes. Other speakers will discuss shared housing and a village to village model for seniors.

Review and Approval of Minutes

Jen moved to approve the January minutes as amended. Diane seconded.
Motion passed unanimously, 6-0-0.
Agenda Item 6: Note that Kristin recused herself.

AGENDA ITEM 1: 2016 AHB Work Plan

Jeff reviewed HAPS and AHSP to make sure Work Plan aligns with these documents.

Terence moved to approve the 2016 Affordable Housing Board Work Plan. Jen seconded.
Motion passed unanimously, 6-0-0.

AGENDA ITEM 2: 2015 AHB Annual Report

Jeff presented minor edits. AHSP was a large project this board undertook in 2015.

Comments/Q&A

- Curt: CDBG member on the AHSP subcommittee?
 - Beth: Kristen Stevens was replaced by Anita Basham.
 - Curt: Did working on that together help with board relations?
 - Diane: Yes. Everyone is driving for same positive goals. During competitive process, board opinion may be heard differently.
 - Beth: CDBG will have more understanding of this lens this board is looking as a result of this process.
 - Jeff: Never noticed or heard of strain between boards outside of this room.
 - Curt: They were reluctant to have us come to some of their meetings. Were not allowed to speak.
- Jen: Expectation to go back to AHSP to see progress or make tweaks?
 - Diane: This is a living document that will inform work of board and decisions we drive forward. It is a guiding tool.
 - Beth: Strategies around need for numbers/units. But also looks at partnerships, policies, land use and working with Planning and Zoning. There is space to be opportunistic about partnerships that present themselves.
 - Jen: Challenges we may have in 3-4 years may not be on the radar yet.
 - Beth: Also addresses challenges like cost of water.
 - Jeff: Can be used as a reminder of the priorities that have been set.

Diane moved to approve the 2015 Affordable Housing Board Annual Report as amended. Curt seconded.
Motion passed unanimously, 6-0-0.

AGENDA ITEM 3: FCHA Covenant Release Request—Beth Rosen

(Note: Kristin Fritz recused herself)

Beth presented letter FCHA provided to the City requesting release of covenant in exchange for repayment of the grant. City grant in 2003 provided for rehab including roof, interiors, and landscaping. Deed restriction ends in 2023. Adjacent property owner is interested in obtained duplex and single family home—intends to re-plat through P&Z. Intention is to do modest renovations to single family home and convert duplex back to single family and sell. Process allows owner to build a garage.

Comments/Q&A

- Jeff: Remodeled housing would be sold at market rate?
 - Beth: Yes. Covenant would be released.
 - Chadrick: Would reinvest funds and give affordability of 20-50 years.
 - Jeff: In 2023 the City would get zero dollars back.
 - Chadrick: If deed restriction not removed, would still do this in seven years.
- Jeff: FCHA has looked at this site for potential redevelopment and concluded not feasible.
 - Chadrick: Has been looked at twice and cannot get density needed. Have systematically been going through portfolio to liquidate single family/underperforming units to invest in economy of scale. Duplex has \$44K in deferred capital needs. The unrestricted property is problematic—has had exceedingly high capital needs. Underperforming assets. Could do better leveraging proceeds with larger projects.
- Curt: Location of homeowner who wants to buy?
 - South of Maldonado house—412 N. Whitcomb.
- Jeff: Staff comments?
 - Beth: Took proposal to staff. Looking at alignment to AHSP, and acknowledging temporary net loss of units, while FCHA is strong development partner who is bringing a lot of product online. Would like Council to make policy decision. Forwarding without staff position. Long term goals of FCHA are in alignment with AHSP, but immediate net loss in current market.
 - Chadrick: If loss of units a concern, FCHA would be willing to shift seven years of affordability to something else in portfolio that would otherwise have market rate rents.
 - Jeff: Then grant would not come back to City?
 - Chadrick: Would still pay back grant.
- Jeff: On Council agenda?
 - Beth: Working on AIS after this meeting. Can put forward with no staff position. AIS asks if presented to any boards. Will add AHB position there. Negotiations and discussions have happened between City CSO and FCHA director.
- Jeff: Two units that would get 7 year affordability?
 - Chadrick: Would look at Villages units. But negates fact that pushing \$200K into multifamily development. Horsetooth property is underway. Have submitted to CHFA. Fully intend for that project to go forward. Would be nice to have money from this to shift to another development. Horsetooth is sourced correctly, but market pressures/changes come up. Would be good to have dollars for potential gaps.
- Jeff: Vacancy in duplex?
 - Chadrick: Had an eviction unrelated to sale. Have left vacant. 518 has been kept vacant to consider a sale and that unit is not deed restricted. Occupant has voucher. On Howes Street, completed fire restoration and could consider that for resident. Same neighborhood.

- Diane: People who are getting displaced due to these kinds of shifts, do they get higher priority for placement?
 - Chadrick: Certainly. Would have to have conversation with seller. She might want tenants for a period of time. Otherwise, would put staff in place to help.
 - Jeff: Current tenant not at risk of losing voucher?
 - Chadrick: No. Can even move outside community with that voucher. Property manager is aware of potential sale.
- Diane: Position of FCHA that removing single family and duplexes out of portfolio and completely to apartments?
 - Chadrick: RAD (rental assistance demonstration project) process to dispose of public housing. Allows housing authorities to liquidate non-performing units.
 - Curt: Non-performing asset as a house—because maintenance is so expensive.
 - Chadrick: Deteriorating assets—don't generate enough revenue to keep property at level needed. Also have property managers driving between many sites.
 - Curt: FCHA can save money by consolidating units?
 - Chadrick: Yes. There were a number of single family assets that were bought from foreclosures. Made sense at the time. Now trying to bundle social services, property management, etc. for economy of scale. Leveraging sale for more units. Right now, dumping money into them and not breaking even.
- Curt: What is wanted from this board? Tabled a letter of recommendation last month.
 - Beth: Three choices—can opt out of making a recommendation of any kind (with notes provided to Council), vote to recommend an ordinance to release the covenant, or choose to not recommend.
 - Jeff: Can accept amendments to last month's motion.
- Curt: Goal is to sell regardless. Behooves City to do this. If get funds back now, potential for money to be leveraged five or six times. Would like to see an ADU on the garage.
 - Diane: Value over time. Have good partnership with FCHA, they are doing great work getting housing online and funding stacked properly. Appreciate seven year option. Recognizing that pulling something and showing respect to value of units. Good compromise. \$30K is a lot of money. To not get it back in seven years, worth having those dollars recycled into the process.
- Curt: Terence commented last month that disappointing to see lack of single family affordable housing. Should have a separate discussion on this aspect.
- Jeff: Would advise board to take a position. Support this, and offer friendly amendment that support is with request that FCHA move deed restriction to two current market rate units that would not displace residents.
 - Curt: Does that take funds out of leveraging pool?
 - Chadrick: No.
 - Diane: Units that are not deed restricted. Not market rate.
 - Jeff: Basically 20 years of free affordable housing.
 - Terence: Would add caveat that only do this if financially prudent.

Terence moved to approve the Fort Collins Housing Authority request to support the ordinance to Council to vacate the covenant on these properties, with the requirements of the return of grant funds, and placing the balance of the deed restriction on two currently unrestricted units, if financially prudent. Jen seconded.

Motion passed, 5-0-1. Kristin recused herself.

- Curt: If sold now, additional \$30K that goes into affordable housing.
- Jeff: Opportunity to appear before Council when this goes for approval.
 - Beth: Unsure about consent items, but can't speak in public comment if it's on discussion. (Note: Followed up and advised Board that can give public comment on consent items.)
 - Jeff: Would speak during three minutes of public comment.
 - Beth: Could go to Council third Tuesday of February instead. Can also include letter from AHB in AIS. Due February 17.
 - Diane: Have often done a letter before the Council meeting.
 - Beth: Appreciates having a position from board.

ACTION ITEMS: Jeff will give public comment on the release of covenant. He will draft a letter and circulate via email.

AGENDA ITEM 4: Planning For 2016—Topic and Speakers Comments/Q&A

- Curt: Had discussed having Cameron come to board.
 - Diane: About fee rebalancing.
 - Jeff: Need education on budgeting, planning, etc. May be compelling reasons it is a bad idea.
- Diane: Want to make sure issue is upfront for City and that conversation continues to get in front of the right people.
 - Jeff: Intuitively makes sense to rebalance, but what are unintended consequences and who is going to fight us? Opportunity to make tweaks and gain support rather than blindsided with a proposal.
 - Diane: City Manager or Assistant City Manager? Will take a lot of people.
 - Jeff: CMO? Or someone under him?
 - Beth: If tried to go to those managing budgeting process will not get what want. Need to look at how loss of revenue impacts organization. Cameron and Lawrence.
 - Curt: Not about financial efficiency—if wanted to generate most revenue would favor gentrification. But community is drawing line in sand that affordable housing matters.
 - Diane: Goals and needs are from the City. Revenue is not only priority.
 - Curt: Then have to make finances work.
 - Diane: If bringing in City people to get movement on this, bring in people from multiple departments to start conversations.
- Terence: Find out how various fees are calculated. How is it determined in the first place?
 - Beth: If budgeting based on revenue, need to meet budget needs. May have to ask for general fund to supplement for loss.
 - Kristin: As a city, prioritize affordable housing. Rate needs to get paid, either from general fund or by increasing rates for others. There must be a source.
 - Beth: When talking about waiving fees for Redtail Ponds, approached by Planning to request backfill from general fund.
 - Curt: Utilities does not charge on per use base, but by unit. Electrical charge is based on size of lot.
 - Terence: Parkland, school district, etc., based on lot or square footage. Paying basically the same fees regardless of size of unit.
 - Diane: Do all those fees go to one department?

- Terence: Separate funds—neighborhood parks, community parks, etc.
- Diane: Who could help understand fees?
 - Kristin: One of biggest requests of FCHA to City is to understand fees. There is no place to go. FCHA has created own spreadsheet.
 - Jeff: Who do we talk with to request there is just one list?
- Diane: would FCHA be willing to educate board on fees?
 - Kristin: absolutely. Fee waivers only apply to 30% AMI units, and not all fees are subject to the waiver. Complicated.
 - Diane: Want to look at housing across spectrum, not just affordable. Want to be able to show that 1000 ft² home will use less.
 - Kristin: Did HAPS study have anything on lot size and fees?
 - Curt: Helped reduce square footage minimum. But showed need for changes in fees.
- Beth: Can build on partnerships built between SSD and Planning.
 - Kristin: Building department collects all fees. Own calculations are not always right. Until plans are final, departments will not provide calculation of fees.
 - Terence: Built duplexes and all had different fees. Seemed like a whim.
 - Curt: Absurd. Can't budget.
 - Jen: Developers passing increased cost on to residents.
 - Kristin: Hard to ask funders for more money after the fact.
 - Terence: Some cities will send a list of fees. Milliken and Severance do this.
 - Beth: Some cities hold true to estimate provided.
 - Kristin: City wants to reserve right to change fees if plans change. Does not want to be held to a number that might change.
 - Terence: Utilities, stormwater, etc. all calculate fees differently.
 - Diane: If don't have to become experts on every permit/fee, how do we push the issue?
 - Terence: Original idea was to lower fees for smaller units and raise them for larger ones.
 - Curt: First meeting attended staff said the City did the opposite. Said smaller infill units would have same number of people living in them as larger units. Incentivizes non-sustainable building.
 - Diane: Water and electric use could be much smaller.
 - Jeff: But three people in any house need same park, same fire, etc.
 - Curt: But with infill already have parks and fire, police, etc.
 - Kristin: But all fees different. Some could be square foot, some not. Could get benefit for infill.
 - Curt: Goal is to educate people in charge of fee system that having consequence of hindering housing affordability.
 - Jeff: FCHA has made requests?
 - Kristin: Yes. To get consolidated list. Also had request to ask to backfill fee waivers.
 - Beth: Council reviews individual fee waiver requests at the time of development. They decide that if have surplus budget, can take hit of waiver. If in recession, may decline waivers.
 - Kristin: From budgeting and competitive stand point, not knowing if Council will approve fee waivers creates a very difficult situation.
 - Curt: Market rate developer will pass along fees to buyers. Affordable housing providers can't do that. Have to find other sources.

- Jeff: Would FCHA like to make a request to Council that the board can support? Transparency.
 - Kristin: Will discuss with staff.
- Beth: Argument that someone must pay waivers—not all communities go by this. Loveland does fee waivers without backfill. They do not consider it part of revenue.
 - Kristin: Affordable housing in Loveland gets 100% fee waivers without backfill.
- Diane: Competitive Process coming up in March.

ACTION ITEMS: Kristin will present fee spreadsheet at a future meeting. 30 minutes.

AGENDA ITEM 5: Other Business

Council Comments Planning

- February 16: Covenant Release Ordinance Support—Jeff
- April 5: Construction Defects Ordinance—Terence
- May 17: ADUs—Curt

Open Board Discussion

- Curt: Median rent is \$1400/mth. Have to make \$51K. Starting teacher salary is \$34K.

Liaison Reports

- Get list of other boards to consider liaisons to.
-
- Consider attending FCHA board meetings.
 - SSD staff already attend.
- Members agreed to the following assignments:
 - Terence: Planning & Zoning
 - Jeff: CDBG
 - Eloise: Commission on Disability
 - Kristin: Transportation Board
 - Diane: Senior Advisory Board
 - Jen: Board of Realtors
 - Curt: Economic Advisory Commission

Announcements

- Diane: Interfaith Council met this morning. Have taken on affordable housing topic. Team is moving forward shared housing. Partnership for Age Friendly Communities is trying to intentionally connect people for shared housing—generally seniors with space. Looking for a home for the project. Will run into HOA issues, You+2, etc. Will need database, agreements, vetting, etc. Will have administrative costs.

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

- Not discussed.

ACTION ITEM: Dianne will send updated six month planning calendar to board.

Meeting Adjourned: 6:03pm

Next Meeting: March 3