

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

Date: Thursday, October 13, 2016
Location: City Clerk's Large Conference 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 (5:27pm)
Terence Hoaglund
Eloise Emery
Jennifer Bray
Curt Lyons
Kristin Fritz

Board Members Absent

Diane Cohn

Staff Present

Sue Beck-Ferkiss, Social Sustainability Specialist
Dianne Tjalkens, Administrative Assistant/Board Support
Noelle Currell, Senior Financial Analyst
Matt Baker, Street Oversizing Program Manager
Dean Klinger, Manager of Capital Projects/City Engineering

Guests

Chris Johnson, ED Bike Fort Collins
Marilyn Heller, League of Women Voters

Call to order: Jen called to order at 3:51pm.

Agenda Review: Add update on Horsetooth Housing Catalyst project. Delay Public Comment to after Housing Applications ranking.

Public Comment: No comment

Review and Approval of Minutes

Curt moved to approve the September minutes as presented. Kristin seconded.
Motion passed unanimously, 5-0-0. Jeff arrived after vote.

AGENDA ITEM 1: CDBG Application Ranking

Note: Kristin Fritz recused herself from the ranking process.
DMA Plaza pulled out as they were not awarded 9% tax credits this round. They will reapply in the future. Village on Shields rehab and Neighbor to Neighbor (N2N) boiler replacement are the two remaining requests.

Diane Cohn provided her rankings in writing before the meeting. Sue shared her comments with the board:

“Highest rank for me is the Villages on Shields (Cunningham Corner). It's a full rehab project that allows the City to keep 286 units affordable, when it otherwise could have gone to market rate. FCHA clearly has a well thought out plan for how they will approach it, including building in costs for moving existing residents as they rehab. They have received City funds for this project over the past few years, and my hope is they are now in a position to get this rehab under way.

I support the request from Neighbor to Neighbor as well, to insure these smaller affordable housing buildings remain affordable. I would suggest that this request does border on routine maintenance, though boilers and water heaters are expensive, and that N2N consider doing full work-up for rehab of these older units (roofs, exteriors, interiors, appliances, whatever is needed), and get those bid out.

Also, would suggest that they work the costs of these more predictable wear-out costs into their budget for the properties.

Both requests do fall within the goals of the Affordable Housing Strategic Plan, and keep us on track that way.”

Comments/Q&A

- Curt: N2N has gone through personnel changes. What is current status?
 - Sue: Executive Director has been there 4-5 years. Their staff is in good shape for work they are anticipating. Have hired a person with development experience.
- Terence: Cost per unit for Village on Shields seems very high.
 - Sue: Cost per unit right now is high for new construction as well.
- Eloise: Moving out blocks of residents to other places while make changes or one at a time?
 - Sue: Have robust displacement plan. Will do vacant units first, then move people into completed units. Working closely with residents. Hired consultant specifically for that process.
- Jen: Does 20 year affordability start at application or completion of project?
 - Sue: Think it happens when final unit is completed, but can check. With tax credit get almost 40 more years of affordability.
- Jen: Distressing that units are in such disrepair since only built in the '90s.
 - Sue: Housing Catalyst (formerly known as Fort Collins Housing Authority) understood would need significant rehab when purchased it, but underestimated.
- Curt: Knowing that there is sufficient funding for both, and both are valid projects, put N2N project first since it is so small and won't get in way of other project getting complete.
 - Jen: If boiler goes out, heading into winter. Make sure the people have heat. Priority to have work done right away.
- Eloise: Selected Villages as #1. No units serve 30% AMI or lower, but good mix up to 60%. Preserves long term affordable housing so serves Affordable Housing Strategic Plan (AHSP). Will extend affordability restriction for 20 years. Readiness to proceed in 1 year; start construction 2017. They have funds, and plan to move residents, and these make it a winner.
#2: N2N. Both important projects. Glad they are resolving the problem. Concern is that don't have long term maintenance rehab plan. Are they lacking funds to create a long term plan? What kind of assistance do they need? Can the City help in some way? Will be better received for funding if have a long term plan.
 - Jen: Boiler is 50 years old. Had plenty of time to determine need. Easy to approve smaller budget items, but having comprehensive plan would be better.
 - Curt: With turnover of staff, maybe they have had communication issues.

- Sue: Staff comments include note that HOME funds cannot be used for this project because a capital needs assessment has not been completed.
 - Eloise: Do we draw a line at the next funding cycle since they still haven't completed the plan? Need repairs, but have made residents suffer. Do they really care about their tenants?
 - Jen: N2N is footing the bills on the utilities. Could save money with efficiencies. Villages is investing in many efficiencies. Basic necessity of owning a property is to factor in maintenance.
 - Eloise: Will extend affordability to 2036, but building will not last that long.
 - Sue: Suggest that include comments on lack of capital needs assessment in comments to CDBG.
- Terence: Village on Shields as #1 as will get most units. Concerned at cost per unit. N2N as #2 due to lack of needs assessment. Both worthy projects.
- Curt: Would be willing to change ranking based on lack of capital needs assessment.
 - Jen: agreed. Also changing ranking.
- Sue: Unanimous ranking.

Curt moved and Terence seconded a motion to approve ranking as follows:
 1: Housing Catalyst: Village on Shields
 2. Neighbor to Neighbor: Boiler replacement
 Motion passed unanimously, 4-0-0. Jeff arrived after vote. Kristin recused herself.

ACTION ITEMS: Jen will present rankings to CDBG Commission.

Public Comment: League of Women Voters affordable housing team will have April panel – “Youth, the Hidden Homeless” focusing on transitioning out of foster care. Planning and Zoning meeting at 6:00pm for Villages on Horsetooth.

AGENDA ITEM 2: Horsetooth Land Bank Update—Kristin Fritz

P&Z considering plan tonight. 96 units; 43 units at 30% AMI. More than Redtail ponds. 53 units at 60% AMI. Requesting alternative compliance to connection to public street. Cost of street impacts ability to serve as many 30% AMI units. Not in best interest of community in terms of health and safety. Planning staffed clubhouse, gardens, playground, amenities which building community. Cannot have these amenities if there must be a through street on the property. Also providing trail access, supported by City. P&Z does not want to set precedent of not requiring street. City had traffic engineer study impact of having street go through or not. Found no benefit of having street go through. This is last site of this area to develop. Because this is City Land Bank property, Housing Catalyst is asks the board consider writing a letter of support.

Comments/Q&A

- Sue: In past the board has written memos to Council and P&Z. Board has been mindful of not making site specific suggestions; however, have advocacy role for affordable housing. Have sent memos to P&Z, have had board members speak at P&Z as private citizens. Jeff asked Sue to draft a memo. Also, board could vote to have representative give comment at P&Z. Sue read draft memo.
- Curt: Negative impact of street on livability for the community.
- Jen: People living to the west would probably also prefer not having a through street.

- Sue: the neighbors have spoken and do not want a street to go through.
- Eloise: Traffic study shows no impact to surrounding streets, no reason to do it.
- Terence: Actually already have precedent of streets not going through in other developments.
- Kristin: Have really good argument for not having the street. Just need to make clear to P&Z.
- Curt: Letter could be stronger on losses to community if have street. Why is letter intentionally vague?
 - Sue: Board previously has chosen not to give site specific recommendations.
 - Kristin: Because it is a City Land Bank property, may change the precedent for the board comment.
- Eloise: Any neighbors for putting the street through?
 - Kristin: No.
 - Sue: But the neighborhood is interested.
 - Kristin: Could impact development if neighbors request street going through.

Jen moved to approve the memo as drafted. Terence seconded.
Motion passed 4-0-0. Kristin recused herself.

AGENDA ITEM 3: Capital Expansion Fees—Tiana Smith

Simultaneously looking at updating street oversizing fees and studying changes to capital expansion fees. Working together to present fee changes as a whole. Will present to Council Finance Committee on Monday.

These fees are required of new development to pay proportionate share of service (buying into the system). They are updated annually for two inflation indexes, as well as every three to five years look at more comprehensive update to see if using appropriate indexes. Fees included: neighborhood parks, community parks, fire, police, and general government facilities. And working with Streets on street oversizing fees. Currently experiencing bubble effect—construction prices going up, but when updating fees, not tracking the same. Having lag effect on fees. Methodology is based on current level of service divided by number of people using it. Peer cities are using same methodology.

Changes in 2016: updated assets info, updated land values, and considering how to calculate fees for general government, fire and police—may be better to use estimated construction cost rather than insured building values. Can also use a blended approach. Parks is working with a consultant to determine replacement cost for parks.

Functional population and equivalent dwelling units are denominators for determining fees. Numbers are based on census data, but only get robust data once every 20 years. Fees are competitive with peer cities.

Integrating street oversizing fee revisions into capital expansion fee revisions. Recommendations from consultant: change name to transportation capital expansion fee, use VMT as basis for determining impacts rather than trips (more accurate way of evaluating congestions/impact on streets, but has more impact on fees), simplify fees, and increase fees by 20% to collect development impacts that have not been collecting in the past. Want to increase capacity, including multimodal capacity.

Changes would mean residential fees increase more than commercial. In total, fees may change -11% for commercial and up to 63% increase for industrial. Fee stack: utility fees, permit fees, plan review fees, non-City fees, capital expansion fees, etc. Based on median home price of \$334K (2015), find that fees are low among peer cities. Looking at cost of code changes to single family residential; have seen increase of \$5875 since 2009. Fees have been holding steady as percent comparison since 2012. Conclusion is that it is not these fees alone that are driving up median home sales price. Findings: fee changes are in line with expectations, timing for updates should be 3-5 years, blended approach to

using insured and cost of construction is preferred. Council Work Session in November with planned implementation January 2017.

Comments/Q&A

- Curt: Sprawl based is using VMT.
 - Matt: Prioritize compact development. Have some sprawl.
- Kristin: Is multifamily considered commercial?
 - Matt: Multifamily usually residential; mixed use is commercial.
- Terence: Regarding overall fee increase, sprinklers have added up to \$8K per unit.
 - Sue: Detached single family homes don't have sprinklers. This is based on single family.
- Terence: Already submitting permits for 2017.
 - Tiana: Have heard that. Have heard 6 months is better timeline.
 - Kristin: Affordable housing really needs more time.
- Jen: Considering phasing in fees?
 - Tiana: Have done this in the past.
 - Jen: Pretty significant switch between residential and commercial.
- Kristin: Six months would not be enough for affordable housing with complex financing.
 - Terence: Budget at least 6 months in advance.
 - Sue: With tax credit projects need more time.
 - Kristin: A year, minimum. This should also trigger more discussions on fee waivers.
- Curt: Will also have impact on market de-facto affordable housing. Have seen fee increases lead to construction on larger units, increasing sprawl and negatively impacting affordability.
 - Matt: Considering discounts for transit oriented development.
 - Kristin: Have development that is set up great for bike and pedestrian, but not transit oriented. People could live there without a car. Should be considered in VMT calculations.
 - Matt: Fees pay for bike trails as well. Trip is a trip.
- Curt: These fees are the same for greenfield as redevelopment/infill. No discount for utilizing existing infrastructure. Incentivizing building greenfield. Fees should not be the same for building all new infrastructures.
 - Tiana: The concept is that buying into current level of service for all of the existing assets.
 - Noelle: For infill, often putting in higher density. Not about where or how building, but how building influences demand on City services like fire, parks, government.
- Kristin: Have you seen any examples of doing it differently? Building more efficiency with more density and infill.
 - Dean: For transportation fee, do have process for transit oriented development. Can show demand is different. Policy decisions to waive fees and backfill. For affordable housing, Council has discussed backfill to incentivize certain types of development. Integrity of fee is jeopardized, as are services, if change how fees are assessed.
 - Terence: Loveland backfills.
 - Sue: Have done rebates and waivers, but those programs are not available right now. Only Housing Catalyst can get fee waivers for 30% AMI and below. No current BFO offer for waivers or backfill.
 - Noelle: In BFO have to forecast revenues and expenses. Revenues were forecast with old fee structure. Potential for some available funds.
 - Sue: Have you put forward the intention to use some of increased revenue for backfill?
 - Tiana: Can discuss more.

- Dean: Have to make a choice about level of service to backfill, or find an alternative funding source. Either shift fee, or lower level of service.
 - Tiana: Will have this dialogue with Council at Work Session.
 - Dean: Need targeted approach.
- Sue: Opportunity to request funds has passed. Shifting some cost to development?
 - Matt: Collecting additional development impacts that we haven't before. There is some shift for the transportation capital fund.
 - Dean: Full fair share of development should be collected from development.
 - Noelle: Not backfilling other fees. Fire fees now are going to pay off bonds used to finance building. Not making up for deficiencies; just paying for level of service.
- Jen: This is for building itself/asset, not for employees.
 - Tiana: correct.
- Jen: When consider the level city is built toward today, there is weight toward insured value. Also, seem to be voting on funding for rebuilds. Dramatic shift from commercial to residential is going to hugely impact housing affordability. Cost of construction doesn't seem right, but flat average doesn't either.
- Tiana: Look at these every three to five years. If don't do anything to assets, but population goes up, fees will go down. If adding a new building, but population is going down, fees will go up. Should even out over the long run.
 - Noelle: As hit build out, will not be collecting same fees. Will be looking at this periodically for next 20 years.
- Sue: Have heard implementation timeline is too quick. Need six months for single family residential, and more time for tax credit multifamily; need waivers; concern that increase could chill development of affordable housing.
 - Terence: Fees go up every year in January, but never call it until January. Would like more advance notice of changes so can be worked into budgets. Writing contracts and doing budgets six months before building.
 - Tiana: Will also be sending post card to everyone in development community to notify of opportunities to give input. Economic Advisory Committee is making formal recommendation for Council packet. AHB can do the same. Due early November.
- Curt: Didn't seem all that receptive to input. Justifying decisions already made.
 - Sue: Receptive to some concepts the board provided. But changes will shift burden from commercial to residential.
 - Curt: Rationalization?
 - Kristin: Based on actual cost.
 - Sue: Found that residential trips are longer than commercial.
 - Kristin: Planners push VMT as better tool for impact analysis.
 - Curt: VMT is due to zoning.

ACTION ITEM: Board will draft memo via email and approve at November meeting. Kristin will write first draft and circulate. Sue will provide draft minutes to board early.

AGENDA ITEM 4: Other Business

Topics & Speakers

- November: Eloise will present draft plan for affordable housing educational campaign.

Land Bank Program Review

- Work Session October 25. Have completed outreach to date. Economic Advisory Committee, Natural Resources Advisory Board, Planning & Zoning, Youth Activity Board, and CDBG Commission. Also talked to Board of Realtors. Asking for flexibility in AMI levels, using AHSP as guidance, use of competitive RFP process, permission to consider mixed income or mixed use, consider way to sell property that is not usable for affordable housing. Have had a lot of support for adding flexibility to maximize parcels. Horsetooth is good example. In College charrette, see that parcel is really constrained, surrounded by affordable housing, and doesn't have access to transit, schools, etc. Lot of opportunity there, but not under current ordinance. Continuing to learn as analyze program. Asking for permission to carefully craft ordinance changes.
 - Kristin: Should have charrette debrief for the board.
 - Jeff: If ordinance is changed, any sale would need to be approved by Council. And Council could make additional changes at that time.
 - Sue: Want to tie it to AHSP since that document gets updated.

Council Comments

- Chris (guest): Does this board have interest in making comment on Sunday Transit services?
- Sue: Budget issues and competitive process are possible topics.
- Jen: Will give comment on Sunday service and ranking process.

Terence moved to support Sunday Transit service and have Jen provide this as comment at Council.
Eloise seconded. Motion passed unanimously, 6-0-0.

Meeting Adjourned: 5:53pm

Next Meeting: November 3