

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

Date: Thursday, March 2, 2017
Location: Community Room, 215 North Mason Street
Time: 4:00–6:00pm

For Reference

Diane Cohn, Chair
Ray Martinez, Council Liaison
Sue Beck-Ferkiss, Staff Liaison 970-221-6753

Board Members Present

Diane Cohn
Jennifer Bray
Jeffrey Johnson
Kristin Fritz
Eloise Emery
Curt Lyons
Catherine Costlow

Board Members Absent

Staff Present

Sue Beck-Ferkiss, Social Sustainability Specialist
Dianne Tjalkens, Admin/Board Support
Ginny Sawyer, Policy & Project Manager

Guests

Marilyn Heller, League of Women Voters
Lisa Eaton, citizen
Kristin Candella, Habitat for Humanity
Tatiana Martin, former AHB member

Call to order: 4:06pm

Agenda Review: No changes.

Public Comment: Marilyn Heller—April 10 panel on youth homelessness presented by League of Women Voters. Marilyn will email a flyer to the board liaison for distribution.

Lisa Eaton—Short term rental landlord interested in housing issues in Fort Collins. She is available to answer questions during the meeting. Her request is for the board to reconsider the position it took on short term rentals in a memo to City Council.

Kristin Candela—Harmony Cottages project is breaking ground in the spring. Will need volunteer support for the 48 home development. Some will be built by Poudre High Students. Bruce Hendee has been part of design team, helping the development become 10% more efficient than code. Since 2012, lot costs have quadrupled. Appraisals have gone from \$150K in 2012 to \$250K now. Because of creative development, have been able to layer funding to continue to buy land. Home ownership is becoming more challenging in our community.

Review and Approval of Minutes

Curt moved to approve the February minutes as amended. Jeff seconded.
Motion passed, 5-0-2. Kristin and Jen abstained as they were not present.
Eloise provided minor edits via email.

AGENDA ITEM 1: Introduction to Exclusionary Zoning and Regulatory Barriers –Curt Lyons

Exclusionary zoning is policy designed to keep certain people out of neighborhoods. Was originally blatant—ex: explicit in stating “white people only.” Inclusionary zoning is when a city requires new market rate housing development to include a percentage of units to be affordable or pay a fee in-lieu. In some cases this has increased the cost of market rate homes.

How to exclude:

- Use language that talks about protecting neighborhood character
- Set density maximums—effectively prevents some people from living there
- Housing type restrictions—single family detached only, excludes duplexes, fourplexes, ADUs and other multifamily.
- Minimum house size—got rid of this in code, but fee structure keeps housing larger/less affordable
- Minimum lot size requirements
- Minimum fee structures—have to build bigger to make projects work financially
- Set back requirements—less usable land
- Parking requirements—when mandate off-street parking, very expensive real estate that does not pay rent back. Many cities don’t have as strict of off-street parking requirements.
- HOA fees—may be able to afford mortgage but priced out of neighborhood by HOA fees.

Money is last legal form of discrimination—pricing people out of neighborhoods. Fort Collins is missing “middle housing” (market rate, less expensive forms of housing)—townhomes, condos, ADUs, shared housing, duplexes/fourplexes, live/work. Naturally Occurring Affordable Housing (NOAH) is hard to build here—if want to build profitably, have to build market rate and/or luxury housing. Increased density can help. Atlanta, GA is an example of urban sprawl. By contrast, Barcelona, Spain has the same population in a much smaller area.

Diversity includes economic diversity. ADUs are great example of way for people to be able to live in a neighborhood that otherwise wouldn’t be able to afford. Brings diversity to a neighborhood.

When all homes in neighborhood are same size/price, doesn’t allow downsizing to age in place. Economic diversity within neighborhoods prevents slums and elitist enclaves.

Renting is becoming the new normal as housing prices increase, while wages are stagnant. More difficult to qualify for mortgages, partly because of increased cost of student loans, medical insurance, child care, etc.

Comments/Q&A

- Jeff: Private covenant impacts? Most developments with HOAs have covenants that include restrictions for single family, minimum floor sizes, pitch of roof, type of fence, etc.
 - Curt: Covenants above City requirements could greatly impact cost. Ex: If set lot size and it costs \$200K, will build \$800K home. If set minimum lot size, you’re setting minimum home cost.
 - Sue: Habitat has some homes with HOAs and maintains affordability.
 - Kristin: Covenants can be problematic for multifamily developments—commercial areas where code allows multifamily, but covenant does not. Examples in our TOD.
 - Jen: Communities considering covenants against rentals as well.
 - Kristin: History of covenants is discriminatory.

- Diane: Do HOAs do exclusions of ADUs?
 - Jeff: Yes, plus setbacks, architectural control, etc.
 - Curt: Example of opposite—Rigden Farm created own covenant to allow ADUs.
- Marilyn: Manufactured housing and mobile homes—haven’t had any new mobile home parks developed.
 - Sue: Market can’t make them work, based on land costs. Existing parks are functioning well. Ex: Sunflower is community of manufactured homes, with 99 year land leases.
 - Jen: There are companies that will invest in mortgages for homes with long term leases on the land.
- Curt: Density requirements need review. ADUs are allowed in some zones, but the minimum lot size is prohibitive.
 - Sue: City Plan is great opportunity to advocate for changes.
- Diane: Should explore HOAs more to understand economic impact, what types of housing are usually covered by HOAs, etc.
- Curt: Have a lot of areas of city that are residential low density and only allow single family detached, not even duplexes—creating artificial scarcity. Fort Collins is growing; if can’t live in town, the only other option is sprawl. Need to consider more housing types.
- Jen: Construction defects law—even when it changes will not create overnight solution.
 - Ginny: Five bills addressing construction defects right now. None are silver bullet. Fort Collins may draft and carry a bill.

ACTION ITEMS: Consider who can present on HOAs.

AGENDA ITEM 2: Short Term Rental Discussion

Proposed regulations will be addressed in land use code and municipal code. Have 165 licensed short term rentals (STR), but hard to know how many exist. Went to Council in January and had proposed primary STRs be allowed everywhere—Council said only where hotels/motels/bed and breakfast allowed, and does not want to limit number of STRs allowed. Proposed TOD exemption for parking requirements—Council declined.

“Primary” is owner must live there 9mth/year. If carriage house or part of duplex on lot, can be included as primary. Does not include adjacent properties. “Non-primary” is not owner occupied. Limiting both to only renting to one party at a time. Both will have off-street parking minimums—in outreach heard that parking was a concern. Primary would be allowed in 20 zones, non-primary in 13 zones.

Licensing— Sales and lodging tax required. \$200 one time license with inspection, annual renewal \$100. License goes with person, not property. License number must be included in advertising. Must also include description of area to be rented (ex: back bedroom, basement, etc.). Waive a fee for more accessible STRs. Requesting applicant submit name of a local contact who can be available within four hours if there is an issue. For existing STRs, can still apply for license even if in non-allowable zone, but if not used as STR for 12 months, cannot re-apply. To qualify as grandfathered in, would need to already have sales and lodging tax license.

Comments/Q&A

- Diane: Reasoning behind zoning choices?
 - Ginny: Predictability for residents/owners. In RL zones no other use is allowed.
- Tatiana: Northeast quadrant of Fort Collins lacks public transportation but allows non-primary STRs?
 - Sue: Goes back to existing permitted uses.

- Sue: AHB had letter from constituent asking AHB to revise its stance on this proposal.
- Diane: Restriction on number of licenses was dropped due to smaller number of zones where it would be allowed?
 - Ginny: Yes.
- Diane: Have heard from people who are concerned about impact on neighborhood from noise, parking, not knowing neighbors, when number of STRs increases. Board, however, is concerned with impacts on affordability of housing. Given that the city is growth managed and has low density zoning, have limited number of homes for residents who live and work here. Are we doing something that impacts the scarcity of that resource? Does it have an impact on affordability? That is board's concern.
 - Ginny: Would love to have data, but not enough history. Would be interesting to know what would otherwise happen to that housing stock? Would it be sold, long term rental, etc.?
- Jen: Limiting creative ways for people to keep housing costs low. Also, looks like many of the areas where STRs will be allowed are newer and may have HOAs that prohibit the use.
 - Ginny: Goal is to track data for two years—complaints, licenses, etc.—to see if want to allow more zones or make other changes.
- Jen: Is Council looking at a precedent to start licensing long term rentals?
 - Ginny: There is opposition to that idea in the community.
 - Jen: Fees will be passed through to renters.
- Curt: Argument for inspection—about health and safety—should also apply to long term rentals.
 - Ginny: Short term rentals are often arranged online, people don't have opportunity to walk through lodging, and aren't there long enough to get to know idiosyncrasies of location. Ex: Basement apartments, want to make sure they are safe.
- Jen: Does inspection include things like radon testing?
 - Ginny: No. Minimum requirements cover sanitation, mechanical operations, electrical, fire safety, etc.
- Jeff: What was discussion on parking?
 - Ginny: Instead of having people determining percentages of parking needed, rounded up to make it easier to determine for owner. Have heard that parking is an issue. But will be limiting.
 - Jeff: Seems like a desire to curb STRs.
- Sue: The Summit had to come back after it was built and provide additional parking. Still a raw issue in the community.
 - Kristin: "Neighborhood preservation" is discriminatory.
 - Jen: Incentivize parking, rather than requiring it.
- Curt: "Parking is an issue" can be a comment from someone who has to walk 50 feet instead of 10.
 - Kristin: People don't like to see cars parked on the street.
 - Sue: Ex: residents competing with students for parking in their neighborhoods. Parking issues can cause conflict.
 - Kristin: The property owner doesn't own on-street parking spaces or right of way. A convenience issue.
- Diane: Is parking verified in inspection?
 - Ginny: Yes. Has to meet zoning definition. Ex: Can't be in garage and directly behind it. Must be stand-alone spots.
- Sue: Is parking an affordability issue?
 - Kristin: Yes for new construction. Requirement is "over parked."
- Diane: No need to take action/revise memo to Council.

- Jen: Appreciate City’s Plan Do Check Act process. Must start with something, then check in to see how well it works.
 - Lisa: Upset with City, Council and boards. Appalled that board is not changing position after reading her letter. STRs are not hotels, bed and breakfast, motels, etc. This ordinance is de-facto banning non-primary STRs that aren’t grandfathered in. Have taken pictures of zones where not allowed—have residential, commercial and retail on her street, but non-primary STR is not allowed there. If this passes, and we artificially limit the supply, (not a destination location, but friends and families visiting and people who are relocating that we want in the community) rents will go up. Too restrictive of an ordinance, bad for our community. Does not address concern about large investors buying up properties where non-primary is allowed, and converting them all to non-primary STRs.
 - Diane: In some cases used for visitors, in some cases for tourists. Non-primary takes away housing stock from current residents. Have to find a balance between all the competing desires in the community.
 - Ginny: Building in check-in to review how well the ordinance works.
 - Jen: How is two-year review being implemented?
 - Ginny: In AIS. Has been done with other projects. Will be an expectation.
 - Board agreed to maintain position expressed in prior memo to Council.
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AGENDA ITEM 3: Other Business

Other Business

- March 23: Special meeting to rank housing applications for Competitive Process.
- April 26: 5:00–6:30pm at Foothills Activity Center, Ray Martinez Council Listening Session on Housing Affordability.
- Scheduling three public Land Bank briefings followed by workshop on policy changes. Members will receive more information via email.

Agenda Planning—Topic Suggestions

- Historic preservation and affordable housing—will request presentation for April meeting.
- You+2 intended and unintended consequences.
- Affordable housing application processes by provider.
- Board of Realtors presentation/discussion.
- Provincetowne update.
 - Sue: About half of original units have lost affordability restrictions, but all remaining units are in compliance. Will schedule brief presentation on history and current state of project at a future meeting.
- Changes to Private Activity Bond (PAB) allocation process.

Liaison Reports

- Diane: Senior Advisory Board—They met with Councilman Campana and want to work on age-friendly development guidelines/checklist for developers.
- Curt: Went to Economic Advisory Commission meeting, learned that raw water fees likely to double in City Utilities district.
 - Sue: Requesting phase-in for affordable housing. Fees task force is starting to meet. Waivers have traditionally required backfill, so as not to illegally impact rate payers.
 - Curt: Would like cost to be reflected in rates, not tap fees.

Council Comments

- Jen: Went to Council meeting on Old Town Neighborhoods Plan—Staff showed that 60% of residents want ADUs. Came to light that survey was done citywide, not just for this plan. Staff was directed to survey just residents of Old Town.

Open Board Discussion

- Jeff: Got call from Mike Sollenberger on private activity bonds (PABs).
 - Sue: Have had first come first served policy for PABs, due to lack of competition. Due to changes in resources/funding structures, more developers are requesting PABs. Next year will implement vetting process.
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Meeting Adjourned: 6:17pm

Next Meeting: April 6