

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

**Date:** Thursday, April 6, 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  
Eloise Emery  
Catherine Costlow

**Board Members Absent**

Kristin Fritz  
Curt Lyons

**Staff Present**

Sue Beck-Ferkiss, Social Sustainability Specialist  
Dianne Tjalkens, Admin/Board Support  
Donnie Dustin, Water Resource Manager  
Lance Smith, Utilities Strategic Finance Director  
Carol Webb, Water Resources/ Treatment Operations Manager

**Guests**

Marilyn Heller, League of Women Voters

**Call to order:** 4:00pm

**Agenda Review:** No changes.

**Public Comment: Marilyn Heller**—Youth: The Hidden Homeless program this coming Monday. Will have a homeless youth on the panel. Point in Time Count found that 20% of respondents had been in foster care and 55% of those have experienced chronic homelessness.

**Review and Approval of Minutes**

Jen moved to approve the March minutes as amended. Eloise seconded.  
Motion passed, 5-0-0.

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**AGENDA ITEM 1: Changes to Utilities Raw Water Requirements**

Utilities has 3 water development fees:

1. Raw water requirements (RWR)—supply, includes water rights, storage and transmission
2. Plant investment fees
3. Tap fees—connection

Other water districts that provide water in Fort Collins as well. Changes will only impact Utilities, but working with other districts. RWR is based on use and type of development—goal is to generate adequate funds to supply water to that development. Can be satisfied with acceptable water rights (mostly ditches), cash in lieu, City certificates or credits (no longer being issued), or a combination. Colorado Big Thompson Project (CBT) is about ½ of Utilities water supply—they are gold standard for pricing water rights. Cost of units has gone from \$7K/unit to \$25K/unit in last few years. Cash in lieu rate, however, has stayed relatively the same. Have also seen reduction in per capita water use. Time to update RWR—want to change amount of RWR, cash in lieu rate, and move to cash only. Anticipate population increase in district of about ~45K (residential and commercial). Have been looking at housing by unit, but have found better correlation for indoor use by looking at number of bedrooms—this will factor into changes to RWR amount. When infrastructure and supply is complete, new development will still need to buy into system. Firm yield is amount of water that can be provided through a 1-in-50 year drought. With increased population anticipate need to increase firm yield, despite per capita use decrease. Will need \$64M in infrastructure (Halligan) and \$25M in additional water rights. Cash in lieu rate is based on these and other supply costs divided by increase in firm yield needed. Change in cost: single family cost of RWR would go from \$4300 to \$9K. Multifamily would go from \$2800/unit to \$3900/unit. 0.75” commercial tap would go from \$5900 to \$15K, while 1.0” would go from \$19.5K to \$38K. Compared to neighboring communities would still be one of lowest RWR in region. Want to change to cash only because need to focus on infrastructure to increase supply. Need specific water rights, flexibility, and focus on acquiring best water rights (best yields). Presented recommendations to Council to change the RWR schedule based on number of bedrooms, not units, adjust cash in lieu rate, accept cash only, update rates on a scheduled basis, and change name to Water Supply Requirements. Returning to Council for approval in August. Changes to occur in 2018. An internal task force has been formed to look at all fees and Utilities is involved in that process.

### Comments/Q&A

- Eloise: Why so many districts?
  - Donnie: Two other main districts—50 years ago their area was far out of town and utility could not run water there. Other districts formed to cover those areas. Regional water collaboration committee—talking about how to work together to provide water across the region. Our costs are currently lower than theirs.
- Jeff: Did GMA exist 50 years ago?
  - Donnie: Developed in the 1980s.
- Diane: Fort Collins Loveland Water District—related to anything the City is doing?
  - Donnie: Just named by geography, not owned or managed by City of Fort Collins.
- Jen: Areas with no identified district?
  - Donnie: Vacant land or natural areas, on wells, etc. Not currently serviced.
- Jeff: Value of existing portfolio? Have more water than needed?
  - Donnie: If have additional storage for wet years can stretch out water over dry years.
- Sue: Cost changes with lot size?
  - Donnie: Yes. Some will be redevelopment and mixed use. Different scenarios will change per unit cost.
  - Jeff: Why is lot size relevant?
    - Donnie: Outdoor use. Commercial is based on tap size. Sometimes also have outdoor use tap.
- Diane: Who decides how big the tap should be?
  - Donnie: Developer. But if want over 2.0” have meeting to determine needs.
- Jeff: Does City not have enough storage?

- Donnie: We have a wide portfolio of supply. Favorite are senior water rights on the Poudre River—good yield in wet and dry years. No storage associated with those rights—take and use. CBT shares have storage with them. CBT was set up as supplemental supply after the dust bowl. Rights are allocated different amounts annually based on models. Must consider drought quotas in shares as well. All goes into calculations for firm yield.
- Jen: Usage is down, what are contributing reasons?
  - Donnie: Conservation. 2002-2003 had significant drought and went on restrictions. Behavior change. Went to tiered and seasonal rate structures—financial incentive to keep water use down.
  - Jen: Consideration for drought tolerant landscapes?
    - Donnie: Some other water providers have done that. Will look at that in the future. Recognizing conservation in adjustments making now.
- Jeff: If raise raw water requirements, paying twice—for today and future.
  - Donnie: Rates are for usage and meant to cover operation and maintenance costs for getting the water to your home/business.
- Jeff: If increasing RWR for drought, should drop rate structure to meet less use.
  - Lance: Each of utilities operates as a stand-alone business—must generate revenue to cover all of its cost and must serve a utility purpose. Upfront costs include access to untreated water, treatment facility, maintaining infrastructure. Rates pay for maintenance, treatment, staff, etc. Customer benefits financially from conservation. Tiered rate structure recognizes that everyone needs water for hygiene, health, and some irrigation. Saw 25% reduction in use during drought, and never came back up. Lost 25% of revenue. Most costs are fixed—must maintain pipes regardless of amount of water going through them. Operation and maintenance of the system. Constraints—not allowed to give discount or waiver unless Council determines that that is a valid “Utility purpose.” City can backfill if determine that discount/waiver meets a valid community purpose.
- Diane: Affordable housing developers feel cost burdened—cost based on where they can get land, but constrained by how much they can charge for rent. Increased fees have potential to stop an affordable housing development from happening. Treating affordable housing developers same as for-profit developers. Need to see affordable housing developments as benefit to community, not drain, because they maintaining full spectrum of employees living in the community. Affordable housing developers are doing us a favor—get them assistance to get these projects built.
  - Carol: Council could decide that is a Utility purpose—currently constrained on what can and can’t do, until charter or code is changed. Must think through all unintended consequences. Had a discussion about low income rates, but was at odds with Utility purpose.
- Diane: Impacts developer and consumer.
  - Lance: If articulate water as a human right, and need to provide it to all citizens, could make argument around discounting fees in order to provide water to all. However, most available land is not within Utilities district. Have talked about ways to have Utilities provide water to affordable housing projects in other district areas.
    - Carol: Water rights are limited in where water can be used. But looking at ways to be more flexible in water right change decrees.
    - Donnie: Water court is challenging. Regional impacts of decrees.
- Jeff: Has anyone tried to change a decree to allow Utilities to move into a district area?
  - Carol: Not yet.
  - Donnie: Decrees are specific about service areas.

- Jen: What does total combined fee look like?
  - Lance: About \$13K for single family home.
  - Donnie: Would go up \$4-5K.
- Sue: Affordable housing projects typically take longer to develop. If there is a phase-in for new fees, might consider recommending affordable housing is phased-in last.
  - Diane: Because of complexity of funding takes longer to develop—make pro-forma based on current costs. When fees go up in middle of process, changes timeline/feasibility of whole project.
  - Carol: So allow affordable housing to continue at prior cash in lieu rates? Would have to look at potential revenue loss, etc.
    - Lance: Might consider requesting phase-in, freezing fee at current rate for affordable housing in perpetuity, or some other request.
    - Jen: Would help affordable housing projects and incentivize more affordable housing projects.
- Jen: If shortage on water supply would that change rates?
  - Carol: Have contingency built in and plan very conservatively.
- Sue: A lot of infill opportunities are within the district.
  - Lance: For redevelopment, look at existing infrastructure and charge less.
- Donnie: Until costs are covered, if didn't change rates for affordable housing, would have to raise rates across the board.
  - Carol: A choice Council can make.
- Jeff: From revenue standpoint, would not have much impact on Utility—not that much affordable housing being developed. But freezing fee would be significant statement of support for affordable housing. Budgets are set at beginning of a project, funding stacks can take 2-3 years to complete. Cost changes have a huge impact on these developments.
- Sue: What about locking in rate at beginning of development and deferring payment?
  - Lance: Usually locked at time of payment. Developers try to hold off payment as long as possible. If pay up front, can help. When looked at low income rates, realized they wouldn't help people living in places with rent based on percentage of income or those with utilities included in rent.
  - Eloise: Some states have that when file map, freezes regulations, fees, zoning, etc.
- Sue: One rate payer cannot be asked to pay more than any other. General fund would have to backfill unless can identify another benefit to all rate payers. Rate shift is illegal.
  - Diane: Why make it harder than it already is for affordable housing projects to get off the ground? Not paying attention to positive impact these bring to the community.
  - Sue: Can explain that affordable housing is a community asset and look at ways to support these developments—can offer some options.
- Jeff: Ask for fee lock or freeze, and phasing. Leave low income rates for another time.
- Jen: Utility charter will be looked at before November ballot regarding broadband. May be good opportunity to make other changes to charter.
  - Sue: Should determine how broad that inquiry will be.
- Diane: Would be a small cost to Utility.
  - Sue: 188 units/year is our goal. Could base cost on that number. Pedcor is filing—have property on College—looking at 200 units that could be completed by 2019. Oakridge Crossing (120 units) breaking ground. 50 Habitat homes in the pipeline, Redwood, etc.
- Jen: Like idea of locking fee for everyone when start development.
  - Catherine: There was a community that was raising rates and a number of developments went in to pay up front to lock in lower rate.
  - Jeff: Freeze at first round submittal.

- Sue: Could do another memo on locking in rate at submittal, with a specific time frame to get the project complete, as a benefit to all housing affordability.

ACTION ITEMS: Board will draft a memo to staff.

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### **AGENDA ITEM 2: Fee Waiver Request from Housing Catalyst**

Letter of request provided in board packet. Last fee waiver request was for Redtail Ponds. Housing Catalyst is only organization eligible for fee waivers at this time, and only for units serving those at 30% AMI and below. Requesting reimbursement for fees paid on 13 units, ~\$100K. Disaster relief funds had timeliness deadlines, which is why fees were paid in advance. Reimbursement is at Council's discretion—will be approved unless could jeopardize finances of the City. Therefore Sue will take to Council Finance before going to Council.

Eloise moved and Jeff seconded a motion to recommend approval of the Housing Catalyst waiver request for qualifying units on Village on Redwood.  
Motion passed unanimously, 5-0-0.

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### **AGENDA ITEM 3: Other Business**

#### **Council Comments**

- Land Use Code update on consent.
- Community Based Sheltering Services—acknowledged that community based, in nonprofits and churches, up to 15 people—will not be regulated.
- Density Bonus—Currently if development is bigger than 10 acres, must ask for variance or modification for density bonus over 10 acres. Added language—if providing units at lower AMI level density bonus increases automatically, incrementally, up to 25 acres.
- Competitive Process—May 16—Can thank Council for awarding dollars to affordable housing.
- Safe Place to Rest Report in June.
- Board agreed no Council Comments necessary this month. Will consider above topics for May.

#### **Listening Session**

- Bring Affordable Housing Strategic Plan, pipeline, completed units, etc.
- Develop ½ sheet informational handout.
- Need a one-pager that ties AMI or hourly wage to occupation. Confusion about “affordable housing”—most don't understand that it is for people who are working. Want to know who their neighbors will be. Put in context of people they know and work with every day.
  - Redwood has many one-two bedrooms—typical renter will make \$20-30K/year.
  - Have to make enough to be able to pay rent.

#### **Land Bank Briefings**

- About 100 total people attended 3 briefings. Have had both positive and negative follow up comments/emails. Many people came in to briefings concerned about housing values, misinformation from real estate agents, etc. However, most left feeling process is reasonable and that City is being transparent.

- Reinforcement that these projects go through same development review process as other projects. Also, really highlighting images of existing affordable housing is beneficial.
- Neighbors not against changes to Land Bank policy so much as afraid of affordable housing development. Fear and prejudice—must help educate. Subsidized housing has standards for who can be housed. Hard for felons to rent housing, but no questions asked when purchase.
- Make it very clear that all the regular public comment, review, and development process applies to these projects as well.
  - Making public comment and influencing change are two different things.
  - Public comment has impact at Planning and Zoning.
- Worthwhile to get independent appraisers' opinions to explain that these won't impact their home values?
  - Working with City staff to show trends around existing LITC projects and show exactly the changes requesting.

### **Agenda Planning**

- May: Historic Preservation
  - Tentative September: Retention of affordability deed restrictions on Habitat projects and homebuyer assistance program
  - August: Provincetowne
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**Meeting Adjourned:** 6:15pm

**Next Meeting:** May 4