

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

Date: Thursday, June 1, 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
Catherine Costlow
Kristin Fritz
Jennifer Bray
Curt Lyons
Jeffrey Johnson

Board Members Absent

Eloise Emery

Staff Present

Sue Beck-Ferkiss, Social Sustainability Specialist
Dianne Tjalkens, Admin/Board Support

Guests

Clint Skutchan, CEO, Fort Collins Board of Realtors
Marilyn Heller, League of Women Voters
Kristy Klenk, Downtown Development Authority

Call to order: 4:04pm

Agenda Review: No changes

Public Comment: None

Review and Approval of Minutes:

Jen moved to approve the March 23 Ranking Meeting minutes as presented. Curt seconded. Motion passed, 4-1-0. Kristin recused herself as she was not present. Jeff arrived after the vote.

Jen moved to approve the April minutes as presented. Curt seconded. Motion passed, 4-1-0. Kristin recused herself as she was not present. Jeff arrived after the vote.

May meeting did not have a quorum, therefore notes only (not minutes). No motion required.

AGENDA ITEM 1: Role of Realtors in Housing Affordability—Clint Skutchan

Fort Collins Board of Realtors (FCBR)—advocacy, networking and education. They provide information, invest in the community, organize volunteerism, and influence policy outcomes that impact housing affordability. Consider housing as part of basic needs continuum. Need to protect housing future through achievable housing and housing affordability. Comes down to community’s culture—see shifting of communities when too expensive to live here. FCBR serves primarily median-income earners. Start to lose blue collar workers and have impacts on infrastructure when people who work here cannot afford to live here—want to be able to live, work, and play here. 100K=metropolitan area; we have surpassed 150K. Transitioning from small town to big city, but seeing change adversity. Development questions are changing. Will get harder to diversify as prices go up. Coastal cities had in-migration early on, so have more diversity. Have seen dramatic and swift change in affordability. Track housing affordability index, which accounts for interest rates, income levels, median home prices, etc. Down 12% from last year; even higher in multifamily. 7 of 12 counties seeing greatest appreciation are along Front Range. A median-priced home costs about 54% of average income. A balanced housing market has inventory for 6 months available—we have inventory for 1 month. Significant portion of what is available has impediments—not truly saleable. 6700 people moved to Fort Collins last year—that is the population of a small town each year. 3-5% growth annually. Not adding that same level of housing each year. Must also consider social services, police, fire, etc. as add new development. Have growth phobia—don’t want small town to change—remains a political dividing line. Clearly will continue to grow, but what will that look like? Ex: Scraping of homes in Old Town—people expect to have view of mountains—adverse to height. Idea of utopia leads to concerns about infill, sprawl, students and NIMBY. Hurtful for community and doesn’t recognize history and changes. Median sales price continues to go up—close to \$400K (from \$250 ~3 years). Trying to change trajectory. Relative housing affordability is focus. Get comments that people who can’t afford to live here can move somewhere else. Need holistic change—less us vs. them; shift in action (water access issue in NE Fort Collins increasing costs); policies. Ex: You+2—need to understand neighborhood liability and affordability impacts. Would like a performance study done on You+2. Participating in regional dialogue—NoCo Housing Now—advocating for density, working on construction defects legislation, etc. Also looking at development fees. City does not have housing-focused department. CAP has many staff; not same priority for housing. Need housing for full spectrum of wage earners—Fort Collins is the people who live here.

Comments/Q&A

- Clint: How does affordability impact you?
 - Jeff: Affordability relates to workforce, and ability to work and live here. Many people commute here from neighboring communities because cannot afford to live here.
 - Curt: Also impacts diversity.
- Jeff: In-migration—we are cheap compared to California. Dealing with people coming from out of state who are coming here with money. They are finding it affordable here.
 - Clint: Forbes declared this area the “affordable alternative.” Boulder is 38th least affordable place on the planet. Fort Collins is in lower 100. Relative. Those who find it affordable are coastal.
- Diane: Does FCBR look at rentals as well as ownership?
 - Clint: Yes. Rental is first step to ownership.
- Curt: Discuss conflict between ownership and landlords—have investors buying properties that could be purchased as primary residence.
 - Clint: Stigma around absentee landlords/outside investors. Have some of those, but not majority. Real estate is great investment. Can attain wealth while having a place to go home at night. FCBR has been looking at affordability since end of recession.
- Clint: What makes Fort Collins, Fort Collins?
 - Curt: University town.

- Clint: Community culture influenced by university—education level, innovation.
 - Diane: More division of regions of Fort Collins—have own personalities. Midtown, east, CSU; not just Old Town anymore.
- Curt: Coasts developed before strict zoning, and have more housing diversity that supports population diversity.
 - Clint: Zoning can also provide guidance for change we need to have.
 - Sue: 100 year old neighborhoods before zoning, had diversity, more affordability and more options.
 - Curt: Grandfathered in. Couldn't build those same things today. Hurting affordability.
 - Sue: Ex: Park Lane Tower—could not build today.
 - Jeff: More market driven 100 years ago.
- Jeff: How is average wage calculated?
 - Clint: Unsure.
 - Sue: Use actual area median— ½ above and ½ below (individual income). HUD looks at AMI per household. Nationally use household of 4, but Fort Collins average household size is ~2.3.
- Jeff: Are stats looking at still relevant?
 - Clint: Yes. Don't like to see more than 30% of income going toward housing. 50% of income going toward housing is not sustainable.
 - Sue: Value in available statistics that are calculated the same across the nation.
 - Clint: Seeing most pronounced shift in Old Town area—seeing smaller households. Affordability and You+2. Area has highest walkability, is close to employers, is close to transit, but is losing density. Does not lead to relative housing affordability or affordable services. Pejorative view of density—need to embrace densification or will continue to struggle with many problems, including affordability.
- Diane: Where does data come from?
 - MLS (Multiple Listing Service) and ILS (Internet Listing Service). Numbers are clean. About as accurate as can get. Includes greater Fort Collins area—some of Timnath, Laporte, etc.
- Sue: Bubble?
 - Clint: Not having people entering market who shouldn't be there anymore. Issue is that we don't have inventory.
- Curt: People who bought here a long time ago—system worked for them. They aren't seeing the issue for people trying to buy today.
 - Clint: Seeing homes up to \$1.1M getting multiple offers. Not artificially priced.
- Sue: Messaging is important. Telling sad stories isn't working anymore. Have to explain that sad story could be your employee. Have to show impacts. Ex: What about your kids? Where will they be able to afford to live?
 - Curt: City staff member said his children will not be able to afford to live here.
- Jeff: When builder needs to charge a higher amount to make project pencil out, then need to build a bigger home.
 - Clint: Can't get three or four story homes.
 - Sue: City Plan update is good place for these conversations. Would like to point out specific regulatory issues.
 - Diane: Water, infrastructure, fees, zoning, etc.
 - Clint: Hope you are looking at calculations of raw water fees.
 - Catherine: Lafayette—can see what happens when costs more for water—smaller lots, smaller homes, same/higher price.
- Clint: Many are opposed to reducing height restrictions. People don't like the idea of density. Like setbacks, but that loses density. Have to adhere to established policies and

comprehensive vision. Listening too much to NIMBY. Ex: Inappropriate to do Old Town subarea plan before City Plan. Not thinking holistically.

- Curt: City's rationale to do Old Town Plan before City Plan?
 - Sue: Don't always get funding for City Plan.
 - Clint: Also had Downtown Plan, etc. But better to have comprehensive plan first, then update subarea plan.
 - Curt: Disappointed with Old Town plan in regard to ADUs.
- Diane: Fee issue—want City leaders to see affordable housing as a different type of development that needs separate treatment in regard to fees.
 - Clint: Cost shifting. Charging appropriate fees holistically is place to start. Wonderful to have best amenities, but if can't afford to live here can't benefit from them. When becomes unaffordable for developers, slow down development and don't see anticipated revenues.
 - Kristin: Loveland waives most fees for affordable housing. Different mentality/approach. Test of community priorities. Housing as infrastructure is good way to view—should waive fees for needed infrastructure.
 - Sue: Should have presentation on what Loveland is doing. Will continue to look at waivers—currently have restrictive policy.
 - Clint: Ex: Do we need same level of parks services as we build out or can we use existing amenities? Reduce up-front cost.
- Diane: Curious about HOAs.
 - Sue: Way we are developing will most likely require more HOAs. Relying on them and building them into our systems.
 - Diane: What percentage of housing is covered by HOAs? What restrictions do they have? What is the additional cost? If in zone where can have ADU or can rent, but HOA says cannot, impacts affordability.
 - Kristin: It's not tracked. Hugely varied in terms of fees and restrictions, and how enforced.
 - Sue: Project happening in Neighborhood Services that is tapping into existing neighborhood groups, such as HOAs.
 - Diane: How do we get information on HOAs?
 - Jeff: Through property management companies.
- Jen: In 2000–2005 were a lot of national regulation changes—HOAs can no longer limit clothes lines, solar panels, satellite dishes, etc. Primary priority is exterior of home—HOAs tend to care less about interior, such as internal ADUs.
 - Sue: Affordable housing calculations include HOA fees.
- Jen: See communities built with metro-districts that are creating affordability issues. 0.75 is used to calculate property taxes. With metro district up to 2.5—taxes almost double. Tax deductible, where HOA fees are not, but will also go up as home appreciates.
 - Sue: Have developer pushing for metro district in Water Glen—wants to offer amenities to people outside community. Has done it successfully elsewhere. Argues that does not impact affordability, but not convinced yet.
 - Jeff: Metro-district is a way to have sub-regions of community pay for infrastructure. Growth pays its way on a micro-level. Can be done well, very effective way to get things done, but unintended consequences. Would not have that need if government paid for infrastructure holistically. Issue is that people do not understand impacts.
- Jeff: Ex: When a development has community property need to have an HOA. Ex: If need stormwater detention pond for new community, must create HOA. Nearly forced by government planning. Spend a lot of time drafting covenants and setting up associations. Mini-government.

- Jen: Department of Real Estate—HOAs did not used to require registration.
- Jeff: How much of affordable housing is in covenanted areas?
 - Jen: A few, including Provincetowne.
 - Kristin: When looking for multifamily sites, Housing Catalyst looks for properties without covenants. Some infill sites are zoned to allow commercial, but covenant prohibits multifamily (even in TOD).
 - Diane: What would make that change?
 - Sue: Lawsuit.
 - Jeff: Must get 67% of residents and owners to agree to change. Very difficult.
 - Kristin: Many commercial covenants are not well organized.

ACTION ITEMS: Sue will find out more about the Neighborhood Connections program and forward to board. Sue will provide board member email addresses to Clint for FCBR mailing list.

AGENDA ITEM 2: Report Out on Denver Housing Summit—Diane and Curt

Curt learned about tandem housing that Denver is working on. Keep one lot, but unlike ADU can build two units of same size and sell separately, while maintaining lot. Denver has same problems as Fort Collins. Looking at section of west Denver for ADUs to help people stay in their homes— increase owner capital and increase density. Looked at foreclosure rates relative to lot sizes and found underutilized equity. Tackling ADUs neighborhood by neighborhood.

Diane attended session on preservation of AH—if property is LIHTC without vouchers then there is immense pressure to sell to market rate when affordability period is over. Pretty stunning how much money can be made. New HOPE office for previously homeless individuals, working with job skills training.

Comments/Q&A

- Sue: Land Use Restrictive Agreement (LURA) may extend affordability.
 - Kristin: May only apply to some units.
 - Kristin: Some AH developers have 15 year goal to sell to market rate. Housing authorities build and keep in affordable inventory. National affordable housing developers might sell single large development out of inventory for cash flow.
 - Sue: Have list of all LURAs. Keep eye on them.
 - Jeff: Can only save with additional LIHTC?
 - Kristin: Not sure how would preserve/keep going without tax credits.
 - Sue: Some developers use other kinds of financing, but likely it is another LIHTC application. Ex: Northern Hotel has application in for LIHTC rehab.
 - Curt: Denver is looking at how to use ADUs and increase density. We can choose whether to be proactive or reactive. We are on the same trajectory as Denver.
 - Diane: Identity/social/cultural issues and shift.
 - Sue: Denver has different barriers and available solutions due to size.
 - Curt: Appreciated that Housing Summit was in downtown, so accessible via mass transit.
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AGENDA ITEM 3: Report Out on Women’s Commission Breakfast—Diane and Curt

Good educational outreach opportunity to let other boards know what we are doing.

Comments/Q&A

- Diane: Showed need for more active Planning and Zoning liaison from this board.
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AGENDA ITEM 3: Other Business

Announcements

- New Council Liaison is Ken Summers.
- Changes in Social Sustainability Department—Heidi Phelps moving; Sharon Thomas retiring. May be losing Dianne as minute-taker.
- Affordable Housing Capital Fund—Council Finance Committee has asked Internal Housing Task Force for recommendation on best use of those dollars. Presenting to Council Finance in September or October. Determining direction. Ideas: all money to one project, use for waiver backfill, invest in land bank property, etc. Anticipate \$4M to come in over 10 years. Task Force includes City staff from Utilities, Planning, all three Sustainability departments, and Finance. Looking at financial and non-financial ways to create more housing affordability opportunities. Council Finance did recommend Redwood waiver—small amount, but anticipate larger request later this year.
 - Jeff: Should not be used for backfill.
 - Diane: Open to input?
 - Sue: Will be seeking public input after go to Council Finance.
 - Sue: Preferred providers are Housing Catalyst and Habitat.
 - Kristin: Should be able to lock in fees when submit application to become certified affordable housing project.
 - Jeff: As voter, if BOB2 goes to backfill, that is not what I voted for. Backfill should come from another source.

Land Bank Workshop

- Rescheduled due to weather. Will happen Monday evening. Expect ~40 people to attend. Board members are welcome.

Agenda Planning

- You+2—Should we get a speaker?
 - Could get someone to discuss history.
 - Still have questions about existing ordinance.
 - Heard rumor that before implemented studies showed would decrease affordability.
 - Sue will find in-house speaker. Can get extended rental occupancy permit in most zones. Used by student housing that is rented by the room. Permit stays with the residence. Unsure if limit on number of permits.

ACTION ITEM: Sue will ask Alison Hade to present next month.

Meeting Adjourned: 6:20pm

Next Meeting: July 6