

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

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

For Reference

Diane Cohn, Chair
Ken Summers, Council Liaison
Sue Beck-Ferkiss, Staff Liaison 970-221-6753

Board Members Present

Diane Cohn
Jeffrey Johnson
Eloise Emery
Curt Lyons
Jen Bray
Catherine Costlow

Board Members Absent

Kristin Fritz

Staff Present

Sue Beck-Ferkiss, Social Sustainability Specialist
Brittany Depew, Admin Assistant/Board Support

Guests

Marilyn Heller
Rob Hope
Darcy McClure

Call to order: 4:02

Agenda Review: Diane—add conversation with Taylor from CDBG to Open Board Discussion

Public Comment: Marilyn Heller—League of Women Voters Affordable Housing team will present about affordable homeownership in April (date and location TBD)

Review and Approval of Minutes

Curt moved to approve minutes as amended. Jen seconded. Motion passed, 4-0-2. Eloise and Jeff abstained as they were not present.

AGENDA ITEM 1: Update on Private Activity Bond Policy: Sue Beck-Ferkiss—Social Sustainability

Private Activity Bonds (PABs) have previously been first-come, first-served. As people are relying more on tax rebates, the process has become more competitive. Want to move toward setting application deadline of March 15. Codified in financial documents of the city, Council Finance Committee approved, now going to Council session on November 21. If passed there through

resolution, it will be immediately effective. Provides concrete deadlines and codified what's already been happening. The upgraded system would set application deadline of March 15; if allocation not used by September 15, balance returns to the state.

Comments/Q&A

- Diane: The main change is from first-come first-served to setting a deadline?
 - Sue: Yes.
 - Jen: Because the actual process isn't getting changed, just codified?
 - Sue: We're mostly already doing what we're asking to have changed in the code.
- Jeff: Is there anything that would convert it to first-come, first-served after the March 15 deadline?
 - Sue: There will be a Private Activity Bond committee at the City, with representatives from at least Social Sustainability, Economic Health and Finance. Even after March 15, if we did get an application, we could still use this process to make a decision.
- Diane: What kind of capacity do we have for this?
 - Sue: It's just the right to take debt. Based on a formula every year, usually around \$7 or \$8 million.
- Jen: Anything for our board do to with this?
 - Sue: Just information for everyone at this point. But the board certainly could issue an opinion and/or go to the November meeting. John Voss is the staff person taking to Council and is open to any questions or comments.
 - Diane: It seems pretty straightforward.
 - Jen: Changing to a deadline makes a lot of sense.
- Jeff: My only thought is that people may not hear about the change to know they are now working within a deadline. I would be clear about how it's going to be published and communicated.
 - Sue: We have had years we have returned funds to the state, and it's not completely lost; the state can reallocate it. But those using this program will definitely be aware. It's mostly Housing Catalyst and CHFA, and we'll also send out letters early in the year.
 - Diane: Who would receive those letters?
 - Sue: Projects we've given Private Activity Bonds to before.
- Darcy McClure (Housing Catalyst Staff): I appreciate a more defined process and deadline. If we have a project at Housing Catalyst that's a 4%, we're required to use PAB. If we called the state about bonds, they would ask if we've already contacted our City and County. They want to make sure all the local bond cap has been applied for first.
- Curt: The funds stay until September 15 if not used?
 - Sue: The decision has to be made by July, and if we don't do anything it automatically reverts back to the state in September.
 - Curt: If someone applied after March, what would a typical application process be?
 - Sue: Allocation has to happen through Council. Application process is quick but we have to schedule a time with Council—could be 4-6 weeks. We would ideally get all applications in March and take to Council at the same time.
- Sue: Also want to share a news update I heard today: Republican tax reform bill HR-1 proposes to eliminate tax-exempt PAB after 2017. If they were to stop issuing bonds, I think the 4% tax credit wouldn't happen, and a lot of projects work by receiving this credit.

- Diane: Can we talk about this in more depth at our next meeting?
- Sue: The chairman’s amendment will go before committee on Monday, November 6.
- Jen: It would also repeal the mortgage credit certificate program administered by CHFA. Tax credit for first time homebuyers, takes 20% of mortgage interest and they get back as tax credit. It can lower income taxes, so it helps us qualify homebuyers for more. This tax credit is crucial for many approvals and thousands of first time homebuyers in Colorado use it every year.
- Diane: If this goes through, and we no longer have PAB, how would that affect us locally?
 - Sue: When you look at most of our major rental projects, they almost always utilize the 4% tax credit. Right now, 4% projects require PAB, so either that would have to be changed or it would put a hold on the entire program.
 - Jen: It would kill the affordable housing development momentum.
 - Sue: It would certainly slow it down. People would have to find different funding sources.
- Sue: This would definitely have a negative effect on affordable housing. From a policy level, it’s wait-and-see; but on the individual advocacy level, now is the time to provide feedback.

AGENDA ITEM 2: Update on Affordable Housing Capital Fund and Fee Backfill Discussion:
Sue Beck-Ferkiss—Social Sustainability

Internal housing task force assigned to look at Affordable Housing Capital Fund (AHCF) to make recommendations to Council Finance Committee (CFC) to vet before going to council. Originally going to November 28 work session, but that was moved to next year so more ideas can be brought and discussed. Affordable Housing Strategic Plan anticipated these \$4 million, looked at Land Bank, backfilling, fee waivers and/or investing in new housing. Annual goal to produce 188 units per year. Did some community engagement, had a focus group with developers, went to Homeward 2020’s board meeting. Response was positive to the ideas we floated. Wanted to be clear with CFC that \$4 million won’t go far by showing past projects’ unit numbers and costs. Voter language: “This project will fund capital costs of development or rehab of one or more public or private housing projects designated specifically for low-income individuals or families.” The task force struggled with the puzzle of how to stretch these dollars. Originally, the money was going to all be used for one project. But now we’re reconsidering how many projects should we be trying to fund. Do we want to use the money for a more “special” project? Two existing programs could be used for are fee waiver backfill or Land Bank. We intend to do a BFO offer for backfill 2019-2020 budget, but we’ll be competing for that. Other ideas: direct subsidy, social innovation grant, affordable housing demonstration project. CFC wants to start using AHCF for backfill now and start working on the direct subsidy option. Not enough money to focus on social innovation/demonstration project. We’re back to looking at big picture for both financial and non-financial incentives. Affordable Housing Guide included in meeting packet is a great overview of strategies for affordable housing. Planning development review process being looked at for streamlining/process improvements for waiver requests. We’re coming at things from different angles, moving in the right direction, but no great new incentives that will create drastic changes.

Comments/Q&A:

- Diane: Who was represented on the internal task force?
 - Sue: City Manager’s Office, Communications & Public Involvement Office, Economic Health Office, Environmental Services, Engineering, Finance, Planning,

Social Sustainability, Utilities. It helps to have these conversations and make compromises from the beginning.

- Curt: With the change of the City Attorney in the last few years, is anyone interested in looking into whether or not we have to backfill?
 - Sue: Fee Waiver Backfill was taken off the upcoming agenda because CAO wanted to give advice on that before moving forward. We at least have a clear recommendation now from the City Attorney's office: Continue to backfill all capital expansion fees because the risk of a TABOR complaint is biggest there. We minimize that risk by backfilling all capital expansion fees.
- Diane: Where are we on the goal of 188 units?
 - Sue: No years have given us our complete 188 units yet. This year, we're probably around 100. We're doing better each year. Next year, if Pedcor & Arthur McDermott's projects go through, that'll be 300 units.
 - Diane: Oakridge Crossing?
 - Sue: Yes. I believe that's 120.
 - Diane: It's 110 units at Oakridge.
 - Sue: And I believe Pedcor is 180. 188 units per year is an aspirational goal and if we don't hit it, maybe that's an indication that our incentives aren't good enough.
- Diane: How many at Oakridge Crossing are 30% units?
 - Sue: I think between 13% and 18%. Horsetooth has 45%, but that's unique. It's hard to reach that 30% income level.
- Jen: It seems like all those options, when the money's gone it's gone. Versus keeping the money cycling in there.
 - Sue: I think this money will probably be fully spent. Denver has a revolving loan program, but then you have to manage that debt.
- Jeff: Council decided to use the money the first few years for backfill?
 - Sue: We recommended not using more than 25% of the fund on backfill, so at this point CFC said that sounded fine. If we wanted to use more than 25% for backfill we would have to get permission to do that.
 - Jeff: Using that money for backfill isn't what I had in mind. Can't the general fund be used for that?
 - Sue: We are going to use general fund reserves for backfill. If we have more requests than this fund would allow, we could ask general fund for this. Nobody wants to see all of it used for backfill, but that is important to our partners.
 - Jeff: This seemed like new money for housing and not earmarked for backfill, which puts more money into other places in the city.
 - Diane: Probably the majority of people voted for this don't know the Land Bank exists. They're thinking this money will be used to build something.
- Jeff: Looking at Affordable Housing Guide, on page 5, what's the difference between "first time homebuyer" and "entry level"? I see the AMI level difference, but what's the distinction?
 - Sue: First time homebuyer means never owned, lost title through divorce or death, or haven't owned for at least 3 years.
 - Jen: First time homebuyer is a misleading name. It's down payment assistance that's income-based. Someone could be on their 4th home and still have a low enough income and they can access "first time homebuyer" programs.
 - Sue: We call it Homebuyer's Assistance through the City.

- Diane: It sounds like it might end up being a mixed bag of options.
 - Sue: That's what we'd like to come up with, an array of different possibilities. The non-financials may be easier and may be harder. For instance, changing the density bonuses.
 - Diane: What about zoning?
 - Sue: We have a study underway in Northern Colorado that's looking at existing zoning and intended population growth. We'll be using it at the City to influence our City Plan.
 - Diane: So it's a layover of how much density we can get based on existing zoning compared to population growth in the same time period.
 - Sue: And there may be some opportunities to set distinct standards for Land Bank program, such as having unique height or density requirements.
- Diane: Do we have a sense of timing for AHCF going back to Council?
 - Sue: Creating a memo, make sure Council approves what CFC decided. The task force will be setting a realistic goal, I'm thinking second quarter. Want to be sure we really have the time to survey all the different options and came up with solid ideas.

AGENDA ITEM 3: Business

Council Comments:

- Sue: For next week's Council meeting, Fee Waiver for Horsetooth and the Expansion are on consent. If they pass next week, that will be first reading; then second reading; 10-day appeal period, and then they would go into effect. Have to go to Planning & Zoning to update Land Use Code for Fee Waiver Expansion. Will make change, hopefully, between first and second reading. Next month AHB meeting talking about Land Bank. Hope to go to Council in first quarter of next year to make Land Bank policy changes.

Review 2017 Work Plan—not discussed

Open Board Discussion

- Diane: Met with Taylor Dunn from CDBG Commission to talk about Competitive Process. Because of board turnover and new staff liaison, it's an opportune time to look at whether the process is optimal. To improve communication, we discussed holding a combined meeting after the RFP opens but before presentations. They don't want to wait to have us bring up big questions right before their vote. Would like to see individual ranking first, then discussion, then re-rank as a board.
 - Jeff: We typically rank after presentations. And this would be before?
 - Diane: Yes, he suggested meeting before presentations.
 - Curt: I find it helpful to rank after presentations.
 - Diane: I agree we should factor in presentations but we often have a good idea going into them.
 - Sue: In the past, we've tried to give them rankings during the presentations so it wouldn't be on their discussion night. We've only given them rankings last minute if the timing doesn't work.
 - Diane: Taylor would like to have a conversation before presentations, when applications are pending.
 - Jen: We could have pre-rankings and then submit any changes after presentations. That way, changes are smaller scale at the last minute.

- Curt: This is a change of order for us. I don't think we've ever voted before watching presentations.
- Diane: I'm not suggesting final rankings before presentations. Let's do preliminary rankings, watch presentations, and then submit final rankings.
- Jeff: Our discussions tend to be rich after presentations, and if we fully want to educate CDBG we'll do a better job after watching presenters.
- Sue: My understanding is that there was some discussion about whether to keep presentations. At this time, the decision has been made to keep them but it has been discussed.
- Diane: Some people do present better than others. A first-time presenter vs. someone who has done it dozens of times can make a big difference.
- Sue: Catherine, what do you think about it from having been on both sides?
- Catherine: I think AHB should be making the decisions about the housing requests.
- Sue: The concern originally was that this board would have more industry professionals and, therefore, more conflict with possible funding requests.
- Catherine: If we're willing to have a meeting, I think it's a great idea, but the timing might be a challenge.
- Diane: Also during this meeting, we talked about AHB previously attending presentations but not being able to ask questions of presenters. Moving forward, CDBG would be comfortable with 1-2 reps at the table. They want the input, just not to be overwhelmed by the whole board.
 - Catherine: We would send people to the housing presentations?
 - Diane: Anyone can go, we just haven't been able to speak in the past. We could designate a representative able to pose questions.
- Diane: I also mentioned that we've been tasked not to look at dollars. That's hard for us and might influence how we're ranking, conscious or not.
 - Catherine: Why not look at dollars?
 - Diane: We've been asked to rank based on merits of the program, not based on the request amount or money available. He was unsure whether AHB would provide input about funding amount, but we can continue talking about that.
 - Sue: Our input to the funding could be about "the per unit amount seems appropriate or doable," etc. but not the exact amount we're suggesting.
 - Jen: We could suggest, "This project should receive some funding, but we believe their request is high"?
 - Sue: I don't see why we couldn't give that level of feedback.
 - Diane: But this is their process and I don't think we need to give any more specific feedback than that.
- Diane: CDBG is looking at every step of their process. They have their new staff member [Adam Molzer] and the whole process is getting looked at. Taylor suggested we could look through the application questions and give feedback.
 - Curt: Would anyone have to recuse themselves from providing application feedback?
 - Sue: I think anyone would be able to give feedback about the questions.
- Sue: I can work with Adam to find a time both boards can meet to discuss applications.
 - Diane: We could use staff support finding a time that makes the most sense for both boards. If this does require an extra meeting, I do think it's worth it.
- Diane: But overall, we're in favor of this difference in the process?
 - All: Yes, in favor of this change and increased ability for AHB to provide input.

Future AHB Meeting Agendas

- Sue: I went to a presentation on gentrification by a professor from Detroit. A former student of his is now working at the City and we're looking at bringing that forward to an AHB meeting.
- Diane: Last night at boards and commissions appreciation event, I spoke with Jake Joseph, minister from Plymouth Congregational, on the board for Habitat and Housing Catalyst. Has been involved with National Association of Housing and Redevelopment Officials (NAHRO), and I invited him to come as a potential speaker.

Liaison Reports

- Jen: FC Board of Realtors CEO Clint Skutchan is no longer with them. Natalie Davis is acting CEO but they are actively on a search for new CEO, hopefully someone as active in affordable housing.

AGENDA ITEM 4: Fee Work Group Discussion—Diane Cohn

Fee Group on hiatus until January. Tiana, who was running it, has moved. Mike Beckstead figuring out who will take it from here. The goal at this point is to look at the math, the information, and see where we want to take it. Diane has requested to have a meeting next year about affordable housing and waivers.

- Sue: We had an impact fee rebate program for a while. Went well because dedicated pot of money. The big number they're applying the percentage to is dramatically going up. If we waived that full amount it would have a huge impact.
- Diane: The reality of what 30% means can be hard to grasp. Maybe 30% is only 12% of units in a community. So, we are giving fee waivers but for only 12% of units (in this example).
- Jeff: How to preserve that knowledge and keep it within the group, even through natural turnover, seems like a challenge.
- Diane: Mike has said his goal is to have others see and understand what we do. And I understand that from his perspective. The reason it came up in City Council is because these things have an impact that maybe not fully understood.
- Sue: I'm noticing some places have different affordable housing definitions for homeownership and rental. Here, we bundle it all together. Some places say affordable rental is 60% or lower, and affordable homeownership could be 80% or even higher. We're assembling good data to see if there are different ways to tweak what we're doing. In Colorado, we are all struggling with price escalation we can't control.
- Jen: Colorado was second in the nation behind WA for price escalation. It was 7% over the last year. But the last quarter, it's down to 5%. We're likely to start seeing some rapid slowing over the next couple quarters.

Meeting Adjourned: 6:04

Next Meeting: December 7