

**AFFORDABLE HOUSING BOARD
CONTINUED MEETING MINUTES**

February 24, 1994

Council Liaison: Gina Janett

Staff Liaison: Ken Waido

The February 10, 1994 meeting of the Affordable Housing Board was continued on February 24, 1994 at 4:05 p.m. in the Main Conference Room, 281 North College Avenue. Board members present: Robert Browning, Mary Cosgrove, Susan Forgue, Joanne Greer, Cliff Kight, Ann Sanders, Christa Sarrazin, Tom Sibbald and Craig Welling. Staff members present: Mike Ludwig, Heidi Phelps and Ken Waido. Council members present: Gina Janett.

ANNOUNCEMENTS

Chair Cosgrove reviewed the joint meeting which was held with the Planning & Zoning Board. She reported that the key agenda items were communication between the two Boards and presentation of the Waterglen project. Chair Cosgrove also said that Planning & Zoning Board members stated that they wanted recommendations from the Affordable Housing Board specific to appropriate projects.

Ken Waido clarified that it was the Planning & Zoning Board's task to review proposals from a land use perspective.

Mr. Waido also noted that there was overlap on some of the affordable housing implementation strategies in terms of also affecting land use decision making. Some items will need to be reviewed by both Boards before going on to Council.

Chair Cosgrove also shared about a meeting which Mayor Azari held with ten local bankers regarding affordable housing issues.

Planning Review Fees

Ken Waido and other Board members provided an overview of the Planning Review Fees item which went before Council. Mr. Waido also noted that Council approved an ordinance on first reading appropriating \$133,000 to help with fee subsidies on affordable housing projects.

Chair Cosgrove stated that the item would have its second reading before City Council on March 15. She summarized that the current proposal will set the fees at 80% of Planning Department review costs, and will implement a three-tiered system for subsidies (low-, moderate- and high-income projects).

[Member Kight entered the meeting at this point.]

There was Board discussion on a different fee structure for smaller development projects (e.g., a "minor" PUD). Board members expressed concern about the ability of smaller developers to

implement projects under the proposed fee change.

There was Board discussion on how Council arrived at the \$133,000 appropriation. Councilmember Janett told the Board that Council did not want to appropriate any money above anticipated revenues.

Member Forgue moved to amend the agenda to allow for discussion and action on development fees collection. Member Sarrazin seconded the motion. The motion passed, 7-0.

Member Sibbald moved to recommend that City Council amend the current policy of fee collection for City development impact fees to change the point of collection from the time of building permit issuance to the time of: Certificate of Occupancy issuance, Temporary Certificate of Occupancy issuance, or one year from the time of Building Permit issuance, whichever occurs first. Member Kight seconded the motion.

[Ann Sanders entered the meeting at this point.]

Member Sibbald clarified his reasoning on delay of collection of ALL development impact fees (not solely affordable housing projects). He stated that it was the Board's position to make housing affordable across the spectrum, and that the collection delay of all development fees would serve that purpose.

Board members had questions about fiscal impacts to the City.

Mr. Waido said that there would be delay of interest collection for approximately six months, but that there should not be a cash flow problem. He noted that as permits start "kicking in", the process should reverse itself.

Mr. Waido noted that the Council's resolution (#93-111: Implementation Strategies) was specifically limited to affordable housing projects when citing development fee collection delay, and that staff would be making the collection delay recommendation specific to affordable housing projects. He added that he would note the Board's differing motion and recommendation.

Member Forgue asked if staff had figures on what the difference would be between development fee collection delay for all projects versus affordable housing projects.

Mr. Waido said that he did not, but could compile those statistics. Mike Ludwig provided some overall figures he had calculated.

There was additional Board discussion on the fiscal aspects of development fee collection delay.

Member Sibbald clarified his reasoning on Temporary Certificate of Occupancy (TCO), stating that earlier discussions had centered around when the City starts to incur cost of services provided. He said that the TCO applied to multi-family projects.

Member Browning had a question about how many projects have been abandoned. Mr. Waido replied that it was an insignificant number.

Chair Cosgrove asked the Board if anyone had concerns about negating the affordable housing portion of the staff recommendation.

Member Welling provided a note of caution to the Board to stay focused on affordable housing issues and to stray only cautiously. He said that he believed this recommendation was a good idea and that he would be voting for it. He added, however, that this was more of an equity issue than an affordable housing issue.

[Member Greer entered the meeting at this point.]

The motion passed, 9-0.

Mr. Waido said that staff would still be seeking legal staff input and would be asking the Finance Department to help them analyze fiscal impacts that might occur. He said he hoped to present the item to City Council in April.

HOUSING TRUST FUND

Chair Cosgrove noted the memorandum she had written regarding Housing Trust Fund issues [attachment to minutes]. The memo addressed such items as philosophy statement, priority setting, methods for funds disbursement and criteria for approving funds. She asked that "Profit Margins" be added under Section III, Criteria for Approving Funds.

Ken Waido told the Board that City Council has authorized two appropriations of budgetary monies for affordable housing purposes. Mr. Waido said that the total amount is \$350,000;

\$100,000 is in the FY '94 Budget and can be drawn down upon by City Council. The \$250,000 is in Prior Years Reserve, and would have to be reappropriated.

Mr. Waido said that he knows of several potential requests for the monies:

- 1) Affordable Housing Data Study (Larimer County) -- \$10,000

- 2) Larimer Home Improvement Program (LHIP): joint application between Fort Collins, Loveland, the Housing Authorities and Larimer County for a county-wide housing rehabilitation program -- \$22,500
- 3) The City has also been invited to be a Participating Jurisdiction in the HOME program, which requires a percentage of matching funds. Many applicants for this program would be asking the City to provide some or all of their matching funds. Mr. Waido said that out of the City's first year allotment of \$500,000, that the required match monies could be anywhere from \$87,000 to \$127,000, depending on the types of programs requested.
- 4) The City's Affordable Housing Policy states that the Housing Trust Fund or CDBG monies can be used to pay for City development impact fees for affordable housing projects.

Larimer Home Improvement Program (LHIP)

Mr. Waido stated that he was asking for a recommendation from the Board regarding allocating \$22,500 for the Larimer Home Improvement Program (LHIP). City Council will be reviewing the item on Tuesday night, March 1. The LHIP application is due to the State by March 10.

Chair Cosgrove reminded the Board that in regard to the Housing Trust Fund, the Board was not yet authorized to make decisions or recommendations on funds allocation. Therefore, this item was going before Council using a staff request format.

Mr. Waido clarified that the program was a county-wide housing rehabilitation program which will use HOME monies and State CDBG funds to provide low-interest loans to home owners to rehabilitate their houses.

Mr. Waido also stated that the \$22,500 in seed money would leverage \$149,000 in HOME monies, which would allow the City to rehab 11 houses (average rehab: \$13,500).

Member Sibbald noted that the Loveland Housing Authority would be administering the program.

Member Sibbald expressed concerns about 25% of the funding NOT going to housing (15% for administrative costs; 10% designated for non-housing items). Member Sibbald also shared misgivings about potential duplication of activities designated under the HOME program.

Mr. Waido clarified that the LHIP would not be duplicating HOME activities. He indicated that HOME funds could be used for other purposes.

In response to another Board member question, Member Sibbald clarified that the Larimer Home

Improvement Program monies were targeted to owner-occupied housing for low- and moderate-income households.

Member Sibbald suggested waiting a year to participate in the program. He added that this particular rehab program has been tried in Fort Collins before.

Mr. Waido explained that the City had previously administered the program, and had experienced an eventual decrease in applications. The program was transferred to Neighbor to Neighbor; that agency later ended the program due to lack of demand.

Member Sibbald said he was against currently participating in the program for four reasons:

1) the program demanded lots of outreach; 2) he wasn't comfortable moving forward with the idea when criteria had not been established for making a recommendation to City Council; 3) he believed there was an adequate participating jurisdiction opportunity through the HOME program; and 4) he was not in agreement with taxpayer money going "south".

Mr. Waido stated that informal outreach was already occurring; there have been three preliminary applications from interested parties.

Member Kight asked what percentage of incoming funds would be disbursed to Fort Collins.

Mr. Waido answered that if Fort Collins contributed the \$22,500, it would amount to 43% of the matching funds; therefore, the City would be eligible for 43% of any incoming funds. He added the program wouldn't be subject to a lot of Federal requirements. Fort Collins would be receiving State HOME monies, since the City is not eligible for State CDBG funds (entitlement recipient).

Member Forgue said the Board needed to look at the best return for dollars spent and at opportunities for joint participation.

Member Browning stated that there needed to be protection measures in the program.

Mr. Waido said that there were some already in place. He noted the low-interest loan structure (vs. grants) and the placement of liens against properties.

Chair Cosgrove excused herself from the meeting at this point, citing potential conflict-of-interest, since she is technically an employee of the Loveland Housing Authority. Vice-Chair Welling chaired the meeting in her absence.

Member Kight moved to recommend to City Council allocation for the funds as needed to

participate in the Larimer Home Improvement Program. Member Sanders seconded the motion.

Member Browning stated that he was opposed to participation in the program until more protection measures could be built in. He added that there were too many people who might take advantage of the program.

Councilmember Janett had questions about program expenditures.

Mr. Waido said that the City would have two years to spend allocated funds.

There was Board discussion on protection measures for the program and first versus second liens on property.

Member Greer asked who would be doing outreach for the program.

Mr. Waido replied that planning staff would be doing the outreach for Fort Collins.

The motion passed, 5-3. Nays: Browning, Sibbald and Sarrazin.

[Chair Cosgrove returned to the meeting at this point. Members Forgue and Sarrazin left the meeting.]

Housing Trust Fund (Fort Collins Housing Fund)

Board members discussed the Sample Philosophy Statement which was part of the memorandum from Chair Cosgrove:

"The Fort Collins Housing Fund exists for the purpose of stimulating the private, public and non-profit development of affordable housing. Priority will be given to the creation of safe, decent housing which leverages private dollars and is financially accessible to low- and moderate-income families and individuals for five years or longer."

Board members discussed the five-year time period. Member Sibbald suggested that the phrase should read as: "the longest possible period of time".

Member Sibbald also expressed concerns about the phrase: "leverages private dollars", since he believed it was too limiting in scope.

Mr. Waido reminded Board members that the Housing Fund was created to be a last resource. He added that applicants will have to have a good funding package before even requesting Housing Fund monies.

Member Sibbald stated that the Housing Fund was intended to provide "gap" funding.

Member Browning suggested using just the first sentence of the Philosophy Statement.

Chair Cosgrove answered that there was a need to mention low- and moderate-income populations.

Member Sibbald stated that some neighborhoods are in more need for housing assistance than others, and wondered if geographic targeting should be part of the Statement or an allocation criterion.

Mr. Waido and Member Welling answered that dispersal of affordable housing throughout the City was part of the Land Use Policies Plan.

Chair Cosgrove stated that there needed to be a balance with "the last dollar in" position. She said that the Fund should be a stimulus in providing momentum for affordable housing.

Member Greer suggested adding a phrase after "creation" to state: "creation and preservation".

Member Sibbald suggested changes to the last sentence to read: "lowest possible income households for the longest possible period of time and still preserves the financial feasibility of the allocation."

There was Board discussion on rental vs. home ownership priorities and allocation criteria. Board members also raised concerns about the financial feasibility/stability of proposed projects, and the need for appropriate review criteria.

Chair Cosgrove suggested "financially feasible" affordable housing for the first sentence.

Chair Cosgrove said she wondered if the "working poor" (30% to 60% of median income) should be a target population; she asked if Board members wanted to address any other target groups.

Board members asked for both wordings of the Philosophy Statement for further discussion at a future meeting.

Board members discussed possible funding cycles, i.e., funding cycles (yearly, semi-annually, quarterly) versus "trickle-in" (per application basis).

Board members agreed on setting a periodic funding allocation.

Member Sibbald suggested a June 1 Request for Proposal (RFP) for a July 30 funding allocation.

Chair Cosgrove reminded Board members that it has not yet been decided which entity will be allocating the monies for the Housing Fund.

Councilmember Janett provided direction in terms of what Council was looking for in terms of the Board's input in defining the Housing Fund's use:

- 1) Not "who", but "what" (i.e., new construction, rehab, etc.)
- 2) Selection criteria
- 3) What percentage of funding to what types of activities
- 4) Loan (long-term and return on taxpayer dollars) versus grants
- 5) Long-term "hooks" which help perpetuate the program
- 6) Criteria "checklist" approach similar to economic development incentives.

Member Sibbald cited the Project Selection Criteria section of the Allocation Plan which had been distributed.

Board members discussed selection criteria approaches and the need for staff's input on initiating the draft "nuts and bolts".

Member Browning asked for clarification on the Board's role in the allocation process.

Mr. Waido read Resolution 93-111 (Affordable Housing Policy Implementation Strategies), Sections 1 and 2, which cite the Affordable Housing Board as being the advisory body to City Council on Trust Fund expenditures.

Board members decided to return to discussion on Chair Cosgrove's memorandum, addressing Item I (Priority-Setting).

Several Board members said they believed it was best not to target specific housing types at this point in time, i.e., "best application wins".

Mike Ludwig asked for clarification on who the Fund should be servicing.

Board members stated that the Fund should not just service developers, but also landlords, homeowners, people with unusual projects, etc..

Chair Cosgrove expressed concerns about the Fund not being application-driven, and about setting priorities and preferences.

Due to the small initial amount of the Fund, Board members stated a need to get the "biggest bang for the buck" on allocation.

Board members had some additional discussion on Items II and III of the memorandum.

Chair Cosgrove asked the Board if it concurred that not-for-profits, profits, and housing authorities would also be eligible for funds.

Member Sibbald cited the Fund's "gap funding" purpose, and said that he did not want monies being used for "soft costs" (professional fees, etc.). Board members discussed "gap" versus "upfront" financing. There was informal Board agreement on eliminating "upfront" types of items (architectural fees, etc.) as eligible items.

Member Browning suggested using a subcommittee to develop the draft Housing Fund procedures. There was Board agreement that Chair Cosgrove, and Members Sibbald, Browning and Welling will serve on the subcommittee. Mike Ludwig will serve as staff support on this project.

Member Sibbald raised concerns about information channels. He suggested that a permanent meeting time on the first Thursday of the month might better serve staff being able to get the Board's full input to City Council in a timely fashion.

Member Sibbald moved to change the Affordable Housing Board's permanent meeting time to the first Thursday of the month, from 4:00 to 6:00 p.m., beginning in April 1994. Member Sanders seconded the motion. The motion passed, 7-0.

[Chair Cosgrove later clarified that the motion would need to be for April's meeting only, since a change in the permanent meeting time required written submittal and action at a subsequent meeting.]

Councilmember Janett encouraged the Board to remain active and productive. She noted that at its March meeting, the Board will be getting items from the Council Growth Management Committee on density and growth phasing.

The meeting was adjourned at 6:15 p.m.

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