

AGENDA ITEM SUMMARY

June 6, 2017

City Council

STAFF

Sue Beck-Ferkiss, Social Sustainability Specialist

SUBJECT

Second Reading of Ordinance No. 069, 2017, Waiving Certain Fees for Housing Catalyst's Village on Redwood Affordable Housing Project and Appropriating Prior Year Reserves in Various City Funds to Refund Specified Fees.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on May 16, 2017, determines whether development fee waivers in the amount of \$100,708 will be provided to Housing Catalyst for its Village on Redwood affordable housing project pursuant to City Code, the Land Use Code and an Intergovernmental Agreement between the City of Fort Collins and the Fort Collins Housing Authority dated July 3, 2013 and, if granted, to make an appropriation to refund this amount to Housing Catalyst.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. First Reading Agenda Item Summary, May 16, 2017 (w/out attachments) (PDF)
2. Ordinance No. 069, 2017 (PDF)

AGENDA ITEM SUMMARY

May 16, 2017

City Council

STAFF

Sue Beck-Ferkiss, Social Sustainability Specialist

SUBJECT

First Reading of Ordinance No. 068, 2017, Waiving Certain Fees for Housing Catalyst's Village on Redwood Affordable Housing Project and Appropriating Prior Year Reserves in Various City Funds to Refund Specified Fees.

EXECUTIVE SUMMARY

The purpose of this item is to ask City Council to determine whether development fee waivers in the amount of \$100,708 will be provided to Housing Catalyst for their Village on Redwood affordable housing project pursuant to City Code, the Land Use Code and an Intergovernmental Agreement between the City of Fort Collins and the Fort Collins Housing Authority dated July 3, 2013 and, if granted, to make an appropriation to refund this amount to Housing Catalyst.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Housing Catalyst (HC), formerly the Fort Collins Housing Authority, is a Fort Collins, mission-driven real estate developer that designs, builds and serves affordable communities in Northern Colorado. HC owns and operates a variety of properties located throughout Fort Collins and serves over 1,700 households in need of affordable housing. HC also manages the affordable housing properties owned by Villages, Ltd. HC is an experienced developer and property manager with a good history of running quality developments in Fort Collins.

The purpose of this item is to present HC's waiver request for \$100,708 of certain permissible impact fees for the portion of the Village on Redwood development that targets households earning no more than 30% area median income. (AMI)

HC is seeking the waiver of certain development and capital improvement expansion fees for the Village on Redwood affordable housing project as allowed by City Code, the Land Use Code, and an Intergovernmental Agreement between the City of Fort Collins and the Fort Collins Housing Authority dated July 3, 2013. The Village on Redwood is a 72 unit affordable housing community being constructed at 1331 Redwood Street in Fort Collins (**Attachment 1**). Of the 72 units the Village on Redwood will deliver, 13 (or 18% of the total development) will be dedicated to households making no more than 30% of the area median income (AMI). The request from HC is attached (**Attachment 2**). The total of these fees for the project is \$559,489. The request is for 18% of that, \$100,708, to be waived. See figure below for breakdown of fees.

Fee Type	Total Fees Collected	18% Rebate Amount
Development Review	\$22,290	\$4,012
Building Fees	\$88,404	\$15,913
Capital Improvement Expansion Fees	\$445,176	\$80,132
Utilities - Stormwater Review Fee	\$3,619	\$651
TOTAL	\$559,489	\$100,708

The capital expansion fees are further broken down as follows:

Capital Expansion Fees	Total Fees Collected	18% Rebate Amount
General Government	\$32,250	\$5,805
Police	\$13,155	\$2,368
Fire	\$26,307	\$4,735
Street Oversizing	\$154,296	\$27,773
Community Parkland	\$100,572	\$18,103
Neighborhood Parkland	\$118,596	\$21,347
TOTAL	\$445,176	\$80,132

The 2017 income limits published by the U. S. Department of Housing and Urban Development for 30% of the Fort Collins AMI is \$16,150 for a household of 1 and \$24,600 for a household of 4. Households at this income level are some of the City’s most vulnerable residents. The 13 units at Redwood fit the definition and are eligible for fee waivers as established by City Code, the Land Use Code, and the Intergovernmental Agreement (**Attachment 3**).

The City has established affordable housing production goals in the 2015-2019 Affordable Housing Strategic Plan. The need for financial support for these goals to be met is also stated in the Plan. The annual production goal for this five year plan is 188 units. This project’s 72 units are 38 % of the City’s goal. Since the City does not develop housing, development partners are relied on to bring this necessary housing product to the community. This project will increase the inventory of affordable rental units which are one of the strategies listed in the Strategic Plan.

Under Colorado Statutes and City of Fort Collins ordinances and resolutions dating back to 1988, projects of housing authorities are exempt from taxes and some fees. For many years, the City waived building permit and development review fees and some capital expansion fees for housing authority projects. Historically they had been small amounts.

Waiver policy change

In March 2013, City Council amended its policies on fee waivers for affordable housing to allow for more discretion in determining the kinds of housing authority sponsored projects for which City fees should be waived. This was after a large waiver was granted to a project that was being developed primarily by CARE Housing with the housing authority having only a very small interest.

By adopting Ordinance No. 37, 2013, City Council limited the types of projects for which HC could ask for waivers. These projects are constructed for:

- persons experiencing homelessness
- disabled persons,
- or for households whose income is no greater than 30% of the area median income (AMI) of all City residents.

Furthermore, these waivers will be granted at the discretion of City Council upon a determination that the proposed waiver will not jeopardize the financial interests of the City or the timely construction of the capital improvements to be funded by the fees for which a waiver is sought.

This change also limited waiver eligibility to **only** the housing authority. The City recently created an Internal Housing Affordability Task Force which plans to reexamine the City's waiver policy as well as other housing related policies. The purpose of the task force is to convene a group of representatives from diverse City departments that affect housing affordability, to brainstorm ideas that might help incentivize or remove barriers to the development of a wide range of housing, to vet ideas internally in an effort to speak for the City with a unified voice, and to analyze external information and perspectives about the City's housing system.

Funding for this \$18.3 million project is a combination of city and state grants, Low Income Housing Tax Credit financing, owner equity and conventional financing. Current pro formas rely upon these fee waivers to complete the project's funding.

The City's waiver policy has greatly limited the types of projects that qualify for waivers. This policy recognizes that households earning no more than 30% AMI cannot afford market rate housing in our City at this time. The average rent in the City is currently over \$1,200 a month. A one person household at 30% AMI would need to pay 89% of their income to pay the average rent. A four person household would need to pay 59% of their income to afford the average market rate. Ideally, renters would never pay more than 30% of their income on housing. Developers need public subsidy to produce housing that this demographic can afford. Staff supports granting this waiver request.

CITY FINANCIAL IMPACTS

Because Housing Catalyst has already paid the fees to the City, a rebate will need to be issued. The total rebate amount is \$100,708. The development review fees and building permit fees will be paid with \$20,577 from prior year General Fund Reserves. The following amounts will come from the Capital Improvement Expansion Funds:

- General Government: \$5,805
- Police: \$2,368
- Fire: \$4,735
- Street Oversizing: \$27,773
- Community Parkland: \$18,103
- Neighborhood Parkland: \$21,347

The Ordinance requires the City Manager to present to City Council later in 2017 a proposal for how much, if any, of the City funds and accounts for the applicable Capital Improvement Expansion Fees waived by this Ordinance should be reimbursed with monies from the City's General Fund.

BOARD / COMMISSION RECOMMENDATION

The Affordable Housing Board and the Council Finance Committee support granting this waiver request. (**Attachments 4 and 5**)

PUBLIC OUTREACH

While extensive public outreach was done on the issue of waivers for the City's Housing Affordability Policy Study and the Affordable Housing Strategic Plan, outreach beyond the AHB and the CFC meetings has not been conducted specifically on this request.

ATTACHMENTS

1. Location Map - 1331 RedwoodSt (PDF)
2. Housing Catalyst Fee-Waiver-Request-Redwood (PDF)
3. Intergovernmental Agreement- City Fee Waiver (PDF)
4. Affordable Housing Board Minutes - April 6, 2017 (PDF)
5. Finance Committee Minutes 042817 partial (PDF)

COPY

ORDINANCE NO. 069, 2017
OF THE COUNCIL OF THE CITY OF FORT COLLINS
WAIVING CERTAIN FEES FOR HOUSING CATALYST'S VILLAGE ON REDWOOD
AFFORDABLE HOUSING PROJECT AND APPROPRIATING PRIOR YEAR RESERVES
IN VARIOUS CITY FUNDS TO REFUND SPECIFIED FEES

WHEREAS, Housing Catalyst ("HC"), formerly the Fort Collins Housing Authority, was formed by the City Council in 1970 pursuant to the authority contained in Section 29-4-101, et seq. of the Colorado Revised Statutes, for the purpose of providing affordable, safe and sanitary housing in the City that is within the means of families of low or moderate income; and

WHEREAS, by adoption of Ordinance No. 065, 1999, the City Council exempted from the imposition of the City's capital improvement expansion fees the land development projects of housing authorities formed pursuant to the provisions of Section 29-4-101, et seq., and specified various other City fees from which such projects are also to be exempted; and

WHEREAS, the financial impact of such fee waivers on the City can be substantial, depending upon the size of the project that is exempted, and whether the lost fee revenues need to be replaced by the City; and

WHEREAS, on March 19, 2013, the City Council adopted Ordinance No. 37, 2013 (the "2013 Ordinance"), which made amendments to the City Code and Land Use Code limiting the types of projects for which HC could request fee waivers, and specifying that those waivers are to be granted at the discretion of City Council upon a determination that proposed waivers will not jeopardize the financial interests of the City or the timely construction of capital improvements to be funded by the fees; and

WHEREAS, the 2013 Ordinance also authorized and directed the Mayor to enter into an intergovernmental agreement between the City and HC documenting HC's intent to limit future fee waiver applications to affordable housing projects that meet the criteria established by such Ordinance (the "Intergovernmental Agreement"); and

WHEREAS, the Intergovernmental Agreement was executed on July 3, 2013; and

WHEREAS, the 2013 Ordinance states that the City Council can waive, by ordinance, fees that would otherwise be imposed for an affordable housing project wholly or partially owned by a housing authority only if the City Council determines that: (1) the proposed project is intended to house homeless or disabled persons, as such terms are defined by the Department of Housing and Urban Development (HUD), or households with an annual income that does not exceed 30% of the area median income (AMI) for the applicable household size in the Fort Collins-Loveland metropolitan statistical area, as published by HUD; and (2) the proposed waiver will not jeopardize the financial interests of the City or the timely construction of the capital improvements to be funded by the fees for which a waiver is sought; and

WHEREAS, HC is seeking the waiver of certain development and capital improvement expansion fees it previously paid for the Village on Redwood, a 72-unit affordable housing community being constructed at 1331 Redwood Street in Fort Collins (the “Project”); and

WHEREAS, the City has established affordable housing production goals in the 2015-2019 Affordable Housing Strategic Plan (Plan) with an annual production goal for this five-year plan of 188 units; and

WHEREAS, the Project will deliver 72 units, 38 % of the City’s goal; and

WHEREAS, 13 of the Project units (or 18% of the total development) will be dedicated to households making no more than 30% of AMI; and

WHEREAS, HC is therefore requesting waivers equal to 18% of the total fees for the Project based on the number of units eligible for such fee waivers; and

WHEREAS, the Project is partially owned by HC, as HC is the sole member of a limited liability company that has a .009% ownership interest in a limited liability, limited partnership that owns the Project; and

WHEREAS, the Project fits the definition of a project eligible for fee waivers under the City Code and Land Use Code as amended by the 2013 Ordinance, and the Intergovernmental Agreement; and

WHEREAS, because the fees were already paid and any fees waived will have to be refunded to HC, funds to cover the waived fees must be appropriated by the City Council; and

WHEREAS, City Finance staff has determined that waiver of these fees will not jeopardize the financial interests of the City or the timely construction of the capital improvements to be funded by the fees for which the waiver is sought; and

WHEREAS, if City Council grants the fee waivers, staff is requesting the appropriation of \$100,708 from various fund reserves to cover the fees waived; and

WHEREAS, included in the \$100,708 total amount are appropriations from the following funds:

General Fund		\$20,577
Capital Expansion Fund		
General Gov't.	\$5,805	
Police	\$2,368	
Fire	\$4,735	
Community Parkland	<u>\$18,103</u>	
Total Capital Expansion Fund		\$31,011
Neighborhood Parkland Fund		\$21,347
Street Oversizing Fund		<u>\$27,773</u>
Total Request		\$100,708

WHEREAS, Article V, Section 9, of the City Charter permits the City Council to appropriate by ordinance at any time during the fiscal year such funds for expenditure as may be available from reserves accumulated in prior years, notwithstanding that such reserves were not previously appropriated; and

WHEREAS, City staff have determined that the appropriations as described herein are available and previously unappropriated in the various funds.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. That the City Council hereby finds that 18% of the Project is intended to house households with an annual income that does not exceed 30% of the area median income for the applicable household size in the Fort Collins-Loveland metropolitan statistical area, as published by HUD.

Section 3. That the City Council further finds that the fee waiver requested by HC will not jeopardize the financial interests of the City or the timely construction of the capital improvements to be funded by the fees for which a waiver is sought.

Section 4. That the City Council hereby approves the waiver of \$100,708 in fees that were previously paid to the City upon the issuance of building permits for the Project, consisting of:

Development Review Fees	\$ 4,012
Building Fees	15,913
Capital Improvement Expansion Fees	80,132
Storm Drainage Development Review Fees	<u>651</u>
Total	\$ 100,708

Section 5. That there is hereby appropriated for expenditure from reserves in the General Fund the sum of TWENTY THOUSAND FIVE HUNDRED SEVENTY-SEVEN DOLLARS (\$20,577) to cover the waived Development Fees for the Village on Redwood Affordable Housing Project.

Section 6. That there is hereby appropriated for expenditure from reserves in the Capital Expansion Fund the sum of THIRTY-ONE THOUSAND ELEVEN DOLLARS (\$31,011) to cover the waived General Government, Police, Fire and Community Parkland Capital Improvement Expansion Fees for the Village on Redwood Affordable Housing Project with the intent of this appropriation being to supersede any provision to the contrary in City Code Chapter 7.5.

Section 7. That there is hereby appropriated for expenditure from reserves in the Neighborhood Parkland Fund the sum of TWENTY-ONE THOUSAND THREE HUNDRED

FORTY-SEVEN DOLLARS (\$21,347) to cover the waived Neighborhood Parkland Capital Expansion Improvement Fees for the Village on Redwood Affordable Housing Project with the intent of this appropriation being to supersede any provision to the contrary in City Code Chapter 7.5.

Section 8. That there is hereby appropriated for expenditure from reserves in the Street Oversizing Fund the sum of TWENTY-SEVEN THOUSAND SEVEN HUNDRED SEVENTY-THREE DOLLARS (\$27,773) to cover the waived Street Oversizing Capital Expansion Improvement Fees for the Village on Redwood Affordable Housing Project with the intent of this appropriation being to supersede any provision to the contrary in City Code Chapter 7.5.

Section 9. That the City Manager is hereby directed to present to City Council later in 2017 a proposal for how much, if any, of the City funds and accounts for the applicable Capital Improvement Expansion Fees waived by this Ordinance should be reimbursed with monies from the City's General Fund.

Introduced, considered favorably on first reading, and ordered published this 16th day of May, A.D. 2017, and to be presented for final passage on the 6th day of June, A.D. 2017.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 6th day of June, A.D. 2017.

Mayor

ATTEST:

City Clerk