

May 4, 2010

URBAN RENEWAL AUTHORITY

A regular meeting of the Urban Renewal Authority was held on Tuesday, May 4, 2010 at 10:35 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Boardmembers: Hutchinson, Kottwitz, Manvel, Ohlson, Poppaw, Roy, and Troxell.

Staff Members Present: Atteberry, Krajicek, Roy.

Executive Director Atteberry recommended postponing Item No. 3, *Resolution No. 024 Adopting Policies and Procedures for the Fort Collins Urban Renewal Authority* and Item No. 4, *Resolution No. 025 Approving a Financial Agreement Between the Fort Collins Urban Renewal Authority and Jax, Inc. for an Addition to an Existing Building at 1200 North College Avenue* to the May 18, 2010 meeting.

Boardmember Manvel made a motion, seconded by Boardmember Poppaw, to postpone *Resolution No. 024 Adopting Policies and Procedures for the Fort Collins Urban Renewal Authority* and *Resolution No. 025 Approving a Financial Agreement Between the Fort Collins Urban Renewal Authority and Jax, Inc. for an Addition to an Existing Building at 1200 North College Avenue* to May 18, 2010. Yeas: Hutchinson, Kottwitz, Manvel, Ohlson, Poppaw, Roy and Troxell. Nays: none.

THE MOTION CARRIED.

Resolution No. 026

Approving a Financial Agreement Between the Fort Collins Urban Renewal Authority and Fort Collins Habitat for Humanity, Inc., Adopted

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

In March 2009, Union Place was approved as a URA project with tax increment funding awarded in the amount of \$2.2 million for public improvements within the development. Fort Collins Habitat for Humanity (Habitat) is under contract to purchase lots within the Union Place development and needs assistance to participate in the project with the cost to acquire the land. Habitat will provide homes that meet 50% or below the area median income, which is far below the City's definition of affordable housing. The URA staff sees the value in this partnership and has concluded the financial gap is too large and would prevent Habitat from participating in Union Place. Habitat originally attempted to obtain Community Development Block Grant (CDBG) funding to obtain the lots, and focus efforts on private donations, however the funding in both areas was less than expected. The total property tax predicted generation from these four lots will be \$130,000. Habitat is seeking \$107,000 from the URA to purchase the lots and start building homes.

BACKGROUND/DISCUSSION

Habitat for Humanity International was founded in 1976 and since then, has built more than 300,000 houses around the world. Fort Collins Habitat has completed construction of 46 homes in Fort Collins and has earned the distinction of being one of the top 25 affiliates in the nation to build two homes internationally for every home built locally.

The Fort Collins Habitat for Humanity partners with hard-working local families earning 35-50% of the Fort Collins median income. Within these guidelines, a family of four would be making a minimum of \$24,200 and a maximum of \$34,600. Habitat for Humanity is not a "give away" program. Through volunteer labor and donations of money and materials, Habitat builds and rehabilitates simple, decent houses with the help of the homeowner (partner) families. Habitat houses are sold to partner families at no profit, financed with affordable, no-interest loans. The homeowners' monthly mortgage payments are used to build more Habitat houses.

In addition to a down payment and the monthly mortgage payments, homeowners invest hundreds of hours of their own labor -- sweat equity -- into building their Habitat house and the houses of others. Habitat homeowners invest in their own future, building equity through their homes and break the cycle of poverty through the stability of home ownership.

Union Place is a great development to build Habitat homes and both will benefit from such a partnership. Habitat has designed and agreed to build LEED certified homes in compliance with Union Place and will be participating in a pilot program through the Utilities to measure energy efficiency in these homes. Union Place will offer many benefits to the home owners as well as the community. Once funding is secured, Habitat will purchase the lots and build four affordable homes that will be sold. These homes will be sold to the new homeowners and property taxes will be paid these homes.

Since last spring, Union Place has made some changes to the project that will be an advantage to the URA:

- Increase in dwelling units from 75 to 89.*
- Affordability increased from 20% to 40%.*
- Increase TIF estimate by \$300,000 as a result of adding more units.*
- Decrease the percentage of total TIF requested and increase the available amount of remaining TIF for the plan area.*

Applicable URA goals:

- Infrastructure is extraordinary and unusually costly.*
- Project provides Affordable Housing.*
- Project provides energy efficient/renewable materials.*

URA staff believes this project is worthy of the tax increment requested at its full value of \$107,000. Without this funding, Habitat will not be able to purchase the four, single family lots within Union

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Place. This will not detract from the Union Place TIF calculation, as staff split the two projects apart from one another. Habitat represents its own project within the footprint of Union Place."

Christina Vincent, Urban Renewal Authority Program Manager, stated the Habitat for Humanity project is located within Union Place. Habitat for Humanity offers zero interest loans and is both the builder and mortgage lender for its projects. The project consists of four single-family residences on the west side of the project : Union Place was already awarded tax increment financing in the amount of \$2.2 million. Habitat for Humanity would like to build the homes to LEED Gold standards. Vincent noted the staff recommendation for financing differs from the Citizen Advisory Group (CAG) recommendation.

Eric Sutherland, 3520 Golden Currant, asked why minutes for the CAG are not available and expressed concern about the level of tax increment financing provided to this project. He stated the Chair of the CAG is employed by Habitat for Humanity and expressed concern about potential conflicts of interest.

Greg Woods, Citizen Advisory Group Chairperson and Habitat for Humanity employee, stated, as a member of the CAG, he removed himself from all discussions relating to Habitat for Humanity.

Executive Director Atteberry noted single-family projects most likely to come before the Urban Renewal Authority will be either affordable or have green design elements, or both.

President Hutchinson asked about the differences between the CAG and staff recommendations. Vincent replied the CAG recommendation is to provide 55% of the total requested amount, or about \$72,000 with financing, whereas the staff recommendation is for 100% of the requested amount. Josh Birks, Economic Advisor, confirmed there was no specific benefit or cost to either the CAG or staff recommendation.

Boardmember Manvel stated the CAG minutes should be available and staff will be working on that issue. He asked if an independent appraisal has been done on the four lots, as will be required by URA policy. Vincent replied an independent appraisal has not been done on the four lots, but has been done on Union Place as a whole. Because URA policies have not yet been put into place, the appraisal requirement could not be enforced. However, as Community Development Block Grant dollars are also going toward this project, CDBG will require an appraisal.

Boardmember Manvel asked why staff is recommending 100% financing. Vincent replied partnering with Habitat for Humanity to provide low-cost homes and to have CDBG funds available for the project is of great value to the URA and staff is very comfortable recommending funding for the project. Safeguards are in place to protect the investment.

Boardmember Poppaw asked for feedback from Habitat for Humanity regarding the 100% financing. Candace Mayo, Habitat for Humanity Executive Director, replied Habitat has raised as much money as it can and the project will not be able to move forward without receiving 100% of the requested amount. There is a large need for affordable single-family homes as home ownership provides the ability for owners to have a fixed payment and provides a great deal of pride.

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Boardmember Troxell asked for a CAG member opinion regarding the difference in recommendation. Don Butler, Citizen Advisory Group member, replied the affordable housing component was the only justification for funding but CAG did not opt for recommending funding 100% of the request because there are other infrastructure projects which will need funds.

Boardmember Troxell asked if the long-term infrastructure needs would be compromised by funding this project. Executive Director Atteberry replied the dollar difference between the two recommendations will have minimal impact on being able to fund infrastructure. Vincent noted Habitat for Humanity will not be able to participate in the project without the requested funding and the opportunity to have it participate in a North College area project may be available again. Birks noted the Urban Renewal Plan does have more components than infrastructure, including affordable housing and green projects.

President Hutchinson asked if the project will not move forward without 100% of the requested financing. Mr. Woods replied it is unlikely Habitat for Humanity would be able to purchase the lots if 100% of the requested financing is not granted.

Boardmember Ohlson thanked the Citizen Advisory Group, but stated he disagreed with its recommendation.

Boardmember Roy made a motion, seconded by Boardmember Poppaw, to adopt Resolution No. 026.

Boardmember Roy thanked the Citizen Advisory Group and stated he would support the motion.

Boardmember Manvel stated he would support the motion, particularly because the project combines affordability and sustainability.

Boardmember Poppaw thanked the Citizen Advisory Group for its attention and commitment to the North College area residents. She stated she would support the motion.

Boardmember Troxell stated the Habitat for Humanity participation is critical in this project.

President Hutchinson asked that staff provide more detailed information when the CAG recommendation differs from that of staff.

The vote on the motion was as follows: Yeas: Hutchinson, Kottwitz, Manvel, Ohlson, Poppaw, Roy and Troxell. Nays: none.

THE MOTION CARRIED.

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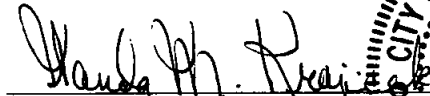
Adjournment

The meeting adjourned at 11:30 p.m.



President Ex Officio President

ATTEST:



City Clerk, Ex Officio Secretary

