

# AGENDA ITEM SUMMARY

## FORT COLLINS CITY COUNCIL

ITEM NUMBER: 17

DATE: October 20, 2009

STAFF: Timothy Wilder

### SUBJECT

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First Reading of Ordinance No. 108, 2009, Amending Chapter 14 of the City Code Relating to the Landmark Rehabilitation Loan Program.

### RECOMMENDATION

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Staff recommends adoption of the Ordinance on First Reading.

The Landmark Preservation Commission recommended adoption of the Ordinance on September 23, 2009.

### FINANCIAL IMPACT

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There is no financial impact from this Ordinance. The Landmark Rehabilitation Loan Program is funded through the General Fund as part of Budgeting for Outcomes.

### EXECUTIVE SUMMARY

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This Ordinance amends the Landmark Rehabilitation Loan Program to increase the loan funding amounts from a maximum of \$5,000 to a maximum of \$7,500. It also removes provisions related to the application review schedule to allow for a more flexible, semi-annual competitive application review process.

### BACKGROUND

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The purpose of the Landmark Rehabilitation Loan Program is to encourage designation of historic properties and to provide assistance to owners in need of rehabilitation work to their structures. Loan funds can be used for exterior rehabilitation work meeting the Secretary of the Interior Standards for Rehabilitation. Loans are zero-interest and must be repaid upon sale of the property. Another goal of the program is to become self-sufficient with enough funds being repaid into the program to support new projects.

The Landmark Rehabilitation Loan Program has provided over \$200,000 to qualified projects since 2000, leveraging over \$550,000 in private funds, for a ratio of nearly 2-1/2 private funds to public funds. Forty-three projects have been completed. Typical projects include porch improvements,

foundation repair, repair of siding and trim, restoration of windows, tuckpointing of chimneys, and re-roofing of homes with historically appropriate materials.

Staff recommends two changes to the Landmark Rehabilitation Loan Program. The first would increase the maximum loan amount to \$7,500. Currently, City Code limits the maximum loan amount to \$5,000. The reason for this change is to accommodate the rising costs of rehabilitation work and to provide more flexibility in the types of projects paid through the program. Porch restoration, which can cost well over \$15,000, is a common and very visible project funded by the City's historic loans. Not all projects will seek the maximum amount, and applicants would still be responsible for matching the loan funding amount. The increase will not change the annual budget allocation.

In addition, staff is recommending that the City Code be amended to remove a section dealing with application deadline and review dates. Staff is implementing a semi-annual application review process in 2010 to replace the annual process currently in place. This change is part of more comprehensive review procedures that will require applicants to begin work on their projects within six months of approval.

The issue that these changes address is the fact that many projects are slow to be completed or not completed at all. The completion rate of approved projects is only 77%. Many applicants do not start on their projects until well after they have received approval and some are forced to seek extensions to the one-year deadline. Others decide not to accept the loan award sometime after the approval. As a result, other rehabilitation projects that could have used the loan funding are delayed until the annual review cycle begins again.

As part of the powers granted to the City Manager for promulgating rules and regulations for the efficient administration of the program, staff will set up a semi-annual competitive funding process. The first cycle will occur as it does now (January – March). The second cycle will occur later in the year (early fall) depending on the availability of loan funds. This would allow greater flexibility in awarding qualified rehabilitation projects with unspent loan funds.

The Landmark Preservation Commission held a hearing on the recommended changes to the program on September 23, 2009. No public comments were received. The LPC recommended approval of the suggested changes with a 6-0 vote.

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## ATTACHMENTS

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1. Landmark Preservation Commission minutes, September 23, 2009

# DRAFT

**Regular Meeting  
September 23, 2009 Minutes  
Council Liaison: Mr. David Roy (407-7393)  
Staff Liaison: Mr. Joe Frank (221-6376)  
Commission Chairperson: Ian Shuff**

**CALL TO ORDER AND ROLL CALL:** Commission was called to order by Vice-Chair Shuff with a quorum present at 5:38 p.m. at 281 N. College Ave., Fort Collins, Colorado. Ian Shuff, John Albright, Alan Ballou, Sondra Carson, Terence Hoaglund and Earen Russell were present. Bud Frick was absent. Karen McWilliams and Pam Opiela, Preservation Planners, and Timothy Wilder, Senior City Planner, represented City staff.

**Excerpted Minutes of the Discussion Regarding Proposed Changes to the Landmark Rehabilitation Loan Program.**

**PROPOSED CHANGES TO THE ZERO-INTEREST REHABILITATION LOAN PROGRAM:** Timothy Wilder, Program Manager, stated he will be seeking a recommendation from the Landmark Preservation Commission that Chapter 14 of the City Code be changed. This matter will be presented to the City Council for discussion on October 20<sup>th</sup>. The program has previously been funded at \$25,000 per year, but a cut is proposed of \$10,000 per year, leaving approximately \$15,000 in the program. Mr. Wilder stated that a review of the projects has shown that, for a variety of reasons, a number of the projects don't get completed. The program is now undergoing more scrutiny, and unused funds can be rolled into the general fund and can be used for other purposes. If projects are not completed, the funding source is lost as is the ability to capture those funds and use them for other projects. In addition, applicants are often confused about the difference between the application review process and the design review process. Staff has some recommendations to address the issues. They are:

- (1) To make the zero-interest rehabilitation loan program application process competitive. Two cycles would be proposed; one in January through March and the second in July through August. This change would require a City Code amendment. Ms. McWilliams clarified that if all funds were awarded in the January round, there would not be another round.
- (2) A second change is twofold, and would not require a City Code amendment. The changes are to (1) require two bids, and (2) approve the contractor. Mr. Wilder explained that the City would receive both bids as part of the application and would choose the one it felt was best, but that the Commission would look at both of them.
- (3) A third change would require a start date and a completion date. Currently, only one project out of six has been completed for the 2009

cycle. Staff would require project work to be initiated within six months after application and design review.

- (4) Raise the maximum loan award amount from \$5,000 to \$7,500. This change would also require an amendment to the City Code.

Commission members discussed the design review process and commented that it is helpful to have the materials before the meeting. Mr. Wilder stated they will need to work to blend the loan application with the design review projects.

Mr. Wilder stated that one final concern is projects proposed by public and nonprofit entities. Funding to these entities does not get recycled back into the program. Two options for addressing this issue are to either require repayment within five years of receiving loan funds or to not allow applications from public and nonprofit entities. Alternatively, private projects could receive funding first, and if any monies remain, public entities could apply. Commission members discussed the repayment schedule, what would happen if the public entity cannot repay as agreed and the availability of other funding options. Mr. Wilder responded the issue with repayment is that the money needs to keep generating itself. In response to the question regarding availability of other funding, Ms. McWilliams responded that nonprofits can apply for state historic fund grants, but need matching funds to do so. Mr. Wilder stated there have been only a couple nonprofit projects in the last nine years; most projects are public; i.e., CSU and the City. Mr. Wilder stated 54 projects have been completed, and six of those have been repaid. The longest repayment was seven years. Mr. Wilder summarized comments from the Commission which indicated a preference for a five year repayment requirement for public and non-profit entities.

Mr. Wilder reiterated the two points that would need to be approved by City Council: (1) Section 14-82, Establishment; funding, to increase the maximum loan amount from \$5,000 to \$7,500; and (2) the removal of Section 14-84, Application Awards.

*Mr. Albright made a motion that the Landmark Preservation Commission move to accept staff's recommendations for the changes to Chapter 14 of the City Code. Mr. Hoaglund seconded the motion. Motion was approved (6-0).*

ORDINANCE NO. 108, 2009  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
AMENDING CHAPTER 14 OF THE CODE OF THE CITY  
OF FORT COLLINS RELATING TO THE  
LANDMARK REHABILITATION LOAN PROGRAM

WHEREAS, Chapter 14 of the City Code contains provisions pertaining to the Landmark Rehabilitation Loan program (the “Program”); and

WHEREAS, due to the rising cost of rehabilitation construction projects, City staff has recommended to the Council that the maximum loan amount for landmark rehabilitation loans be changed from \$5,000 to \$7,500; and

WHEREAS, staff has also proposed that the City Code be amended to repeal Section 14-84, which currently provides for an annual process for the administration of loans, since a semi-annual application review process is recommended for the year 2010 and beyond and Section 14-82 already authorizes the City Manager to promulgate rules for the efficient administration of the Program; and

WHEREAS, the Landmark Preservation Commission has recommended that the City Council approve the proposed changes; and

WHEREAS, the City Council has determined that the proposed changes are in the best interests of the City.

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

Section 1. That Section 14-82 of the Code of the City of Fort Collins is hereby amended to read as follows:

**Sec. 14-82. Establishment; funding.**

The City Manager shall administer the program for awarding zero-interest loans for the rehabilitation of Fort Collins landmark structures and/or contributing structures in Fort Collins landmark districts. The City Manager may promulgate procedural rules and regulations for the efficient administration of the program. No such loan shall exceed the sum of ~~five thousand dollars (\$5,000.)~~ **seven thousand five hundred dollars (\$7,500.)** unless the City Council, by ordinance or resolution, authorizes a larger loan. All loans shall be funded solely from those funds held by the City for financial support of the program in the General Fund, and all loans shall be expressly contingent upon the availability of sufficient funds to support the loan. Loan recipients shall, as a condition of obtaining the loan, agree to repay the loan in full upon sale or transfer of the property. All loan repayments shall be returned to the landmark rehabilitation loan program.

Section 2. That Section 14-84 of the Code of the City of Fort Collins is hereby deleted in its entirety:

**~~Sec. 14-84. — Application; awards.~~**

~~The City Manager shall establish the application deadline for each year that the program is administered, which deadline shall be not sooner than sixty (60) days from the date that it was established by the City Manager. Applications received after the application deadline will not be considered. Notification of loan awards shall be made by mail on or before the first day of March.~~

Introduced, considered favorably on first reading, and ordered published this 20th day of October, A.D. 2009, and to be presented for final passage on the 3rd day of November, A.D. 2009.

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Mayor

ATTEST:

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City Clerk

Passed and adopted on final reading on the 3rd day of November, A.D. 2009.

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Mayor

ATTEST:

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City Clerk