

SUBJECT

First Reading of Ordinance No. 055, 2012, Authorizing the Lease of City-owned Property at 1715 West Mountain Avenue to the Fort Collins Housing Authority.

EXECUTIVE SUMMARY

The Housing Authority has leased the City-owned property at 1715 West Mountain Avenue since January 1977. The Authority constructed its administrative headquarters on the property 35 years ago and is currently in the process of remodeling its headquarters. To secure permanent financing for this project, a new lease agreement is necessary.

BACKGROUND / DISCUSSION

History

On May 20, 1971, the Fort Collins City Council formed the Housing Authority in order to provide adequate housing for residents of the City otherwise unable to obtain such housing. The leased premises for this lease was a portion of City Park on West Mountain Avenue near the City Park Ball fields. The term of this lease is 40 years and terminates in 2017.

New Lease Terms and Definitions

In order for the Authority to obtain permanent financing, its financial institution is requiring that the terms of the current lease be amended, modified, extended, and collaterally assigned to the institution as security. Due to this, staff has negotiated a new lease agreement. An agreement has been reached on the terms of the lease. A summary of the lease definitions and lease terms is provided below:

Lease Definitions

- **Leased Premises** – the property at 1715 West Mountain Avenue that is currently leased to the Authority.
- **Authority's Improvements** – the building serving as headquarters and related fixtures installed by the Authority.

Lease Terms

- **Tenant:** The Fort Collins Housing Authority
- **Lease Term:** The term of this lease is 40 years.
- **Rent:** The rent for the lease term is \$1,000 based on a rent of \$25 per year.
- **Uses of the Leased Premises:** The Authority may use the Leased Premises only as its administrative headquarters for providing housing services or other human services purposes. The Authority may not operate a for-profit business.
- **Maintenance:** The Authority is responsible for the maintaining the Leased Premises, including the Authority's Improvements and the grounds (including the park and open areas) at its sole expense. The City is responsible to maintain the shared parking area.
- **Alterations and Improvements:** All alterations, additions and improvements to the Leased Premises must be approved by the City as owner of the property.
- **Lease Expiration for Termination:** On expiration of the Lease, all improvements made by the Authority on

the Leased Premises would become the property of the City, free and clear of any mortgages.

- **Utilities:** The Authority will pay for all utilities used on the Leased Premises.
- **Subletting and Assignment:** Except for the financing for the current project, the Authority may not sublet or assign without first obtaining the written consent of the City.
- **Shared Parking:** The Authority may share with the City the use of 30 parking spaces near the Authority's Improvements.

FINANCIAL / ECONOMIC IMPACTS

The Authority has continued to provide support to the citizens of Fort Collins as directed by the Fort Collins City Council in May of 1971. Its current mission statement is "To provide and promote safe and affordable housing, economic opportunity and a living environment free from discrimination."

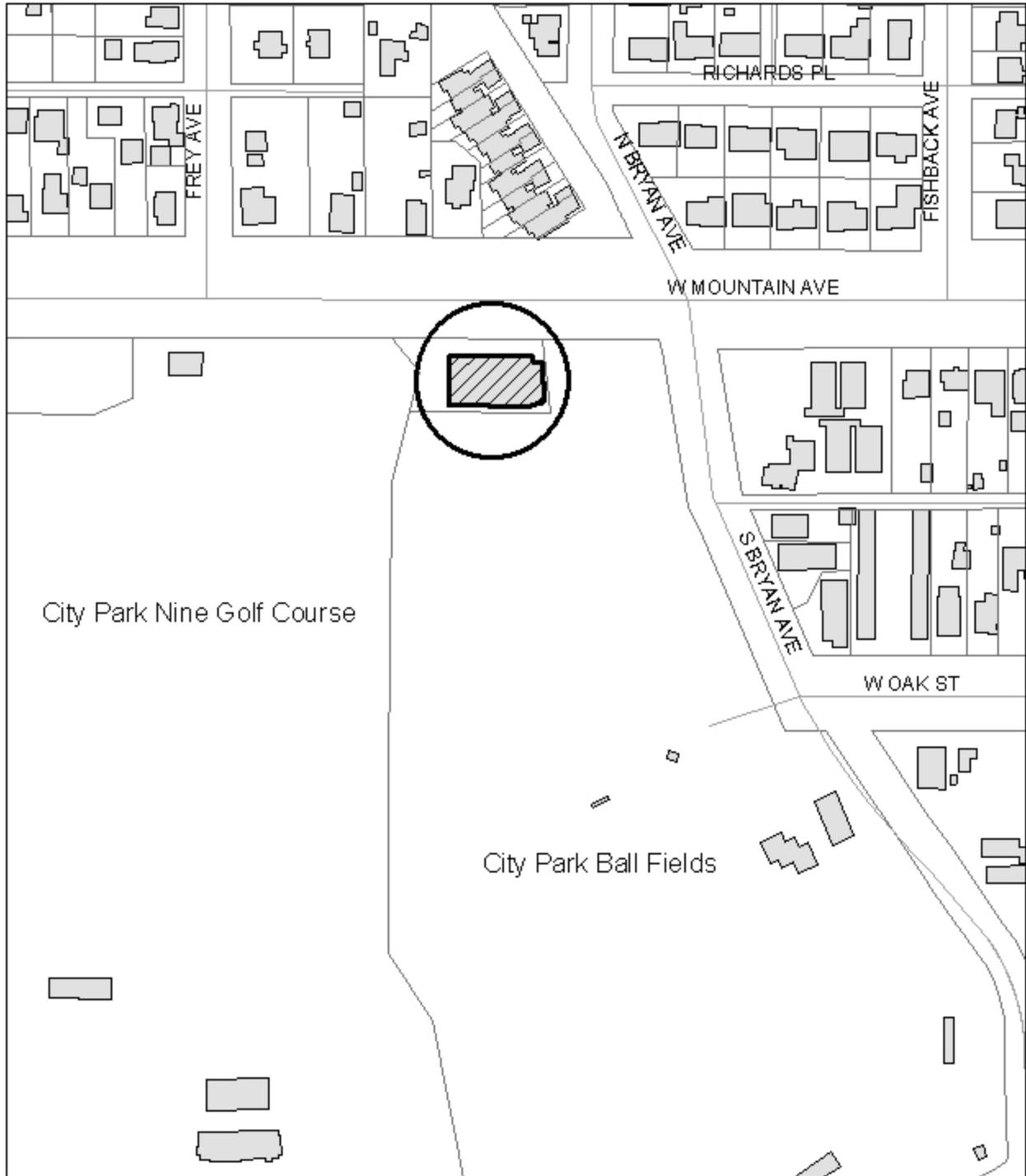
STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

ATTACHMENTS

1. Location map

Housing Authority Lease Location Map



 Housing Authority Location



ORDINANCE NO. 055, 2012
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING THE LEASE OF CITY-OWNED PROPERTY
AT 1715 WEST MOUNTAIN AVENUE TO
THE FORT COLLINS HOUSING AUTHORITY

WHEREAS, the City is the owner of the property located at 1715 West Mountain Avenue, Fort Collins, Colorado, legally described as Lot 1, Fort Collins Housing Authority Subdivision (the "Property"); and

WHEREAS, on January 4, 1977, the City and the Fort Collins Housing Authority (the "Authority") entered into a lease agreement for the Property for 40 years (the "1977 Lease"); and

WHEREAS, the Authority is completing a remodeling project for its administrative headquarters located on the Property; and

WHEREAS, in order for the Authority to obtain permanent financing for the remodeling project, the Authority's lender is asking that the 1977 Lease be amended, modified, extended and collaterally assigned to the lender as security; and

WHEREAS, City staff and the Authority have negotiated a new Lease Agreement, a copy of which is on file in the office of the City Clerk and available for review (the "Lease Agreement"); and

WHEREAS, key terms of the proposed Lease Agreement include the following:

- The term of the Lease would be 40 years.
- The Authority would pay rent in the amount of \$1,000 for the 40 year term of the Lease.
- The Authority's lender would impose a lien on the Authority's leasehold estate to secure its loan for the remodeling project.
- The Authority would be responsible for all utility costs and for maintenance of the Property except for a parking area shared with the City.
- If the Authority's lender were to foreclose on the Authority's leasehold interest, the Lender and any subsequent purchaser of the leasehold interest would assume the Authority's obligations under the Lease and rent would be adjusted to a market amount.
- Upon termination of the Lease the Authority's improvements would become the property of the City; and

WHEREAS, leasing the Leased Premises to the Authority for the uses described in the Lease Agreement serves the valuable public purpose of providing adequate housing for residents of the City otherwise unable to obtain such housing; and

WHEREAS, Section 23-111 of the City Code authorizes the City Council to sell, convey or otherwise dispose of any interest in real property owned in the name of the City provided that the City Council first finds, by ordinance, that such disposition is 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 the City Council hereby finds that leasing the Property to the Authority pursuant to the terms of this Ordinance is in the best interests of the City.

Section 2. That the City Manager is hereby authorized to execute a lease agreement for the Property consistent with the terms of this Ordinance, together with such additional terms and conditions as the City Manager, in consultation with the City Attorney, determines to be necessary or appropriate to protect the interests of the City or effectuate the purposes of this ordinance, including, but not limited to, any necessary changes to the legal description of the Property, as long as such changes do not materially increase the size or change the character of the property being leased.

Introduced, considered favorably on first reading, and ordered published this 5th day of June, A.D. 2012, and to be presented for final passage on the 17th day of July, A.D. 2012.

Mayor

ATTEST:

Interim City Clerk

Passed and adopted on final reading on the 17th day of July, A.D. 2012.

Mayor

ATTEST:

City Clerk