City Council Work Session
July 9, 2019
6:00 PM

• CALL TO ORDER.

1. Affordable Housing and Mobile Home Preservation Council Priorities. (staff: Sue Beck-Ferkiss, Jackie Kozak-Thiel, Tom Leeson; 20 minute staff presentation; 45 minute discussion)

   The purpose of this item is to review City housing policy and explore current City Council priorities related to Affordable and Achievable Housing Strategies, and Mobile Home Park Preservation and Resident Protections.

2. City Financial Overview and Planning Overview. (staff: Mike Beckstead, Travis Storin; 25 minute staff presentation; 30 minute discussion)

   The purpose of this item is to provide an overview of the City’s revenue, expenditure and balance sheet as of year-end 2018. In addition, staff will provide on overview of the City’s Strategic Planning and Budgeting for Outcomes process.

• OTHER BUSINESS.

• ADJOURNMENT.
SUBJECT FOR DISCUSSION

Affordable Housing and Mobile Home Preservation Council Priorities.

EXECUTIVE SUMMARY

The purpose of this item is to review City housing policy and explore current City Council priorities related to Affordable and Achievable Housing Strategies, and Mobile Home Park Preservation and Resident Protections.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Provide an overview of City Affordable Housing Policy.

2. Obtain clarity on Council Priorities regarding:
   - Affordable and Achievable Housing Strategies
   - Mobile Home Park Preservation and Resident Protections.

3. Receive City Council feedback and points of emphasis to guide staff’s work going forward.

BACKGROUND / DISCUSSION

City Council has identified affordable housing strategies and related issues as part of its priority agenda. Consistently, the issue of affordable housing is rated number one or two in the annual Community Survey for at least the past 5 years. Housing affordability is on everyone’s mind.

Providing a housing continuum that includes options for all incomes, ages, abilities and life stages continues to be a challenge in Colorado and Fort Collins is no exception. Home prices in Fort Collins are increasing faster than incomes. Since 2000, the median home sales price grew at an average annual rate of 4.4%, while the average annual rate of growth for household income was 1.8%. Housing vacancy remains tight and has not risen to a rate considered normal since 2000. The number of cost-burdened households that pay more than 30% of their income on housing costs is increasing. Spending this much of household income on housing leaves very little for other basic needs. Both homeowners and renters are challenged in finding housing affordable to them, but renters are feeling the crunch more than homeowners. A Fort Collins household must make $25.33 an hour working full time to afford a two-bedroom apartment. That local “housing wage” exceeds the national figure of $22.96 to afford a two-bedroom apartment.

Fort Collins has long identified the need for strategic planning generally and on the issue of affordable housing specifically. Starting in 1999, the City has used iterative five-year plans to guide policy and funding decisions to promote the production and preservation of affordable housing. All the City’s current strategic planning documents speak to the need to support affordable housing provision in our community.

This item will include:

- A review of the housing policy documents
- A status report on the progress to date
Possible opportunities to create more housing choices and preserve affordable options available today

Staff will be seeking clarification and details about Council’s two priorities affecting housing policies:

1. Mobile home park preservation and resident protections - Develop policies/programs to preserve mobile home parks as a source of affordable housing and enhance resident protections, particularly around issues of utility gouging and eviction.

2. Affordable and achievable housing strategies such as: Purchase and Deed restrictions; Impact Fees; Regional Partnerships; Work with Partners such as CSU and Community Land Trusts; Down Payment Assistance; Inclusionary Zoning; Land Bank program; and other best practices.

Overview of Applicable Plans

City Plan

The recently adopted City Plan has eight specific strategies articulated in Neighborhood Livability and Social Health that speak directly to this:

- Liv 5.2 Supply of Attainable Housing
- Liv 5.4 Land Supply for Affordable Housing
- Liv 5.5 Integrate and Distribute Affordable Housing
- Liv 6.4 Permanent Supply of Affordable Housing
- Liv 6.6 Affordable Housing Programs
- Liv 6.7 Incentives
- Liv 6.8 Prevent Displacement
- Liv 6.9 Mitigate Displacement Impacts

Most of these strategies are specific to affordable housing as defined in the City to mean housing for households earning no more than 80% area median income (AMI) and spending no more than 30% of their income on rent or 38% of their income on home ownership costs. The first listed strategy, however, introduces the word “attainable” to mean that residents making 100% of the AMI could spend no more than 30% of their income on housing costs. That would mean a family of 4 making $87,200 could spend up to $2,180 a month on housing costs. This is a good starting definition that will need to be expanded on as the City gears up for the next iteration of affordable housing planning.

Most of the City’s efforts to date have focused on the lowest wage earners because the real estate market has provided options to income levels above 80% AMI. Real Estate is a commodity driven market. The City has an active role in the lowest income category because historically the market fails to meet demand at this level without public assistance of some kind. Therefore, the City has established policies, plans, programs and initiatives for the traditionally affordable income range. Now even households making more than 80% AMI are struggling to find housing that is affordable to them. This presents an opportunity for the City to broaden the traditional policy analysis. While the City does not build or develop housing directly, the City does have and use influence to develop policy, fund affordable housing development, facilitate partners, and regulate the development of housing.

City Strategic Plan

The City’s Strategic Plan also speaks to housing in the strategic objectives in the Neighborhood Livability and Social Health Key Strategic Outcome Area. Specifically, Objective 1.1 seeks to improve access to a broad range of quality housing that is safe, accessible and affordable, and Objective 1.2 seeks to leverage and improve collaboration with other agencies to address homelessness, poverty issues and other high priority human service needs.
City Affordable Housing Goals

Currently, the City’s affordable housing policy and funding is guided by the 2015-2019 Affordable Housing Strategic Plan. This plan establishes an overarching goal to have 10% of the City’s housing inventory restricted as affordable when the City reaches build out, anticipated to be around 2040. To achieve that end result, the City would need to increase the percentage of affordable housing by 1% every five years until build out. An annual goal of 188 units a year for this Plan’s term was established.

Affordable Housing Studies

Between the 2010 and the 2015 Affordable Housing Strategic Plans (AHSP), the City undertook a series of studies to inform the policies and strategies contained in the current 2015-2019 AHSP. These included:

- 2013 Affordable Housing Redevelopment Displacement Mitigation Strategy (Mitigation Strategy), which resulted in specific recommendations that apply to mobile home park preservation and a review of the recommendations and progress will follow.
- 2014 Social Sustainability Gaps Analysis (Gaps Analysis) established the level of need for specific types of housing appropriate to specific income categories.
- 2014 Housing Affordability Policy Study (HAPS) built on the Gaps analysis data with policy suggestions which will be reviewed in detail below too.
- 2015 Land Bank Property Disposition Study (Land Bank Study) provided a full market study built on 2014 property appraisals which showed requisite value in the land bank parcels. This study concluded the City should deploy one or more parcels. The City partnered with Housing Catalyst (the City’s Housing Authority) to develop one parcel into the Village on Horsetooth which boasts 96 rental homes. The City has entered into an exclusive negotiating agreement on another parcel with developer TWG, Inc., and they are exploring feasibility for a home ownership community of about 60 units.

Extensive public outreach was conducted at each stage of this policy work. Stakeholder workshops, public open houses, focus groups, interviews, presentations to the Chamber of Commerce and the Board of Realtors and board and commission presentations were conducted. The Affordable Housing Board has been involved in all levels of policy development and program implementation and continues to inform the on-going work. In 2018, the Center for Public Deliberations conducted a Community Issues Forum on the topic of affordable housing. Most recently, the Internal Housing Task Force hosted a series of developer and lender coffee chats and lunches to discuss housing challenges and collaboratively search for solutions.

Affordable Housing Redevelopment Displacement Mitigation Strategy (Mitigation Strategy)

This is the City’s primary policy document related to Mobile Home Parks. It is important to note that no mobile home parks have redeveloped during the current AHSP term. The table below lists the seven recommendations from the Mitigation Strategies with a summary of implementations progress:

<table>
<thead>
<tr>
<th>AHRDMS Recommendations</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue to Expand Designated Affordable Housing (AH)</td>
<td>AH constructed and preserved Rental units - Not mobile Home Parks</td>
</tr>
<tr>
<td>Relocation Assistance When Government funded</td>
<td>Continues - case by case basis</td>
</tr>
<tr>
<td>Manufactured Home Park Zoning District</td>
<td>Planning and Zoning Board did not support (2014)</td>
</tr>
<tr>
<td>Program to Invest in Infrastructure</td>
<td>Budget offer not funded for 2015-2016 Budget</td>
</tr>
<tr>
<td>Require One Year Notice for Closure</td>
<td>Monitoring statewide efforts to expand required notice from 6 months</td>
</tr>
<tr>
<td>Require Owners/Developers to Pay Relocation Assistance</td>
<td>Negotiated on a case by case basis</td>
</tr>
<tr>
<td>Build Resident Capacity to Own Park</td>
<td>Facilitated Conversations with Non-profits and technical assistance providers, beginning in 2017</td>
</tr>
</tbody>
</table>
Additionally, Preserving Mobile Home Parks is specifically mentioned in the newly adopted City Plan in two short term policies that will be initiated within the next 1-3 years:

Liv 6.8 - PREVENT DISPLACEMENT Build the capacity of homeowners’ groups, affordable housing providers and support organizations to enable the purchase, rehabilitation and long-term management of affordable housing. Particular emphasis should be given to mobile home parks located in infill and redevelopment areas.

Liv 6.9 - MITIGATE DISPLACEMENT IMPACTS Consider mitigation strategies to assist residents displaced through the closure of manufactured housing parks or conversions of rental apartments, including single-room-occupancy units, to condominiums or other uses.

The AHSP incorporates the Mitigation Strategies by reference. Opportunities abound for preservation work for mobile home parks. Some possible options to explore include:

- Increase time for Notice of Redevelopment from the 6 months required by State law
- Enact Resident Rights Regulations - which could include regulations requiring process when utility bills are shared by multiple residents
- Create a New Zone District
- Create Rights of First Refusal

If Council chooses, staff could further explore these and other possible options for mobile home park stabilization and preservation.

Housing Affordability Policy Study (HAPS)

HAPS also issued specific recommendations. The table below summarizes these recommendations and progress to date:

<table>
<thead>
<tr>
<th>HAPS Recommendations</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tiered Fees so small units pay less fees</td>
<td>In progress</td>
</tr>
<tr>
<td>Expand Fee Waivers to include all developers of qualifying units</td>
<td>Done in 2017</td>
</tr>
<tr>
<td>Public financing-based incentive policy - negotiate units in exchange for public privilege</td>
<td>Ongoing- example Metro Districts</td>
</tr>
<tr>
<td>AH Agreements/easements - for currently unrestricted AH</td>
<td>Budget offer not funded for 2017-2018</td>
</tr>
<tr>
<td>Reduce minimum house size</td>
<td>Done in 2015</td>
</tr>
<tr>
<td>Disposition Strategy for Land Bank</td>
<td>Done - one developed in 2018, one in progress</td>
</tr>
<tr>
<td>Help remedy state level Construction Defects Litigation issue</td>
<td>Done - Combination of 2017 Legislation and Case Law seems to have resolved</td>
</tr>
</tbody>
</table>

HAPS was a comprehensive study conducted in 2014. In addition to the recommendations summarized above, it provided information on a variety of housing options. HAPS suggested that the City should continue to monitor conditions to see if an inclusionary housing ordinance (which would require a percentage of units in a development to be affordable to a specific income range) would be desirable in the future. That policy was not recommended because:

- It can be harmful to overall affordability causing cost shifting to market rate units to bring down the price of the affordable units;
- It cannot be used for rental units which was the City’s biggest need;
- There were market rate units available at that time for the same price as the affordable units would be sold for, creating a market detriment.

Instead, negotiated incentive zoning was recommended. Incentive zoning allows negotiation instead of codified entitlements and is an agile way to respond to local housing conditions. An example of where the City has used
this concept is in the creation of metropolitan districts. All the recently approved districts have promised affordable housing as part of what they are providing the City in exchange for the privilege of using the metropolitan district tool. HAPS recognized that new revenue sources such as linkage fees (which are impact fees charged on new development to mitigate the need for affordable housing created by commercial and/or residential development) would be very impactful and recognized that political and economic challenges at the time would make implementation difficult.

HAPS remains a good primer on most policy options available to cities. It includes an analysis of best practices from cities across the country. It also posed some interesting questions to consider five years later that could be triggers for additional policy intervention.

- In 2014, HAPS categorized the city’s housing stress as modest and challenged the City to weigh whether the benefits of action on a modest problem were worth the costs of implementing and enforcing stringent regulations.
- HAPS suggested that when employers have difficulty attracting or retaining talent that policy intervention should be considered. In 2018, Talent 2.0, a regional workforce attraction and retention initiative led by the Fort Collins Chamber of Commerce identified housing as one of the top issues facing the local workforce.
- Lastly, HAPS asked what is the City’s tolerance for in-commuting? (In 2015, the City had 41,275 workers who lived elsewhere and commuted into the City, 36,800 workers who resided and worked in the City, and 34,776 workers who lived in the City but worked somewhere else). Assuming more affordable housing is available in the commute shed; does the City want to also have options in the City? (In looking at other City goals such as stated in the Climate Action Plan, suggests the answer is yes).

2015-2019 Affordable Housing Strategic Plan (AHSP)

Much of this policy work was incorporated into the 2015-2019 AHSP and contributed to the specific and measurable goals articulated in the current AHSP. The pillars of the plan are five strategies, not in prioritized order:

- Increase the inventory of affordable rental units
- Preserve the long-term affordability and physical condition of existing housing stock
- Increase housing and associated services for people with special needs
- Support opportunities to obtain and sustain affordable Homeownership
- Refine development incentives, and expand funding sources and partnerships

The City invests in the development and preservation of affordable housing by using federal and City funds. Typically, federal funds provide about 66% of the money available to invest with City funding making up the rest. Since 2010, over $18 million has been invested into affordable housing construction and rehabilitation. (For details of investments made between 2010 and 2017, see Attachment 2) In 2019, through the Competitive Process, almost $2 million was invested into constructing and preserving affordable housing units. The Affordable Housing Capital Fund was voter approved in 2015 to provide $4 million dollars over ten years. The fund has been committed to providing direct capital assistance to the Mason Place Permanent Supportive Housing development and to partially match General Fund reserves for reimbursing City departments for affordable housing fee waivers. The City also uses programs such as Homebuyer Assistance and the Land Bank program to expand housing options. Since 1995, the City has assisted 1,150 households with down payment and closing costs. Currently the program has $220,000 in funding available which is approximately 15 loans at the maximum amount of $15,000 each. In total, the City has over $5 million in loan balances for homeownership between the Homebuyer Assistance program and loans to Habitat for Humanity. The City offers some development incentives such as fee waivers for units targeting 30% AMI households, priority processing, impact fee delays, and a density bonus in the low-density mixed-use neighborhood zone. Since we are almost at the end of this Plan’s term, it is a good time to examine results.

Much progress has been accomplished and there is still work to do.

- Since 2015, the City has added 370 new affordable units to the City’s inventory.
- There are more than 180 units in construction now.
• More than half of these new units target special needs populations, including permanent supportive housing at Redtail Ponds for individuals formerly experiencing homelessness, three communities that are age restricted for seniors as well as income restricted, and a group home is under construction in the City owned Sherwood House for families escaping homelessness.

The current AHSP’s goal of 940 units (188 units a year) was ambitious. While the goal will not be achieved, the progress made in adding inventory is more than in any prior plan term. In addition to the development of 550 (370 constructed and 180 under construction) new units:

• 594 units were renovated, preserved and the land use restrictions reset for another 20 to 40 years.
• The City has supported home ownership by investing in the Larimer Home Improvement Project and Habitat for Humanity, maintaining the restricted home ownership program at Provincetowne Condominiums, partnering on a land bank parcel for home ownership units, negotiating for restricted units in metropolitan district communities and through the Homebuyer Assistance Program.
• The City is investigating partnering with a Community Land Trust to create additional opportunities for restricted homeownership.

These new and preserved units are well distributed throughout the City. (See Attachment 1)

Perhaps the most active pillar of the AHSP currently is refining development incentives, expanding funding sources and partnerships. This is the work brought forward by the Internal Housing Task Force in a City Council Work Session late last year. The task force’s recommendations fell into 3 categories:

1. Increase Revenue;
2. Decrease Costs and Regulations; and

Work in progress was recognized under each of these categories and City Council directed staff to continue to pursue additional recommended actions. In addition to reporting that the Affordable Housing Capital Fund is being used for direct capital assistance and in a limited way for fee waiver reimbursements, and Metropolitan Districts were being used to fund new affordable housing, staff suggested that a study for an Affordable Housing Impact Fee would be helpful to see what revenue could be generated. The City’s Financial Services group is consolidating all potential new revenue and fee requests across the organization and will provide a high-level summary of each and facilitate a prioritization discussion with the Council Finance Committee in August / September. Under the topic of decreasing costs and regulations, staff is looking to the implementation of City Plan for efficiencies for all housing types and for development standards that could be flexed for affordable housing without negative consequences. Lastly, staff reported that the City is working to collaborate with the water districts in the City because this is a driving factor in development costs, working with Employers to find their role in providing housing, and has been exploring partnering with a Community Land Trust to create more housing options.

Community Land Trusts (CLT) create and maintain homes as permanently affordable by:

• Retaining ownership of the land with a lease to the home buyer for the unit. The lease sets terms for selling to income-qualified buyers, formulas for splitting the unit’s appreciation allowing some appreciation to remain in the home to keep price affordable to subsequent buyers, requiring owner occupancy, and other provisions to assure permanent affordability.
• CLTs monitor and enforce the lease provisions and certify buyers and sales prices to assure affordability restrictions are complied with.
• CLT’s retain responsibility for managing the program perpetuity and maintaining relationships with the home buyers when they purchase, when they reside in the homes and when they sell.

The City has been approached by Elevations Community Land Trust who would like to enter into a Memorandum of Understanding (MOU) with the City establishing a working relationship and an agreement to try to support the CLTs efforts to provide permanently affordable homeownership opportunities in the City. Staff recommends entering into this MOU and seeks Council direction about moving forward.
Internal and External Partnerships

The City continues to work towards the goals of the AHSP through internal and external partnerships. City Council has guided staff efforts through a series of work sessions and Council actions. Work Session Summaries are attached. (Attachment 3)

- An Internal Housing Task Force has been created to recognize the enterprise-wide nature of affordable housing and how many different City departments touch the development of this necessary community infrastructure.
- The City has been working with a regional group, including many people and organizations in both Larimer and Weld counties called No Co Housing Now to look for answers to regionally experienced housing stress.
- Larimer County has convened a work group to look at reducing housing burden which occurs when a household spends too much of their income on housing costs and needs to skimp on other basic needs.
- The City has received a grant for $796,000 from the Colorado Department of Public Health and Environment to specifically address health disparities in housing through the implementation of City Plan.
- The City has been encouraging employers and anchor institutions such as Colorado State University to define their role in alleviating housing stress for their employees.
- The City continues to work with other communities and organizations such as Housing Catalyst, Homeward 2020, the Affordable Housing Board, the Fort Collins Board of Realtors and the Chamber of Commerce locally and regionally to expand housing options to the end that all residents in Fort Collins have housing choices that are affordable to them.

Next Steps

Staff will use Council clarifications on these priorities to adjust work plans.

Staff from the Utilities Department, Neighborhood Services and Social Sustainability plan to meet to work collaboratively on the resident protection aspects of the Mobile Home Park priority based on Council direction.

Staff is gearing up for the next iteration of the Affordable Housing Strategic Plan. Data is being updated and a work group will be convened in the coming months. Drafting and outreach is planned for early 2020 with anticipated adoption of the new plan by the end of 2020.

ATTACHMENTS

1. New and renovated affordable housing map locations (PDF)
2. 2010-2017 Affordable Housing Funding History (PDF)
3. Work Session Summaries (PDF)
4. Powerpoint presentation (PDF)
LOCATION OF CITY’S AFFORDABLE HOUSING INVESTMENTS

North Fort Collins

Attachment: New and renovated affordable housing map locations (8039 : Affordable Housing & Mobile)
LOCATION OF CITY’S AFFORDABLE HOUSING INVESTMENTS

Legend
- Affordable Units Created
- Affordable Units Rehabed

W HORSETOOTH RD
96

W HARMONY RD
116

S SHIELDS ST
285

S LEMAY AVE
60

S COLLEGE AVE
110

LOCATION OF CITY’S AFFORDABLE HOUSING INVESTMENTS

Attachment: New and renovated affordable housing map locations (8099 : Affordable Housing & Mobile)
<table>
<thead>
<tr>
<th>Project:</th>
<th>Community Development Block Grant (CDBG):</th>
<th>HOME Program Funding:</th>
<th>Affordable Housing Fund – City dollars:</th>
<th>Fee Waivers</th>
<th>Project description:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legacy Senior Residences – (2010 &amp; 2011 funding)</td>
<td>$275,513</td>
<td>$412,748</td>
<td>$28,890</td>
<td>$0</td>
<td>Construction of 72 units of affordable senior housing</td>
</tr>
<tr>
<td>Redtail Ponds (2011 -2013)</td>
<td>$673,108</td>
<td>$488,553</td>
<td>$229,416</td>
<td>$288,000</td>
<td>Construction of 60 units of housing for homeless and very low income</td>
</tr>
<tr>
<td>Tenant Based Rent Assistance (2012 – 2014)</td>
<td>$0</td>
<td>$156,240</td>
<td>$17,434</td>
<td>N/A</td>
<td>Monthly rental assistance for previously homeless individuals in partnership with Touchstone Health Systems</td>
</tr>
<tr>
<td>Village on Cunningham Corner Acquisition (2012)</td>
<td>$502,076</td>
<td>$570,735</td>
<td>$0</td>
<td>N/A</td>
<td>Acquisition/preservation of 3 multi-family properties with a total of 284 rental units</td>
</tr>
<tr>
<td>Village on Cunningham Corner –Rehab (2013 – 2016)</td>
<td>$1,240,502</td>
<td>$601,119</td>
<td>$220,579</td>
<td>N/A</td>
<td>Rehabilitation and preservation of acquired property with deferred maintenance needs</td>
</tr>
<tr>
<td>Village on Redwood (2013 -2015)</td>
<td>$578,274</td>
<td>$1,552,889</td>
<td>$588,537</td>
<td>$100,708</td>
<td>New construction of 72 units of affordable rental housing</td>
</tr>
<tr>
<td>Village on Matuka Rehab 2014</td>
<td>$380,000</td>
<td>$0</td>
<td>$0</td>
<td>N/A</td>
<td>Rehabilitation of 20 units of very low income rental housing</td>
</tr>
<tr>
<td>Village on Horsetooth (2017)</td>
<td></td>
<td>$1,125,000</td>
<td>$350,000</td>
<td></td>
<td>Development of 96 units on City Land Bank parcel</td>
</tr>
<tr>
<td>Tenant Based Rental Assistance (2015 - 2017)</td>
<td>$0</td>
<td>$170,227</td>
<td>$0</td>
<td>N/A</td>
<td>Monthly rental assistance for previously homeless individuals in partnership with Touchstone Health Systems</td>
</tr>
<tr>
<td>Caribou II Apartments (2010)</td>
<td></td>
<td>$300,000</td>
<td></td>
<td></td>
<td>Construction of 96 units of affordable housing</td>
</tr>
<tr>
<td>City of Fort Collins (HBA Program) (2010- 2017)</td>
<td>$350,000</td>
<td>$150,000</td>
<td>$250,000</td>
<td></td>
<td>Downpayment &amp; Closing cost assistance for first time homebuyers</td>
</tr>
<tr>
<td>CARE Housing Provincetowne (2010)</td>
<td>$250,000</td>
<td></td>
<td>$552,700</td>
<td></td>
<td>Construction of 85 units of affordable housing (Fee waiver was a result of FCHA .001 ownership interest)</td>
</tr>
<tr>
<td>Habitat – Rigden Farm (2011)</td>
<td></td>
<td>$82,500</td>
<td></td>
<td></td>
<td>Land acquisition cost for construction of 3 homes</td>
</tr>
<tr>
<td>Habitat – Avondale (2013)</td>
<td>$605,000</td>
<td>$40,000</td>
<td></td>
<td></td>
<td>Land acquisition and water tap fees to construct 10 homes</td>
</tr>
<tr>
<td>Project</td>
<td>Total</td>
<td>Budget</td>
<td>Cost Saving</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------</td>
<td>-----------------</td>
<td>-------------</td>
<td>-------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Habitat – Harmony (2016-2017)</td>
<td>$282,953</td>
<td>$500,000</td>
<td>$97,047</td>
<td>Land acquisition and water tap fees to construct 18 homes</td>
<td></td>
</tr>
<tr>
<td>Northern Hotel (2016-2017)</td>
<td></td>
<td>$675,000</td>
<td></td>
<td>Rehabilitation of 47 units of affordable senior housing</td>
<td></td>
</tr>
<tr>
<td>DMA Plaza (2017)</td>
<td>$512,516</td>
<td>$487,487</td>
<td></td>
<td>Rehabilitation of 110 units of affordable senior housing</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$5,649,942</strong></td>
<td><strong>$6,554,998</strong></td>
<td><strong>$2,955,956</strong></td>
<td><strong>$1,291,408</strong></td>
<td><strong>$16,452,304</strong></td>
</tr>
</tbody>
</table>

1.2

Packet Pg. 12

Attachment: 2010-2017 Affordable Housing Funding History (8089 : Affordable Housing & Mobile Home)
MEMORANDUM

DATE: May 30, 2014

TO: Mayor and City Councilmembers

FROM: Sue Beck-Ferkiss, Social Sustainability Specialist

Through: Darin Atteberry, City Manager
Jeff Mihelich, Deputy City Manager
Bruce Hendee Chief Sustainability Officer
Mary Atchison, Director of Social Sustainability

RE: May 27, 2014 Work Session Summary – Housing Affordability Policy Study

Attendees:
City Council: Mayor Karen Weitkunat, Mayor Pro-tem Gerry Horak, Lisa Poppaw, Gino Campana, Bob Overbeck, and Ross Cunniff.

City Staff: Bruce Hendee, Mary Atchison, Sue Beck-Ferkiss

This memo summarizes input provided by City Council about the ongoing Housing Affordability Policy Study.

Feedback from Council:
1. Council provided feedback about the various options put forward by the consultants for consideration. Council also discussed what the City’s role should be in ensuring the availability of affordable housing. Council indicated they did not support changes to the 3 unrelated Occupancy Ordinance although they would consider an exemption process for seniors if carefully crafted. There was also no support for seeking new taxes to fund affordable housing at this time either.
2. Council would like Staff to identify a few focused options with specific targeted impact on specific distressed populations for their consideration.
3. Council generally supported examining the Land Bank Program to determine the best use of the land, revisiting the City’s permit fee structure and fee waiver policy, and exploring creative ways to support mobile home parks.

Summary:
Staff will work with Consultants to finish and finalize the Housing Affordability Policy Study. Staff will make specific program recommendations to Council including the expected impact on
the City’s housing system and the distressed populations. Staff will attempt to look at the housing system holistically and incorporate other City policies and goals into the recommended programs.

**Short term specific follow up items:**

1. Information about the current Land Bank program including map of locations.
2. Memorandum on feasibility of Senior Extended Occupancy Permit Program.
3. Provide Affordable Housing graphic and continue further refinement.
4. Attempt economic modeling of the impact of a $10 minimum wage.
5. Determine the source of land Habitat for Humanity used in Rigden Farms.
MEMORANDUM

DATE: December 1, 2014

TO: Mayor and City Councilmembers

FROM: Sue Beck-Ferkiss, Social Sustainability Specialist

Through: Darin Atteberry, City Manager
Jeff Mihelich, Deputy City Manager
Bruce Hendee, Chief Sustainability Officer
Beth Sowder, Interim Director of Social Sustainability

RE: November 25, 2014 Work Session Summary:
Housing Affordability Policy Study

Attendees:
City Council: Mayor Karen Weitkunat, Mayor Pro-tem Gerry Horak, Lisa Poppaw, Gino Campana, and Ross Cunniff.

City Staff: Bruce Hendee, Beth Sowder, Sue Beck-Ferkiss

This memo summarizes input provided by City Council about the ongoing Housing Affordability Policy Study.

Major Discussion Points:

1. The City Councilmembers provided feedback about the recommendations from the Housing Affordability Policy Study. Generally speaking, the Council supported the recommendations under the category of Enhancements for City Programs. Caution was urged in making sure that use of accessory dwelling units and other small type homes would not damage property values of existing adjoining properties. Also, the point was raised that smaller units may not be feasible without a rebalancing of fees, because permit fees and tap fees for example can make small housing types cost prohibitive. The City Council also stressed the importance in solving the state-wide threat of construction defect litigation for the production of condominiums and town homes which our local housing inventory lacks adequate supply. This is part of the 2015 Legislative policy Agenda.

2. The Council generally felt that the lack of available inventory and low vacancy rate is in part a result of the construction slow down during the recession. The robust pipeline of construction, especially in the multifamily rental space, will help ease this but it may take some time.
3. The Council agreed that the strength of our housing system should be preserved. The result of current housing policy has been the provision of a wide range of housing types and price points to give opportunities and choice to City residents. Affordable housing is available throughout the City. While this might include preserving some manufactured home communities, there may be better more sustainable ways to offer small housing units.

4. There is interest in looking at the best way to activate the Land bank Program. In addition to looking at the best way to use the parcels for affordable housing, consideration should be given to the question of whether these parcels are well suited for affordable housing development or whether liquidating them and using the funds to support affordable housing development is the highest and best use of these parcels.

5. The Incentive Policy option was generally supported, especially when tax increment financing is employed.

6. There was a range of opinions on whether the current fee waiver policy is sufficient. The lowest wage earners housing needs to have this incentive, and while it could be useful to higher income categories, the benefit may not be enough to merit changing the policy. Some Councilmembers thought we should leave this policy as is. Other Councilmembers thought it would be good to allow developers in addition to the Fort Collins Housing Authority be eligible for fee waivers. Several Council members did not feel fee waivers are likely to make a big enough difference to be an actual incentive to build the housing our community lacks. A concern was raised that waivers could be too big a commitment of general fund dollars and that if the current policy was changed that maximums be established to avoid unfunded general fund liabilities.

7. City Council members asked staff to look into developing a Housing Affordability Capital Fund to provide flexible resources to the changing needs of our housing system and to leverage market driven development without requiring City Council to assess the finances of the City each time they are asked to invest in a housing project. Ideas for funding this included selling the land bank properties, selling other City owned property such as the former Crossroads Safehouse facility, and/or creating a rental licensing and inspection program.

8. Council suggested investigating a rental licensing and inspection program to enforce rental housing standards regulations and raise revenue for a Housing Affordability Capital Fund.

Next steps: This matter is scheduled to come back to City Council at a regular Council Meeting on January 20, 2015.

Short term follow up items:
1. Provide detailed information on the Home Buyer Program, including information on loan pay offs.
2. Provide an update on the Provincetowne Condominium Project.
4. Determine how to include the concept of the Housing Affordability Capital Fund in the January 20, 2015 City Council discussion on the Housing Affordability Policy Study.
MEMORANDUM

Date:       June 12, 2015

To:         Mayor Troxell and City Councilmembers

Thru:       Darin Atteberry, City Manager
            Jeff Mihelich, Deputy City Manager
            Jacqueline Kozak-Thiel, Chief Sustainability Officer
            Beth Sowder, Director, Social Sustainability Department

From:       Sue Beck-Ferkiss, Social Sustainability Specialist

Re:         June 9, 2015 Work Session Summary: Affordable Housing Strategic Plan

Councilmembers present: Mayor Troxell (via phone), Mayor Pro-tem Gerry Horak, Gino Campana, Ross Cunniff, Bob Overbeck, Kristin Stephens and Ray Martinez.

Staff present: Jacqueline Kozak-Thiel, Beth Sowder, Sue Beck-Ferkiss, Clay Frickey

Discussion Summary:

- General support for the 2015-2019 Affordable Housing Strategic Plan draft and the five goal pillars was provided to staff with the suggestion that some of the goal language should be improved.
- Council was generally comfortable with the lack of prioritization of the pillars to allow for flexibility.
- Discussion about the dynamic nature of rental rates and home sales prices and the desire to keep that industry data as fresh as possible.
- Council directed staff to use a holistic approach to our housing system in an attempt to provide appropriate housing choices for all residents, while recognizing that this strategic plan focuses on housing for residents making 80% or less area median income because the market requires the investment of subsidy to provide housing to these income levels.
- Dialogue around being clear about the different terms used in discussing this issue such as affordable housing, housing affordability, low-income housing, or attainable housing.
- Council agrees that the Land Bank Program is an important asset for affordable housing production and is interested in receiving staff and consultant recommendations about the best way to use this asset.
- General direction to staff about focusing strategies on attainable outcomes, methodology and implementation.
Next Steps:
- Revise draft plan to improve goal language, add overarching vision and metrics
- Continue outreach and incorporation of input
- Prioritize strategies for maximum outcomes

Follow-up:
- Staff will provide Council with a status report on the Land Bank Program including the consultant report.
MEMORANDUM

Date: September 11, 2015

To: Mayor Troxell and City Councilmembers

Thru: Darin Atteberry, City Manager
       Jeff Mihelich, Deputy City Manager
       Beth Sowder, Director, Social Sustainability Department

From: Sue Beck-Ferkiss, Social Sustainability Specialist

Re: September 8, 2015 Work Session Summary: Land Bank Program

Councilmembers present: Mayor Troxell Mayor Pro-tem Gerry Horak, Gino Campana, Ross Cunniff, Bob Overbeck, Kristin Stephens and Ray Martinez.

Staff present: Beth Sowder, Sue Beck-Ferkiss, Clay Frickey

Discussion Summary:

- While generally interested in deploying one or more land bank properties for the purpose of developing affordable housing, Council wants to be very intentional about how we utilize the inheritance of the land in the Land Bank Program to accomplish the City’s affordable housing goals.
- Discussion about maximizing density lead to the question of whether land zoned MMN (medium density mixed use neighborhood) would be better suited to the ultimate goal of providing affordable housing units and whether the City should consider selling a parcel in LMN (low density mixed use neighborhood) to acquire land in the MMN zone.
- Dialogue around prioritizing affordable housing needs for the community exemplified that the Land Bank Program is one of many action items to be considered in the 2015-2019 Affordable Housing Strategic Plan, which Council will be considering in October.
- Generally speaking, Council wants the Land Bank Program to maximize the density potential of holdings and might consider changes to the Land Use Code and the Municipal Code to accomplish this.
- Resolving issues such as the price differential in water and gaining development information through design charrettes will help to maximize this affordable housing asset and allow for a more targeted request for development partners.

Next Steps:

1. Schedule charrette for Horsetooth with Fort Collins Housing Authority.
2. Prepare application to compete for state level charrette for a larger land bank parcel.
3. Continue conversations about bringing City water to land bank parcels.
4. Continue to develop a plan to utilize land bank parcels to add affordable units.

Follow-up: 2015-2019 Affordable Housing Strategic Plan, October 6 City Council meeting.
MEMORANDUM

Date: October 28, 2016

To: Mayor Troxell and City Councilmembers

Thru: Darin Atteberry, City Manager
       Jeff Mihelich, Deputy City Manager
       Jacqueline Kozak-Thiel, Chief Sustainability Officer
       Beth Sowder, Director, Social Sustainability Department

From: Sue Beck-Ferkiss, Social Sustainability Specialist

Re: October 25, 2016 Work Session Summary: Land Bank Program

Introduction: At the October 25, 2016 City Council Work Session, a review of the City Affordable Housing Land Bank Program was provided by Beth Sowder, Social Sustainability Director and Sue Beck-Ferkiss, Social Sustainability Specialist. All Councilmembers were present except for Councilmember Stephens.

Council Direction Sought:
1. Does Council support staff bringing back proposed changes to the Land bank Ordinance?
2. What feedback does Council have on any proposed revision topics presented by staff?

Project details:
- Staff provided a review of the history of the City Land Bank Program and identified areas where changes could be made to maximize the affordable housing opportunities presented by the current and future land bank parcels.
- Council was supportive of further refinement of the City Code language to explore adding flexibility to the program to allow development of communities that are not solely affordable residential units where appropriate.
- Council would like to see draft code amendments on all proposed changes brought by staff.

Key Discussion points include:
- If current standards are changed, enough guidance needs be given to future staff and councils tied to specific objective measures or metrics to achieve intended affordable housing goals.
- Even if standards are tied to the Affordable Housing Strategic Plan, they should be repeated in the Land Bank Program code language for clarity.
• The City should be looking internally and externally for land holdings to add to the Land Bank Program for more affordable housing production.
• A systematic approach could be designed so that when the City is making a purchase for other purposes, it would access whether land could also be acquired for affordable housing purposes. This process has been used in the past for the W. Vine land bank parcel which was co-purchased with the City’s Storm Water Department to be used collectively for flood plain mitigation and affordable housing.
• Acknowledgment was made of the need for more accessible housing and housing for special populations.
• Because affordable housing is a regional issue, perhaps land outside the City’s Growth Management Area should be considered for land banking in the future.
• Local design professionals are a great resource and can bring cost savings to projects.
• Locating land bank parcels near transit should be emphasized. The City currently incorporates economic and environmental health aspects when looking for land bank properties and will look at more opportunities as we move forward.

Next Steps:
1. Draft proposed City Code amendments (Q4 2016)
2. Conduct public outreach on proposed changes (Q1 2017)
3. Return to City Council for consideration of proposed changes (Q2 2017)
MEMORANDUM

DATE: January 25, 2018

TO: Mayor Wade Troxell & City Councilmembers

THRU: Darin Atteberry, City Manager
       Jeff Mihelich, Deputy City Manager
       Jacqueline Kozak-Thiel, Chief Sustainability Officer
       Beth Soudier, Social Sustainability Department Director

FROM: Sue Beck-Ferkiss, Social Policy & Housing Program Manager, SSD
       Dean Klingner, Interim Director of TransFort and Parking Services

RE: Work Session Summary January 23, 2018 – Affordable Housing Capital Fund

Introduction: At the January 23, 2018 City Council Work Session, a review of the work of the Internal Housing Task Force with an emphasis on options for the use of the Affordable Housing Capital Fund was provided by Sue Beck-Ferkiss – Social Policy and Housing Programs Manager, and Dean Klingner – Interim Director of TransFort and Parking Services. All councilmembers were present with Councilmember Cunniff appearing by phone.

Stakeholders: In addition to the residents at large who have expressed interest in the City’s housing spectrum, stakeholders include: members of the City’s multi-department internal housing task force, Boards and Commissions, developers and realtors, the business community, and consumers of affordable housing.

Project Details:

- Staff informed Councilmembers about the internal housing task force and the options recommended by the task force for the use of the Affordable Housing Capital Fund which was approved by the voters to provide $4M over 10 years to be used for capital needs of housing for low-income residents.
- Key discussion points included:
  - The need to use the fund in a flexible manner and for immediate needs rather than long term solutions such as the Land Bank Program
  - Staff should consider other funding sources to increase the fund potential beyond the sales tax contribution of $4M
  - Staff should tie their recommendations to the goals of the Affordable Housing Strategic Plan and provide pros and cons for each option
  - Staff directed to target efforts to specific demographics with identified needs to be outcome oriented
Directed staff to continue work on the direct subsidy and waiver backfill options
Staff directed to conduct outreach on incentive recommendations
Staff directed to provide more incentive options to discuss at the June 26, Work Session

- Follow up questions will be addressed in a separate memorandum to City Council.

Next Steps
- Internal Housing Task Force will continue work on the Direct Subsidy and Fee Waiver Capital Expansion Fee Backfill options as well as a full menu of incentive options that may or may not use the Affordable Housing Capital Fund
- The next Council Work Session on Affordable Housing Incentives is scheduled for June 26, 2018
- Public outreach will be planned and the appropriate timing determined to vet options with boards and commissions as well as other internal and external stakeholders.

Conclusion
Council generally supports the use of the Affordable Housing Capital Fund for the existing fee waiver program and a new direct subsidy program.
MEMORANDUM

DATE: November 1, 2018

TO: Mayor Wade Troxell & City Councilmembers

THRU: Darin Atteberry, City Manager
Jeff Mihelich, Deputy City Manager
Lucinda Smith, Interim Chief Sustainability Officer
Beth Sowder, Social Sustainability Department Director

FROM: Sue Beck-Ferkiss, Social Policy & Housing Program Manager, SSD
Dean Klingner, Interim Deputy Director of Planning, Development and Transportation

RE: Work Session Summary October 30, 2018 – Affordable Housing Incentives

Attendees: Jeff Mihelich, Sue Beck-Ferkiss, and Dean Klingner provided an update on the work of the Internal Housing Task Force with recommendations for new and continued initiatives, discussed the City's affordable housing production goals and current conditions affecting the City's housing supply. All City councilmembers were present except for Councilmember Summers.

Discussion summary: Staff requested direction on preliminary task force recommendations on policy and initiatives to: increase revenue available to invest in affordable housing, decrease costs associated with the development of affordable housing and to maximize partnerships to help the City achieve the affordable housing production goals detailed in the current Affordable Housing Strategic Plan. In summary, Council provided the following guidance:

- Council was generally in favor of continuing to explore the top recommendations presented by staff.
  - Flexible standards for development was supported with the caution to protect quality of life, safety, and neighborhood character. There was interest in exploring this not only as an affordable housing incentive, but as an opportunity to look for standards flexibility for all development.
  - Staff was directed to continue to work on maximizing partnerships in recognition of the fact that housing is a community issue and that the City does not build or develop housing.
- There was some interest in continuing to explore alternatives that weren't top recommendations such as: increasing Lodging Tax, flexing occupancy rules, considering an inclusionary housing ordinance, promoting accessory dwelling units, as well as looking into subsidizing housing choice voucher payments.
• Staff was directed to look for additional ways to measure progress in addition to number of units added. Staff needs to demonstrate impact of various options, perhaps in packages, to assist Council in comparing the impact of various strategies.

**Next Steps**
• Follow up questions about including affordable units in the Foothills redevelopment will be addressed in a separate memorandum to City Council.
• Provide Council a graphic showing affordable housing goals through buildout and plotting expiration dates of land use restrictions on current inventory of affordable housing. (Staff is tracking this. The Land Use Restrictions were renewed on three developments this year already extending their affordability for at least another 30 years).
• Recognizing the complexity of this issue, City leaders may want to prioritize this work and will discuss this when setting Council priorities.
• Public outreach will continue to vet incentive options with boards and commissions as well as other internal and external stakeholders. Staff is encouraged to work closely with the development community.
• Wrap up the conceptual phase one of the task force and kick off phase two which will be refining, prioritizing and implementing.
• Another Work Session will be planned in 2019.

**Conclusion**
Council generally supports the use of incentives to spur the development of affordable housing.
Council Priorities on Housing & Mobile Home Parks
Sue Beck-Ferkiss & Tom Leeson
July 9, 2019
Work Session Objectives

1. Overview of City Affordable Housing Policy
2. Clarify Council priorities regarding:
   • Affordable and Achievable Housing Strategies
   • Mobile Home Park Preservation and Resident Protections
3. Council Feedback and Points of Emphasis
Strategic Alignment

City Plan & SSD Strategic Plan

City Strategic Plan
Neighborhood Livability & Social Health 1.1

Affordable Housing Strategic Plan
City Plan Policies

- Supply of Attainable Housing
- Affordable Housing
  - Land Supply
  - Integration and Distribution
  - Permanent Supply
  - Programs & Incentives
  - Prevent Displacement
  - Mitigate Displacement Impacts
Key Trends:
- Fort Collins is creating more jobs than housing units
- Wages are not keeping pace with rent & home prices
- Housing capacity is insufficient to meet long-term demand

Problem We’re Trying to Solve

Median Home Price
Median Income of a Family of 4
Median Income of All Households

- Median Home Price:
  - 2008: 217K
  - 2010: 215K
  - 2012: 233K
  - 2014: 268K
  - 2016: 335K
  - 2018: 381K

- Median Income of a Family of 4:
  - 2008: 75K
  - 2010: 75K
  - 2012: 77K
  - 2014: 74K
  - 2016: 78K
  - 2018: 85K

- Median Income of All Households:
  - 2008: 50K
  - 2010: 48K
  - 2012: 51K
  - 2014: 53K
  - 2016: 59K
  - 2018: 61K
Housing Affordability Along the Income Spectrum

- **Below 80% AMI**: City's Definition of Affordable Housing
- **Market Housing**
  - 80%: $68K/yr
  - 100%: $85K/yr
  - 120%: $102K/yr

Fewer attainable options are available to the “Missing Middle”

- **AMTI 0%**: Purchase Price
  - $320K
  - $415K

Goal is defined by AHSP (188-228 units/year)

Goal is harder to define & City influence may be outweighed by market forces
City’s Role:
- Policy
- Funding
- Facilitating
- Regulating

No City Role in:
X Building
X Developing
City’s Plans and Goals

Overarching Goal = 10% at Buildout

- Goal: 8,781

- Projected (retain 90%)

- Projected (retain 0%)

- Last 5-yr. plan complete

- Begin new 5-year plan

- 108 Units Expiring

- 144 Units Expiring

- 139 Units Expiring

- 76 Units Expiring

Units


10,000 9,000 8,000 7,000 6,000 5,000 4,000 3,000 2,000 1,000 0
Pillars of Current Affordable Housing Strategic Plan

- Expand Rental Inventory
- Preserve Existing Inventory
- Support Home Ownership
- Housing with Services for Special Needs
- Incentives, Funding Sources and Partnerships
### Current Resources

#### Funding
1. Affordable Housing Capital Fund
2. CDBG/HOME (HUD)
3. Affordable Housing Fund (GF)
4. Metro Districts
5. URA

#### Programs
1. Home Buyer Assistance
2. Land Bank
3. Provincetowne

#### Incentives
1. Density Bonus
2. Impact Fee Delay
3. Priority Processing
4. Fee waivers (limited)
### AHRDMS Recommendations

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<tr>
<td>Continue to Expand Designated AH</td>
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<td>AH constructed and preserved</td>
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<td>Relocation Assistance When Government funded</td>
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<td>Continues on a case by case basis</td>
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<td>Manufactured Home Park Zoning District</td>
<td></td>
<td>Planning and Zoning Board did not support</td>
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<tr>
<td>Program to Invest in Infrastructure</td>
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<td>Budget offer not funded</td>
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<tr>
<td>Require One Year Notice for Closure</td>
<td></td>
<td>Monitoring statewide efforts to expand required notice from 6 months</td>
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<tr>
<td>Require Owners/Developers to Pay Relocation Assistance</td>
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<td>Negotiated on a case by case basis</td>
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<tr>
<td>Build Resident Capacity to Own Park</td>
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<td>Facilitated Conversations</td>
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Preserving Manufactured Housing Priority

Opportunities:

- Policy - City Plan Liv 6.8 & 6.9
- Explore Possible Options including:
  - Increase Time for Notice of Redevelopment
  - Resident Rights Regulations
  - New Zone District
  - Rights of First Refusal
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<td>Expand Fee Waivers</td>
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<td>Public financing based incentive policy</td>
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<td>AH Agreements/easements</td>
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<td>Reduce minimum house size</td>
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<tr>
<td>Disposition Strategy for Land Bank</td>
<td>Done – one developed, one in progress</td>
<td>Done – one developed, one in progress</td>
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<tr>
<td>Help remedy state level Construction Defects Litigation issue</td>
<td>Done</td>
<td>Done</td>
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**Additional Options Considered in HAPS**

1. Inclusionary Housing Ordinance
2. Codified Incentive Zoning
   - Not Needed if Use Negotiation for Permissive Uses
3. New Fees or Other Revenue Source
   - Political and Economic Challenges
   - Probably **Most Impactful** if Challenges Overcome
Progress Since 2015

**Constructed**
- 370 new units built
- +180 under construction

**Preserved**
- 594 renovated rental units

**Home Ownership**
- Habitat Homes
- Land Bank Project
Increase Housing & Services for Special Needs Populations

Formerly Homeless Individuals - *Permanent Supportive Housing*:
- Redtail Ponds
- Mason Place (under development)

Seniors - *Age Restricted & Income Restricted*:
- Affinity
- Legacy Senior Residences
- Oakridge Crossing
- Volunteers of America (under development)

Families Escaping Homelessness - *Transitional Housing*:
- Sherwood Group Home (under renovation)
Support Homeownership

- Homebuyers Assistance
- Low Income Home Improvement Program
- Habitat Homeownership
- Provincetown Condominiums
- Proposed Land Bank Developments
- Metro Districts
## Incentives, Funding Sources and Partnerships

**INCREASE REVENUE**
1. Direct Capital Assistance
2. Metro Districts
3. New Fee Study

**DECREASE COSTS**
1. City Plan Update
2. Development Based Incentives

**MAXIMIZE PARTNERSHIPS**
1. Water District Collaboration
2. Employers
3. Community Land Trusts
2018 Community Engagement

- April 11 & 20: Coffee Chats
- April 25: City Works 101
- May 2: Community Issues Forum
- July 10: Board of Realtors
- Neighborhood Connections: April 12
- Stakeholders Open House: April 26
- Developers & Lenders Focus Group: May 21
- Affordable Housing Board: October 11
City Council

Affordable Housing Executive Team

CDPHE Health Disparities Grant Program

Exploring additional partnership
- Community Land Trust?

Internal Housing Task Force

Regional Work Teams
- No Co Housing Now
- County Strategic Work Group

City B & C Developers, Board of Realtors, Major Employers
## Council Direction Sought

### Continue

**Affordable Housing**
- Purchase & Deed restrictions
- Local & Regional Partnerships
- Homebuyer Assistance
- Land Bank Program
- Development Based Incentives

**Mobile Homes**
- Develop Policies/Programs to Preserve mobile home parks

### Consider

- New Affordable Housing Fee Study
- Community Land Trust Partnership
- Inclusionary Zoning
- Other Best Practices

- Enhance Resident Protections
- Increase Time for Notice of Redevelopment
- New Zone District
- Rights of First Refusal
SUBJECT FOR DISCUSSION

City Financial Overview and Planning Overview.

EXECUTIVE SUMMARY

The purpose of this item is to provide an overview of the City's revenue, expenditure and balance sheet as of year-end 2018. In addition, staff will provide an overview of the City's Strategic Planning and Budgeting for Outcomes process.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

This item is informational only. Staff is not seeking direction from Council at this time.

BACKGROUND / DISCUSSION

Financial Overview

The City's financials can be broken into two parts, Governmental Activities (activities that are supported by taxes and fees) and Enterprise Activities (activities funded by user fees and charges, i.e., Utilities).

Total City net revenues were $499M in 2018, up slightly from $498M in 2017, and up significantly from 2009 when the City's net revenues were $306M. 2018 revenue included $266M of Governmental revenue and $233M of Enterprise revenue. Sales and Use tax revenue accounts for 52% of Governmental revenue. Enterprise revenue is 62% Light and Power with the remainder coming from four other funds - Water, Wastewater, Stormwater and Golf.

Governmental expenditures were $274M in 2018. 80% of the City's Governmental expenditures are associated with Planning Development & Transportation; Community Services, and public safety in Police and Poudre Fire Authority. Personnel costs are the single largest expenditure category followed by Purchased services. Enterprise expenditures share is similar to revenue as each utility can only be supported by the revenues specifically for that fund.

The City's balance sheet is healthy with moderate debt and a strong fund balance position. Debt was at a 30-year low at the end of 2017, increased significantly in 2018 as a result of new borrowings of $142M to support the City's Broadband implementation. Fund balances grew significantly from 2010 to 2014 and have remained fairly steady at just under $400M since 2014.

Planning Process

The City utilizes a two-year planning cycle that begins shortly after Council elections during the odd years of the calendar. Council onboarding occurs in the few months after the April election. Strategic Planning begins in the fall and is completed in February and March. The Strategic Plan is updated every two years and designed to provide Strategic Objectives that need to be addressed over the next 3-5 years. The City uses an issues-based strategic planning process where inputs are gathered from the community, Council and City staff that ultimately are used to develop the Strategic Objectives within the Strategic Plan.
The Strategic Plan (SP) is shared with the organization in late March and is utilized to guide the development of budget proposals that will accomplish the Strategic Objectives defined within the Strategic Plan. The City uses a Budgeting for Outcomes (BFO) process and develops a two-year budget during even years covering the next two calendar years. The process can be summarized as:

1. Staff develops budget proposals to achieve the Strategic Objectives within the SP
2. BFO teams comprised of staff and citizens evaluate and rank the proposals. Funding is allocated and the ranking determines what gets funded and what does not get funded.
3. The Executive Team reviews all rankings, staff addresses questions, the budget is finalized to the City Managers Recommended Budget which is shared with Council the first of September.
4. Council conducts two public hearings and three work sessions to review, question, modify, and ultimately adopt the budget by the end of November.

ATTACHMENTS

1. Powerpoint presentation (PDF)
June 11, 2019

2018 Financial Highlights
Mike Beckstead, Chief Financial Officer
Financial Overview

• Revenues
• Expenditures
• Balance Sheet

Planning Process Review

• Strategic Planning
• Budgeting for Outcomes
• **Governmental Activities**
  - Activities that do not lend themselves to be funded by User Fees and are wholly or partially supported by taxes

• **Enterprise Activities**
  - 100% fund by User Fees
  - Light & Power, Water, Wastewater Storm Drainage and Golf
Revenues
• Roughly half of our revenue comes from Utilities and half comes from Governmental activity

• Utility revenue driven by demand and rate changes

• Governmental revenue growth slowed starting in 2015
2018 Governmental Revenue

- 3 revenue sources account for 75%
- 52% Governmental Revenue from Sales & Use tax
- Fees and service charges are 14%
- Property tax accounts for only 9%
Sales Tax with % Change

- Sales tax is generated at point of purchase of goods and products

- Average growth:
  - 2000 - 2010 1.7%
  - 2010 – 2015 5.6% (w/o KFCG)
  - 2015 - 2018 3.0%

- 2019 YTD growth over 2018 1.7%
• Use Tax generated from building activity, auto sales and business equipment investment
• Significant volatility in use tax
• Several large projects drove the spike in 2014-2016
• Current building activity has revenue hovering in the $21M range
City Percentage of Net Taxable Sales Declining since 2010

- Net Taxable Sales (NTS) reflects the total value of taxable goods and products
- Historically the City has accounted for 70% of County NTS
- Regional retail growth outside of the City driving decline
• Five Enterprise Funds
  • Four Utilities and our Golf Fund

• Light & Power is by far the largest
  • Purchased Power is $96M

• All Utility revenue comes from rates and charges set by Council
Expenditures
2018 Governmental Expenditures by Service Area

- **PDT includes:**
  - Street Maintenance & Traffic
  - Planning, Code Enforcement
  - FC Moves
  - Transit
  - City capital

- **Community Services includes**
  - Parks & Recreation
  - Natural Areas
  - Cultural Services

- **Info & Employee Services includes**
  - HR, IT, Communications, Fleet & Facilities
• Personnel costs are largest category

• Purchased Services includes
  • Fire Protection Service (PFA)
  • Street & Bridge Construction/Repair
  • Engineering and Design
  • Vehicle Repairs
  • Janitorial Services
  • Software Maintenance & Support
  • Animal Care Services
  • Artists, Musicians & Speakers

• Debt Service is only 2% of Governmental Expenditures, Council policy limit is 5%.
Expenditures by fund very similar to revenue

Expenditures in each utility can only be supported by revenues specifically for that fund
• Purchased Power largest single expense item

• Capital purchases and construction vary from year to year, but always significant
• Lowest outstanding debt in 30 years occurred in 2017
• Per capita debt is lower in 2018 than in 1989
• Broadband was largest ever single borrowing by City
• Utilities uses debt financing more than Governmental funds
City Fund Balances

- Strong fund balance growth 2011-2014
- Stable & healthy fund balance 2014 – 2018
- Fund balance as a % of expenses peaked in 2014, healthy in 2018
General Fund Balances

- Strong fund balance growth 2011-2014
- Stable & healthy fund balance 2014-2018
- Minimum reserves grown from $20.6M in 2011 to $33.0M in 2018

![General Fund / Reserves by Year](chart_image)
Planning Process
City of Fort Collins Leadership System

Mission: Exceptional service for an exceptional community

Vision: To provide world-class municipal services through operational excellence and a culture of innovation

Values:
- Collaboration
- Excellence
- Integrity

Strategic Planning

Budgeting for Outcomes

Improve Processes

Measurement, Review & Analysis

Individual Goals

Service Plan & Delivery

Community & City Council

Vision

Mission

Values
2018 Strategic Plan Provides Guidance to 2019/2020 BFO Programs & Initiative
Big Picture

Odd Years

Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

Election
Council Onboarding
Capital Improvement Plan
LT Financial Plan
Risk Assessment
Dept. Input
Community Engagement
Citizen Survey
BFO Off Year Revision Process
Strategic Plan

Even Years

X

Strategic Plan
Offer Creation
BFO Teams
BLT
Budget Prep
Council & Public Hearings
Public Engagement

Inputs for the Strategic Plan
Strategic Planning Process
Budgeting for Outcomes

X = Council review of Strategic Plan at 2nd Work Session of the month
Strategic Objectives - WHAT

- Multiple Strategic Objectives (SO) for each KOA
- Achieving SO achieve KOA goals

Key Outcome Areas

- Highest level Strategic Goals
- 7 Key Outcome Areas
- Used in Strategic Plan, BFO, City Plan, Etc.

BFO Initiatives - HOW

- Multiple BFO Initiatives for each SO
- Initiatives designed to achieve SO
**Issues Based Strategic Planning**

**Environmental Scan**

<table>
<thead>
<tr>
<th>Citizen Input &amp; Priorities</th>
<th>Council Input &amp; Priorities</th>
<th>Organizational Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizen Survey</td>
<td>Community Concerns</td>
<td>City Plan &amp; Master Plans</td>
</tr>
<tr>
<td>Focus Groups/Outreach</td>
<td>Retreat Priorities</td>
<td>Economics &amp; Financials</td>
</tr>
<tr>
<td>Boards &amp; Commissions</td>
<td></td>
<td>Emerging Trends / Issues</td>
</tr>
<tr>
<td>Citizen Priorities</td>
<td></td>
<td>Infrastructure Issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Workforce trends</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Metrics</td>
</tr>
</tbody>
</table>

**Strategic Work & Analysis – Issues Based Process:**
- Implications, Conclusions, Challenges, Advantages, Priorities
- Define Issues to be addressed in Strategic Objectives

**Strategic Plan (5 Year Horizon):**
- Outcomes – highest level focus areas
- Strategic Objectives – 6-10 per Outcome, helps achieve the Outcome
- Metrics – tied to Strategic Objectives

**Strategic Plan Driven by Citizen, Council and Staff Input & Priorities**
Strategic Plan Sample

NEIGHBORHOOD LIVABILITY & SOCIAL HEALTH

Provide a high quality built environment, support quality, diverse neighborhoods and foster the social health of citizens

- Community Dashboard
- Outcome Metrics
  1. Affordable Housing Inventory
  2. Cumulative Number of Noise Complaints
  3. Fort Collins’ Housing Opportunity Index (HOI) compared to western states region HOI
  4. Response Time to Graffiti Removal
  5. Voluntary Code Compliance

1.1 Improve access to a broad range of quality housing that is safe, accessible and affordable.
1.2 Leverage and improve collaboration with other agencies to address homelessness, poverty issues and other high priority human service needs.
1.3 Promote a more inclusive and equitable community that embraces and celebrates diversity.
1.4 Protect and preserve the City's quality of life and neighborhoods.
1.5 Guide development compatible with community expectations through appropriate planning, annexation, land use, historical preservation and development review processes.
1.6 Improve neighborhood parking and traffic issues.
1.7 Maintain and enhance attractive neighborhoods through City services, innovative enforcement techniques and voluntary compliance with City codes and regulations.
1.8 Foster positive and respectful neighbor relationships and open communication, as well as provide and support conflict resolution.

fcgov.com/strategicplan
## Budgeting For Outcome - BFO

**Budget Time Line & Process**

<table>
<thead>
<tr>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Plan Finalized</strong></td>
<td><strong>Budget Proposals Developed</strong></td>
<td><strong>City Manager &amp; Exec Team Evaluates &amp; Modifies</strong></td>
<td><strong>Council Discussion Public Hearings Budget Adoption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Strategic Objectives** become the basis for Budget Proposals
- **Staff develops Budget Proposals to achieve Strategic Objectives**
- **BFO Teams (staff & citizens) rank proposals based on achievement of Strategic Objectives**
- **Executive Team input to align with Strategic Plan, Council Work Plan & City Priorities**
- **Staff addresses questions raised by Executive Team**
- **Finalize Budget**
- **Adopted by the end of November**
### Neighborhood Livability and Social Health

Fort Collins provides a high quality built environment and supports quality, diverse neighborhoods.

<table>
<thead>
<tr>
<th>Offer Description</th>
<th>Offer Cost</th>
<th>GENERAL FUND</th>
<th>Ongoing</th>
<th>OTHER FUNDS</th>
<th>RESERVES</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.1 Low Income, Senior and Disabled Rebate Programs</td>
<td>303,335</td>
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<td>303,335</td>
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<td>0</td>
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<tr>
<td>27.1 Social Sustainability</td>
<td>1,628,421</td>
<td>0</td>
<td>1,060,374</td>
<td>568,047</td>
<td>0</td>
</tr>
<tr>
<td>83.1 Graffiti Abatement Program</td>
<td>138,632</td>
<td>0</td>
<td>138,632</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>87.1 ENHANCEMENT: Poudre School District After-School Programs for Title 1 Schools</td>
<td>75,000</td>
<td>0</td>
<td>75,000</td>
<td>0</td>
<td>0</td>
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<tr>
<td>75.1 Neighborhood Programs and Services</td>
<td>1,614,879</td>
<td>181,073</td>
<td>1,433,806</td>
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<td>0</td>
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<tr>
<td>96.1 KFCG: Residential Parking Permit Program</td>
<td>46,346</td>
<td>0</td>
<td>0</td>
<td>46,346</td>
<td>0</td>
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<tr>
<td>17.1 Median and Streetscape Maintenance</td>
<td>628,575</td>
<td>9,242</td>
<td>619,333</td>
<td>0</td>
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<tr>
<td>55.1 Community Gardens Outreach Program</td>
<td>100,267</td>
<td>0</td>
<td>100,267</td>
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<tr>
<td>75.2 Larimer Humane Society Contract</td>
<td>898,393</td>
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<td>898,393</td>
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<tr>
<td>27.4 ENHANCEMENT: Human Services Program Grant Funding</td>
<td>100,000</td>
<td>0</td>
<td>100,000</td>
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<tr>
<td>27.10 KFCG ENHANCEMENT: Homelessness Initiatives</td>
<td>224,132</td>
<td>0</td>
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<td>224,132</td>
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</table>
2019 / 2020 Budget Summary

TOTAL BUDGET (in millions)

<table>
<thead>
<tr>
<th></th>
<th>Amended 2018</th>
<th>2019</th>
<th>% Change</th>
<th>2020</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Operating</td>
<td>$605.6</td>
<td>$601.7</td>
<td>-0.7%</td>
<td>$609.2</td>
<td>1.2%</td>
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<tr>
<td>Debt</td>
<td>21.9</td>
<td>18.1</td>
<td>-17.3%</td>
<td>14.9</td>
<td>-17.5%</td>
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<tr>
<td>Capital</td>
<td>170.3</td>
<td>35.0</td>
<td>-79.4%</td>
<td>27.4</td>
<td>-21.6%</td>
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<tr>
<td>Total City Appropriations**</td>
<td>$797.9</td>
<td>$654.8</td>
<td>-17.9%</td>
<td>$651.6</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Less</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Internal Service Funds</td>
<td>($79.2)</td>
<td>($81.0)</td>
<td>2.3%</td>
<td>($85.6)</td>
<td>5.6%</td>
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<tr>
<td>Transfers to Other Funds</td>
<td>(66.0)</td>
<td>(57.9)</td>
<td>-12.2%</td>
<td>(51.5)</td>
<td>-11.1%</td>
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<tr>
<td>GIDs</td>
<td>(0.5)</td>
<td>(0.2)</td>
<td>-67.0%</td>
<td>(0.2)</td>
<td>0.0%</td>
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<tr>
<td>URAs</td>
<td>(4.5)</td>
<td>(5.9)</td>
<td>29.5%</td>
<td>(6.0)</td>
<td>1.5%</td>
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<tr>
<td>DDA</td>
<td>(12.5)</td>
<td>(14.5)</td>
<td>16.0%</td>
<td>(14.5)</td>
<td>0.0%</td>
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<tr>
<td>Total</td>
<td>($162.7)</td>
<td>($159.5)</td>
<td>-2.0%</td>
<td>($157.7)</td>
<td>-1.1%</td>
</tr>
</tbody>
</table>

Net City Budget

|                     | $635.2 | $495.3 | -22.0% | $493.9 | -0.3% |

* 2018 includes $112M in capital budget for Broadband
** This includes the GIDs, URA and DDA which are appropriated in separate ordinances
Questions and Clarification
Back up slides
Financial Entities and Legal Entities

**In City Audited Financial Statements**
- City - General Fund, Governmental Funds, Utilities, Golf, Internal Service Funds
- General Improvement District #1 (1)
- General Improvement District #15 (1)
- Fort Collins Urban Renewal Authority (1)
- Fort Collins Downtown Development Authority (1)
- Northern Colorado Regional Airport (50%)

**Not in City Financial Statements**
- Poudre Fire Authority (1)
- Poudre River Public Library District (1)
- Housing Catalyst
- Northern Front Range Metropolitan Planning Org.

(1) Accounting, payroll, banking, investing, accounts payable, purchasing, etc. performed all or in part by City Finance
• Mark-to-market impacts year end numbers during years of with changing interest rates

• Investment policy does not allow stocks, derivatives, real estate, etc. Investments allowed are:
  • Government Agencies such as Fannie Mae, Federal Farm Credit Bureau
  • Highly rated corporate bonds

• Pension Fund results are not reflected here. Separate investment policy from City
Governmental Expenditures by Service Area

<table>
<thead>
<tr>
<th>Year</th>
<th>Planning, Dev &amp; Transportation</th>
<th>Community Services</th>
<th>Police Services</th>
<th>Information and Employee Services</th>
<th>Other</th>
<th>Sustainability</th>
<th>Contributions to PFA</th>
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</thead>
<tbody>
<tr>
<td>2009</td>
<td>$50.5</td>
<td>$53.3</td>
<td>$60.3</td>
<td>$76.0</td>
<td></td>
<td>$78.7</td>
<td>$89.9</td>
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<tr>
<td>2010</td>
<td>$51.1</td>
<td>$57.1</td>
<td>$63.3</td>
<td>$83.3</td>
<td></td>
<td>$80.7</td>
<td>$97.0</td>
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<tr>
<td>2011</td>
<td>$55.1</td>
<td>$66.0</td>
<td>$72.5</td>
<td>$97.1</td>
<td></td>
<td>$97.7</td>
<td>$110.1</td>
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<tr>
<td>2012</td>
<td>$63.3</td>
<td>$75.2</td>
<td>$83.8</td>
<td>$107.0</td>
<td></td>
<td>$107.1</td>
<td>$125.4</td>
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<tr>
<td>2013</td>
<td>$83.3</td>
<td>$115.6</td>
<td>$133.8</td>
<td>$135.1</td>
<td></td>
<td>$125.4</td>
<td>$129.2</td>
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<tr>
<td>2014</td>
<td>$116.6</td>
<td>$115.6</td>
<td>$122.6</td>
<td>$122.6</td>
<td></td>
<td>$129.2</td>
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<td>2015</td>
<td>$16.6</td>
<td>$120.8</td>
<td>$121.7</td>
<td>$130.7</td>
<td></td>
<td>$130.1</td>
<td>$129.2</td>
</tr>
<tr>
<td>2016</td>
<td>$21.0</td>
<td>$17.7</td>
<td>$22.3</td>
<td>$24.1</td>
<td></td>
<td>$24.1</td>
<td>$25.4</td>
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<tr>
<td>2017</td>
<td>$25.0</td>
<td>$21.0</td>
<td>$25.0</td>
<td>$24.1</td>
<td></td>
<td>$25.0</td>
<td>$25.4</td>
</tr>
<tr>
<td>2018</td>
<td>$25.4</td>
<td>$25.4</td>
<td>$25.4</td>
<td>$25.4</td>
<td></td>
<td>$25.4</td>
<td>$25.4</td>
</tr>
</tbody>
</table>
What we Need to Do

**Strategic Plan – 5 Year View**
*Updated prior to BFO*

**Mission, Vision, Values**

**Outcomes:**
- Highest level Key Focus Areas
- Broad aim to direct efforts
- Broad statement Community impact

**Strategic Objectives (SO):**
- Something to attain or accomplish
- Achievement helps realize Outcome
- Ideally – specific & measurable

**Performance Measures**
- Metrics tied to each Strategic Objective
- Track progress achieving Objective

---

How we Get it Done

**BFO – 2 year Budget Cycle**

**Initiatives Tied to Strategic Objectives**
- Tactics & actions to achieve SO
- Initiatives may support multiple SO

**Core Services:**
- On-going core services
- Each core service includes tactics & actions to achieve SO

**Enhancements:**
- New Services & initiatives to achieve SO

**Linkage & Metrics**
- Describes how Initiative achieves SO
- Metrics tied to each Strategic Objectives