

# AGENDA ITEM SUMMARY

City Council



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## STAFF

Clay Frickey, Planning Manager

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## SUBJECT

**Resolution 2026-062 Supporting the Accessory Dwelling Unit Grant Application.**

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## EXECUTIVE SUMMARY

The purpose of this item is to authorize staff to submit a grant proposal for the Accessory Dwelling Unit Grant (ADUG) program offered by the Department of Local Affairs (DOLA). Staff seeks grant support from DOLA to support the creation of a pre-approved ADU design program and fee waiver support to incentivize the construction of these pre-approved ADU designs.

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## STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

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## BACKGROUND / DISCUSSION

On March 25, 2025, Council conducted a work session about compliance with House Bill 24-1152. This House Bill requires jurisdictions to permit Accessory Dwelling Units (ADUs). The purpose of the work session was to discuss Fort Collins' path to becoming an ADU Supportive Jurisdiction. As part of this discussion, staff presented potential options to incentivize the construction of ADUs. Council expressed their desire for a pre-approved ADU design program as part of this discussion. DOLA certified Fort Collins as an ADU Supportive Jurisdiction in February 2026, making the City eligible for grant opportunities to support the construction of ADUs in Fort Collins.

To support the construction of ADUs statewide, DOLA has a grant program that can support jurisdictions with various activities that incentivize new ADUs. DOLA launched the second round of funding for their ADUG program in March 2026. Based on Council's feedback staff seeks \$157,000 in support from DOLA to support the creation of two pre-approved ADU designs and fee waiver support to incentivize the construction of these pre-approved ADU designs. Grant funding of \$97,000 would support the creation of two pre-approved ADU designs and \$60,000 would cover the backfill of waived capital expansion and review fees. This grant requires a 25% cash match. The source of our match is the Build to 2030 program funded by the Climate Tax. This program will develop three pre-approved building designs that will meet the proposed 2030 Energy Code. One of these pre-approved building designs is an ADU.

If DOLA selects Fort Collins as a grant recipient, Council will consider an appropriation of the grant award. Staff expect DOLA to announce grant awards in Q2 2026.

**CITY FINANCIAL IMPACTS**

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None.

**BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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None.

**PUBLIC OUTREACH**

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None.

**ATTACHMENTS / LINKS**

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1. Resolution 2026-062