

AGENDA ITEM SUMMARY

City Council



STAFF

Clay Frickey, Director, City Planning
Carisa Clinton, Manager, Grants Administration

SUBJECT

Second Reading of Ordinance No. 101, 2026, Making a Supplemental Appropriation of Grant Funds from the Colorado Department of Local Affairs and Authorizing Transfers of Appropriations for the Accessory Dwelling Unit Grant Program.

EXECUTIVE SUMMARY

This Ordinance, unanimously adopted on First Reading on July 21, 2026, appropriates \$157,000 of unanticipated grant revenue from the Department of Local Affairs (DOLA) for the Accessory Dwelling Unit Grant Program. Funding will support the development of accessory dwelling unit (ADU) design plans and provide eligible fee waivers. This item also appropriates \$83,000 from the 2050 City Climate Tax to meet the cost-share requirement.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

SECOND READING BACKGROUND / DISCUSSION

At First Reading, Council requested additional information about the potential for using Affordable Housing Capital Fund (AHCF) dollars to replenish the Climate Tax for this grant and the expected climate impacts for the high-performance building plans.

Finance investigated allowable uses of the AHCF and found that replenishing the Climate Tax would not be an allowable use of funds. The ballot language for the Community Capital Improvement Program (CCIP) limits the use of funds to, "...planning, design, real property acquisition, and construction of the following capital projects". Replenishing the Climate Tax would not fit into these categories.

The closest estimate that staff can offer for the lifecycle impact of pre-approved ADU designs for greenhouse gas emission reductions comes from a review of budget offers for the Climate Tax for the 2025-26 budget cycle. Staff analyzed each Climate Tax budget offer and estimated its lifetime greenhouse gas (GHG) impacts in metric tons of carbon dioxide (MTCO₂e). Staff estimated the Designed to 2030 program would account for 51,870 MTCO₂e reductions. This represented nearly half of the overall GHG reductions for each program funded by the Climate Tax in 2025-26 (125,530 lifetime MTCO₂e). In addition, these pre-approved plans support long term climate resilience and housing affordability through lower design costs, lower operating costs, shorter permitting timelines, and faster construction using

prefabricated construction methods. The ADU grant would help support this program and could result in additional reductions by incentivizing more energy efficient ADUs.

At Council's request for additional information regarding the source of matching funds, the project team and grants teams reviewed the ADU grant application. This confirmed that the Climate Tax was designated as a match in the City's budget justification which was accepted by DOLA when the grant was awarded. Since the match source was previously identified and approved by the sponsor as part of the application package, staff recommend retaining the original match source as listed in the grant application.

FIRST READING BACKGROUND / DISCUSSION

The DOLA Accessory Dwelling Unit Grant Program provides grants to local governments for activities that promote the construction of ADUs. Through the grant the City will develop pre-approved ADU design plans and waive water tap, sewer tap, linkage, plan review, rezoning, and permit fees for approximately four ADUs in Fort Collins.

CITY FINANCIAL IMPACTS

This item appropriates \$157,000 of unanticipated grant revenue from the DOLA Accessory Dwelling Unit Grant Program to fund the development of ADU design plans and provide eligible fee waivers. This item also authorizes the transfer of \$83,000 from the already appropriated 2050 City Climate tax to the project to meet the match requirement. The cash match comes from Designed to 2030, a current project led by Energy Services that will develop pre-approved building plans that will meet the 2030 Energy Code.

The grant is reimbursement-based, with funds provided after eligible project expenses have been incurred. The General fund will be reimbursed up to \$157,000.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS / LINKS

First Reading attachments available in July 21, 2026, agenda materials at the following link: <https://fortcollins-co.municodemeetings.com/>.

1. Ordinance No. 101, 2026