

WORK SESSION AGENDA ITEM SUMMARY

City Council



STAFF

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SUBJECT FOR DISCUSSION

Council Priority: Operationalize City Resources to Build and Preserve Affordable Housing

EXECUTIVE SUMMARY

The purpose of this item is to update Council on progress made toward Council's Affordable Housing Priority, provide information on the impact of impact fees on Affordable Housing, and seek input on potential strategies to pursue. Staff will provide: 1) data on the state of housing in Fort Collins; 2) information on programs and strategies that have been implemented to positively impact Fort Collins' housing landscape; 3) information on efforts that staff are exploring or planning for implementation; and 4) ideas for strategies the City can explore in the future.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Are there other things Council is hearing from the community about housing in Fort Collins that we should consider?
2. Considering the actions taken to operationalize City resources, is there anything specific that resonates?
3. Given the complexities in the housing market, are there any areas of work that Councilmembers would like to explore more deeply?
4. How would Council like to be kept informed on progress?
5. What feedback do Councilmembers have on the status and next steps of work in progress?
6. Is there a set of outcomes Councilmembers would like emphasized more?
7. When considering activities with long-term and near-term impact, should staff focus on one more than another?
8. Is there anything staff didn't cover that staff should consider for the future?

BACKGROUND / DISCUSSION

On February 27, 2024, Council passed Resolution 2024-013, adopting a Council priority to operationalize City resources to build and preserve Affordable Housing. Five objectives outline actions to advance this priority:

1. Expedite review of affordable housing projects to achieve decisions within 90 days or less; and to encourage development of more affordable housing
2. Expand programs for healthy and stable housing – particularly for unhoused or precariously housed residents, renters, and lower-income homeowners
3. Reduce fees for affordable housing projects and evaluate all newly proposed City regulations and fees for anticipated impact on cost to build housing
4. Create sustainable, long-term source(s) of dedicated local funding for housing
5. Identify City resources that could be dedicated to affordable housing; work with housing authority and partners to leverage resources into new/preserved units

This Council priority aligns with ongoing work to ensure ***everyone has healthy, stable housing they can afford***, outlined in the City’s Housing Strategic Plan (HSP), enacted in 2021. The HSP includes 26 strategies designed to increase supply and affordability, increase housing choice, increase stability, improve equity, preserve existing affordable housing, and increase accessibility.

CONTEXT

Context: Housing Goals

The City aims to have 10% of housing units at buildout qualify as deed-restricted Affordable Housing. Achieving this goal would require adding approximately 282 Affordable units annually. In addition, to access State funding through Prop 123, in 2023 the City committed to increase its Affordable Housing stock by 9% over three years. This corresponds to adding 555 total units or 185 units annually of Affordable Housing.

Figure 1 captures these two housing targets alongside data on the actual number of Affordable Housing units developed annually. In addition, the number of units funded for rehabilitation and preservation are included. Including preservation in assessments of progress towards targets matters for two reasons. First, if current Affordable units are not preserved, the community must develop even more new Affordable Housing to reach the target of 10% deed-restricted Affordable Housing units. Second, preserving Affordable Housing often requires using the same resources developers rely on to build new housing (e.g., Low Income Housing Tax Credits or LIHTC). Accounting for preservation needs must be considered when assessing the capacity of the community to develop new Affordable units.

Figure 1. Fort Collins Affordable Housing Production and Preservation

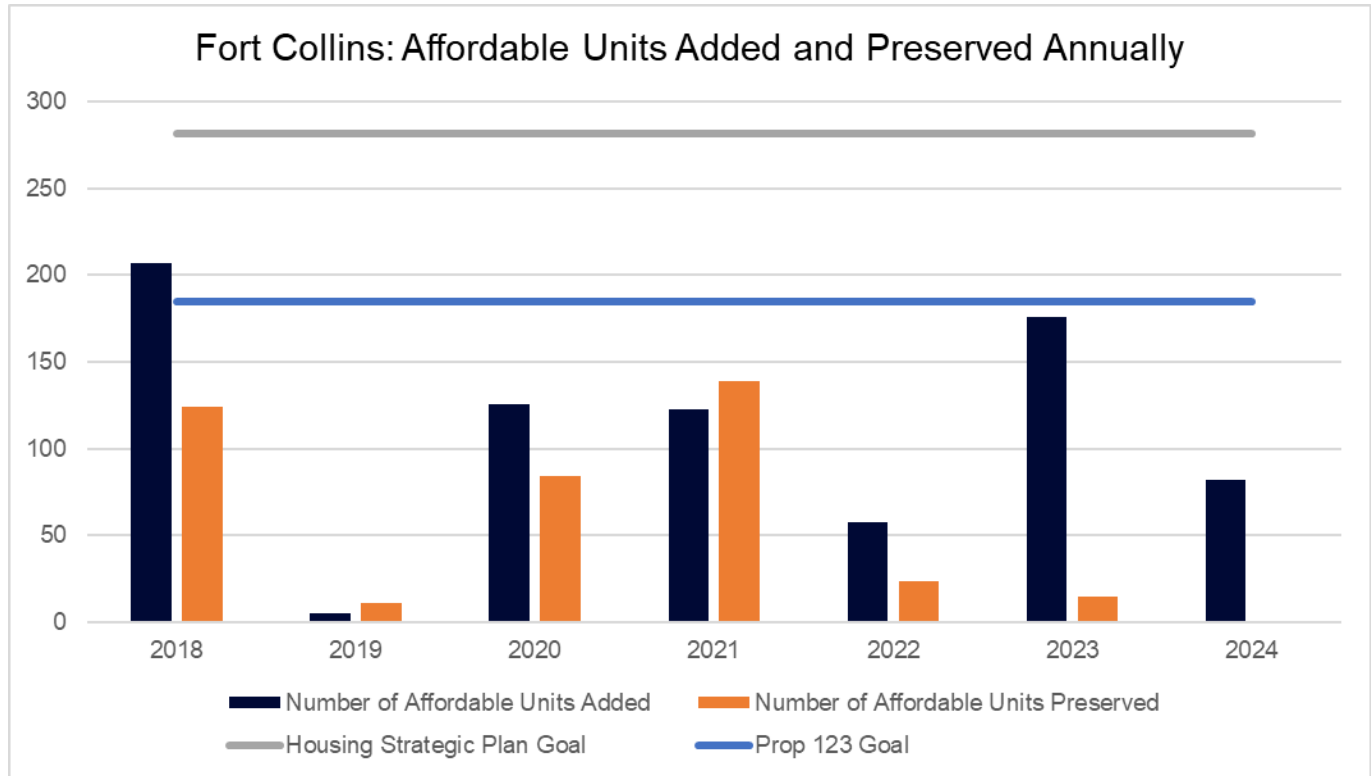


Table 1 complements Figure 1 and provides information on the new Affordable Housing projects (and number of units) developed each year along with the Affordable Housing projects (and number of units) funded for rehabilitation and preservation each year.

Table 1. Affordable Housing Projects Built and Preserved

Year	New Development		Rehabilitation and Preservation	
	Project	# of units	Project	# of units
2018	Habitat for Humanity	1	DMA Plaza	124
	Oakridge Crossing	110		
	Village on Horsetooth	96		
2019	Habitat for Humanity	5	Myrtle Street SRO (Housing Catalyst)	11
2020	Habitat for Humanity	6	Swallow (CARE Communities)	84
	Lakeview on the Rise	120		
2021	Lakeview on the Rise	60	Multiple properties (Neighbor to Neighbor)	112

Year	New Development		Rehabilitation and Preservation	
	Project	# of units	Project	# of units
	Mason Place	60	Village on Bryan (Housing Catalyst)	27
	Habitat for Humanity	3		
2022	Cadence	55	Village on Impala (Housing Catalyst)	24
	Habitat for Humanity	3		
2023	Oak 140	79	2155 Plum (Housing Catalyst)	15
	Elevations Community Land Trust	9		
	Habitat for Humanity	4		
	Northfield Commons	84		
2024	Kechter Place	54		
	Rendezvous	18		
	Habitat for Humanity	3		
	Elevations Community Land Trust	7		

Context: Housing Challenges

Several factors affect the City’s ability to ensure everyone has healthy, stable housing they can afford. While strategies in the HSP were designed to combat these challenges, they continue to impede progress.

- 1. Price escalation impacts everyone, and disproportionately impacts BIPOC [Black, Indigenous and People of Color] and low-income households.** Housing costs are concerns for both renters and homeowners, and costs of rent as well as home values have increased substantially in recent years. From 2018 to 2023, median gross rent increased 31.8% (from \$1,254 to \$1,653)¹ in Fort Collins. Almost 55% of renters in Fort Collins are cost-burdened, paying 30% or more of their income toward rent.² Housing values have increased even more steeply, making a movement toward homeownership more difficult for many households. From 2018 to 2023, the median value of owner-occupied units in Fort Collins rose over 61%, from \$334,700 to \$539,100.³

¹ U.S. Census Bureau, American Community Survey 5-Year Estimates, 2018 - 2023. Table B25064, Median Gross Rent (Dollars), Fort Collins CCD, Larimer County, Colorado.

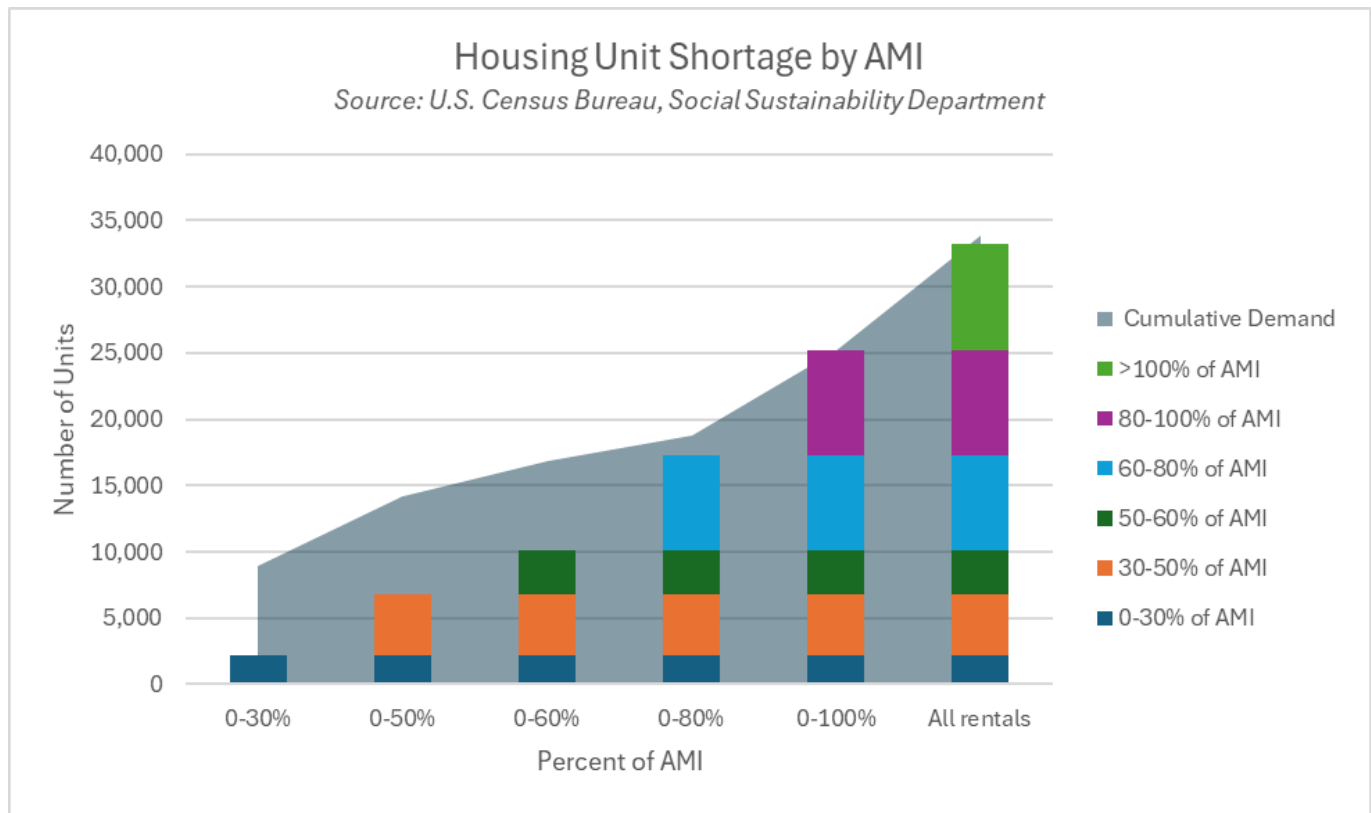
² U.S. Census Bureau, American Community Survey 5-Year Estimates, 2023. Table B25070, Gross Rent as a Percentage of Household Income in the Past 12 months, Fort Collins CCD, Larimer County, Colorado.

³ U.S. Census Bureau, American Community Survey 5-Year Estimates, 2023. Table B25077, Median Value (Dollars), Fort Collins CCD, Larimer County, Colorado.

Rates of housing cost burden are higher among BIPOC households nationwide. In Fort Collins, Black households in particular experience higher rates of cost burden compared to white households. While around 35% white households (both renters and homeowners) pay 30% or more of their income toward housing costs, almost 48% of Black households (both renters and homeowners) pay 30% or more of their income toward housing costs.⁴

2. There aren't enough affordable places available for people to rent or purchase, or what is available and affordable isn't the kind of housing people need. People at lower income levels face a lack of housing options affordable to them. Figure 2 illustrates the demand for housing at different income ranges and the number of units available and affordable at those income ranges.

Figure 2. Housing Unit Shortage by AMI



For households at the 0-60% income range, there is a gap of around 6,800 units. Renters at these lower income levels frequently rent above what is affordable to them because there are too few units to meet the need.

3. The City does have some tools to encourage affordable housing, but the current amount of funding and incentives for affordable housing are not enough to meet our goals. The City provides fee credits, direct financial subsidy, Private Activity Bond capacity (which enables developers to access LIHTC), and land to various Affordable Housing development and preservation projects. These local resources are often critical to a project to fill gaps in financing and enable the developer to leverage other funding sources. However, local resources alone are not enough to finance a development. The most common source of financing for Affordable Housing development and

⁴ Calculated from: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2023. Table B25140, Housing Costs as a Percentage of Household Income in the Past 12 Months (White Alone Householder) (B25140A) and (Black Alone Householder) (B25140B), Fort Collins CCD, Larimer County, Colorado.

preservation are LIHTC. Tax credits are allocated by the federal government, and current allocations fall far short of what is needed to meet Fort Collins’ development goals.

This interactive tool from the Urban Institute illustrates the various resources required to develop Affordable Housing and current challenges with financing Affordable properties: <https://apps.urban.org/features/cost-of-affordable-housing/>.

- 4. **Job growth continues to outpace housing growth.** Northern Colorado, including Fort Collins, continue to experience steady job and population growth. When housing does not grow proportionally, supply will be limited, and prices may increase. Vacancy rates in Fort Collins have consistently fallen below 5%, a benchmark signifying a balanced rental market. Fort Collins has averaged around a 3% rental vacancy rate in recent years.⁵
- 5. **Housing is expensive to build, and the cost of building new housing will likely continue to increase over time.** Average development costs to build and preserve affordable housing in Colorado have increased over 40% in the past five years. Table 2 includes statewide average costs for affordable housing development, tabulated by the Colorado Housing and Finance Authority (CHFA).⁶

Table 2. Cost of Development: Statewide Averages

Year	Statewide Average Per-unit Development Cost	Statewide Average Per-square-foot Development Cost
2024	\$432,835	\$408
2023	\$427,746	\$400
2022	\$369,025	\$361
2021	\$325,007	\$322
2020	\$307,079	\$268

These data are helpful to understand cost trends. However, they may not accurately reflect current costs given it takes years for a project to be developed and captured in the dashboard data, and costs are increasing faster than developments are being completed. In addition, the cost to develop in high-cost markets, including Fort Collins, typically exceeds statewide averages. To illustrate, Housing Catalyst estimates that a project financed in 2020-2021 costing \$350,000 per unit would today cost around \$500,000 per unit to develop.

Context: Approach to Achieving Housing Goals

The Council’s Affordable Housing Priority calls for operationalizing City resources to build and preserve Affordable Housing. City resources to operationalize include:

⁵ U.S. Census Bureau, American Community Survey 5-year Estimates, 2023. Table DP04, Selected Housing Characteristics, Fort Collins CCD, Larimer County, Colorado.

⁶ Colorado Housing and Finance Authority, Affordable Housing Development Costs. Accessed at <https://public.tableau.com/app/profile/colorado.housing.and.finance.authority/viz/AffordableHousingDevelopmentCosts/usingcreditcosts>

- Regulations: City ordinances, codes, and policies
- Investments: Financial resources including the Affordable Housing Capital Fund, Private Activity Bond capacity, competitive funding, and fee credits as well as City-owned land
- Partnerships: With developers, landlords, land trusts, non-profit housing and service providers, and community members

Creating a balanced housing ecosystem for residents through the operationalization of City resources requires implementing strategies to:

- Increase the supply of diverse housing types and costs;
- Increase the proportion of Affordable deed-restricted units; and,
- Support residents and landlords to advance housing access and stability

Increasing the supply of diverse housing types and costs requires ensuring the City's Land Use Code supports a range of housing types and reducing the time (and associated soft costs) needed to bring new units to market by ensuring City processes are streamlined and transparent.

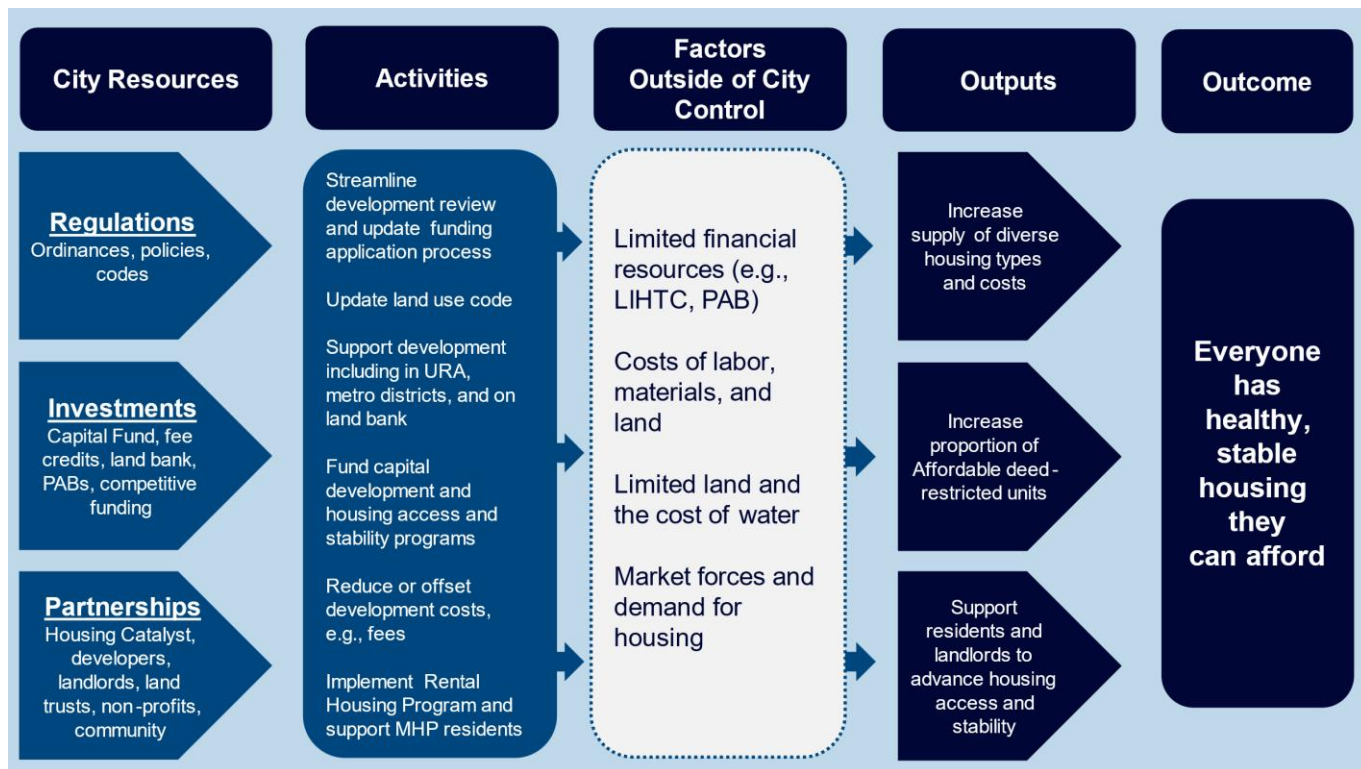
The City recently enacted Phase 1 of the Land Use Code and has continued to make updates to align local code with State legislation (e.g., allowing Accessory Dwelling Units). Changes to the Land Use Code in Phase 1 updated regulations to better allow Fort Collins' built environment to evolve with changing community needs and were written and visually designed to bring clarity to developers, facilitating a smooth and efficient design and planning process. Given housing development takes years from conception to completion, the City will not see the full impact of these policy changes for several years.

Increasing the proportion of Affordable deed-restricted units requires incentivizing Affordable Housing development through regulations and providing direct subsidy or reducing costs (e.g., through fee credits) associated with Affordable Housing development. Phase 1 updates to the Land Use Code included enhanced incentives and bonuses for developing Affordable Housing. In addition, the City has increased its investments in Affordable Housing over the past decade, most notably by recognizing Affordable Housing as a component of the City's infrastructure and establishing the Affordable Housing Capital Fund through the 2015 voter-approved Community Capital Improvement Fund. As noted above, impacts of these efforts will be realized over the course of years since housing takes years to develop.

Advancing housing access and stability by supporting residents and landlords involves working within current housing market conditions by providing resources directly to residents or landlords that can improve the quality of housing, subsidize housing costs, or provide legal support through a potential eviction process. While efforts to increase the diversity of housing supply and increase the proportion of Affordable Housing are long-term strategies with long-term impacts, implementing programs to support housing access and stability can yield results more quickly.

Figure 3 illustrates the City's approach to operationalizing resources toward the vision of ensuring everyone has healthy, stable housing they can afford.

Figure 3. City Approach to Achieving Housing Goals



As illustrated in Figure 3, the City operationalizes the resources of regulations, investments, and partnerships. These are put into action through various activities, such as updating the land use code, streamlining the development review process, funding housing development, implementing the Rental Housing Program, supporting residents living in Mobile Home Parks, and funding housing programs serving renters, unhoused residents, and low-income households. Several factors outside of the City’s control, including constrained resources and increasing costs, impede progress. These headwinds impact the City’s ability to see the desired outputs of increasing the supply of diverse housing types and costs, increasing the proportion of Affordable deed-restricted units, and advancing housing access and stability through supporting residents and landlords. When the City and partners are able to push through the headwinds and make progress towards these outputs, it moves the City closer to its ultimate vision of ensuring everyone has healthy, stable housing they can afford.

ACTIONS TAKEN TO IMPACT HOUSING

City of Fort Collins’ service areas and departments are identifying ways to contribute to efforts to improve housing supply, affordability, and stability, building a *housing forward* ethos throughout the City.

Table 3 highlights ways various departments and service areas are contributing to City-wide housing goals. This is not an exhaustive list but is meant to illustrate the range of activities implemented in the pursuit of becoming housing forward.

Table 3. Select Housing-Related Efforts by Department or Service Area

Department or Service Area	Select Activities
Social Sustainability (Sustainability Services)	<ul style="list-style-type: none"> • Collect, track, and analyze data • Allocate and administer funding for housing development

Department or Service Area	Select Activities
	<ul style="list-style-type: none"> • Allocate and administer funding for homelessness prevention and supportive services • Manage Land Bank program • Administer fee credits • Convene internal and external conversations and facilitate collaboration
Environmental Services (Sustainability Services)	<ul style="list-style-type: none"> • Allocate funding from the 2050 Tax to provide fee credits for housing projects with sustainability features exceeding code requirements • Implement strategies to achieve Our Climate Future Big Move 7: Healthy Affordable Housing
Economic Health (Sustainability Services)	<ul style="list-style-type: none"> • Support development of metro district policy • Advise on impacts of housing challenges on economic health and business environment • Participate in Private Activity Bond committee for allocation recommendations
Neighborhood Services (Sustainability Services)	<ul style="list-style-type: none"> • Manage Rental Housing program; build relationships with landlords and residents • Support mobile home parks to increase livability for residents • Provide landlord incentives • Administer mini-grant program
Planning, Development, and Transportation	<ul style="list-style-type: none"> • Develop and update land use code • Regulate development • Support developers to navigate development process • Support efforts to become an ADU-supportive community
Financial Services	<ul style="list-style-type: none"> • Develop options to secure and use public funds for Affordable Housing development (e.g., developing model for revolving loan fund) • Realign impact fees for development • Participate in Private Activity Bonds committee
Utilities	<ul style="list-style-type: none"> • Examine options for utility fee relief • Engage in discussions with water districts and regional partners regarding water challenges and impacts to Affordable Housing development • Integrate discussions of cost impacts to housing development for changes in standards and codes

Department or Service Area	Select Activities
Operation Services	<ul style="list-style-type: none"> • Facilitate purchases and sales of Land Bank and other properties • Compile City-owned real estate asset inventory
Community Services	<ul style="list-style-type: none"> • Partner on land acquisition strategies • Provide guidance and expertise on preserving the tree canopy while pursuing infill development for Affordable Housing
City Manager’s Office	<ul style="list-style-type: none"> • Facilitate conversations regarding supporting Affordable Housing development through the CCIP • Maintain open lines communication regarding housing strategies between service areas and with Council • Track legislation and advise on policy
City Attorney’s Office	<ul style="list-style-type: none"> • Assess potential policy choices and advise staff • Track legislation • Assist in proper documentation for funding, land acquisition, and affordability restrictions
Equity Office	<ul style="list-style-type: none"> • Advise on implications for equity of housing strategies • Support data collection and analysis • Assist in community engagement and outreach to underrepresented populations
Communications and Public Involvement Office	<ul style="list-style-type: none"> • Assist in communications and community engagement opportunities

In addition, the URA and Housing Catalyst are critical organizations in the City’s housing efforts. These entities are closely tied to the City through ordinances, although each operate under a governance structure distinct from the City’s structure.

The Urban Renewal Authority is designed to eliminate blight by catalyzing projects and accelerating investments, including investments into Affordable and middle-income housing. The URA has identified supporting Affordable Housing as one of their goals and is currently considering supporting development of 76 apartments (all income-restricted from 70% up to 100% of AMI) in the North College URA area.

As the City of Fort Collins’ public housing authority, Housing Catalyst acts in several roles to provide Affordable Housing to residents. Housing Catalyst administers over 1,700 Housing Choice Vouchers, manages over 1,100 Affordable Housing units, regularly develops new Affordable Housing, and serves as partner to other developers.

Housing Strategic Plan Implementation

The focused attention on housing across the City has resulted in implementation and completion of many strategies in the Housing Strategic Plan. Table 4 outlines the 26 strategies from the Housing Strategic Plan and provides a brief status update. Options for status include:

- Completed – Strategy was completed
- Ongoing Implementation – Program was established, and implementation is ongoing
- Continuous – Strategy requires continuous effort
- In process – Strategy is in process and not yet complete

For strategies marked as completed or where implementation is ongoing, there may be opportunities for follow-up activities in the future to refine or scale activities based on outcomes.

Table 4. Status of Housing Strategic Plan Strategies

	Strategy	Status			
		Completed	Ongoing Implementation	Continuous	In process
1	Assess displacement and gentrification risk	X			
2	Promote inclusivity, housing diversity, and affordability as community values			X	
3	Implement the 2020 Analysis of Impediments to Fair Housing Choice Action Steps			X	
4	Implementation, tracking, and assessment of housing strategies			X	
5	Advocate for housing-related legislation at state and federal levels			X	
6	Evaluate implementation of a visitability policy				X
7	Remove barriers to the development of Accessory Dwelling Units	X			
8	Extend the city’s affordability term	X			
9	Advance Phase One of the Land Use Code (LUC) Audit	X			
10	Refine local affordable housing goal	X			
11	Create a new dedicated revenue stream to fund the Affordable Housing Fund through dedicated property or sales tax				X
12	Expand partnership(s) with local Community Development Financial Institution (CDFI) to offer gap financing and low-cost loan pool for affordable housing development				X
13	Recalibrate existing incentives (fee waivers, fee deferral, height bonus, density bonus, reduced landscaping, priority processing) to reflect current market conditions	X			

	Strategy	Status			
		Completed	Ongoing Implementation	Continuous	In process
14	Create additional development incentives for affordable housing	X			
15	Explore/address financing and other barriers to missing middle and innovative housing development				X
16	Remove barriers to allowed densities through code revisions	X			
17	Consider affordable housing requirements as part of the community benefit options for metro districts		X		
18	Increase awareness and opportunities for creative collaboration across water districts and other regional partners around the challenges with water costs and housing				X
19	Bolster City land bank activity by allocating additional funding to the program		X		
20	Explore the option of a mandated rental license/registry program for long-term rentals and pair with best practice rental regulations		X		
21	Explore revisions to occupancy limits and family definitions in order to streamline processes and calibrate the policy to support stable, healthy, and affordable housing citywide	X			
22	Require public sector right of first offer/refusal for affordable development	X			
23	Allow tenant right of first offer/refusal for cooperative ownership of multifamily or manufactured housing community				X
24	Support community organizing efforts in manufactured home communities and increase access to resident rights information, housing resources, and housing programs		X		
25	Fund foreclosure and eviction prevention and legal representation		X		
26	Develop small landlord incentives		X		

WORK IN PROGRESS

Impacting the City's housing landscape has required remaining agile to respond to emerging needs and leverage new opportunities as they arise while continuing to drive implementation of strategies in the Housing Strategic Plan.

Additional information on activities underway are included in this section. These are all activities in which there are active discussions to assess, explore, and plan for the implementation of strategies. They are organized based on the type of City resource operationalized: a regulation, an investment, or a partnership.

Work in Progress: Regulations

1. Fast Track Development Review

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: Less than 12 months

Status/Next Steps: Fast tracking the development review process is intended to reduce the amount of time the review process takes. Prop 123 requires jurisdictions modify their review process to ensure various steps take no more than 90 days. City staff secured external funding to hire a consultant to support the project. The consultant delivered recommendations in early March and staff are beginning to plan for implementation. While this project specifically applies to Affordable Housing projects, lessons learned may be able to be applied to the development review process for other projects in the future.

2. Become an ADU-Supportive Community

Area of Impact: Increase diverse housing types and costs

Estimated Timeline: Less than 12 months

Status/Next Steps: HB124-1152 requires jurisdictions allow Accessory Dwelling Units (ADUs) where single family detached units are allowed. The law also outlines a certification process for jurisdictions to be designated as an ADU-supportive community. Additional information on this process will be shared with City Council at the March 25 work session.

3. Commercial Corridors and Centers Land Use Code update

Area of Impact: Increase diverse housing types and costs

Estimated Timeline: Less than 12 months

Status/Next Steps: Phase 1 of the Land Use Code update specifically addressed code changes related to residential development; the Commercial Corridors and Centers update continues the work to modernize the Land Use code to help create vibrant, resilient commercial areas that support local businesses and are adaptable to future community needs; and to enable more mixed-use development, especially along transit corridors and within commercial centers. Work sessions are anticipated for April and July, with updates estimated to be completed in Fall 2025.

4. Realign Impact Fees

Area of Impact: Increase diverse housing types and costs

Estimated Timeline: Less than 12 months

Status/Next Steps: In February, City staff shared information on the current impact fee structure and outlined a proposed process for updating and realigning impact fees. Next steps include continuing to assess methodological options for modifying impact fees to better align with City goals. Staff anticipates bringing a proposed fee schedule to a Council Finance Committee and Council Work Session in mid-2025, with an anticipated effective date of January 1, 2026.

5. Conduct High Density Utility Study

Area of Impact: Increase diverse housing types and costs

Estimated Timeline: 12 months or more

Status/Next Steps: The High-Density Utility Study will gather information to inform recommendations for possible criteria changes to utilities standards. This is timely work as it is anticipated infill development, potentially of multifamily housing on lots with more limitations, will be increasingly common. Staff recently

began the process by refining the questions to answer through the study and developing a survey to administer to other jurisdictions.

6. Explore Options for Indoor Water Conservation Financial Incentives

Area of Impact: Increase diverse housing types and costs

Estimated Timeline: 12 months or more

Status/Next Steps: Staff are exploring options for incentives related to indoor water conservation within the Fort Collins Utilities Water service area. Potential incentives could include a water supply requirement reduction, grants for developments, and/or rebates. Outdoor water incentives, in the form of irrigation water supply requirement reductions for lesser water demand landscapes are already available. Next steps include continuing to assess options and potential funding sources to implement.

Work in Progress: Investments

1. City of Fort Collins Real Estate Asset Inventory

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Next Steps: City staff are developing property profiles with key information about City-owned properties. In addition, staff are compiling a list of priority projects for the City which may require the use of and development on City-owned properties. Having an accurate database of City-owned properties can support conversations related to how best to use those resources to achieve City goals, including its housing goals.

2. Purchase Land Bank Property

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: Less than 12 months

Status/Next Steps: The Land Bank program is a long-standing effort of the City to strategically invest in properties that can be used for Affordable Housing development in the future. Land Bank programs are designed to purchase land when it is less expensive and often lacking infrastructure, then sell the property once surrounding development has brought critical infrastructure to the property making development more feasible and cost efficient. The City purchased its first land bank properties in 2002 and sold its first land bank property in 2016 to Housing Catalyst to develop the Village on Horsetooth. In total, the City has purchased six land bank properties; two of these properties have been developed. Staff anticipate purchasing at least one additional land bank property within the next 12 months.

3. Increase Affordable Housing Investment via CCIP Renewal

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: Less than 12 months

Status/Next Steps: Voters will vote to renew the Community Capital Improvement Program (CCIP) ¼ cent sales tax during the November 2025 election. The CCIP funded during the 2015 election included \$4 million for an Affordable Housing Capital Fund (AHCF). Funding has been used to provide “last in” gap financing and fee credits for projects. To increase the City’s capacity to achieve its housing goals, it is proposed to increase the amount of funding in the CCIP allocated to Affordable Housing to \$10 million over the 10-year CCIP timeframe.

4. Explore Revolving Loan/Equity Fund

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: Less than 12 months

Status/Next Steps: While the current AHCF provides valuable gap financing, this model of investment does not substantially accelerate the housing pipeline and the AHCF is depleted as funds are disseminated. Staff and City leaders are exploring options to bond the anticipated \$10 million from the CCIP, allowing the City and developer partners to quickly access funds, and use those funds to establish a revolving pool that provides both short- and long-term loans. Modeling indicates this structure can better accelerate our local Affordable Housing pipeline, bringing more units online than what is possible with current resources and financing models. In addition, loans will be repaid, replenishing the loan pool and allowing the City to continue investing in Affordable Housing development.

5. Leverage the URA for Development

Areas of Impact: Increase diverse housing types and costs; Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Next Steps: The Urban Renewal Authority (URA) is designed to alleviate blight by investing in designated plan areas. The URA uses tax-increment financing and other mechanisms to support redevelopment. Supporting Affordable and middle-income housing development are goals of the URA. The URA is currently considering supporting development of 76 Affordable and middle-income apartments (from 70% up to 100% of AMI) in the North College URA area.

Work in Progress: New Partnerships

1. Develop Housing Needs Assessment with Larimer County and City of Loveland

Areas of Impact: Increase diverse housing types and costs; Increase proportion of Affordable units; Support residents and landlords to advance housing access and stability

Estimated Timeline: Less than 12 months

Status/Next Steps: SB24-174 requires jurisdictions to create a housing needs assessment by December 31, 2026. The City of Fort Collins is partnering with Larimer County and the City of Loveland to create a regional housing needs assessment that complies with State requirements and provides valuable information on the regional and local housing landscape. As outlined in guidance published by the Department of Local Affairs (DOLA), the housing needs assessment will compile analyses related to demographic trends, economic trends, housing inventory, housing market trends, housing problems (e.g., cost burden, overcrowding, housing instability, homelessness), housing resources, housing development challenges and opportunities, current and projected housing needs, and policy programs and recommendations. The housing needs assessment will inform the development of a local housing action plan (also required by SB24-174; due by January 1, 2028). These documents provide an opportunity for the City to update data and refresh its strategies to continue making progress towards the goal of ensuring everyone has healthy, stable housing they can afford.

2. Partner with Regional Entities Including the NoCo Foundation

Areas of Impact: Increase diverse housing types and costs; Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Next Steps: Regional dynamics impact housing at the local level. In addition to continuing to partner with other local jurisdictions, the Chamber of Commerce, developers, non-profits, and community groups to advance housing goals, the City is beginning conversations with entities newly stepping into this work. Notably, the NoCo Foundation aims to impact the housing market through facilitating regional conversations and developing options for investing in housing. Cultivating these partnerships will be an ongoing strategy for the City.

3. Host Rental Housing Summit

Area of Impact: Support residents and landlords to advance housing access and stability

Estimated Timeline: Less than 12 months

Status/Next Steps: The Rental Housing program, operated by Neighborhood Services, is hosting a rental summit in early April for select renters, landlords, and housing advocates. The Rental Housing Summit provides an opportunity for those closest to rental housing issues to dialogue, identify issues, and collaborate on potential next steps to improve the rental housing landscape.

4. Deepen Renter Supports Through Partnerships with Colorado Poverty Law Project and CSU Off-Campus Life

Area of Impact: Support residents and landlords to advance housing access and stability

Estimated Timeline: 12 months or more

Status/Next Steps: With the initial round of rental registrations complete, the Rental Housing program is seeking opportunities to strengthen partnerships in the community and build learning and engagement strategies for the renter community. Engaging more deeply with existing partners can surface these opportunities.

5. Share Practices to Accurately Track Prop 123 Commitment, with Larimer County and Other Municipalities

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: Less than 12 months

Status/Next Steps: As part of the implementation of Prop 123 and to open up additional funding opportunities for the community, the City of Fort Collins filed a commitment in 2023 to add at least 555 units of Affordable housing over three years (185 units annually). This represents a 9% increase over baseline. The State Department of Local Affairs (DOLA) has released some guidance regarding tracking and reporting new Affordable Housing units, although additional clarification is still needed. The City of Fort Collins is participating in local efforts, coordinated by Larimer County, to share strategies and seek guidance from DOLA on standards and best practices for Prop 123 tracking and reporting. This collaboration will kick off with a regional workshop in early April.

Impact of Impact Fees on Affordable Housing

Work is underway to realign impact fees, with a new fee schedule anticipated to go into effect January 1, 2026. While this work will impact housing across the spectrum, as impact fees are applied to all new development, ensuring the City understand the impacts of these fees on Affordable Housing is critical to identifying ways to encourage deed-restricted Affordable Housing development.

Development Impact fees are used to expand infrastructure to accommodate new development. They include:

- Capital Expansion Fees for Parks, Fire, Police, and General Government
- Transportation Capital Expansion Fees
- Larimer County Regional Road Capital Expansion Fee

Currently, development impact fees comprise approximately 3% of a housing development's total cost. Table 5 includes impact fee costs for residential units of varying sizes.

Table 5. Impact Fees – as of January 1, 2025

Residential	Neighborhood Park	Community Park	Fire	Police	General Gov't	Transportation	Total	CEF% of Total Cost
700 Sq Ft Unit	\$2,285	\$3,229	\$560	\$313	\$762	\$2,958	\$10,108	3.5%
1,200 Sq Ft Unit	\$3,060	\$4,322	\$757	\$424	\$1,028	\$5,493	\$15,084	3.1%
1,700 Sq Ft Unit	\$3,343	\$4,719	\$824	\$461	\$1,123	\$7,133	\$17,603	2.5%
2,200 Sq Ft Unit	\$3,377	\$4,767	\$837	\$467	\$1,140	\$8,341	\$18,929	2.1%

In addition to impact fees, new development must also pay development review fees and utility fees. Total fees for a typical Affordable Housing unit are estimated at around \$32,000. The City of Fort Collins provides \$14,000 in fee credits per unit (for all fees, not limited to Impact Fees) for 30% AMI units, which covers around 43% of total fees for the unit.

While impact fees comprise a relatively small percentage of a housing development's total cost, given the rising costs of development, any increases can impact a project. Market rate developments can increase rents to cover additional debt incurred due to cost increases. Affordable Housing developments cannot increase rents, and therefore, must secure additional gap financing to make a project viable.

FUTURE OPTIONS

While there's much work underway, staff have identified additional opportunities to advance this work in the future. Some options for future activities include:

- Assessing activities currently implemented to identify options to modify, improve, or scale implementation to have a greater impact
- Revisiting strategies previously explored but not implemented and assessing when may be the right time to surface those options again
- Prioritizing strategies previously identified for which there has been less progress than needed to see the desired impact

Future Options: Ongoing Monitoring

In recent years, City staff have explored many strategies and studied the conditions needed for different policies to have the greatest impact. Staff will continue to regularly assess data and monitor our changing community context with a lens of revisiting policy options. Examples of strategies staff will monitor for include:

- *Federal and state legislation, specifically related to LIHTC reform:* LIHTC is the primary funding tool used to develop and preserve Affordable Housing in Fort Collins. Under current allocations and program structure, Fort Collins cannot develop enough units to meet our Affordable Housing goals. Changes in the LIHTC program could open the opportunity to develop more Affordable Housing units.

- *Linkage fee:* A linkage fee is a form of impact fee used specifically to fund Affordable Housing development. The City of Fort Collins contracted with Economic & Planning Systems (EPS) to conduct a Feasibility Study for Inclusionary Housing and Affordable Housing Linkage Fees in 2020, providing useful information regarding when to adopt and how to structure a linkage fee.
- *Inclusionary housing ordinance:* Inclusionary housing ordinances require new development to incorporate a portion of the developed units as Affordable, deed-restricted units or pay a fee in lieu. The City examined the feasibility of implementing an Inclusionary Housing Ordinance through the EPS study noted above. At the time of the study, consultants advised that a mandatory Inclusionary Housing Ordinance was not recommended, and other mechanisms may be more effective at producing Affordable Housing units.
- *Expand fee credits to higher AMIs:* Fee credits are limited to units at 30% AMI. Expanding fee credits to higher AMIs (or covering a larger portion of fee credits for units at 30% AMI) would help reduce costs to develop Affordable Housing and would require allocating additional funding for this purpose.

Future Options: Advancing Council’s Affordable Housing Priority

To advance Council’s Affordable Housing Priority, options to focus in on additional strategies for each objective are included in this section.

Objective 1: Expedite Review of Affordable Housing Projects

1. Fast Track Development Review

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: Less than 12 months

Status/Potential Next Steps: Fast track of the development review process is in progress and staff are planning for implementation. No new strategies or activities are required for this objective.

Objective 2: Expand Programs for Healthy and Stable Housing

1. Scale Programs for Renters and Housing Insecure Households

Area of Impact: Support residents and landlords to advance housing access and stability

Estimated Timeline: 12 months or more

Status/Potential Next Steps: The City provides support for renter and housing insecure households through several programs. The Rental Housing program oversees the rental registration and coordinates education and training opportunities; the Eviction Legal Fund provides legal assistance for renter households facing eviction; and the Social Sustainability Department provides grant funding to several non-profit partner agencies providing housing navigation services, rental assistance, and supportive services. These programs can be expanded, and other models of housing assistance could be introduced. As previously noted, once funding is secured, these types of programs can be implemented, and the impacts can be measured relatively quickly. This is in contrast to other strategies focused on long-term changes to the built environment, which can take years to measure and assess the outcomes of efforts.

2. Expand Small Landlord Incentives

Area of Impact: Support residents and landlords to advance housing access and stability

Estimated Timeline: 12 months or more

Status/Potential Next Steps: The Rental Housing program provides small grants to support landlords in making necessary repairs to their rental housing. With an aging housing stock, this strategy works to ensure renters have access to safe and habitable housing. This program could be expanded with additional resources.

3. Increase Enforcement, Monitoring, and Resident Support in Mobile Home Parks

Area of Impact: Support residents and landlords to advance housing access and stability

Estimated Timeline: 12 months or more

Status/Potential Next Steps: Council members have expressed a desire to ensure mobile home park residents are able to experience the same quality of services and livability as residents in other neighborhoods. Working toward this goal in the future may require restructuring programming and staffing, adopting new ordinances, and developing new opportunities to engage with residents.

Objective 3: Reduce Fees for Affordable Housing and Evaluate Regulations and Fees for Anticipated Impact

1. Continue Exploring Options for Utility Fee Relief

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Potential Next Steps: Staff will continue to explore options to reduce costs for developers related to utility fees. Examples of types of mechanisms to explore include offsets, exemptions, or credits.

2. Collaborate with Water Districts and Regional Partners to Address Challenges with Water Costs

Area of Impact: Increase diverse housing types and costs; Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Potential Next Steps: This activity was identified as a strategy in the Housing Strategic Plan. Given the complex dynamics around water usage and fees, particularly as they relate to Affordable Housing development, ongoing collaboration with water districts is necessary.

Objective 4: Create Sustainable Long-Term Source(s) of Dedicated Local Funding for Housing

1. Explore Options for Dedicated Sales Tax, Property Tax, or Other Revenue Source

Area of Impact: Increase diverse housing types and costs; Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Potential Next Steps: While the City has increased local funding for Affordable Housing development through the CCIP, additional resources are needed to meet Affordable Housing development goals. Staff can continue to explore options for different revenue sources, including the feasibility of options requiring voter approval.

Objective 5: Identify City Resources to Dedicate to Affordable Housing

1. Explore Options to Leverage Real Estate Asset Inventory for Affordable Housing Development

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Potential Next Steps: Staff can utilize the information captured in the City of Fort Collins real estate asset inventory to support Affordable Housing development. This could involve identifying opportunities to develop new Affordable Housing in conjunction with one of the City's priority projects. For example, a development could include a public facility on the bottom levels of a building with Affordable Housing units on top.

2. Increase Land Bank

Area of Impact: Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Potential Next Steps: The Land Bank program is a long-standing program in the City. It relies on purchasing and holding property for several years until that property is suitable for development. Increasing the Land Bank program by dedicating additional funding to purchase more properties can provide resources for future development; the tradeoff may be fewer resources to implement strategies that can impact housing affordability or stability in the near term.

3. Explore Opportunities to Support Private Investments in Housing

Area of Impact: Increase diverse housing types and costs; Increase proportion of Affordable units

Estimated Timeline: 12 months or more

Status/Potential Next Steps: Partners of the City have noted some private investors have expressed interest in investing in Affordable Housing. Developing a strategy to leverage private investments may involve working with others in the philanthropic and housing spaces, developing a menu of options for investments or donations, and identifying potential incentives the City could provide for investments made.

NEXT STEPS

Next steps include continuing to implement and pursue activities presented and reporting on progress. Staff will provide additional information, as directed by Council.

ATTACHMENTS

1. Presentation