






Finance Administration
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MEMORANDUM

Date: June 29, 2023

To: Fort Collins City Council

Thru: Kelly DiMartino, City Manager 
Travis Storin, Chief Financial Officer 
Blaine Dunn, Accounting Director 

From: Jo Cech, Fiscal Recovery Manager 

Subject: Support of Affordable Housing AMI Exception

The Fiscal Recovery Office, which manages the ARPA funding received by the City, supports the request of the Housing Team to allow the use of a 40% AMI cap for the application of the affordable housing fee credits at the Heartside Hill development. The funding for the fee credits falls under the ARPA-funded Affordable Housing Fee Credit program approved and appropriated by Council in 2022.

BACKGROUND

The Housing Team in the Social Sustainability Department requests authorization to pay affordable housing fee credits to the developer building a local housing community, including units for applicants making no more than 40% of AMI per year, or \$31,840 for an individual and \$45,440 for a family of four.

- This is an exception to the current authorization that affordable housing fee credits be made available to developers building housing units for applicants making no more than 30% of AMI per year, or \$23,900 for an individual or \$34,100 for a family of four.
- This exception would be made only for fee credits paid with ARPA funding received by the City under the federal ARPA State and Local Federal Relief Funds (SLFRF) program.

RATIONALE

The ARPA Affordable Housing Fee Credit program, approved by City Council and appropriated as part of the 2023 budget, supports the City's pandemic recovery efforts by increasing the available supply of

affordable housing. Fee credits provide incentives for developers to offset the cost of including affordable housing units for the lowest wage earners in their development plans. We support this change for the following reasons:

- Affordable housing remains limited and in high demand in the city,
- the use of the program funds aligns with the purpose stated for the program,
- the increase in allowable income, going from 30% AMI to 40% AMI, is not significant,
- the City faces a 12/31/24 deadline for expending these ARPA funds and would benefit from supporting affordable housing development sooner rather than later,
- this usage has been approved by the Affordable Housing Board.

Affordable housing remains a high priority in the City post-pandemic, as many residents still struggle to achieve home ownership due to the high cost of housing in Fort Collins. The increase in allowable income levels between a 30% AMI cap and a 40% AMI cap is \$7,940/year for an individual and \$11,340 for a family of four. These are not significant increases relative to the price of local housing. Individuals or families qualifying for 40% AMI housing are still low-income and in need of affordable housing. In our opinion, providing more affordable housing units sooner outweighs the small increase in the percentage of AMI allowed to be eligible for fee credits.

ARPA State and Local Federal Relief Funds must be spent or 'obligated' by 12/31/24. As this ARPA program was initiated in 2022 we believe utilizing the funds in the community should be done as soon as possible. Approving the use of these fee credits for 40% AMI units will benefit the community sooner and ensure we utilize ARPA funding in a timely manner. If we wait for more 30% AMI affordable housing developments to be proposed, we risk losing use of these ARPA funds if development does not occur before 12/31/24.

Please let us know if you have any questions or concerns.

Cc: Susan Beck-Ferkiss