

WORK SESSION AGENDA ITEM SUMMARY

City Council



STAFF

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SUBJECT FOR DISCUSSION

Transit Oriented Communities (HB24-1313) Implementation

EXECUTIVE SUMMARY

The purpose of this item is to provide an update on compliance efforts related to the Transit Oriented Communities legislation (HB24-1313) passed by the State legislature in 2024 and to seek Council direction on areas of the community to designate as Transit Centers. Per the legislation, Transit Centers are locations that permit higher density development and require no public hearings for multifamily and mixed-use development. Staff is seeking to finalize the City's compliance with HB24-1313 Spring 2026 in order to enable eligibility for a grant funding opportunity for a proposed affordable housing project.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council support staff's approach on locations within the community to designate as Transit Centers?
2. Does Council support designating Transit Centers outside the Transit Oriented Development Overlay Zone?

BACKGROUND / DISCUSSION

In 2024, the Colorado Legislature passed House Bill 24-1313, Housing in Transit Oriented Communities ('TOC Bill'). As a subject jurisdiction, Fort Collins is required to demonstrate it has a transit-supportive development framework near existing or planned high frequency transit. The legislation includes implementation and reporting actions spanning several years to conduct engagement and ensure communities have adequate time to prepare any necessary zoning or code changes.

Key requirements, deadlines, and current status of the TOC Bill components include:

- Housing Opportunity Goal Preliminary Report

Subject jurisdictions must prepare and submit a Housing Opportunity Goal to the Department of Local Affairs. The Housing Opportunity Goal is calculated by multiplying 40 dwelling units per acre

by the size of Transit Areas in the community, creating an overall residential zoning capacity benchmark.

Fort Collins' State-designated Transit Areas are a quarter mile buffer on both sides of existing or planned high frequency bus routes. General locations include buffers along College Avenue, East Harmony Road, East Drake Road, West Elizabeth Street, and Centre Avenue (Attachment 1). The total size of Transit Areas in Fort Collins is 6,159 acres.



State-Designated Transit Areas in Fort Collins

The City is able to exempt many parcels from the Transit Area due to constraints such as designated open space, parks, utility easements, existing industrial uses, natural hazards, government or school land ownership, or reducing displacement risk for mobile home parks. Fort Collins exemptions amount to 2,779 acres, reducing the eligible Transit Area size to 3,380 acres. This results in the City's total Housing Opportunity Goal of 135,160 units (3,380 acres x 40 units per acre).

It is important to note that the Housing Opportunity Goal is only a benchmark for zoning capacity and is not a requirement or indicative of the number of dwelling units the City must construct.

This legislative requirement is complete: the City submitted its preliminary Housing Opportunity Goal in June 2025 and the report was approved and accepted by the Department of Local Affairs October 2025.

- Housing Opportunity Goal Final Report

For its Final Report to the Department of Local Affairs, the City must designate areas of the community as Transit Centers and submit modeling data demonstrating the residential zoning capacity in designated Transit Centers meets or exceeds the Housing Opportunity Goal. Additionally, the City must select and implement a variety of affordable housing and displacement mitigation strategies in anticipation of future development and redevelopment in Transit Areas.

To be designated a Transit Center, areas must be near existing or future transit routes, permit a minimum density of 15 units per acre, and allow for an administrative-only review process for multifamily projects without a requirement for neighborhood meetings or public hearings.

While many of Fort Collins' mixed-use and commercial zone districts already meet the density requirements for Transit Center designation, Land Use Code changes will be necessary to create an administrative level review process for multifamily and mixed-use development.

Staff is seeking direction from Council regarding the specific areas within the community to designate as Transit Centers. Beyond requirements for compliance with the legislation, Transit Centers will also be eligible to receive state funding for infrastructure grants and affordable housing tax credits and may be used in the future by State departments to determine eligibility for future projects, programs, and incentives.

These requirements are in-process. In addition to seeking Council direction on Transit Center designation, staff anticipates advancing Land Use Code changes in Spring 2026 to create administrative level review processes for multifamily development in Transit Center in conformance with legislative requirements. While the Final Report is due no later than December 31, 2026, staff is seeking to expedite compliance to Spring 2026 to enable a grant funding opportunity for an affordable housing project proposed in Midtown.

In late 2025, the Department of Local Affairs opened up the Transit Oriented Communities Infrastructure Grant to a pilot round of funding. The City of Fort Collins applied for grant funding for a proposed senior affordable housing project in Midtown called Switchgrass Crossing and anticipates a decision on a grant award by late January. If selected for funding, this grant would be contingent on becoming certified as a Transit Oriented Community by Spring 2026. If the City elects to designate Transit Centers or overall certification past Spring 2026 the Switchgrass Crossing project will be ineligible for pilot round grant funding.

- Zoning / Code Implementation

If Council provides direction to designate Transit Centers in other areas of the community that require additional zoning or code changes, implementation of those actions must be completed by December 31, 2027.

- Ongoing Reporting Requirements

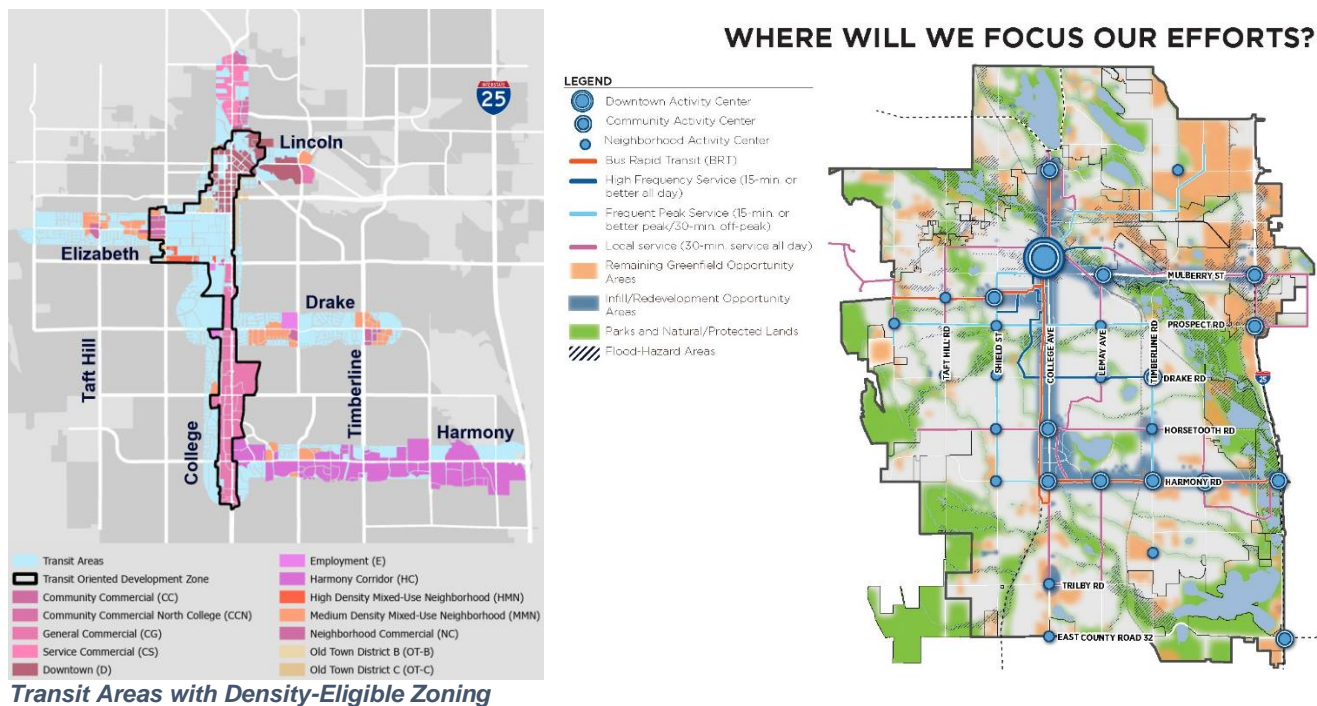
The City must prepare compliance reports to the Department of Local Affairs every three years. The first compliance report will be due in 2029.

Designating Transit Centers

The next step in the compliance path for the TOC Bill is for the City to designate its Transit Centers. Per legislation, these areas need to be located within the State-designated Transit Areas along high-frequency transit routes, requires zoning that permit 15 dwelling units per acre, and has an administrative approval process in place for multifamily and mixed-use development under five acres in size. Collectively, all Transit Centers must have zoning capacity that meets or exceeds the City's Housing Opportunity Goal of

135,160 units. The City may designate Transit Centers above and beyond the minimum legislative requirement to potentially take advantage of the infrastructure grant and affordable housing tax credit opportunities associated with the legislation.

The image on the right side below is a map from City Plan titled: Where Will We Focus Our Efforts? This map depicts Activity Centers, transit lines, as well as Infill/Redevelopment Opportunity Areas shown shaded as blue emanating from certain corridors. City Plan discusses that high-frequency transit is only viable with supportive land use patterns and higher density residential, maximizing infill and redevelopment where transit service exists or is planned. Examining the City Plan map side by side with the Transit Areas with Density-Eligible Zoning map, it is evident that these areas generally overlap. There is an opportunity to align the Activity Centers designated in City Plan with the findings and strategy from the City-Wide Retail Study, including the designation of Regional and Neighborhood Nodes, as well as Neighborhood Centers.



Transit Center Considerations

- The majority of Fort Collins' primary residential zone districts such as Low Density Residential (RL), Low Density Mixed-Use Neighborhood (LMN), and Old Town Low/Medium (OT-A, OT-B) zone districts are ineligible for Transit Center designation, as they do not meet minimum density requirements.
- The majority of Fort Collins' mixed-use, employment, and commercial zone districts, such as General Commercial (CG), Downtown (D), Employment (E), and Harmony Corridor (HC) do meet minimum density requirements.
- With the exception of two small subdistricts of the Downtown (D) zone district, no administrative-level review process exists for multifamily development in the City. As a result, any area the City designates as a Transit Center will require Land Use Code changes to meet requirements of the legislation.

Staff Approach & Recommendation

Based on the considerations listed above, staff is recommending an approach to designate Transit Centers using only zone districts that currently meet the minimum density requirements and that are located both within the boundaries of the Transit Oriented Development (TOD) Overlay Zone and the State-designated Transit Areas. This consists of areas along the Mason BRT and College Avenue corridors as well as areas around the CSU Campus, such as Lake Street and West Elizabeth Street (Attachment 2). Zone districts

represented include General Commercial (CG), Community Commercial (CC), Employment (E), High Density Mixed-Use Neighborhood (HMN), and Downtown (D). Staff have already completed substantial modeling and analysis for these areas and determined the zoning capacity of these areas meets and exceeds the City's Housing Opportunity Goal.

As locations within the TOD Overlay Zone, these areas are already served by existing high frequency transit such as the MAX BRT Line, and routes such as 3/31 serving areas west of campus. In addition, as primarily commercial and mixed-use areas within the TOD Overlay Zone, there is strong policy and land use guidance for higher intensity development in these areas, which aligns with legislative goals and requirements to update the approval process for multifamily development to no longer require a public hearing.

Additional Transit Center Designations

If Council wishes to explore additional Transit Center designations beyond the current boundaries of the TOD Overlay Zone, other potential locations could include locations listed below. Staff is presenting these areas in order of alignment with existing Fort Collins policy, land use, and transit guidance/expectations.

- 1) North College Corridor – Commercial zone districts north of Downtown support the minimum density requirements for Transit Center designation, and the corridor is identified both for an extension of BRT service in the future and the recently-adopted North College BRT Study recommends both increased density and expansion of the TOD Overlay to this portion of the community.
- 2) Centre Avenue / Harmony Road – Existing areas designated for mixed-use and employment along Centre Avenue south of the CSU Campus, as well as the majority of Harmony Road contain zoning with density standards eligible for Transit Center designation. Centre Avenue is also well-served by higher frequency transit services such as the 'Around the Horn' route, while long-term transit plans indicate future transit additions to the Harmony Road corridor.
- 3) Old Town, High (OT-C) Zoning – There are scattered pockets of OT-C zoning near CSU and Downtown within the TOD Overlay that are also eligible for designation. These areas are in close proximity to transit and community amenities. While these areas are eligible for designation, staff did not include them in the 'base' staff recommendation as these areas are intended to serve as a buffer to primarily residential neighborhoods and the existing pattern of lot sizes and adjacent neighborhood compatibility is not as conducive to large multifamily development and redevelopment.

These optional Transit Center areas can be viewed in Attachment 3. Additionally, there are other areas Council could elect to designate as Transit Centers elsewhere in the community if direction is provided to pursue changes to either zoning designations or minimum density requirements of existing zone districts. One such area is the West Elizabeth Corridor. While there are plans underway to expand Bus Rapid Transit to the far western end of this corridor, most zoning is residential in nature and does not meet minimum density requirements, nor does staff anticipate redevelopment of these primarily single-unit dwelling neighborhoods.

Timing, Code Changes, Engagement

The City must designate and submit modeling data on Transit Center designations by the end of 2026 to the Department of Local Affairs. However, staff is pursuing an expedited schedule, seeking to submit modeling data and receive certification from the State by Spring 2026. This timeline will enable the City's eligibility for a pilot round grant and funding for a proposed affordable housing development in Midtown. Under this timeline, staff would move quickly to bring Land Use Code changes before Council in March or April 2026 to change multifamily development to an administrative-level review process for areas designated as Transit Centers.

For Transit Center designations using density-eligible zoning within the TOD Overlay Zone, staff would create public-facing informational updates on the change in review process required by state legislation.

For areas outside the TOD Overlay Zone, Spring certification does not allow for robust engagement in areas of the community where a Transit Center designation and change in review process may represent a more significant change to current development conditions.

Designating Transit Centers outside the TOD Overlay Zone could be an additional task throughout 2026 while establishing a 'base' designation within the TOD Overlay Zone in Spring that still enables a timeline for pilot round grant funding.

One additional consideration on the designation of Transit Centers and the administrative-level review process relates to affordable housing. Staff are aware that some projects propose inclusion of affordable housing because doing so allows the project to go through the City's Basic Development Review (BDR) process. BDR's require quick review times and are approved by the Planning and Development Services Department Director, rather than by a Hearing Officer or the Planning and Zoning Commission. Having a project follow this review path is often an incentive to include affordable units within the project. In areas designated as Transit Centers, this incentive is diminished because all projects will have an expedited review process. While this may not have a significant impact, it may influence whether some projects include an affordable housing component.

NEXT STEPS

Based on Council direction, staff will continue finalizing modeling data for Transit Centers and begin the reporting and certification process with the Department of Local Affairs. Pursuing a Spring 2026 certification timeline, staff will also be conducting community engagement and notifications on proposed Code changes leading up to potential adoption hearings with the Planning & Zoning Commission and City Council in February, March and April 2026.

Council direction during this work session will also continue to guide ongoing work on the Commercial Corridors and Centers Land Use Code updates. Staff anticipate exploring options to consolidate the City's commercial zone districts. Previous feedback from City Council has focused on reducing complexity where possible and this effort to examine commercial zone districts is a continuation of that work. This exercise will also be aligned with the findings of the Retail Study and will ultimately help ensure that commercial zone districts are delivering the outcomes that the City's policy plans call for. Staff will be scheduling a separate work session in the short term to discuss anticipated future Land Use Code updates.

ATTACHMENTS

1. Fort Collins Transit Areas
2. City Plan Map: "Where Will We Focus Our Efforts?"
3. Eligible Transit Center Zoning within TOD Overlay
4. Optional Transit Center Designation Areas
5. Presentation