

AGENDA ITEM SUMMARY

Urban Renewal Authority



STAFF

Andy Smith, Redevelopment Manager

SUBJECT

Resolution No. 171 Approving a Term Sheet and Authorizing the Executive Director to Enter into a Loan for the Development of Income-Restricted Housing at a Property Located Between Bristlecone Drive and Red Cedar Circle.

EXECUTIVE SUMMARY

The purpose of this item is to consider approval of a final term sheet and a resolution authorizing the URA Executive Director and Counsel to execute legal documents consistent with the term sheet. Bristlecone Affordable (Project) is a proposed 112-unit multi-family community located within the North College Urban Renewal Plan Area boundaries. The Project will be restricted to household income-averaging to 60% or less of Area Median Income (AMI). The Project developer (Developer) has applied to Colorado Housing and Finance Authority (CHFA) for competitive 4% Federal LIHTC and State Tax Credits; however, a financial gap remains. The Borrower has submitted a request for financial support from the URA in the form of a \$2 million loan as a reimbursement at Project completion. URA staff and the Borrower have been negotiating a non-binding "term sheet" for the proposed loan, which is ready for consideration or revision.

STAFF RECOMMENDATION

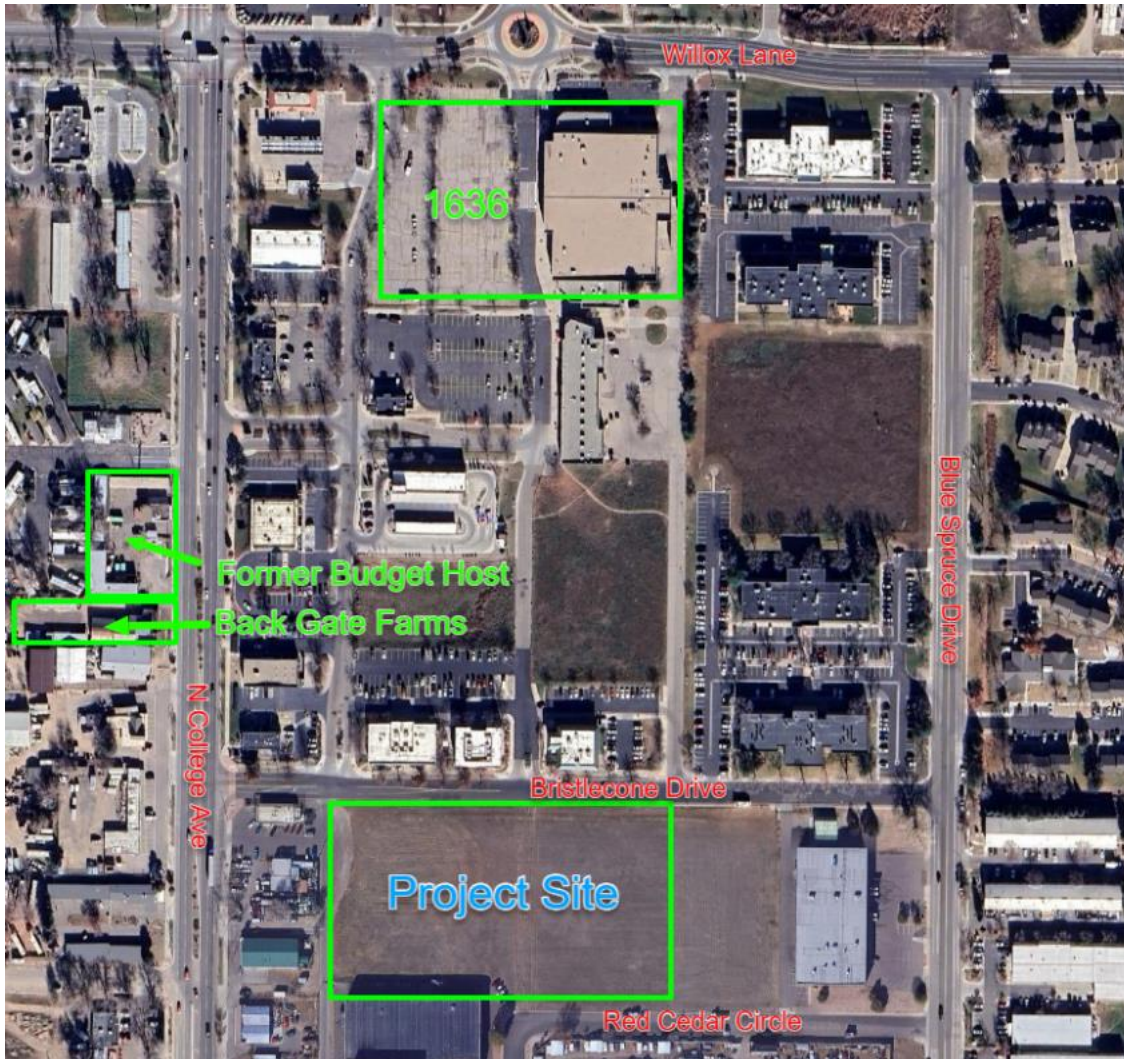
Staff recommend adoption of the Resolution. If the Board is not ready to approve a loan, staff recommend this item be deferred and revisited after further research into the revised revenue forecast has been completed (early to mid-November).

BACKGROUND / DISCUSSION

The Project site is within the North College Urban Renewal Plan Area boundaries, specifically at the future intersection of Bristlecone Drive and Red Cedar Circle, one half-block east of North College Avenue, and in close proximity to current URA supported projects including 1636 North College Ave, 1513 North College Ave, and 1505 North College Ave. The Borrower submitted a request for financial support from the URA in the form of a \$2 million loan to be paid as a reimbursement at project completion.

Staff initially presented this proposal to the Finance Committee on August 13, 2026. However, the Committee was not ready to refer the proposal to the Board until it had more detailed information regarding the North College Plan Area's forecasted fund balance. That information was provided to the Finance Committee in the October 8, 2026 Finance Committee agenda.

The Developer is a partnership of two experienced private sector affordable housing developers, MJT Properties, Inc., and Featherstone Development. MJT Properties have experience in Fort Collins, including the Northern Hotel Apartments.



Project

The Project is proposed to be a single 4-story, all-electric, building with a rooftop solar array to help offset the house meter. The site is approximately 3.7 acres in size and may expand to the east over time in future phases.

Stormwater and New Street

To facilitate redevelopment of the site and parcels to the south and southeast, stormwater infrastructure needs to be constructed or upsized. The Developer and City of Fort Collins Stormwater staff have reached an agreement for the Developer to construct approximately 3,055 linear feet of stormwater pipe at an estimated cost of \$2.5 million. City Stormwater staff have included \$2.5 million in their proposed 2028 budget for repayment to the Project following construction of the improvements. These improvements are expected to provide necessary stormwater infrastructure and facilitate future redevelopment of the site and vicinity.

As part of the development of the Project, a new street will be built. Red Cedar Circle will be extended north from its current terminus to align with the private drive aisle that runs through the 1636 North College Ave property and connects with the roundabout at Wilcox Lane.

Finances

The estimated total development cost is \$53 million, or approximately \$473,000 per dwelling unit. The Project currently has a funding gap of approximately \$3 million.

The Project has applied for CHFA's "Round 2" funding, which combines state affordable credits, Federal 4% tax credits, and private activity bonds. Awards are generally announced by November. *The Project is the only applicant from Northern Colorado in Round 2 this year.*

The Project has been allocated 50% (\$5.87 million) of the City of Fort Collins' 2025 Federal Private Activity Bond (PAB) allocation, which will go toward the \$14 million total PAB requirement. Private Activity Bonds make up the Project's permanent financing. PAB is a necessary part of the 4% LIHTC financing process, required by Federal legislation. If approved, the CHFA Round 2 process will provide the remainder of the necessary PAB for the project.

The Project has also applied to the City of Fort Collins' Housing and Community Vitality (HCV) department for \$1.5 million from the Affordable Housing Capital Fund (AHCF) following the appropriation of approximately \$5.7 million in leftover Community Capital Improvement Program (CCIP) funds from 2015-2025. If approved at the full \$1.5 million amount, a gap in project funding will still remain, thus the continued request for assistance from the Authority. Preliminary award letters are expected to be issued in mid-November 2026 with City Council approval occurring in December 2026.

While the Project itself is not a Proposition 123 funded project, it will likely count toward the City of Fort Collins' next commitment (2027) to the State of Colorado pledging to increase the local affordable housing supply by 3% each year for three years. The City's current commitment was accepted by the State and allows other projects in the City to qualify for Proposition 123 funding, which includes middle-income housing, such as 302 Conifer which is currently under construction nearby. 302 Conifer received a loan from the URA in 2025 in the amount of \$3.2 million to fill a similar financial gap.

Loan Terms

Based largely on the 302 Conifer loan made in 2025 by the URA, the proposed loan would help fill the financial gap, and leverage significant critical funding provided by other sources, namely federal and state tax credits in this instance. The loan would be contingent upon the approval of those other sources.

AMOUNT: \$2,000,000 (or alternative amount, as determined by the URA Board)

TERM: The earlier of 18 years, significant refinance, or liquidity event

DISBURSEMENT: Upon issuance of Certificate of Occupancy.

INTEREST: 3%

PAYMENTS: Interest only, from available cash flow

Strategic Considerations

Advancing the North College Urban Renewal Plan

The North College Urban Renewal Plan (Plan) was adopted in 2004 and governs all activities that remediate or prevent blight.

Key “Plan Objectives” advanced by the Project include:

- *To facilitate redevelopment and new development by private enterprise through cooperation among developers and public agencies to plan, design, and build needed improvements*
- *To address and remedy conditions in the area that impair or arrest the sound growth of the city*
- *To implement the Comprehensive Plan and its related elements*
- *To redevelop and rehabilitate the area in a manner which is compatible with and complementary to unique circumstances in the area*
- *To effectively utilize undeveloped and underdeveloped land*
- *To improve pedestrian, bicycle, and vehicular circulation and safety*
- *To ultimately contribute to increased revenues for all taxing entities*
- *To watch for market and/or project opportunities to eliminate blight, and when such opportunities exist, to take action within the financial, legal and political limits of the Authority to acquire land, demolish and remove structures, provide relocation benefits, and pursue redevelopment, improvement and rehabilitation projects.*

Key “Renewal Activities” supported by the Project include:

- *Public Improvements. The Authority may cause, finance or facilitate the design, installation, construction and reconstruction of public improvements in the Renewal Area. In order to promote the effective utilization of undeveloped and underdeveloped land in the Renewal Area, the Authority may, among other things, enter into financial or other agreements with the City of Fort Collins to provide the City with financial or other support in order to encourage or cause the City to invest funds for the improvement of storm drainage and street conditions and deficiencies in the Renewal Area.*
- *Participation Agreements. The Authority may enter into participation agreements with property owners or developers in the renewal area to facilitate participation and assistance that the Authority may choose to provide to such owners or developers. These may include provisions regarding project planning, public improvements, financing, design, and any other matters allowed pursuant to the Urban Renewal Law.*

Key “Project Financing” tools available to support the Project include:

- *The Authority is authorized to: (a) finance urban renewal projects within the Renewal Area with revenues from property tax increments, sales tax increments, interest income, federal loans or grants, agreements with public, quasi-public or private parties and entities, loans or advances from any other available source, and any other available sources of revenue; (b) issue bonds and incur other obligations contemplated by the Urban Renewal Law in an amount sufficient to finance all or any part of a project within the Renewal Area; and (c) borrow funds and create indebtedness in any authorized form in carrying out this Plan. Any principal and interest on such indebtedness may be paid from property tax increments, sales tax increments or any other funds, revenues, assets or properties legally available to the Authority. Such methods may be combined to finance all or part of the Plan activities.*

URA as a meaningful housing promoter

Housing is a durable and effective blight remediation and prevention strategy and was the original intention of federal urban renewal policies after World War II. Unfortunately, however, history is filled with examples of urban renewal in practice being misused and causing blight by displacement and removal of housing, especially in racially diverse neighborhoods. The Fort Collins URA is committed to promoting housing within existing and new plan areas to remediate blight by fostering a greater sense of community, neighborhood pride and ownership, social connections, reduced transportation costs, and greater localized economic opportunities.

Create long-term financial tool

A revolving social impact loan fund provides a legacy funding source to continue after tax increment financing (TIF) revenue collection expires in December 2029. This strategy creates a) an asset for future strategic investments, and b) interest income to help sustain ongoing operations and program management in the North College Urban Renewal Plan Area.

Effective and timely leverage of partner resources

It is commonly understood that affordable housing requires multiple sources of capital, and financial gaps typically exist after federal and state resources have been exhausted. The URA is often uniquely positioned to respond to market opportunities by providing essential local investment normally required by federal and state funding sources, thereby helping to unlock those scarce and competitive resources. Specific to the Project under consideration, URA support would help gain approval from CHFA in a year when there is curiously only one project from our community seeking funding.

Stormwater Investment

Beyond just the additional supply of affordable housing provided by the Project, critical stormwater infrastructure would also be constructed to stimulate the redevelopment of other properties nearby.

Connectivity

The Project will create a new local street to serve as a north/south alternative to North College Ave, and thereby better connecting properties and projects from Conifer Street to Willox Lane.

Next Steps

If the Board approves the term sheet (as presented, or a modified version) and authorizes the URA Executive Director and Counsel, loan agreement documents will be drafted and executed. Any material change or deviation from the approved term sheet will require approval from the URA Board.

November 2026:	<i>CHFA Round 2 decision</i>
Fourth Quarter 2027:	<i>Project groundbreaking</i>
March 2029:	<i>Project delivery</i>
Late 2029/Early 2030:	<i>Project Stabilization</i>

Financial Impact

Based on the revised North College fund balance forecast, approximately \$4.3 million will be available at the end of the TIF collection period in 2030. If the Authority continues to invest targeting the proportions reaffirmed in 2025 (50% for Community Hub, 25% for Vibrant Neighborhood, and 25% for Infrastructure), \$4.33 million remains available for the Community Hub and no additional funding for Vibrant Neighborhood or Infrastructure. Supporting the Bristlecone Project would require reallocating a portion of the remaining balance from the Community Hub towards the Vibrant Neighborhood category because new affordable housing supply is a durable and effective element in vibrant neighborhoods and blight prevention.

Bristlecone Apartments Funding Scenarios Revised North College Funding Availability

Item	Community Hub	Vibrant Neighborhood	Infrastructure	Total
Current Dollars Spent <i>% of Dollars Spent/Allocated</i>	\$8.03 38%	\$8.26 39%	\$4.99 23%	\$21.27 100%
2026 Revised Funds Available (2027-2030)	\$4.33	\$0.00	\$0.00	\$4.33
<i>Less: Bristlecone Contribution Recommendation</i>		<i>(\$1.00)</i>		<i>(\$1.00)</i>
Project Fund Availability After Bristle Cone	\$4.33	(\$1.00)	---	\$3.33
2026 Planned Allocation w/ Bristlecone <i>% of Dollars Spent/Allocated</i>	\$12.36 48%	\$8.26 32%	\$4.99 19%	\$25.60 100%

**NOTE: All numbers in Millions*

As such, URA staff **recommend a loan for \$1 million**, which would leave \$3.33 million available for the Community Hub reducing the total investment in that category to 48% and increasing the Vibrant Neighborhood investment to 32% with Infrastructure remaining at 19%.

COMMITTEE RECOMMENDATION

URA staff initially presented this proposal to the Finance Committee on August 13, 2026. However, the Committee was not ready to refer the proposal to the Board until it had more detailed information regarding the North College Plan Area's forecasted fund balance. That information was provided to the Finance Committee at the October 8, 2026 Finance Committee meeting. At the October 8, 2026 Finance Committee meeting, the Finance Committee expressed concerns about funds available through the remaining term of the North College Plan Area TIF collection period, specifically to support the community hub proposed to anchor the 1636 redevelopment project. Additionally, a concern was raised highlighting the desire to support create affordable housing supply when the opportunity is presented. Staff did not hear concerns about the Project per se; only concerns regarding the funds available to support multiple priorities. As such, the Finance Committee did not offer a recommendation specific to the Project and deferred the discussion to the Board, along with their concerns, and the additional research and analysis conducted by staff since the August 13, 2026 Finance Committee meeting.

AUTHORITY FINANCIAL IMPACTS

Based on current financial estimates, the North College Urban Renewal Area fund will have a Net Available Cash balance of \$4.3 million in 2030 prior to any amount loaned to support the Project

ATTACHMENTS

1. Attachment A - Request for Conditional Financing
2. Attachment B - Applicant Presentation
3. Attachment C - Presentation
4. Resolution No. 171
5. Exhibit A to Resolution No. 171 – Draft Term Sheet