

March 27, 2025

**URBAN RENEWAL AUTHORITY BOARD**

**Regular Meeting – 5:00 PM**

**A) CALL MEETING TO ORDER**

Chair Arndt called the regular meeting to order at 5:01 p.m. in the CIC room at 300 Laporte Avenue, Fort Collins, Colorado, with hybrid participation available via the City's Zoom platform.

**B) ROLL CALL**

**PRESENT**

Chair Jeni Arndt  
Vice Chair Kristin Stephens  
Boardmember Susan Gutowsky  
Boardmember Julie Pignataro  
Boardmember Melanie Potyondy  
Boardmember Emily Francis  
Boardmember Dan Sapienza  
Boardmember Matt Schild  
Boardmember Tricia Canonico (remote/non-voting)  
Boardmember Kelly Ohlson

**ABSENT**

Boardmember Kristin Draper

**STAFF PRESENT**

Redevelopment Manager Andy Smith  
Assistant Secretary Amani Chamberlin

**C) EXECUTIVE DIRECTORS' AGENDA REVIEW**

Andy Smith, Redevelopment Manager, provided an overview of the agenda, including:

- No changes to the published agenda.
- Introduced Chris Schaffer who recently joined the URA as the Program Coordinator.

**D) PUBLIC PARTICIPATION**

None.

**E) PUBLIC PARTICIPATION FOLLOW-UP**

None.

**F) COMMISSIONER REPORTS**

None.

## G) DISCUSSION ITEMS

### 1. Consideration of a motion to approve a “term sheet” for a loan and a grant to support the development of a middle-income housing project proposed to be constructed at 302 Conifer Street.

*The purpose of this item is to consider authorizing the Acting Executive Director to sign a “term sheet” describing the general terms and conditions of a loan from the URA North College Plan Area fund to the developers of a proposed deed-restricted 76-unit multi-family community for low moderate and middle-income residents to be constructed at 302 Conifer Street. The proposed loan amount is \$3.22 million and will carry an interest rate of 3.0%. The proposed loan is designed to “revolve” to support future middle-income housing projects, and will leverage other funding sources, including a \$7 million Proposition 123 Equity award from the State of Colorado. Additionally, a Tax Increment Finance (“TIF”) grant of \$100,000 funded by future property tax payments is also proposed. Approval of the term sheet will authorize URA staff, legal counsel, and a third-party loan administrator to negotiate a loan agreement with the developer, which will be reviewed by the URA Board at a meeting in the near future.*

Andy Smith, Redevelopment Manager, stated this item relates to a proposed loan from the URA to a middle-income housing project that is to be built at 302 Conifer Street. Smith stated the social impact loan would be \$3.22 million plus a TIF reimbursement grant not to exceed \$100,000. He stated the support of housing is within the urban renewal law as it is a reliable blight prevention and mitigation strategy. Smith noted 59 of the proposed 76 dwelling units will be restricted to 80% or less of AMI.

Smith stated this proposed loan and grant would help advance the following strategic objectives and goals: help fill a difficult financial gap for selected housing projects on difficult sites, create some long-term financial resources for when this plan area’s TIF revenue collection sunsets in four years, is an effective and timely way to leverage partner resources, and might be a way to have a structure to bring deed restricted housing to other plan areas.

Carl Szanton, The Szanton Company, introduced Erica Madison, Chief Lending Officer of Impact Development Fund, which would be the administrator of this loan, and Michael Leahy, middle-income housing finance consultant, and Nathan Szanton, company founder. Mr. Szanton stated The Szanton Company has completed 14 low-income housing tax credit developments totaling 747 units, with another under construction now. He noted the company has never sold a development and has never experienced a default or bankruptcy. Additionally, Mr. Szanton noted the company has made the decision to only focus on Colorado developments moving forward.

Mr. Szanton discussed the projects completed by the company and discussed some of the highlights of the 302 Conifer project, including that it will be all electric and is participating in the City’s Integrated Design Assistance Program for energy efficiency. He stated the project is a mix of studio, one- and two-bedroom units and contains a roof top deck, resident lounge, fitness room, indoor bike storage, a bike and dog wash station, and storage units.

Mr. Szanton noted this project was catalyzed by receiving an award of Prop 123 equity in July of 2024, and was one of six projects selected in the first round of that funding, which is designed to help with projects that are designed to serve a demographic that hasn’t typically been served by affordable housing, known as the missing middle. He noted the project will not include any subsidy from the Division of Housing and stated the company is close to completing its partnership with Housing Catalyst to be a special limited partner to provide property tax relief and allow the project to take on additional debt to help finance construction.

Mr. Szanton noted the Prop 123 projects feature a program wherein all equity returns received by the State for all Prop 123 projects will be pooled into a tenant equity vehicle to distribute monthly and annual cash back credits to residents of the Prop 123 properties.

Boardmember Francis asked about the AMI restrictions for the units that are not 80% of AMI. Mr. Szanton replied all units are deed restricted with 57 being 80% or below and the others being 90% or 100% of AMI.

Boardmember Francis asked if the project will have the City's affordability requirement. Sue Beck-Ferkiss, Social Sustainability, replied the new Land Use Code requires 60 years for affordability and there are meetings set up right now to determine how that will be implemented across all funding strategies.

Vice Chair Stephens asked if The Szanton Company's other projects have been more affordable housing or workforce housing such as this. Mr. Szanton replied all of their previous projects have been affordable and financed with low-income tax credits; this will be the first non-low-income tax credit project. He stated they have developed mixed-income projects in the past.

Vice Chair Stephens asked if the units at 100% of AMI would still limit residents to not spending more than 30% of their income on housing. Mr. Szanton replied in the affirmative and noted rents would be determined based on each individual family.

Boardmember Pignataro asked how it would be treated if a single individual wanted a two-bedroom apartment. Mr. Szanton replied that would be allowed if the individual was not spending more than 30% of their income on rent.

Boardmember Sapienza asked for more details about the TIF grant. Smith replied it would be a grant based on the forecasted or actual property taxes are on the unabated units, up to \$100,000.

Smith stated the overall project is \$26.2 million with \$13 million in loans, \$7 million in Prop 123 equity, and \$1.8 million in other equity and credits, leaving a gap of \$4.2 million. He noted the URA is contemplating a \$3.22 million loan and there were originally discussions of a loan along with a Community Foundation loan of \$1 million; however, the Community Foundation has decided not to commit to this project yet leaving a \$1 million gap that Mr. Szanton and his team have assured can be filled through value engineering or other sources.

Smith discussed the Prop 123 voter-approved initiative in 2022 that provides an affordable and middle-income housing fund. He stated the City signed a commitment and goal in 2023 making it eligible to receive Prop 123 funding. Additionally, Smith noted the Staff Report indicated that the dwelling units at 302 Conifer would count toward the City's Prop 123 production goal; however, staff has since determined that may not be accurate as the Prop 123 rules have yet to be finalized. However, the project would not have been eligible for the funding award had the City not signed that commitment.

Beck-Ferkiss noted the City's commitment was accepted in June of 2023, which opened the door for projects in our jurisdiction to apply for any of the programs under Prop 123, including the equity program that has awarded this project \$7 million. However, in looking at the guidance that has been published to date, it seems that only units for rent that are 60% AMI or below will be counted for the Fort Collins Prop 123 commitment, which was to add 185 units per year, or 555 over three years. If that commitment is not met, Fort Collins would not be eligible for funding rounds until another commitment is accepted by the State. Beck-Ferkiss noted home ownership units could target higher income levels to be counted toward the commitment.

Smith further detailed the proposed URA loan which would provide 3% annual interest-only payments on the loan until the capital is returned, which is the sooner of 12½ years or a significant capital event that releases the cash. He stated the TIF grant is intended to be 100% of the estimated property taxes from the 17 units that are not eligible for tax abatement by virtue of the special limited partnership with Housing Catalyst, and the actual amount will depend on project completion. He noted a reimbursement agreement would be put in place, but staff is seeking input

from the Board regarding the idea of a grant up to \$100,000 to cover the property taxes until the last year of the TIF collection period of 2029.

Angela Hygh, counsel attending in Caitlin Quander's stead, stated the statute is not explicit as to the treatment of dollars such as a loan repayment after the sunset of the tax increment period. She stated their analysis is that they are not tax increment dollars generated from property tax, and are therefore not treated as property tax increment under the statute. She noted counsel provided a memo on how to treat those dollars.

Smith stated one creative aspect of the proposed loan is the involvement Impact Development Fund which would help underwrite and administer the loan on behalf of the URA. He noted this loan would be subordinate to the Freddy Mac and CHFA loans and interest payments would be made from available cash flow after those two loans, but before the developer or Prop 123 equity distributions. Any unpaid interest would be applied to the back end of the loan as unpaid principal.

Smith noted there is always a risk of non-payment; however, he noted this developer/borrower has yet to have a project get into financial trouble. Additionally, he noted there are no personal guarantees after construction of the project, which is fairly standard.

Smith outlined the next steps for authorization of the loan.

Boardmember Pignataro asked if the project's timeline includes realistic expectations to get through the City's development review process. Mr. Szanton replied they are in the process of going through the City's Basic Development Review (BDR) process and they are almost three rounds into that process. He stated the hope is that there will only be four rounds, and if that is the case, the project will be on pace to have a building permit and break ground by August 1<sup>st</sup> of this year.

Boardmember Ohlson asked if the images shown are current renderings of the project. Mr. Szanton replied in the affirmative and noted they have had to be extremely aggressive about managing costs given the financing gap that exists. He noted the building will be right against the street frontage to help activate Conifer Street.

Boardmember Ohlson asked what investments the developer is making in the project. Mr. Szanton replied they have offered to forego 20% of their developer fee, or about \$300,000, as a way of helping to finance the gap to make the project work financially. Additionally, they are putting in \$645,000 as sponsor equity alongside the Prop 123 equity investment.

Boardmember Ohlson asked if the repayment of the Prop 123 principal must occur over time or at the end of 30 years. Smith replied he would follow up with a response.

Boardmember Ohlson asked why the other loans have higher interest rates than the URA's 3%. Smith replied that was negotiated based on the what would work for the developer's pro forma and on a social impact loan that was sized to fit somewhat of what was previously encountered for the cost of funds in the URA.

Boardmember Ohlson asked about the definition of the special limited partnership with Housing Catalyst and whether that means the project does not pay any property taxes until it is no longer deed restricted. Smith replied the State Statute allows for Housing Authorities to enjoy tax abatement on units that are less than 80% AML, and to enter into agreements with other developers in special limited partnerships to provide that same property tax abatement on those units. He stated staff does not know the details of the private partnership between Housing Catalyst and the developer; however, a fee is likely going to be paid to Housing Catalyst for that benefit. He stated he would follow up in writing with additional details.

Boardmember Francis asked if staff is confident the URA has the dollars to fund this loan. Smith replied there is approximately \$8.1 million in unrestricted dollars in the North College Plan Area fund and there have been some discussions about a potential bond issuance to get some acceleration on forecasted revenues. He stated staff could provide a memo on the topic and about where other funds are committed.

Boardmember Francis stated her preference is for a 60-year deed restriction and expressed support for the project.

Vice Chair Stephens stated this project seems to meet many of the URA's goals around housing and commended the developer as financing for these types of missing middle projects is tricky. She stated she hopes this will become a statewide model in how to find gap dollars for funding these projects. She expressed support for the loan and grant.

Boardmember Potyondy commented on the importance of missing middle housing and stated this is a good opportunity to utilize first round funding from Prop 123.

Boardmember Ohlson thanked the developers and stated the questions are not indicative of non-support.

Chair Arndt thanked the developers for bringing forth a creative project.

***Vice Chair Stephens moved, seconded by Boardmember Francis, to approve the non-binding term sheet for a loan to the developer of a deed-restricted apartment project proposed to be constructed at 302 Conifer Street, and to authorize the Fort Collins URA's Acting Executive Director to sign the non-binding term sheet and that an update be provided to the Board prior to execution of final agreements.***

***The motion carried 9-0.***

#### **H) OTHER BUSINESS**

None.

#### **J) ADJOURNMENT**

There being no further business before the board, the meeting was adjourned at 6:00 p.m.

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Chair

ATTEST:

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Assistant Secretary