

AGENDA ITEM SUMMARY

Urban Renewal Authority



STAFF

Andy Smith, Redevelopment Manager

SUBJECT

Consideration of Resolution No. 150 Approving a Redevelopment Agreement Between the Fort Collins Urban Renewal Authority and 302 Conifer, LLLP.

EXECUTIVE SUMMARY

The purpose of this item is to consider approving a grant not to exceed \$100,000 from the Urban Renewal Authority to a deed-restricted middle-income housing development proposed to be constructed at 302 Conifer Street in the North College Urban Renewal Plan Area. The grant will be paid as a reimbursement of property taxes over a period of three years.

The Urban Renewal Authority ("Authority") Board are asked to consider the approval of a Redevelopment Agreement ("Agreement", Exhibit A), by resolution, intended to memorialize the terms and conditions of the grant.

STAFF RECOMMENDATION

The grant of \$100,000 is essential to offsetting property tax costs associated with units renting above eighty percent (80%) area median income (AMI). All units below this AMI will be offset by the developer's partnership with Housing Catalyst. Offsetting property tax costs helps to make the deed restrictions feasible. Therefore, staff recommends approval of the resolution and Agreement.

BACKGROUND / DISCUSSION

Background

A 76-unit deed-restricted multi-family community for low-moderate and middle-income residents is proposed to be constructed at 302 Conifer Street ("Project"). The Project site is within the North College Urban Renewal Plan Area boundaries. The Project was awarded Prop 123 equity funding, and has attracted additional investments, however a financial gap remains. Authority staff have worked with potential financial partners to develop a novel arrangement that may fill the gap and enable the Project to proceed if approved by the Authority Board.

All dwelling units will be income-restricted, with 59 units (77% of the total) restricted to household incomes at 80% or less of Area Median Income ("AMI"). Housing Catalyst will become a Special Limited Partner in the project, and as such, provide property tax abatement to the 59 units restricted to households with incomes at or less than 80% AMI. The remaining 17 dwelling units will be subject to property taxation.

Construction is expected to begin later this year and be completed by the fall of 2026.

Proposed Grant Summary

While Project cash-flow is projected to grow over time, it may be relatively lean in the first few years of operation and stabilization. To support the Project, a grant from the Authority is proposed, specifically to reimburse property taxes paid on the 17 deed-restricted dwelling units occupied by households earning 81-100% AML. The grant would not exceed actual property taxes paid by the Project and would not exceed \$100,000. During the ten (10) year period following the date that a Certificate of Occupancy is obtained from the City of Fort Collins, the Project owner may apply for reimbursement up to three (3) times on an annual basis for reimbursement of the property taxes paid in the previous year. It is estimated that the annual property taxes during the first ten years will be \$30,000-\$35,000/year. The proposed structure provides meaningful flexibility to the Project allowing it to receive financial support when needed most and does not adversely affect the URA since the total grant amount is based on a not to exceed amount.

Notable Terms and Conditions

Proposed terms and conditions to be memorialized in the Redevelopment and Reimbursement Agreement include, but are not limited to the following:

1. The project must receive a Certificate of Occupancy ("C.O.") from the City of Fort Collins no later than Dec 31, 2030.
2. The total grant amount shall not exceed \$100,000.00.
3. The Project owner may apply for reimbursement of property taxes paid in each of any three (3) years during a ten (10) year period that expires ten (10) years after the date of the C.O.
4. The grant may not be used to reimburse any expenses other than the paid property taxes.
5. Reimbursement must be applied for within nine (9) months following the full and final payment of the annual property taxes for which reimbursement is requested.
6. The C.O. and all affordability covenants must be in "good standing" at the time of application for reimbursements.
7. When the first application for reimbursement is submitted, a copy of the C.O., the City of Fort Collins Development Agreement, and a letter of "good standing" from Colorado Housing and Finance Authority ("CHFA") must be attached.

Prior URA Board Considerations

December 12, 2024 – URA Finance: General introduction to the Project and discussion regarding strategy for URA support.

February 13, 2025 - URA Finance: Discussion of proposed deal terms including a \$100,000 grant and \$3.2 million loan.

March 27, 2025 – URA Board: Consideration and approval of a loan term sheet to support the Project. Agenda title, staff report, and staff presentation mentioned and discussed \$3.22 million loan **and** \$100,000 grant; however, the approved motion did not specifically include the grant.

April 24, 2025 – URA Board: Consideration and approval of a loan administration agreement with Impact Development Fund

June 26, 2025 – URA Board: Consideration and approval of a resolution authorizing Acting Executive Director and URA Attorney to negotiate and execute loan documents in compliance with the approved term sheet.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

AUTHORITY FINANCIAL IMPACTS

A written commitment by the URA will be executed to set aside \$100,000 in a specially designated account to remain open beyond, and therefore not subject to, the expiration of the North College Urban Renewal Plan Area Tax Increment Finance (“TIF”) revenue collection period in December of 2029. Any unspent funds at the end of the ten (10) year potential grant period will be remitted proportionally to the taxing entities of record at the time of the expiration of the TIF collection period.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Presentation
2. Resolution No. 150
3. Exhibit A: Redevelopment Agreement