

Operationalize City Resources to Build and Preserve Affordable Housing

Not everyone in our community has access to healthy, stable housing, and we are currently not meeting our affordable housing production goals. Limited highly competitive funding, rapidly increasing costs, long development timelines, and historic under-production of housing units have led to severe housing availability and affordability issues in Fort Collins and many areas around the State of Colorado.

Work Plan Items:

Housing affordability has been a priority for Fort Collins for decades, and as highlighted in City Plan, is a key element of neighborhood and community vitality. The long-range vision and goals for this priority have been most recently established in the City's Housing Strategic Plan (2021) and City Strategic Plan (2024). Effectively operationalizing City resources across departments to catalyze affordable housing production and preservation will help achieve: 1) our adopted goal that everyone has healthy, stable housing they can afford and 2) our development review and housing production commitments under Proposition 123. The following is a compilation of work plan items to advance this priority including work already in progress.

1. **Expedite review of affordable housing projects to achieve decisions within 90 days or less; and to encourage development of more affordable housing.**

- **Description:** This work plan item seeks to reduce approval timelines for affordable housing by approximately 50% compared to Fort Collins's baseline approval averages from 2019-2023. Staff plans achieve this goal through both land use code changes (expected May 2024) and a formal process improvement project utilizing LEAN principles (12-18 month project timeline). Funding for the process improvement project in the amount of \$200,000 has been secured from the State Department of Local Affairs (DOLA). Upon completion, Fort Collins will be poised to consistently achieve the 90-day Fast Track requirements under Proposition 123.
- **Resource Requirement:** \$200,000 State grant (secured) + 20% local match (allocated).
- **Community Engagement and Outreach:**
- **Next Step:** Initiate Local Planning Capacity Grant process improvement project.
- **Timeline:** 18 months (Q3 2024-Q4 2025).

2. **Expand programs for healthy and stable housing – particularly for unhoused or precariously housed residents, renters, and lower-income homeowners.**

- **Description:** Efforts to support unhoused or precariously housed residents, renters, and lower-income homeowners are a critical facet of making progress on this priority. Focusing solely on the development and preservation of housing units only addresses part of the community's housing challenges. Programs that help connect residents to affordable housing opportunities are necessary to get, and keep, people in healthy, stable homes. Programs may either be City-led (ex: rental registration), or partner-led (ex: Outreach Fort Collins street outreach).
- **Resource Requirement:** Program funding to maintain and/or expand current levels of funding/service.

- Community Engagement and Outreach: Each program or funding source has its own engagement and outreach processes that range from educational workshops and trainings (e.g., Eviction Legal Fund, rental registration) to awareness campaigns (e.g., income-qualified rates).
 - Next Steps: Budgeting For Outcomes (BFO) offers for homelessness response and prevention, eviction prevention, rental registration, Healthy Homes, mobile home park support, income-qualified utility rates, and similar programs. Continue implementation of rental registration program.
 - Timeline: 2025-2026 BFO process and ongoing.
3. **Reduce fees for affordable housing projects and evaluate all newly proposed City regulations and fees for anticipated impact on cost to build housing.**
- Description: The City’s influence over the cost to build housing is fairly limited because local government does not control market-based costs for land, materials, labor, and similar. However, the City does have influence over the amount and types of fees charged. Evaluating fees holistically and identifying opportunities to reduce or subsidize fees for affordable housing projects can help make affordable housing more economically feasible.
 - Resource Requirement: Funding for fee subsidies, cross-departmental capacity to analyze fees and incorporate impact on cost to build housing into project scopes.
 - Community Engagement and Outreach: Engagement on fees should incorporate both internal parties (e.g., Utilities, Finance) and external parties (e.g., affordable housing developers).
 - Next Steps: Develop standard analysis of impact on cost to build housing into major projects and policy/regulatory updates; conduct a holistic cross-departmental fee evaluation; recalibrate and expand fee credit program.
 - Timeline: 12-18 months (Q4 2024-Q4 2025); 2025-2026 BFO process to maintain or expand fee credit program.
4. **Create sustainable, long-term source(s) of dedicated local funding for housing.**
- Description: Housing Strategic Plan Strategy 11 calls for dedicated local revenue to support affordable housing. However, an attempt to create \$11 million in annual dedicated revenue through a property tax increase in 2023 was unsuccessful. Using existing funding sources to support affordable housing demonstrates a commitment to this priority while dedicated revenue is pursued through other means. However, sustained progress on the City’s housing challenges will also require a long-term source of dedicated funding.
 - Resource Requirement: Dependent on Council direction.
 - Community Engagement and Outreach: Dependent on Council direction.
 - Next Steps: Assess potential dedicated revenue sources; explore affordable housing impact or linkage fee.
 - Timeline: As directed by Council.

5. **Identify City resources that could be dedicated to affordable housing; work with housing authority and partners to leverage resources into new/preserved units.**

- **Description:** Work plan items 3 and 4 seek to directly address the cost to build housing and the availability of subsidy/funding to support affordable housing production and preservation. The City also has other resources that could be dedicated to affordable housing, including but not limited to real estate assets, land bank properties, and tools available through the Urban Renewal Authority. Identifying and mobilizing City resources above and beyond the City's traditional role as a funder is an important piece of developing a holistic, creative approach to achieving this priority.
- **Resource Requirement:** Cross-departmental staff capacity, funding to complete appraisals and other real estate analyses including the Land Bank disposition study.
- **Community Engagement and Outreach:** Engagement with internal and external parties will be necessary.
- **Next Steps:** Evaluate resources across the organization and prioritize redevelopment opportunities.
- **Timeline:** 9-12 months to identify priority opportunities (Q4 2024-Q2 2025).

Department Lead: Social Sustainability Department (SSD); Executive Sponsor: Jacob Castillo

Department Partners: Community and Council, Housing and Service Providers, Sustainability Services, Community Development and Neighborhood Services, Utilities (Light and Power and Water), Operation Services and Finance

Challenges:

- Competitive funding at all levels
- Rapidly increasing costs and high interest rates
- Lack of agility
- Long timelines for development
- Potential tensions with other priorities or across the organization
- Politically controversial (some items)
- Recovery funds ending but community needs still high