



TO: Fruita City Council and Mayor

FROM: Dan Caris, Planning Director

DATE: December 17, 2024

AGENDA TEXT: RESOLUTION 2024-48 - A resolution of the City Council of the City of Fruita, Colorado approving a Term Sheet with Headwaters Housing Partners for The Oaks Project and authorizing the Interim City Manager to execute the Term Sheet

BACKGROUND

The City of Fruita and Headwaters Housing Partners (“HHP”) aim to redevelop the Family Health West (“FHW”) property at 805 West Ottley Avenue ("the Oaks") to create long-term, rent-restricted apartments. This project seeks to provide affordable housing options in Fruita for essential local workers, including teachers, healthcare providers, city staff, and service employees. At the August 20th, 2024, regularly scheduled Council meeting HHP presented the project overview to Council with a request of support from the City and FHA. Since then, the City has reviewed the request and directed negotiators to bring back to Council the terms reflected in the packet.

Summary of Project:

- **Property:** 805 West Ottley Avenue, currently owned by Family Health West, previously an assisted living facility.
- **Proposal:** HHP plans to convert this property into workforce housing for the City of Fruita.
- **Deed Restriction:** Units will be deed restricted to a maximum rental rate per CHFA and HUD standards for Mesa County.
- **Local Preference:** HHP is open to giving preference to local workers and residents, while ensuring compliance with Fair Housing regulations.
- **Financial Assistance:** HHP is seeking a limited partnership with the Fruita Housing Authority for the purpose of tax exemption and direct cash contributions from the City in order to reduce project costs to a level where the project can be successful while charging reduced rental rates.

FISCAL IMPACT

The term sheet outlines the mutually agreed-upon terms for a redevelopment agreement to ensure the successful redevelopment of 805 W. Ottley. Future financial actions by the Council will be necessary to bring these terms to fruition.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The City's long-range planning aims to promote housing affordability across all income levels while aligning with the City's housing goals outlined in the Comprehensive Plan and Land Use Code. Below are relevant sections from the City's Comprehensive Plan that emphasize the importance of supporting housing-related goals.

With regards to the Master Plan, Fruita is an exceptional community. Throughout the comprehensive plan process, residents brought up how much they love living in Fruita, its small-town character, and their desire to preserve the community's most desirable qualities into the future. The plan starts by declaring what makes Fruita special. In turn, these community values are the foundation of the plan—shaping the plan vision, goals, policies, and actions. Two community values represented include:

- Fruita is a place where you run into neighbors, friends, and acquaintances at local stores and restaurants, parks, and the community center. (Community Values, Page 2, Comprehensive Plan)
- Fruita is a community where people are invested and constantly work to make the community better. (Community Values, Page 2, Comprehensive Plan)
- Fruita is committed to a land use pattern and supporting policies that promote access to housing across the income spectrum of its residents. (Community Values, Page 2, Comprehensive Plan)

Influenced by the community values expressed on page 2 of the Comprehensive Plan, the Plan Vision states, "The City of Fruita values quality of place. It's an inclusive city, with a small-town feel and vibrant downtown, surrounded by public lands. People love to live, work, and play in Fruita because the City facilitates community, safe neighborhoods, family-friendly events, and walking and biking. The City governs in a way that's responsive to its citizens and prioritizes high-impact services and projects. Fruita fosters a fun and funky ambiance around the arts, agriculture, and recreation."

OPTIONS AVAILABLE TO COUNCIL

1. **APPROVE RESOLUTION 2024-47 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRUITA, COLORADO APPROVING A TERM SHEET WITH HEADWATERS HOUSING PARTNERS FOR THE OAKS PROJECT AND AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE THE TERM SHEET**
2. **DENY RESOLUTION 2024-47**

RECOMMENDATION

APPROVE RESOLUTION 2024-47 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRUITA, COLORADO APPROVING A TERM SHEET WITH HEADWATERS HOUSING PARTNERS FOR THE OAKS PROJECT AND AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE THE TERM SHEET