

**CITY OF FORT COLLINS
FUTURES COMMITTEE MEETING**

Date: November 08, 2021

Location: Colorado River Room, Zoom

Time: 4:00-6:00pm

Committee Members present:

Mayor Jeni Arndt

Councilmember Susan Gutowsky (District 1)

Councilmember Emily Francis (District 6)

Councilmember Tricia Canonico (District 30)

Additional Council members present:

City Staff:

Jackie Kozak-Thiel

Kyle Stannert, City Manager's Office

Presenter:

Shane Phillips, Author of the Affordable City, Manager of the UCLA Lewis Center Housing Initiative

Additional Staff present:

Carrie Daggett, City Attorney

Teresa Roche, Human Resources

Michelle Finchum, Environmental Services

Beth Yonce, Social Sustainability

Dean Klingner, PDT

Lindsay Ex, Environmental Services

Maren Bzdek, CDNS

Meaghan Overton, Social Sustainability

Ryan Mounce, CDNS

Caryn Champine, PDT

Shannon Hein, Economic Health

Sue Beck-Ferkiss, Social Sustainability

Terri Runyan, City Manager's Office

Sylvia Tatman-Burruss, CDNS

Seve Ghose, CDNS

Community members:

Kevin Jones, Fort Collins Chamber of Commerce

Carrie Van Horn, community member and graphic recorder

Jen Bray, community member

Libby Sparks, community member

Meeting called to order at 4:03pm

Approval of Minutes:

Councilmember Susan Gutowsky moved to approve the October 11 minutes. Councilmember Francis seconded. Motion passed unanimously. 4-0-0.

Chairman Comments: None

Summary

- Housing affordability continues to be important and most recent community survey indicates it is still very much on peoples' mind.
- Addressing housing issues will require addressing the 3 "S"s: supply, stability and subsidy—there are different tools to do this
- Acknowledge the need to change and not to overburden those that are already burdened
 - Shift thinking to see housing as infrastructure
- Discussion of innovative new approaches to housing
 - Consider broad upzoning as an alternative to current models for affordable housing
 - Shared rental equity options which recognize the inequitable past of housing
 - Consider building civic economy and seeing this as an investment opportunity for the Future
 - Consider what the next 30-year mortgage might look like
 - Regionalism—what actions need to be taken at different levels of government to address housing issues
- Action: Continue to work on adoption of Housing Strategic Plan and its various elements
 - Work session on Tuesday 11/10 sharing progress on updates to the Land Use Code
 - Housing Strategic Plan has strategies addressing stability and future of belonging regardless of homeownership status
 - Council finance committee will be having a discussion soon about a dedicated revenue for housing projects

Think Tank Item 6-2021 Innovative approaches to housing and development *Shane Phillips, Author of the Affordable City, Manager of the UCLA Lewis Center Housing Initiative*

Part 1: Shane provides an overview of the concepts from the affordable City: Supply, Stability and Subsidy

- Each S serves a different purpose and can be prioritized for different reasons
- Supply:
 - Having enough supply of housing is a starting point for affordable housing
 - What it can do: stabilize prices, create new resources and serve as a way to build for the future
 - What it cannot do: cannot cut the median home prices in half on its own
- Stability
 - Consider if renters have the same moral worth as homeowners? Historically community members only gain full rights through homeownership, this doesn't have to be the case
 - Stability acknowledges the moral obligations to meet physical and economic realities and provides a role for government to decide who wins and who loses
 - What it can do: can shield people from rising rents and evictions
 - What it cannot do: solve underlying drivers for housing prices
- Subsidy
 - What it can do: help people when supply and stability are not enough
 - What it cannot do: it cannot help everyone
- None of these 3 things can succeed by themselves, need policies that address all of them

Part 2: Upzoning for affordability

- Upzoning on a limited scale will not make housing more affordable

- Limited scale upzoning means there are still limited sites available, making them more valuable
 - Property owners will capture the value of rezoning, not future residents who benefit from lower prices
- Recognize that missing middle is important but won't be able to go far enough if it is geographically limited
- Discusses the “value capture” model and its shortcomings
 - It may be able to get some affordable units but only if market prices remain high and there is demand for expensive housing
- Broad upzoning an alternative: upzone broadly to ensure that no individual land parcel is special enough to rise in value
 - Allows homes to be built and sold profitably
 - Lower prices can mean more homes which can help stabilize the overall market
 - There is evidence from Minnesota and California that this could work
- Challenges to broad upzoning include:
 - Everyday Nimbyism
 - Lots of capacity can mean uneven development
 - Upzoning needs to be enough to justify demolition (3-4 plexes probably not enough)
 - Success comes with its own costs

Part 3: New Renting and Ownership Models

- Recognize that homeownership isn't for everyone
 - Need high income and wealth to access it
 - It is financially risk and undiversified
 - Benefits inequitable distributed
 - Homeowners have political views that support rising property values and maintaining sq and are generally more anti development/tenant than renters
 - This is on average and part of not having another social safety net
- Renting has not been an attractive alternative in the US for many reasons
 - Unstable and no wealth generating potential
 - Not inevitable in countries with stronger rental culture and social safety net
- Shared Equity Rental Housing
 - Government and nonprofits buy rental housing with low-interest plans
 - Tenants continue to pay rent as normal
 - Surplus cash flow and appreciation goes to tenants' proportion to the rent they pay
- Benefits of shared equity rental housing
 - Start to build wealth right away –accessible wealth
 - No financial risks to tenants
 - Downward rent pressure on non-shared equity rentals
 - Tenants can invest in their units
 - Flexible to move without large transaction costs
 - Fewer “homevoters”—attractive to students
 - New housing today becomes shared equity housing of the futures
- Key points
 - Shared equity rental pricing 3rd way between homeownership and rental the way we currently do it
 - Take a growing share of housing off the market, provides protections

- Similar to and complementary to community land trusts but intended to serve middle income market not requiring subsidies
- How to move it forward
 - Need federal support for this scale
 - What is the next “30 year mortgage”

Summing it up:

- There is no silver bullet to address housing: need supply, subsidy and stability No silver bullet—need all 3
- Broad upzoning can use market effectively
- Shared equity rental housing—addresses market failures
- Consider listening to the UCLA Housing voice podcast to learn more

Discussion

- Question about if HUD is looking at shared equity housing
 - Have not heard that they are, but would love if they would explore this option
- Discussion around how broad upzoning can be utilized primarily when there are in-fill projects—key in Fort Collins since the City is already mostly built out
- Recognize that the shared equity model is a way to see housing as infrastructure
- Discussion around how to get community to embrace new things and have a transformation in culture
 - Bring people to the table that we don’t typically hear from
 - Most success in cultural transformation comes from tying various issues together
 - Work to protect the people that currently live here
- Question was asked around how we maintain commitment over time since many of these strategies and implementation can be unpredictable
 - Recognize that moving quickly and being respectful of appropriate engagement is a delicate balance
 - Use pilots to get the foot in the door and show people how it can work
 - Try to get some things passed at the State level so changes are a little more entrenched
 - Recognize that Fort Collins cannot do this completely on our own—reforms are needed at all levels of government
- Question about the relationship between Inclusionary housing and shared equity rentals
 - Shane indicates the two could be complementary
- Need to consider the role of lenders and financial community for shared equity rentals
 - Some evidence in coastal cities that there is support
- Shane concludes by sharing that the changes that are being made in California are encouraging
 - Think about how far we have come in the discussions around housing—there is hope

Additional Items

- Kyle Stannert, Deputy City Manager, and Caryn Champine, Director of Planning, Development and Transportation, participated in a 3 day event in New York and discussed which of the 3 pillars (collaboration, data or innovation) is best for Fort Collins
 - Collaboration could be the most time consuming but all the most inclusive
- Mayor Arndt is doing the Marshall Vance tutorial and will follow-up on broad topics

Meeting adjourned by Mayor Arndt at 5:36pm

CITY COUNCIL FUTURES COMMITTEE

INNOVATIVE APPROACHES to housing and development

NOVEMBER 8th, 2021

1 **SUPPLY** → ENOUGH HOMES to meet ALL NEEDS

2 **Stability** → PROTECTING RENTERS & OTHER VULNERABLE HOUSEHOLDS

3 **SUBSIDY** → FUNDING to fill GAPS in SUPPLY and STABILITY

none can succeed by itself

NO SILVER BULLET - NEED MANY TOOLS

MAYOR ARNDT, Councilmembers FRANCIS, CANONICO & GUTOWSKY



SHANE PHILLIPS
AUTHOR OF
UCLA LEWIS CENTER HOUSING INITIATIVE MANAGER

50% OF FORT COLLINS SAME MORAL WORTH AS HOMEOWNERS?



GOV. or NON-PROFIT buy housing, tenant pays rent surplus, call flow & appreciation go to renters

PILOT?



THE NEXT 30-YEAR MORTGAGE?

ACCESSIBLE FLEXIBLE LESS RISK RENT

STABILITY WEALTH-GENERATING OWN

THIS APPROACH WILL NOT MAKE THINGS MORE AFFORDABLE THAN THEY ARE TODAY

BROAD UPZONING FOR AFFORDABILITY



IS HUD LOOKING INTO THIS?

BUILD housing PUT IT ALL TOGETHER PROTECT THOSE WHO LIVE HERE + STABILITY POLICY SUPPLY

Regionalism

SEATTLE & OREGON as examples

MOVE QUICKLY ACTION @ THE STATE LEVEL

HOUSING AS WEALTH GENERATION IS THE ROOT OF THE PROBLEM?

POTENTIAL CHALLENGES

- NIMBYISM
- slower development
- ability demolition
- will homeowners accept falling prices?

BELONGING REGARDLESS OF HOME OWNERSHIP a cultural transformation



WHO IS AT PLANNING MEETINGS?

GRAPHIC RECORDING by CARRIE VAN HORN HEARTWOODVISUALS.COM