Priority Affordable Housing Needs and Strategies Fort Collins, Colorado

City of Fort Collins

Community Planning & Environmental Services
Advance Planning Department
July 20, 2004

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Executive Summary

In 1999, the City of Fort Collins approved the Priority Affordable Housing Needs and Strategies report that investigated and evaluated the City's affordable housing inventory; determined existing and future housing needs for low income families; and identified populations with the most urgent need for affordable housing. The City is now in the process of updating the socio-economic factors and demand information for affordable housing in the 1999 report. This new information provides a clearer picture of the priorities and goals for affordable housing development in Fort Collins.

The first part of the report updates demographic data from the 1999 Priority Affordable Housing Needs and Strategies report and re-examines the need for rental and for-sale affordable housing in Fort Collins. A review of the special populations need for affordable housing is evaluated in this section. The impact and effect of economic development trends and benefits of affordable housing development is also discussed.

Part II of the report is a description of the various financial resources, institutions, and housing providers in the affordable housing community, including a comprehensive analysis of the City's current roles, responsibilities and programs. A review of current City policies and regulations is outlined in this section with recommendations to update those policies that no longer reflect the City's direction.

Part III of the report reviews specific and measurable short term objectives for the City's affordable housing effort. It includes an assessment of existing financial resources that support affordable housing, both pubic and private. Lastly, it presents recommendations for the City's future roles, responsibilities and programs for meeting its affordable housing needs.

The foundation for the housing needs and supply recommendations is existing, readily available information, such as the 2000 Census, the Multiple Listing Service (MLS), Colorado State University Off-Campus Student Services, and the Multi-Family Housing Vacancy and Rental Survey by Gordon E. Von Stroh of the University of Denver (under the sponsorship of the Colorado Division of Housing). We have also used other existing studies that have been prepared by city planners, county planners, and consultants working on affordable housing issues dating back to March 1999. This information has been used to formulate a more current context of the local housing market and demographics in the study update. We believe that with this information we can present a reasonable recommendation in regard to the community's affordable housing needs and supply problems.

There are a number of assumptions underpinning our estimation of the number of affordable housing units needed in Fort Collins. It is based on the Census and data from HUD. In order to compensate for the impact of student households, we have restricted need to only family and elderly households. This gives us a very conservative estimate of units needed. The estimate of very low income households (at 50% of AMI) needing affordable rental housing (2,214) is much higher than our potential pool of first-time homebuyers (1,096). We have previously proposed that the City's financial resources be approximately split, renters 70% and potential homebuyers 30%. Staff now supports an adjusted split of 65% for renters and 35% for homebuyers to appropriately balance the funding allocations to meet the new 10-year housing goals. However, should the City focus its resources on very low income households at 40% and below AMI, the number of rental units needing assistance is 1,632, but these units will probably require more financial support. Conversely, units affordable to households at 40% AMI and lower are in most need, and represent in most cases, income restrictive units. There are only 136 income restricted housing units in Fort Collins at 40% AMI and approximately 8,000 households in this income group. The majority of these units are owned and operated by the Fort Collins Housing Authority and nonprofit housing providers in Fort Collins.

The fundamental role of the City in affordable housing production is two-fold: provide enough funding to projects early in the planning process, so that developers can approach other funding sources with concrete evidence that the City supports their project; and, in some cases, provide gap financing to projects needing the final funding piece to complete the project. Leveraging public and private, national, state, and local funding sources is the key. We estimate that an average subsidy of $7,400. This subsidy should increase annually based on construction costs and inflation factors. Relatively more funding should be considered for projects serving extremely low and very low income households. These figures are the basis of the proposed budget to support the City's Affordable Housing Program. The proposed budget is based on a new10-year timeline (2003 - 2012). In light of the City's monetary constraints, the Affordable Housing Fund budget is frozen at the funding level of $735,898 for the 2004 and 2005 period.

Recommended Goals:

Production of New Rental Units in Order of Priority

Goal: To assist extremely low income renters (40% and below AMI).

Goal: To assist very low income renters (40% to 50% AMI).

Goal: To assist very low and low income renters (50% to 80% AMI).

Assistance for First Time Homebuyers

Goal: To assist low income first time homebuyers (below 80% AMI).

Production of Affordable Housing Units

Goal: To motivate developers to increase production of affordable housing, both for rent and for sale.

Preservation of Affordable Housing Units

Goal: To preserve the affordability of existing rental housing.

Goal: To preserve existing owner-occupied housing stock.

Goal: To require new and existing affordable housing units to stay affordable for 20 years.

Conclusions – Fort Collins Priority Affordable Housing Needs:

1. **Rental Housing**. This community's highest priority must be to produce new rental units affordable to households earning 40% and below AMI, and then households earning between 40% and 50% AMI. In 2000, there were approximately 2,214 of these very low-income family and elderly households paying over 30% of their income for rent. The next highest priority is families earning 50% to 80% AMI. In 2000, there were approximately 1,187 of these low-income family and elderly households paying over 30% of their income for rent. At this time, there appears to be adequate supply of multi-family rental units that are affordable to this group. This over-supply of 50% to 80% AMI units is expected to be a short term condition (12-18 months).

2. **For-Sale Housing**. Fort Collins needs to continue to help first-time homebuyers earning below 80% of AMI to get into affordable homeownership. Based on 2000 Census, there were approximately 1,096 low-income family households (earning below 80% AMI) that could become first-time homebuyers with down payment and/or closing cost assistance.

3. **Housing Production.** This community has been proactive in identifying and securing sites for future affordable housing production. It needs to continue to examine regulatory concerns, like the ones presented in the Zucker report (Quality Improvement Plans for Development Review Process), and consider reforming them. The City needs to continue to be supportive of proposed developments in their quest for identifying development subsidies. In addition, Fort Collins needs to continue to invest in the maintenance of the existing affordable housing stock to make it productive for long as possible.

Swallow Road Apartments, by CARE Housing, Inc.

Part I - The Need for High Quality Affordable Housing

The first part of this report focuses on data from the Multi-Family Housing Vacancy and Rental Survey by Gordon E. Von Stroh of the University of Denver (under the sponsorship of the Colorado Division of Housing). From 1995 to 1999, the Rental Survey has collected vacancy and rental rates from property owners and managers every February and September from thirteen communities throughout Colorado. In 2000, the Rental Survey expanded to include twenty communities. The Rental Survey reflects the conditions in larger, all-rental apartment complexes and does not attempt to gather information from individually-owned, smaller properties.

In the following sections, we will compare data from the original thirteen communities in the Rental Survey (Aspen, Colorado Springs, Durango, Eagle County, Fort Collins/Loveland, Loveland, Fort Morgan, Glenwood Springs, Grand Junction, Greeley, Lake County, Pueblo and Summit County). These communities were compared in the City's "1999 Priority Affordable Housing Needs and Strategies Report." In addition, the update compares data from the expanded twenty communities to highlight specific points or provide additional information. The additional communities are Alamosa, Buena Vista, Canon City, Gunnison, Montrose, Salida and Steamboat Springs.

Housing Costs as They Compare to Other Colorado Communities

According to the Rental Survey, as of February 2003, the average rent in Colorado communities varied widely, from $329 in Fort Morgan-Sterling to $1,026 in Aspen. Of the 13 surveyed areas, Fort Collins-Loveland ranks 4th with an average rent of $743 per month, behind only the resort communities of Aspen, Eagle County, and Summit County. For these communities rents remained flat or decreased between September 2000 and February 2003. See Table 1.

Table 1 | Average Rent by Market Area, September 2000 to February 2003

Source: "Multi-Family Housing Vacancy and Rental Survey," February 2003 by Gordon E. Von Stroh, Ph.D., University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing. * Note: The Multi-Family Housing Vacancy and Rental Survey treats Fort Collins/Loveland as one entity for all information gathered, except for vacancy rates where they are separately surveyed.

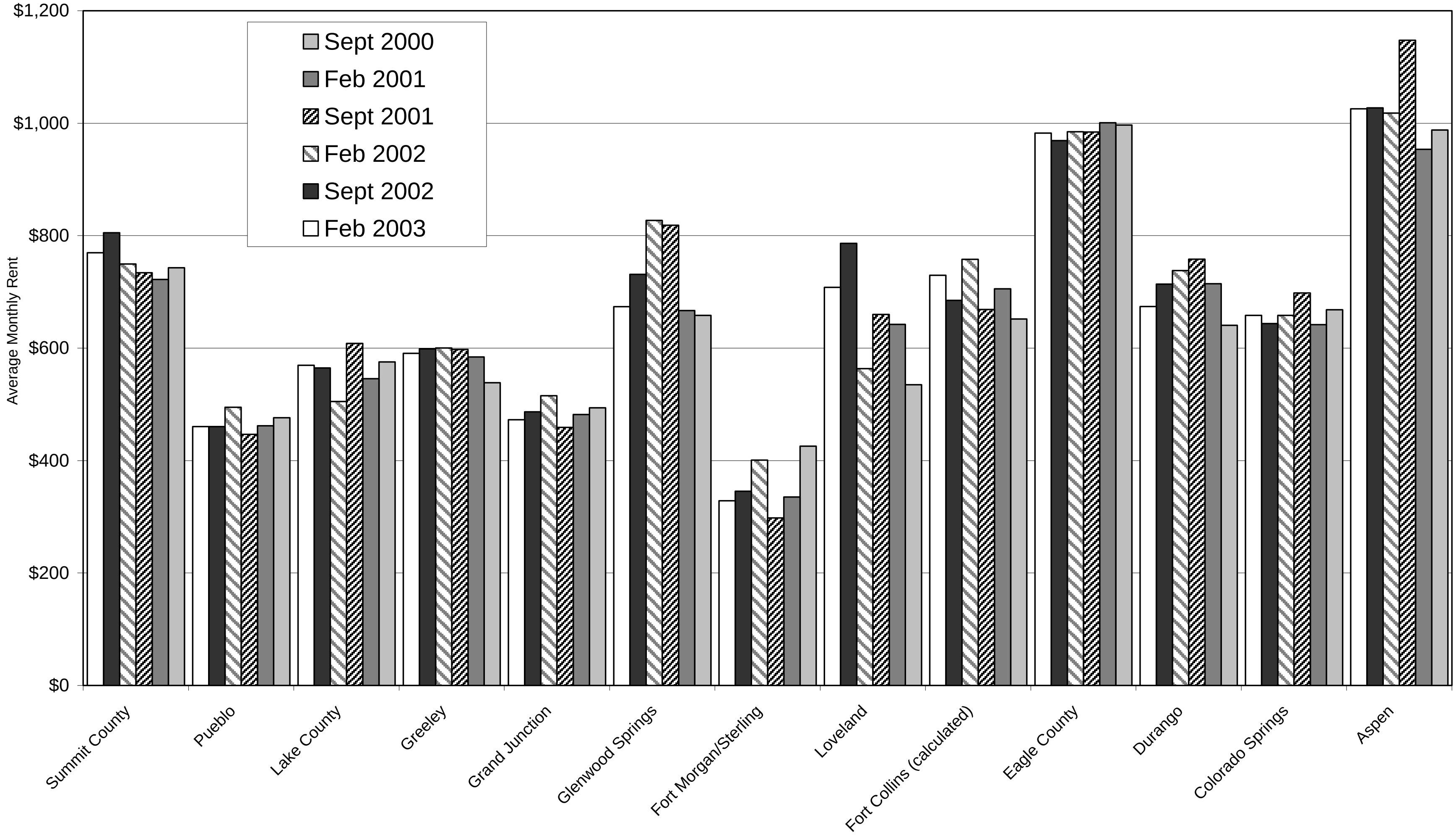


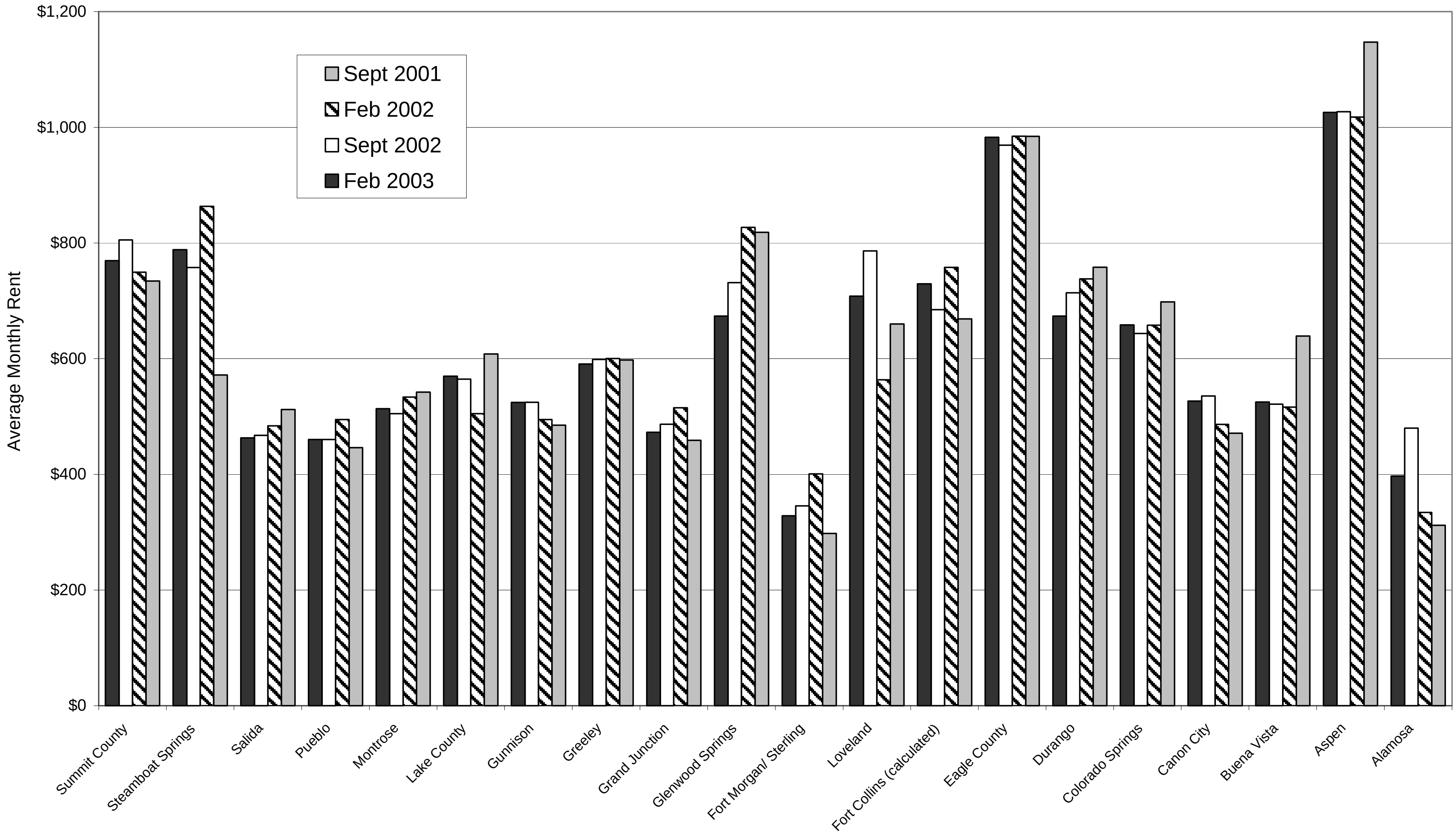
Table 2 shows a comparison of rent levels for all communities surveyed by the Division of Housing from 2001 through 2003. Looking at the 20 Colorado communities surveyed; there is no consistent pattern. In February 2003, rent levels decreased or were relatively flat, as 15 communities had rent decreases, while the other 5 had flat rent levels (Canon City, Eagle County, Fort Collins/Loveland, Greeley and Gunnison), as illustrated by Table 2. From 2001 to 2002, 8 communities showed slight rent decreases while the remaining 12 had flat to moderate rent increases. This demonstrates rent levels are influenced more by local market conditions than statewide trends.

The Loveland, Fort Collins and Greeley market areas have recently experienced historically high vacancy rates. This condition is due partly to the large number of new multi-family developments that entered the marketplace in 2002 and the downturn of the local economy, reflected by fewer jobs being available for workers. Unemployment has reached an all time high of 5.2% for the year ending 2002. Many low income renters have also decided to purchase homes due to availability of low mortgage interest rates, while others without jobs have moved to other areas where there are more employment opportunities. These circumstances have made it difficult for the rental market to reasonably absorb all of the vacant units.

Anecdotal information indicates that Fort Collins could also be experiencing some doubling-up by households that can longer afford to rent their own housing, opting instead to live with other family members, due to job loss or cutbacks in the number of hours they work. This situation could also temporarily affect the vacancy levels in Fort Collins until the employment picture improves.

Table 2 | Average Rent, All Communities, September 2001 to February 2003

Source: "Multi-Family Housing Vacancy and Rental Survey," February 2003 by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing.



For the 13 original communities surveyed, rental vacancy rates varied across the State in February 2003 as indicated in Table 3. Generally, a 5% vacancy rate is considered an equilibrium rate – below 5%, indicates choice of units is restricted and rents may increase, while much over 5% generally indicates there may be excessive vacancies and that there is no current need for additional units. The tightest rental market of the 13 original communities was in Eagle County, with a 2.0% vacancy rate, and out of all the communities surveyed Gunnison had the lowest vacancy rate at 1.7% indicating a very high demand for rental units in both communities. In September 2002, Loveland had the highest vacancy rate at 29.1%, indicating an extremely overbuilt market with excessive rental housing units. While it remains the highest in the state, Loveland's vacancy rate had decreased to 19.6% by February 2003. Fort Collins' 13.7% vacancy rate was the second-highest out of the surveyed communities; however, this overall vacancy rate does not reflect the situation in lower rent properties, as there is usually greater demand for the lower rent properties in the Fort Collins-Loveland MSA.

Table 3 | Rental Vacancy Rates by Market Area, September 2000 to February 2003

Source: "Multi-family Housing Vacancy and Rental Survey," February 2003 by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing.

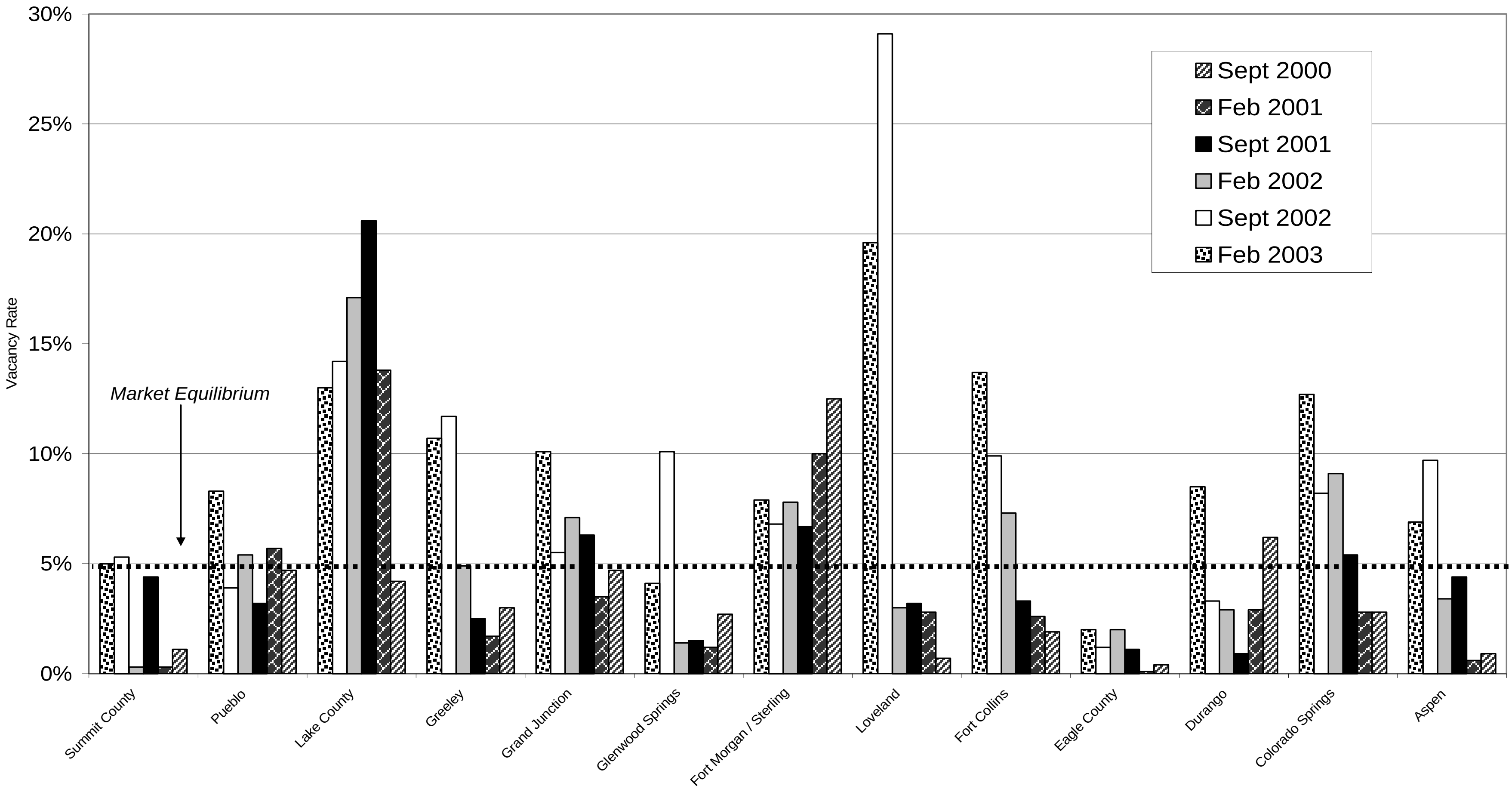
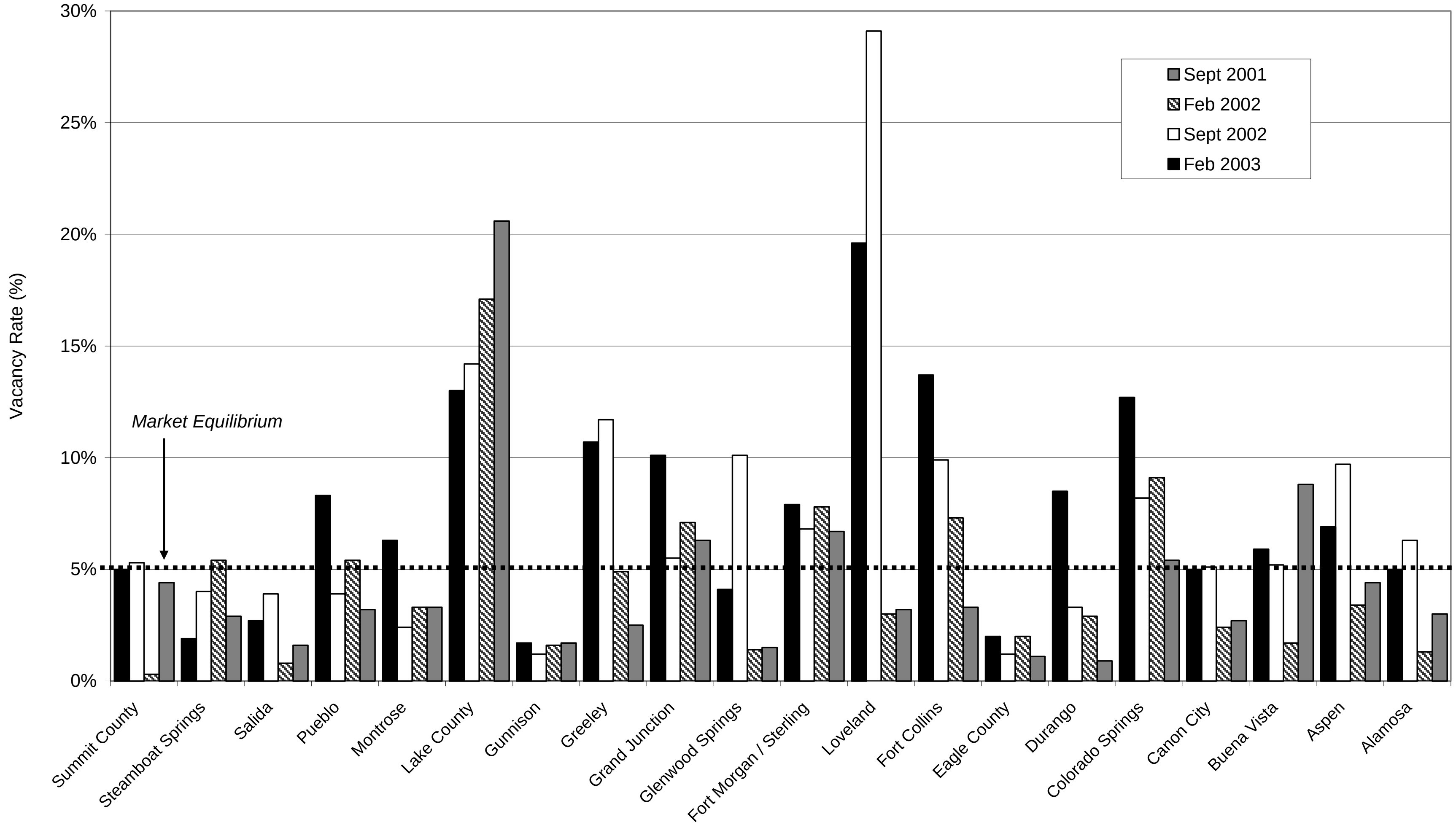


Table 4 shows the vacancy rate for all the communities surveyed by the Division of Housing in the 2001 to 2003 period. In February 2003, five communities had vacancy levels below the 5% equilibrium rate, three communities had a vacancy rate of approximately 5% and twelve communities exceeded that level.

Table 4 | Vacancy Rates for all Market Areas, September 2001 to February 2003

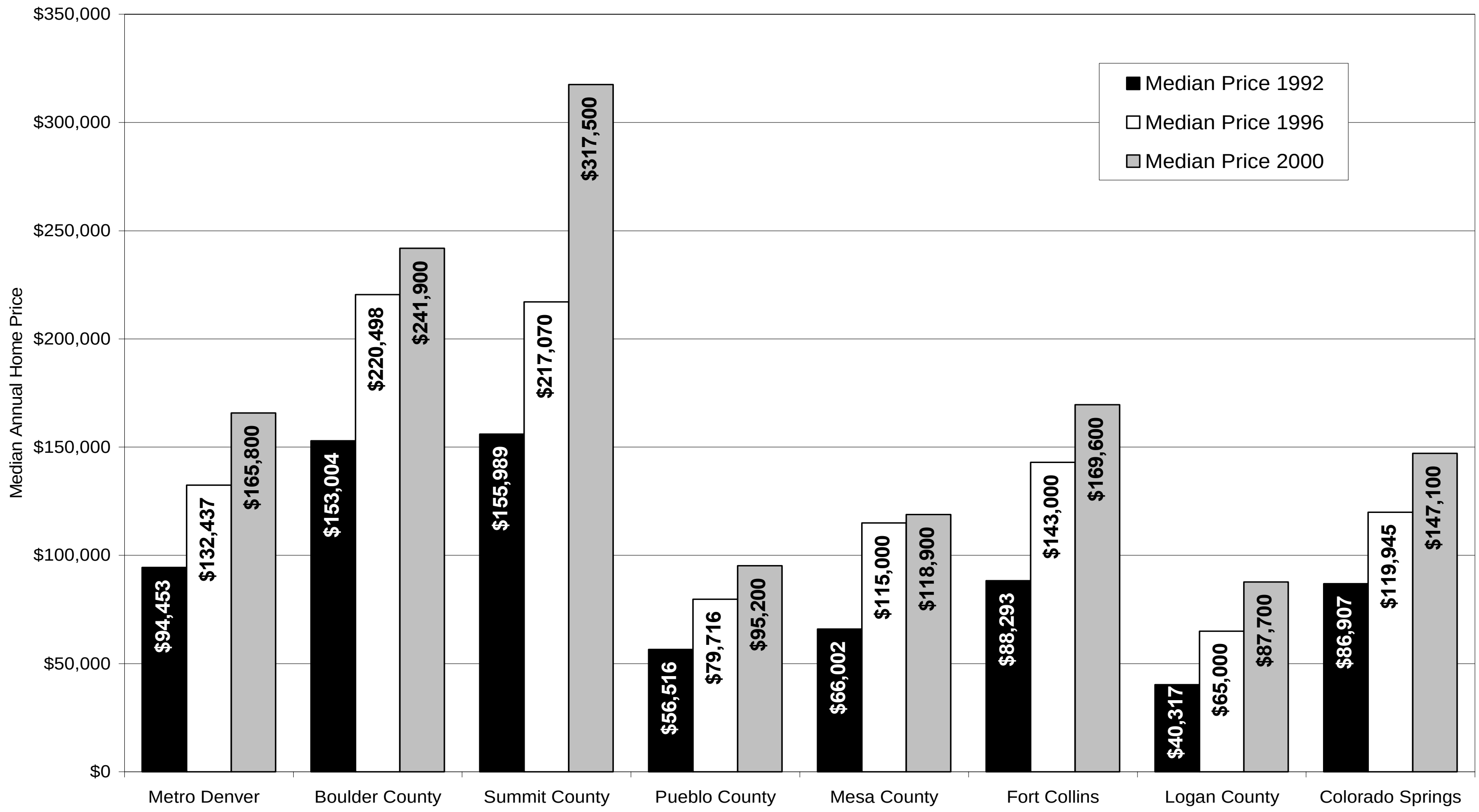
Source: "Multi-family Housing Vacancy and Rental Survey," February 2003 by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing.



The median price of a single family home has been rising across the State, as shown on Table 5. Of the communities selected for comparison in the 1999 Needs and Strategies report, Fort Collins saw the 5th largest dollar increase in home price between 1992 and 2000, and had the 3rd highest median sale price. Homeownership in Fort Collins is getting more expensive. Only Boulder County and Summit County had higher prices. Yet, Fort Collins posted only a modest increase in median sale prices between 1996 and 2000, (18.6%), placing it seventh behind Summit County, Logan County, Metro Denver, Colorado Springs, and Pueblo County.

Table 5 | Median Annual Price of a Single Family Home in Selected Market Areas, 1992, 1996 & 2000

Source: Colorado Association of Realtors; Prowers County Assessor, Mesa, Summit, Boulder and Logan County Boards of Realtors; Fort Collins Board of Realtors and U.S. 2000 Census. *Averages were used for Boulder and Summit Counties as medians were not available.



Workforce Housing – Wages vs. Sale Prices

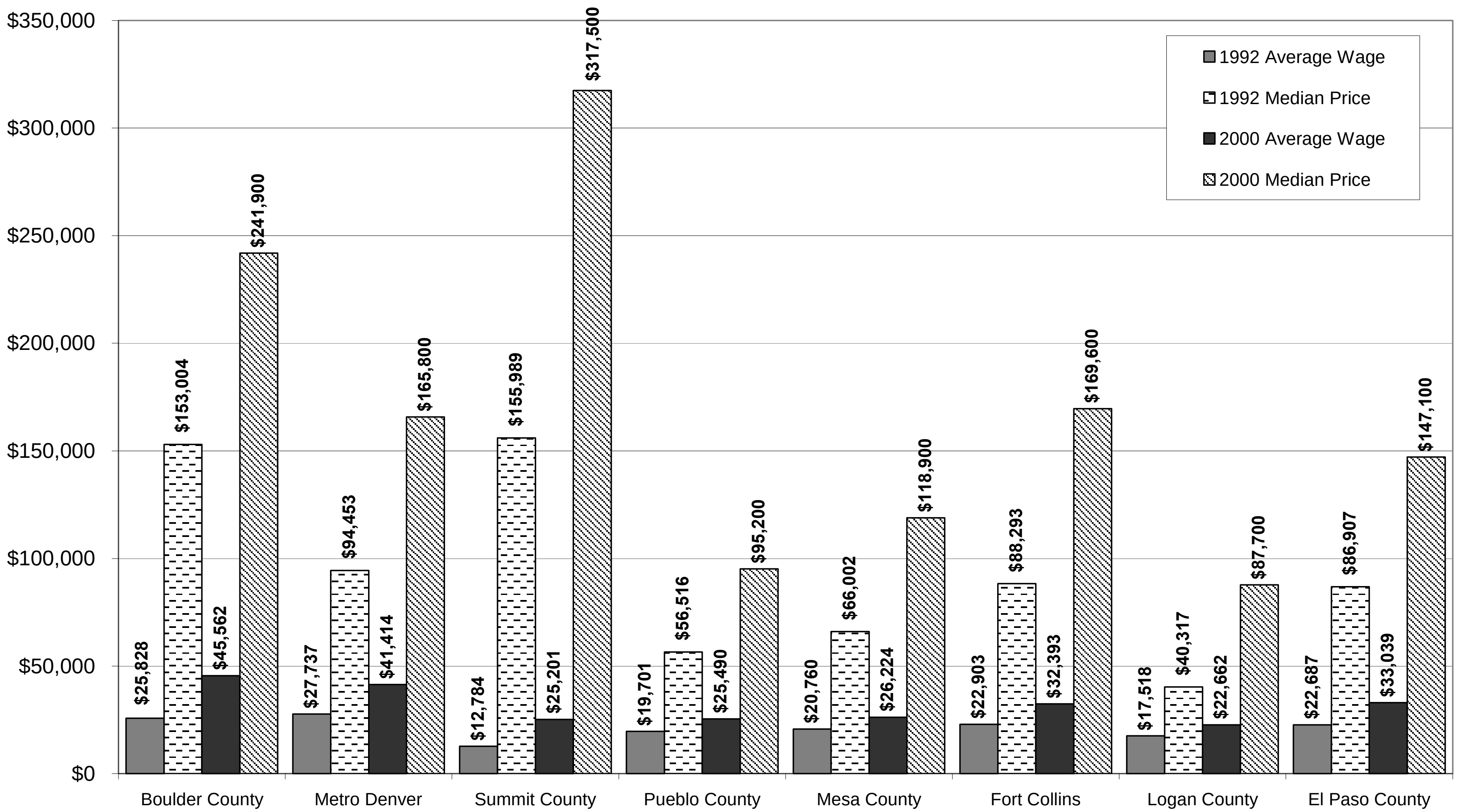
Table 6 shows how the average wage change between 1992 and 2000 compares to the change in median sale price in Colorado for a single family home for selected areas in Colorado. In the areas selected, housing prices rose faster than wages. However, the fourth greatest disparity was in Fort Collins, with a 91% increase in the price of housing and only a 41% increase in wages during this time.

With housing costs growing faster than household wages, some lower income households are unable to purchase their first home. As this gap widens, the disparity of income to housing cost affects those in the service and retail sector the most, which account for 48% of the jobs in Fort Collins according to the 2000 Census. In 2000 the average wage rate in the retail sector was $16,950 compared to $59,350 in manufacturing. Lower paying retail trade and services have exhibited the most rapid job growth in the Fort Collins' economy, with a 65% increase between 1985 and 2000.

Fort Collins' position as a regional retail center is important both to its economy and to the City's fiscal health. In 2002, total general revenues were $153,866,389 and sales and use taxes contributed $69,519,992 or 45.18% of total revenue. This is an increase over the 2001 sales and use tax contribution to total revenue of 44.95%. If service and retail employees, current and future, do not have affordable housing options in town, they will be forced to look elsewhere – for housing, and quite possibly for jobs. The obvious implication is that as more people are forced to commute to the city, the greater its traffic congestion and related air-quality problems will be. Not so obvious is the loss of dollars spent on goods, services and entertainment in their home communities. Long commutes reduce employee's attendance and productivity. They also make it more difficult for employers to find and keep quality employees, thus reducing productivity and restricting business growth. Finally, if growth in wages continues to lag behind growth in housing costs, many current Fort Collins residents will find that their quality of life is stagnating.

Table 6 | Percent Change in Average Wage for all Industries vs. Percent Change in Median Price* of a Single Family Home in Selected Market Areas, 1992 to 2000

Source: Colorado Association of Realtors, Boulder, Logan, Mesa, Summit and Fort Collins County Board of Realtors; U.S. 2000 Census; Colorado Employment and Wages, Annual Averages 1992 and 2000. *Averages were used for Boulder County as medians were not available.



The National Association of Home Builders' Housing Opportunity Index (Table7) is calculated quarterly for 191 metro areas across the nation. For the first quarter of 2002, in Fort Collins, 57.2% of all houses sold were affordable to families earning median income. Nationally, Fort Collins is currently ranked 153rd out of the 191 metro areas. Regionally, out of the 53 metro areas surveyed in the West, it is the 23rd most affordable as compared to the 12th in 1997.

Table 7 | Housing Opportunity Index – First Quarter 2002

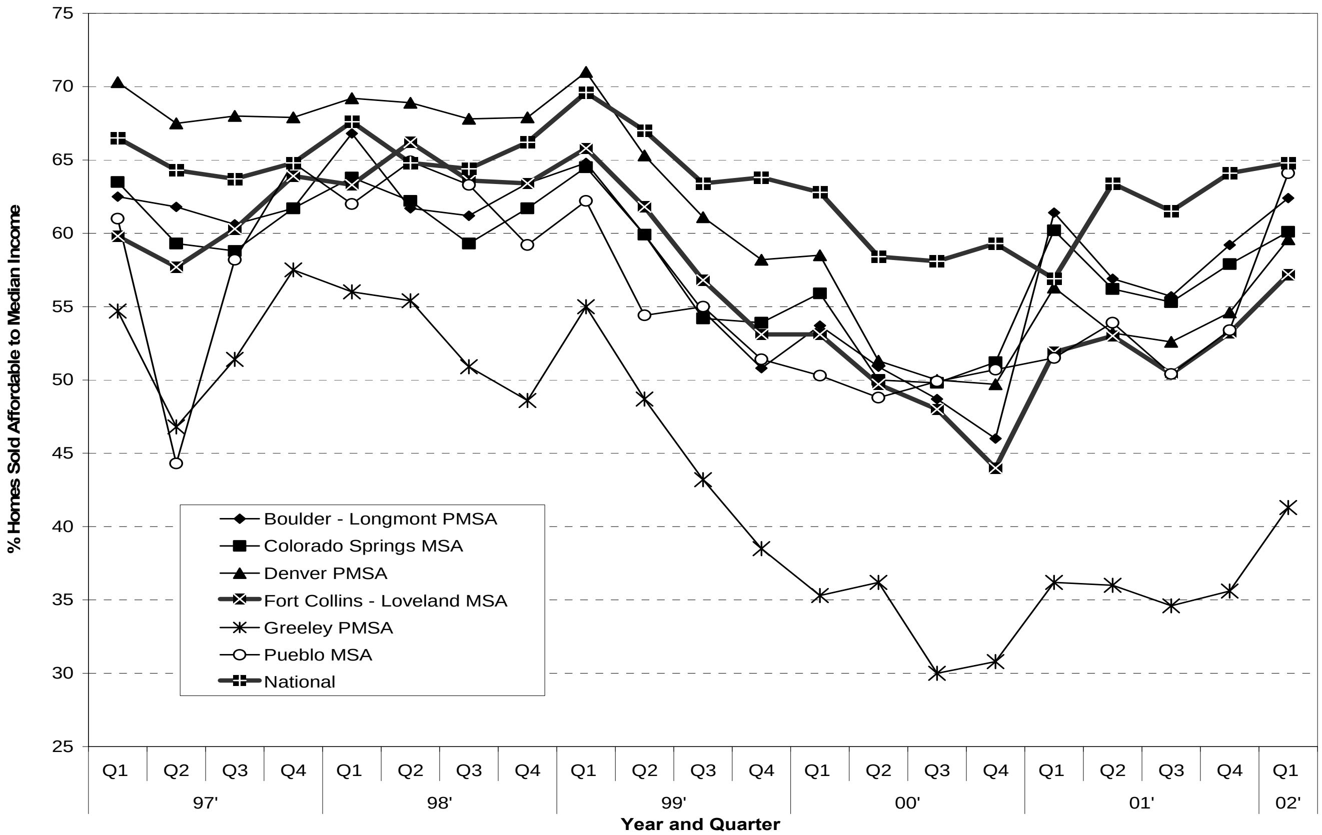
Source: The National Association of Home Builders. Note: *Denotes population below 250,000. +Denotes population of 250,000 to 1 million. Capital letters denotes population over 1 million. * Affordability ranks in parentheses are for Fourth Quarter 1997

	Median Family Income	Median Sales Price	Share of Homes Affordable for Median Income	Affordability Rank National n=191 *(n=193)**	Affordability Rank Regional n=53 *(n=45)**
National	**$54,400**	**$160,000**	**64.8%**		
DENVER PMSA	$69,900	$208,000	59.6%	146 *(112)*	20 *(6)*
Pueblo MSA*	$39,400	$108,000	64.1%	131 *(129)*	12 *(10)*
Fort Collins-Loveland MSA*	**$60,800**	**$187,000**	**57.2%**	**153 *(133)***	**23 *(12)***
Boulder-Longmont PMSA+	$87,900	$255,000	62.4%	137 *(140)*	16 *(14)*
Colorado Springs MSA+	$56,800	$174,000	60.1%	144 *(140)*	18 *(14)*
Greeley PMSA*	$47,900	$165,000	41.3%	166 *(157)*	33 *(23)*

Since 1997, purchasing a home in Fort Collins has become less affordable to families at or below median income with respect to the Housing Opportunity Index. However this has been possibly offset by lower interest rates which have played a major role in making housing more affordable for all income groups. If interest rates should move higher, the ability to afford a house in Fort Collins could decrease. The following graph, Table 8, shows how affordability has changed over the past 5 years for the nation and for each of the metro areas in Colorado that were surveyed.

Table 8 | Percentage of Homes Sold – Affordable to Median 1997 to 2002

Source: National Association of Home Builders.



Our Community's Current Need for Affordable Housing

THE NEED FOR AFFORDABLE RENTAL UNITS

The number of responses collected from property owners and managers for the Multi-Family Housing Vacancy and Rental Survey from Fort Collins-Loveland has grown from 3,532 in February 1998 to 4,112 as of February 2003 as shown in Table 9. When comparing the overall average net rent levels in Fort Collins-Loveland MSA for 1998 through 2002 for all units, rents have increased by 20% during this period or approximately 4.2% per year. In spite of the high vacancies, rents continue to maintain each year in Fort Collins.

As shown in Table 10, there is no consistent pattern of rents increasing or decreasing in the Fort Collins/Loveland area per unit type each year. Overall, rents have continued to maintain in this market area according to the Rental Survey.

Colorado State University's Off-Campus Student Services department collects information on rents in Fort Collins only. Its information is based on units that are listed by owners or property managers with that office, available for rent by students. Although their September 2002 report (Table 11) is based on only 296 units, it does include information on single family houses. Not surprisingly, 3- and 4 -bedroom units tend to be in single family houses. Therefore the average rents for those units found in CSU's listing may be more accurate than the Division of Housing's survey results. These rents may also be higher than those reported by the Division of Housing's survey because it does not include Loveland, which tends to have lower rents than Fort Collins. The Division of Housing's survey is more accurate for 1- and 2-bedroom unit rents as they tend to be in multi-family complexes and the Rental Survey is based on so many more responses.

Table 9 | Average Rents, Fort Collins-Loveland MSA, February 2003

Source: "Multi-Family Housing Vacancy and Rental Survey", February 2003.

Unit Type	Number Reported	% of Total	Approximate Range of Net Rents	Average Net Rent
Efficiency	219	5.3%	$301 - 525	$391
1-BR	1,199	29.2%	$426 - 850	$643
2-BR, 1-BA	1,135	27.6%	$276 - 825	$684
2-BR, 2-BA	1,061	25.8%	$501 -1075	$838
3-BR	386	9.4%	$626 - 1300	$923
4-BR+	112	2.7%	$926 - 1775	n/a
Total	**4,112**	100.0%		**$743**

Table 10 | Trends in Average Rents, Fort Collins-Loveland MSA, 1998-2003

Source: "Multi-Family Housing Vacancy and Rental Survey, February 2003" by Gordon E. Von Stroh, PhD, University of Denver sponsored by the Colorado Department of Local Affairs, Division of Housing.

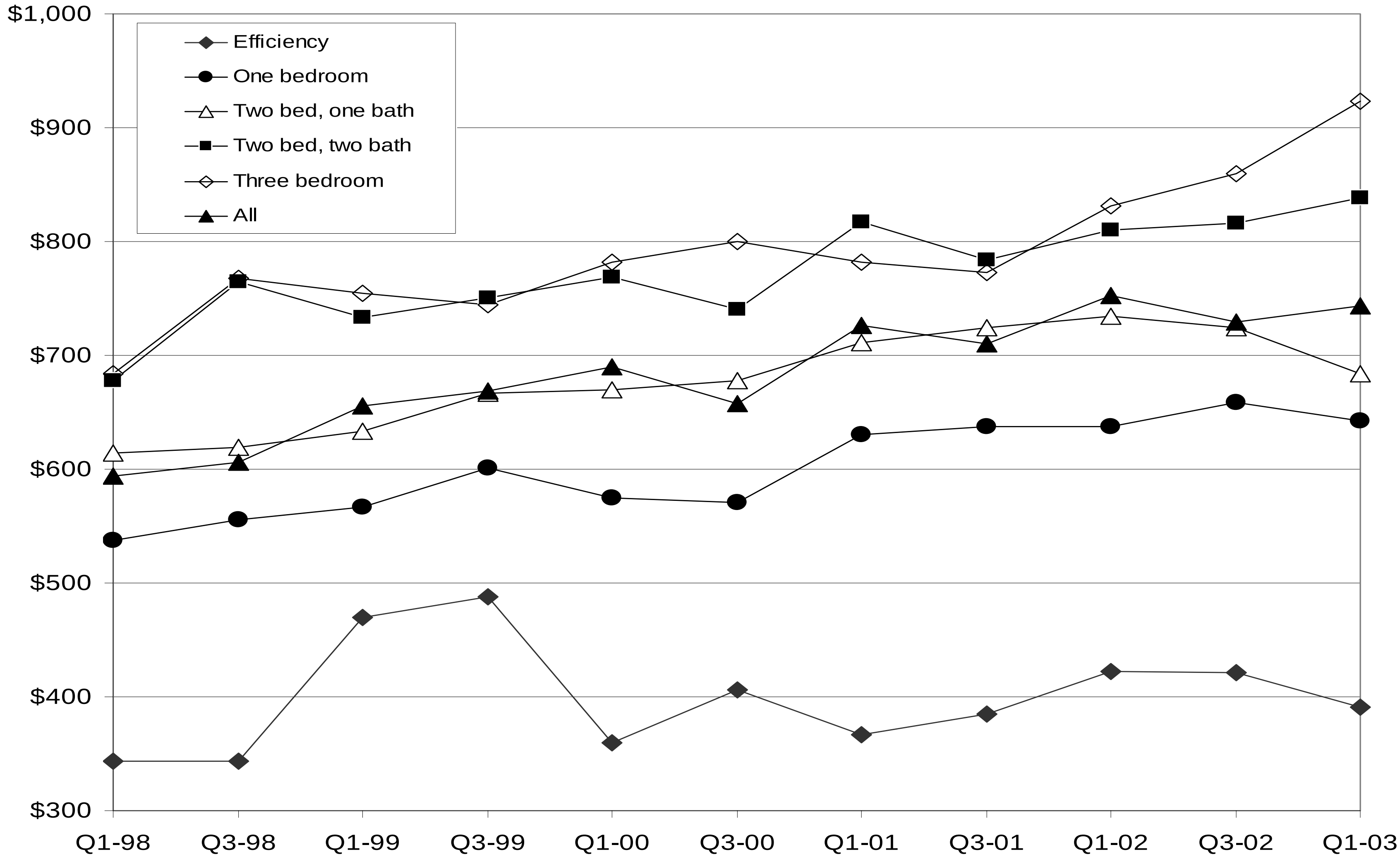


Table 11 | Average Rents For Student Housing in Fort Collins, September 2002

Source: "Renter's Information Price Statistics" (Other than Room-in-Home and Rental-To-Share) -- September 2002 -- produced by Colorado State University Off-Campus Student Services.

	Unit Type	Number Reported	% of Total	Range of Net Rents ($/mo)	Avg Rent ($/mo)
1 BEDROOM	Apt	21		$295-700	$521
	House	2		$400-850	$625
	Condo	8		$475-650	$564
	Townhouse Duplex	4		$375-595	$515
	Subtotal	**35**	**11.8%**		**$536**
2 BEDROOM	Apt	39		$425-5,750	$783
	House	20		$595-1,950	$952
	Condo	48		$500-1,100	$773
	Townhouse Duplex	26		$0-1,200	$684
	Subtotal	**133**	**44.9%**		**$785**
3 BEDROOM	Apt	9		$250-945	$680
	House	53		$750-2,000	$1,056
	Condo	35		$850-1,500	$989
	Townhouse Duplex	5		$850-1,200	$935
	Subtotal	**102**	**34.5%**		**$994**
4 BEDROOM	Apt	5		$400-1,400	$880
	House	21		$400-1,650	$1,108
	Subtotal	**26**	**8.8%**		**$1,064**
	Total	296	100.0%		

Generally, rents reported by CSU's Off-Campus Student Services are higher across the board since this information was last reported in February 1998, with the exception of the 4-bedroom units, which are usually found in houses for rent. These properties have experienced a decrease in the average rent they can demand. There is also a significant increase in the number of 3-bedroom apartments listed for rent by CSU Off-Campus Student Services, indicating the market may be getting softer for 3-bedroom apartments.

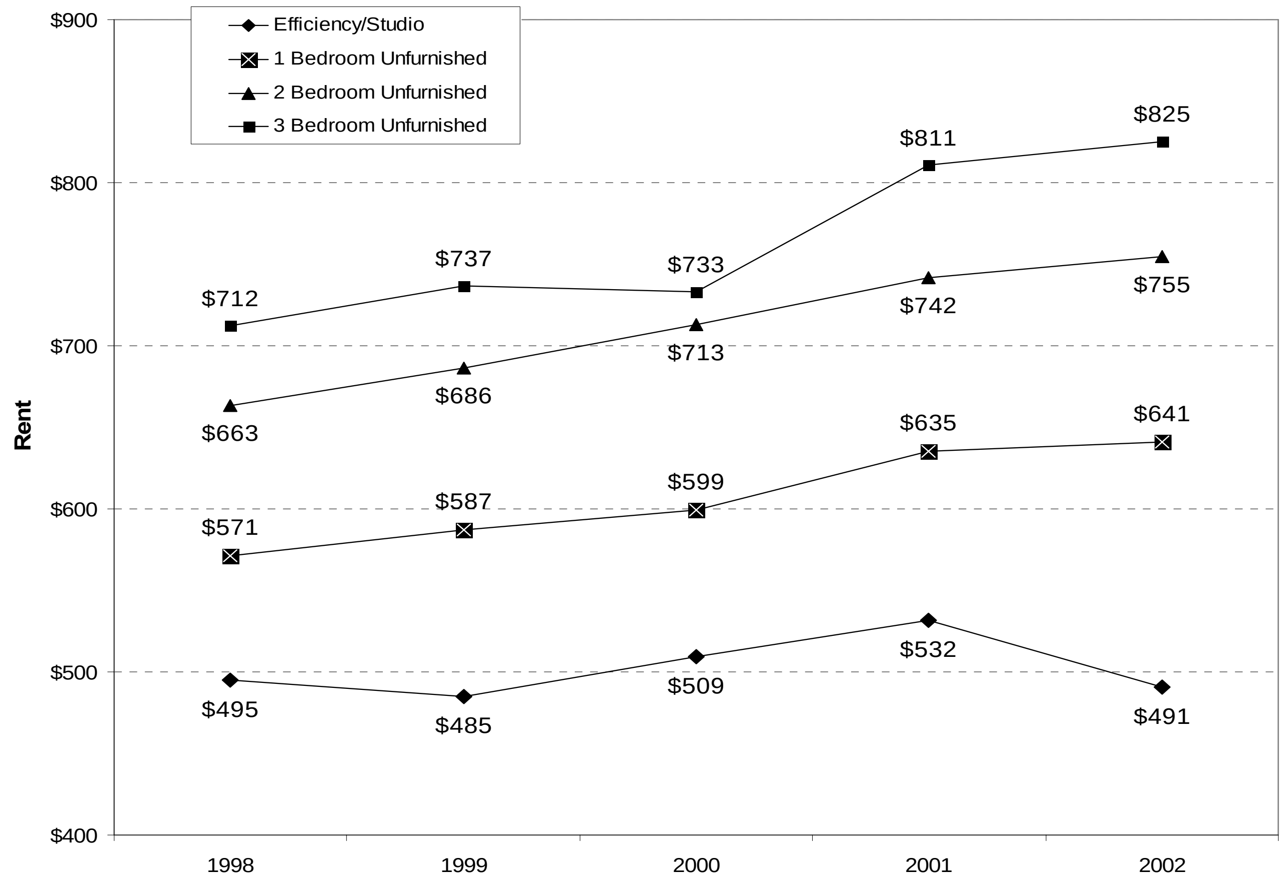
Table 12 shows the trend in average rents from 1998 to 2002 according to the Colorado State University Off-Campus Student Services rent information. Overall, rents continued to increase, except for efficiency/studio units that have had more variability in rents from year to year.

The information provided by CSU puts average annual rents close to or slightly higher than the Division of Housing's survey information. This is partially explained by the fact that CSU takes an annual average of rents advertised throughout the year, while the Rental Survey attempts to pinpoint average rents at off-season times of year (February and September) when fewer people are looking for rental units and rents tend to drop. In addition, CSU only collects data on units that are available to students in Fort Collins, while the Rental Survey looks at all multi-family units in a market area that includes Loveland.

Despite some years having decreases in rents, both analyses show for the most part an increase in rents over time. CSU's data shows year to year changes in rent that vary from -0.3% to 6%, with a average annual increase of 2.7% for all units from 1998 to 2002, depending on unit size. The Division of Housing's survey is very similar. Year to year changes vary from -5% to 11%, with an average annual increase from 1998 to 2002 of 2.4% for all units.

Table 12 | Trends in Average Rents in Fort Collins, 1998-2002

Source: Summary Table, Rental Analysis, 1998-2002 produced by Colorado State University Off-Campus Student Services.



Shown in Table 13, both nationally and in Fort Collins the traditional target for affordable rental housing has been households earning 50% - 60% of AMI or less. Average gross rents for 1-, 2- and 3-bedroom units in Fort Collins are not affordable for those households that require at least one bedroom per member. These households would have to earn at least 60% to 70% of AMI to afford the average rent, an additional $1,146 - $2,049 in annual income. For example, a single parent with a male and female child would need to earn 70% of AMI ($40,929) to afford the average 3- bedroom unit.

Average rents begin to come in line at levels affordable to households earning 60% AMI as household size increases beyond one person per bedroom. For example, if the same single parent's children are young enough to share a bedroom, or if they are the same sex, then that family can reasonably occupy a 2-bedroom unit. The average 2-bedroom, 1-bath rent is affordable at 60% AMI ($30,888), but two baths raise that to 72% AMI ($37,050) for a three person household.

For households filling a unit with 2 people per bedroom, average rents are affordable to those earning 48% to 57% of AMI. These families would typically consist of a married couple with children who can share a room. The examples of affordability for households, with two or more family members sharing a bedroom, is not meant to exclude the Fort Collins Policy which states that no more than 3 unrelated persons can live together or 2 unrelated adults and their related children.

The number of households increased 2.7% annually between 1990 and 2000. At the same time, the size of the average household remained relatively constant from 2.44 persons in 1990 to 2.45 in 2000. The lack of significant growth in the city's household size tracks a similar pattern at the national level caused by increasing numbers of non-traditional households, such as singled-parents, divorced persons, couples without children, as well as single persons. Male- or female-headed households, with no spouses present, accounted for 7.9% (3,638) of all households; of these households, two-thirds (66%) contained children under the age of 18 years in 2000.

Table 13 | Affordability of Average Gross Rents by Unit Size in the Fort Collins-Loveland MSA, 2003

Source: Average Net Rents from "Multi-Family Housing Vacancy and Rental Survey, February 2003" by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing. Calculation of affordable rent levels was based on HUD's published Area Median Family Income for the Fort Collins-Loveland MSA for 2003 and assumes 1.5 persons per bedroom (1 person for efficiencies). Estimated Utility Allowances from the Fort Collins Housing Authority as of 2003.

	Family Size	Average Net Rent	Est. Utility Allowance	Est. Average Gross Rent	Income needed	100 % AMI	% AMI served
Efficiency	1	$391	$51	$442	$17,674	$45,400	39%
1-BR	1	$643	$67	$710	$28,386	$45400	63%
	2					$51,800	55%
2-BR, 1-BA	2	$684	$88	$772	$30,888	$51,800	60%
	3					$58,300	53%
	4					$64,800	48%
2-BR, 2-BA	2	$838	$88	$926	$37,050	$51,800	72%
	3					$58,300	64%
	4					$64,800	57%
3-BR	3	$923	$100	$1,023	$40,929	$58,300	70%
	4					$64,800	63%
	5					$70,000	58%
	6					$75,200	54%

Table 14 compares average rents in the Fort Collins-Loveland MSA to affordable rents and calculates the amount of subsidy required for unaffordable units. Rents in affordable housing developments are calculated, by HUD and other funding programs, based on the Area Median Family Income (AMI) and 1.5 persons per bedroom. Based on this calculation, rents affordable to households earning 60% AMI are fairly close to Fort Collins-Loveland MSA average rents. However, this changes dramatically at the 50% AMI rents levels, where subsidies ranging from $44/month to over a $100/month would be required to afford the average rents (except for efficiencies, which are based on 1 whole person's income). At 30% AMI subsidies from $100/month to over $400/month are required to afford rents for all units.

Availability of Affordable Rental Units

The Rental Survey reports net rents in $25 increments. The following chart (Table 15) is based on net affordable rents for households earning 50% and 60% AMI, rounded down to the nearest reported rent increment. It shows 15.4% of the units in Fort Collins (290 units of 1,887) are affordable to those earning 50% AMI. In comparison to the 1999 report, there were no vacant units available for the 50% AMI households. The vacancy rate for two and three bedroom units affordable at the 50% AMI level range from 7.7% (two bedroom/one bath) to 32.2% (three-bedroom unit). Efficiency and one bedroom units have 6.4% and 5.4% vacant levels respectively.

For families earning between 50% and 60% AMI, 9.2% of units are available for rent or (75 units of 815) ensuring that there is more than an adequate supply of the 50% to 60% AMI units, as a 5% vacancy rate represents equilibrium in the market place.

The over-60% AMI units are in greatest supply in Fort Collins/Loveland as of the February 2003 survey, with approximately 18.1% of these units vacant (147 of 813). It is anticipated that this over-supply for the 50% and 60% AMI units may be short term (12 to 18 months), with respect to the Department of Housing and Urban Development (HUD) Market Watch information dated April 2003.

Conversely, units affordable to households at 40% AMI and lower are in most need, and represent in most cases, income restrictive units. There are only 136 income restricted housing units in Fort Collins at 40% AMI and approximately 8,000 households in this income group. The majority of these units are owned and operated by the Fort Collins Housing Authority and nonprofit housing providers in the City.

Table 14 | Comparison of Average Rents to Affordable Rents by Unit Size and Income in the Fort Collins-Loveland MSA, 2003

Source: Average Net Rents from "Multi-Family Housing Vacancy and Rental Survey, February 2003" by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing. Calculation of affordable rent levels was based on HUD's published Area Median Family Income for the Fort Collins-Loveland MSA for 2003 and assumes 1.5 persons per bedroom (1 person for efficiencies). Estimated Utility Allowances from the Fort Collins Housing Authority as of 2003. Negative numbers are shown in parentheses.

	Efficiency	1-BR	2-BR 1-BA	2-BR 2-BA	3-BR
Average Net Rent	$391	$643	$684	$838	$923
Est. Utility Allowance	$51	$67	$88	$88	$100
Estimated Average Gross Rent	$442	$710	$772	$926	$1,023
Affordable Gross Rents					
at 60% AMI	$681	$729	$874	$1,011	$1,128
at 50% AMI	$567	$607	$728	$842	$940
at 40% AMI	$454	$486	$583	$674	$752
at 30% AMI	$340	$364	$437	$505	$563
Subsidy required to make average rents affordable					
at 60% AMI	<$239>	<$19>	<$102>	<$85>	<$105>
at 50% AMI	<$125>	$103	$44	$84	$83
at 40% AMI	<$12>	$224	$189	$252	$271
at 30% AMI	$102	$346	$335	$421	$460

Table 15 | Vacancy Rates By Unit Size and Affordable Net Rents, Fort Collins, February 2003

Source: "Multi-Family Housing Vacancy and Rental Survey, February 2003" by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing. Calculation of affordable rent levels was based on HUD's published Area Median Family Income for the Fort Collins-Loveland MSA for 2003 and assumes 1.5 persons per bedroom (1 person for efficiencies).

		Efficiency	1-BR	2-BR, 1-BA	2-BR, 2-BA	3-BR	Total	# Units as % of Total
up to 50%		< $526	< $601	< $751	< $751	< $851		
	Total units	173	423	781	299	211	1887	53.7%
	# Vacant	11	23	165	23	68	290	
	% Vacant	6.4%	5.4%	21.1%	7.7%	32.2%	15.4%	
50%-60%		$526 - 675	$626 - 750	$751 - 850	$751 - 875	$851 - 1025		
	Total units	0	383	215	215	2	815	23.2%
	# Vacant	0	35	31	9	0	75	
	% Vacant	0.0%	9.1%	14.4%	4.2%	0.0%	9.2%	
over 60%		> $675	> $750	> $850	> $875	> $1025		
	Total units	0	258	0	436	119	813	23.1%
	# Vacant	0	43	0	71	33	147	
	% Vacant	0.0%	16.7%	0.0%	16.3%	27.7%	18.1%	
Total	Total units	173	1,064	996	950	332	3,515	100.0%
	# Vacant	11	101	196	103	101	512	
	% Vacant	6.4%	9.5%	19.7%	10.8%	30.4%	14.6%	

Overall since 2000, vacancy rates have risen in Fort Collins. Table 16 shows vacancy rates for each unit size from February 2000 to February 2003. Except for efficiency units, vacancy rates for each unit size have risen fairly consistently over that time. For efficiency units, vacancy rates were below the 5% market equilibrium most of that time and only rose above market equilibrium in the first quarter of 2003.

The high vacancy rate for units affordable to households earning 50% of AMI is very unusual. Historically, Fort Collins maintains a very tight rental housing market. The Division of Housing's survey received almost 4,112 responses in February 2003, and over 2,100 units were affordable to households earning 50% of AMI. This is quite an improvement over the findings in the 1999 report, when less than 200 units reported in the Rental Survey were affordable to households at the 50% AMI level.

Some of the renters that fall into the low income category are students, who have resources beyond their own income to pay for housing. However, not all students would fall into that income category, and not all of those that do can depend on their student loans or their parents to pay rent.

In addition, the Division of Housing's survey does not indicate if any of the units it reported on were income-restricted. It is likely that some of them are simply in older, less desirable buildings – not in subsidized, restricted projects. Therefore some of those affordable units are available to the general public, and higher-income households can compete with low-income households for those units. With the current economy and high vacancy rates this might not be occurring as frequently, but could become more of problem as the economy improves and vacancy rates decrease again.

Table 16 | Vacancy Rates By Unit Size February 2000 to February 2003

Source: "Multi-Family Housing Vacancy and Rental Survey, February 2003" by Gordon E. Von Stroh, PhD, University of Denver. Sponsored by the Colorado Department of Local Affairs, Division of Housing.

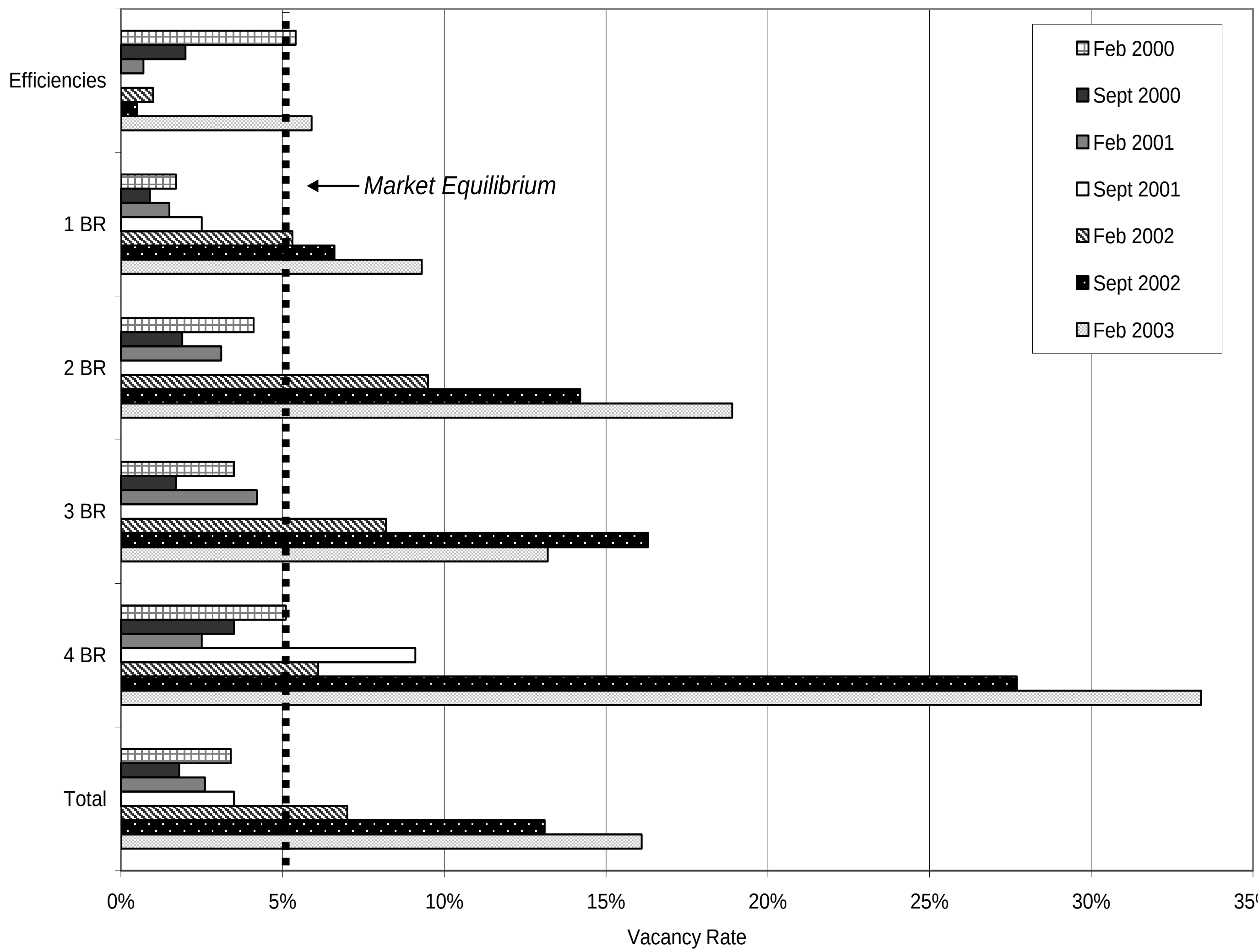


Table 17 shows the number and percentage of renter households at each level of AMI. The highest number of rental households fall into the 0-30% AMI category, followed by the 51-80% AMI category. Only 29.8% (6,756) of renter households earn greater than 80% AMI, while 46.8% (10,622) of renter households earn below 50% AMI. As there are only approximately 2,100 affordable units to renter households earning 50% AMI, many of these households must be paying greater than 30% of their income for rent or doubling up with family members or other families.

Table 17 | Number of Renter Households by Percent of Fort Collins Median Family Income, 2002

Source: Fort Collins Affordable Housing Nexus Report, March 2002

% AMI	# of Households	% of Total
0-30	6,103	26.9%
31-50	4,519	19.9%
51-80	5,339	23.5%
81-95	1,656	7.3%
96+	5,100	22.5%
Total	22,717	100.0%

Availability of Income-Restricted Affordable Rental Units

There are currently about 2,502 units of affordable housing in subsidized developments in Fort Collins, including 154 units of public housing owned by the Fort Collins Housing Authority. Appendix I lists the income-restricted affordable rental projects in Fort Collins. All of these projects were funded by agencies that require the units be income-restricted for some length of time. Most rental projects are capped at rents affordable to 60% of AMI. Some, especially those created by local nonprofits, are dedicated to serving people at even lower incomes. HUD-funded developments generally have Project-Based Section 8 Rental Assistance, which subsidizes rent so tenants pay only 30% of their income for rent. CARE Housing, Inc. and the Fort Collins Housing Corporation are unique in providing permanent housing with rents limited to 30% of tenants' income without such rental subsidies, but they also set a minimum income (30% AMI) for the majority of residents. Conversely, the Tenant-Based Rental Assistance (TBRA) program, which operates similar to the Section 8 Rental Assistance program, provides a gap measure to housing extremely low income households without producing new affordable units. The Fort Collins Housing Authority is planning to implement a TBRA program in 2004.

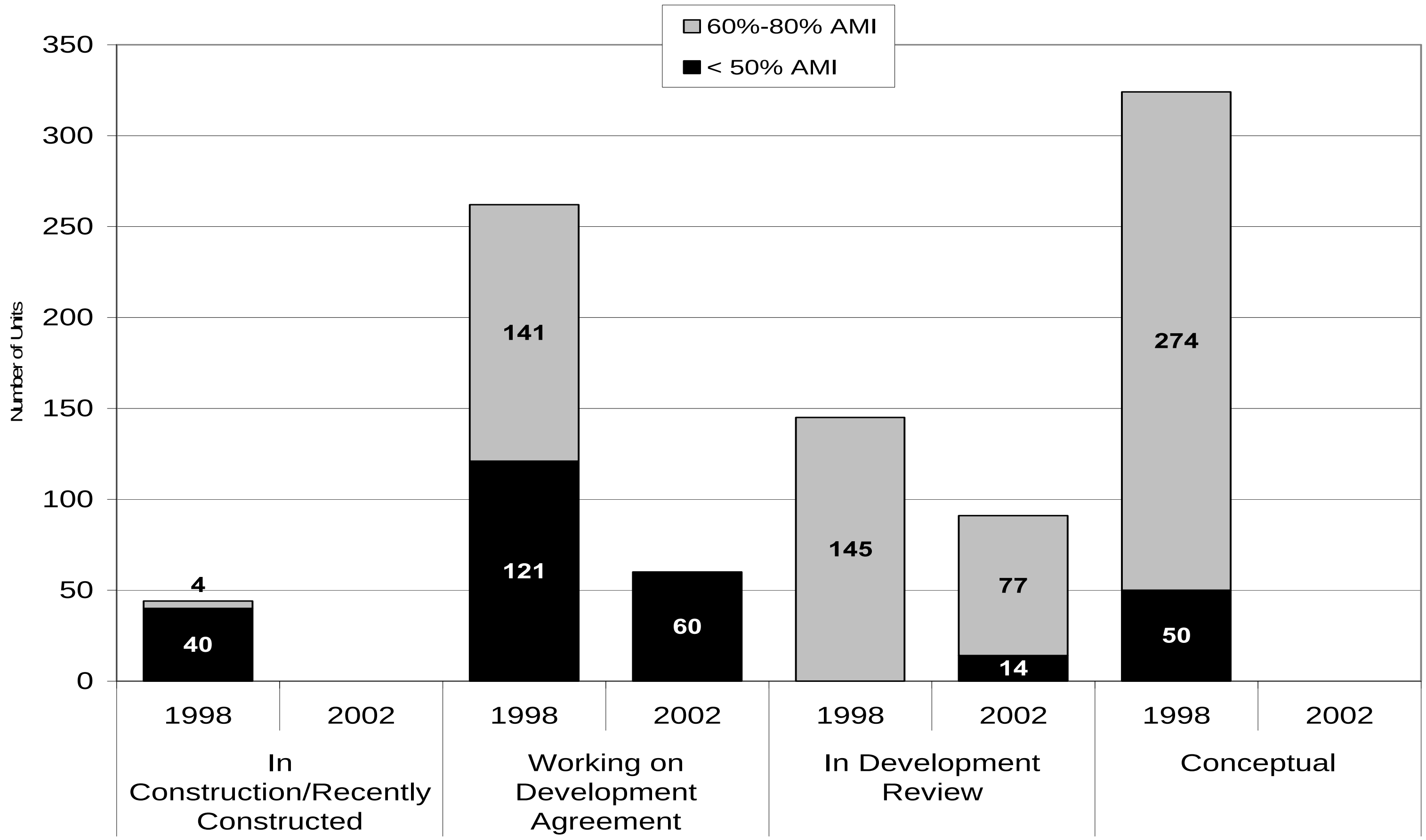
Not surprisingly, complexes with the lowest rent have the least turnover and the longest wait. Senior complexes with rental subsidies have turnover less than 1% of their units per month, (3 units). A new elderly applicant could wait approximately 12 months to get a unit. Older complexes, affordable to families earning 40 to 55% of AMI, turn over approximately 4% of their units each month. Newer tax credit projects, typically affordable at 60% of AMI, have higher turnover rates than in the past. Some of these newer tax credit projects have some units affordable at lower income levels – these units tend to have waiting lists and less turnover. The Fort Collins Housing Corporation's 380 affordable units are mostly available on a first-come, first-served basis.

As either development or rental subsidy contracts expire on these projects, they may be lost as part of the affordable housing stock inventory. Complexes owned by not-for-profits will, in the vast majority of cases, remain affordable. Those that are owned by for-profits are more likely to be converted to market rate housing when their subsidized mortgages are paid off. DMA Plaza, Oakbrook I and II all have Project Based Section 8 Rental Assistance, which is currently renewed on an annual basis. There is a distinct possibility that this program may not always have enough funds to continue to renew these contracts. If that happens, many very low income elderly may lose their housing. These three projects have 257 Section 8 units with rental assistance. It is hoped they also receive portable rental assistance to maintain current funding levels.

Table 18 shows a comparison of rental affordable housing units in construction or planned for the 1998 and 2002 period. Appendix II provides a list of current affordable housing projects planned or in production as of September 2002. At this time, there is only one affordable rental project under construction in Fort Collins. It is the Volunteers of America (VOA) elderly housing project, which started construction in October 2003, and will be completed in July 2004 (60 units). In addition, one mixed-income Private Activity Bond project is in Development Review and most likely will be approved in the summer of 2004 (192 total units/73 affordable). The earliest this project might finish construction is the summer of 2005. Projects in the conceptual stage may or may not have attended a Conceptual Review meeting. Most of them are simply on the "drawing board," and their developer may decide not to go forward.

New construction of affordable rental housing is constrained by a number of commonly understood factors. Available land in Fort Collins is expensive and not available on the market at the size suitable for small rental developments (50 -150 units). Sites that are close to community facilities and services are particularly hard to find. Construction costs are rising, due in part to materials, labor costs and changes in City regulations. The City's Land Use Code, impact fees, engineering standards and infrastructure requirements are often cited by developers as too expensive to allow affordable construction. Acquisition of water rights in special districts can also be very expensive. Finally, federal financial resources are limited and declining and the competition for funding is fierce.

Table 18 | Affordable Rental Housing Planned or in Production in the Fort Collins Urban Growth Area
Source: Advance Planning Department, December 2002



Availability of Tenant-Based Rental Subsidy

The Fort Collins Housing Authority administers 844 HUD Housing Choice Vouchers, which subsidize rents in privately owned rental properties. Vouchers may also be used in affordable housing complexes, such as tax credit projects and nonprofit affordable units. Applicants are ranked based on preferences. Preferences are:

- Involuntarily displaced
- Working or attending school full time
- Enrolled in an employment training program
- Elderly or disabled families
- Residents of Public Housing who are over-or under-housed or who need an accessible unit
- Single Room Occupancy resident of at least 6 months duration
- Residents of Larimer County

The Fort Collins Housing Authority waiting list has over 700 applicants for the Public Housing Program. The wait time varies by bedroom size needed, but is typically between 2 and 3 years, or more. For each bedroom size, the wait is typically:

- One-bedroom, 3+ years
- Two-bedrooms, 2 years
- Three-bedrooms, 2 years
- Four-bedrooms, 3 years

The waiting list for a Housing Choice Voucher has approximately 1,100 applicants. Depending on preferences, the wait could be 2 to 4 years unless FCHA receives a new allocation of vouchers from the U.S. Department of Housing and Urban Development.

Tenants who receive a certificate/voucher have 60 days to find a unit that rents for the HUD-established Fair Market Rent (FMR) and meets a housing quality inspection. Voucher holders are allowed to rent a more expensive unit but must pay 30% of their adjusted gross income plus any amount over the FMR as their share of the rent. Voucher holders may not spend more than 40% of their adjusted gross income as rent when they first move into a unit.

The Fort Collins Housing Authority applies for new grants to fund more vouchers as often as possible, but there is no guarantee of receiving any of these new funds as the grants are awarded in a competitive process to all Housing Authorities in the United States. Congress renews funding for these programs on an annual basis, and so the amount of funding each year may vary.

Chestnut Village Condominiums, Homebuyer's Assistance Program recipient.

THE NEED FOR AFFORDABLE FOR-SALE HOUSING

The Rate of Homeownership

The rate of homeownership in Fort Collins has increased by 4% from 53% to 57% since the 1990 Census. This rate is lower than the national rate of 66.2% and the statewide rate of 67.3%. Fort Collins lower rate of homeownership is typical of cities with a large student population. Two other Front Range college towns have similar or lower rates – 58.4% of Greeley's households own their homes, and only 49.5% of Boulder's do.

The average sale price of all homes sold in the Fort Collins area during 2002 was $217,076 as seen in Table 19. Calculations of the average sales prices for the Fort Collins area includes some areas outside of city limits, such as Wellington, but does not include Loveland or Windsor. Over 40% of the units sold in 2002 were 3-bedrooms homes. Not surprisingly, existing units were less expensive than new homes and attached units were less expensive than detached single-family units. Also, smaller units were more likely to be found as attached units than 3-bedroom and larger units.

Table 19 | Average Sale Prices in the Fort Collins area, 2002

Source: Multiple Listing Service, provided by The Group Inc.

	1-BR		2- BR		3-BR		4- BR+		All Units	
Unit Type	# Sold	Average $	# Sold	Average $	# Sold	Average $	# Sold	Average $	# Sold	Average $
New	76	$115,478	463	$173,225	472	$234,946	172	$362,181	1,183	$221,570
Existing	94	$98,021	703	$153,116	1,224	$213,630	976	$273,601	2,997	$215,301
Single	25	$117,816	366	$189,373	1,498	$224,951	1,123	$288,960	3,012	$243,532
Attached	145	$103,758	800	$148,166	198	$178,795	25	$193,111	1,167	$148,807
All Units	170	$105,825	1,166	$161,101	1,696	$219,562	1,148	$286,873	4,180	$217,076

Affordability of Average Sale Prices by Unit Size

The following chart, Table 20, shows that the average prices of 1-bedroom units are affordable to families with 1 to 2 members earning up to 80% AMI. Two-bedroom units, however, are not generally affordable for families with 1 to 4 members earning up to 80% AMI, with the exception being a 4-person household occupying a 2-bedroom unit. This is quite different from the 1999 report, which showed that all 1- and 2-bedroom units were affordable to 1 to 4 family members. Over two-thirds of the units sold in 2002, however, had 3 or 4 bedrooms. The average price of 3- and 4-bedroom units were not affordable to families earning 80% of AMI or less. Since the average price of new units is invariably higher than that of all units (including existing stock), most new units are probably out of reach of households earning 80% AMI or less.

Table 20 | Affordability of Average Sale Prices by Unit Size

Average sale prices provided by The Group, Inc. Mortgage insurance calculation provided by Pacific Mortgage. Taxes are calculated as 1% of the sale price divided by 12. Insurance is calculated as 0.4% of the sale price divided by 12. Calculation of affordability was based on HUD's published Area Median Family Income for the Fort Collins-Loveland MSA for 2003 and assumes 1.5 persons per bedroom (1 person for efficiencies). Utility allowances are based on information from the Fort Collins Housing Authority in 2003.

	1-BR		2-BR			3-BR				4-BR			
Family Size	1	2	2	3	4	3	4	5	6	4	5	6	7
Sale Price		$105,825			$161,101				$219,562				$286,873
Downpayment (3%)		$3,175			$4,833				$6,587				$8,606
Principle		$102,650			$156,268				$212,975				$278,267
Monthly Rate (7%/yr)		0.58%			0.58%				0.58%				0.58%
Term (mos)		360			360				360				360
Mortgage Payment		$683			$1,040				$1,417				$1,851
Mortgage Insurance		$68			$103				$141				$184
PropertyTaxes		$88			$134				$183				$239
Home Insurance		$28			$43				$59				$76
"PITI" (Subtotal)	$867				**$1,320**				**$1,799**				**$2,351**
Utilities	$149	$167	$167	$186	$204	$186	$204	$223	$241	$204	$223	$241	$260
Total Housing Cost	**$1,016**	**$1,034**	**$1,487**	**$1,506**	**$1,524**	**$1,985**	**$2,003**	**$2,022**	**$2,040**	**$2,555**	**$2,574**	**$2,592**	**$2,611**
Income Needed	$32,092	$32,660	$46,965	$47,565	$48,134	$62,695	$63,263	$63,863	$64,432	$80,683	$81,283	$81,851	$82,451
80% AMI	$36,300	$41,450	$41,450	$46,650	$51,850	$46,650	$51,580	$56,000	$61,150	$51,850	$56,000	$60,150	$64,300
Income Needed as % of AMI	**88%**	**79%**	**113%**	**102%**	**93%**	**134%**	**123%**	**114%**	**105%**	**156%**	**145%**	**136%**	**128%**

The following chart, Table 21, shows how much subsidy would be required for families at various income levels to afford an average-priced, appropriately sized unit. At 70% AMI, the disparity ranges from $2,600 for a 3- or 4-person family buying a 2-bedroom unit, up to $128,300 for a 4-person family buying an average-priced 4-bedroom unit. At 50% AMI, the required subsidy is very large – $100,000 and higher for 4-bedroom units.

Table 21 | Comparison of Average Sale Prices to Affordable Sale Prices by Unit Size and Income

Average sale prices provided by The Group Inc. Calculation of affordable sale prices were based on HUD's published 2003 Area Median Family Income for the Fort Collins-Loveland MSA. * Table is only a generalized comparison of housing subsidy required for the average home price. The average home price here does not including down payment costs, utility costs, property taxes, housing insurance and interest.

	1-BR		2-BR			3-BR				4-BR +			
Family Size	1	2	2	3	4	3	4	5	6	4	5	6	7
Average Sale Price													
	$105,825		$161,101			$219,562				$286,873			
Affordable Sales Prices													
80% AMI	$131,045	$150,025	$150,025	$169,080	$188,189	$169,080	$188,189	$188,896	$202,475	$188,189	$188,896	$202,475	$216,258
70% AMI	$110,046	$126,007	$126,007	$142,053	$158,478	$142,053	$158,478	$172,941	$187,307	$158,478	$172,941	$187,307	$201,640
60% AMI	$93,960	$107,677	$107,677	$121,421	$135,522	$121,421	$135,522	$148,143	$160,731	$135,522	$148,143	$160,731	$172,832
50% AMI	$75,469	$86,481	$86,481	$97,568	$109,043	$97,568	$109,043	$119,538	$130,034	$109,043	$119,538	$130,034	$140,529
Subsidy Required to make Average Sale Price Affordable													
80% AMI	($25,220)	($44,200)	$11,076	($7,979)	($27,088)	$50,482	$31,373	$30,666	$17,087	$98,684	$97,977	$84,398	$70,615
70% AMI	($4,221)	($20,182)	$35,094	$19,048	$2,623	$77,509	$61,084	$46,621	$32,255	$128,395	$113,932	$99,566	$85,233
60% AMI	$11,865	($1,852)	$53,424	$39,680	$25,579	$98,141	$84,040	$71,419	$58,831	$151,351	$138,730	$126,142	$114,041
50% AMI	$30,356	$19,344	$74,620	$63,533	$52,058	$121,994	$110,519	$100,024	$89,528	$177,830	$167,335	$156,839	$146,344

There were a total of 4,180 homes sold in the Fort Collins area (Table 19) through the Multiple Listing Service in 2002. You can see very few of them were affordable to and large enough for a family of four earning 80% of AMI, without some type of homebuyer assistance, owner equity, sellers' concessions and adjustable mortgage interest rates. An low number of homes (170) were priced under $120,000, which would be affordable to a 2-person family. There were also only 25 attached 4-bedroom homes in the affordable range of low income large family households.

According to the 2000 Census, there were nearly 37,392 persons aged 25 to 44 years, making up 31.5 % of the city's population as compared to 35% in this age group in 1990. This represents a decrease in the number of persons in the age group since 1990. Since this age group is the prime child-bearing cohort, the decreasing numbers in this age group might impact the demand for new traditional single-family units needed in the future.

The market appears to be serving the households that need 3- and 4- bedroom single-family units, without any problems for families in excess of 100% AMI. Substantial subsidies, however, are required for people earning 80% AMI or less to afford the average priced 3- or 4-bedroom home.

Generally, affordable units that are currently in construction (Provincetowne - 141 sale units) are becoming available and will be affordable to families at 80% and below AMI. One project (Old Town North - 44 affordable units) is in the process of finalizing its Development Agreements approval and might start construction in the summer of 2004, and be available early 2005 and beyond, depending on construction scheduling. There is no way of estimating when, or if, projects in Development Review (78 sale units) will be approved, or when they might come on line. The earliest they might finish construction is the fall of 2005. Affordable projects in the conceptual stage may or may not yet have submitted plans at a Conceptual Review meeting. Most of them are simply on the "drawing board," and their developer may decide not to go forward.

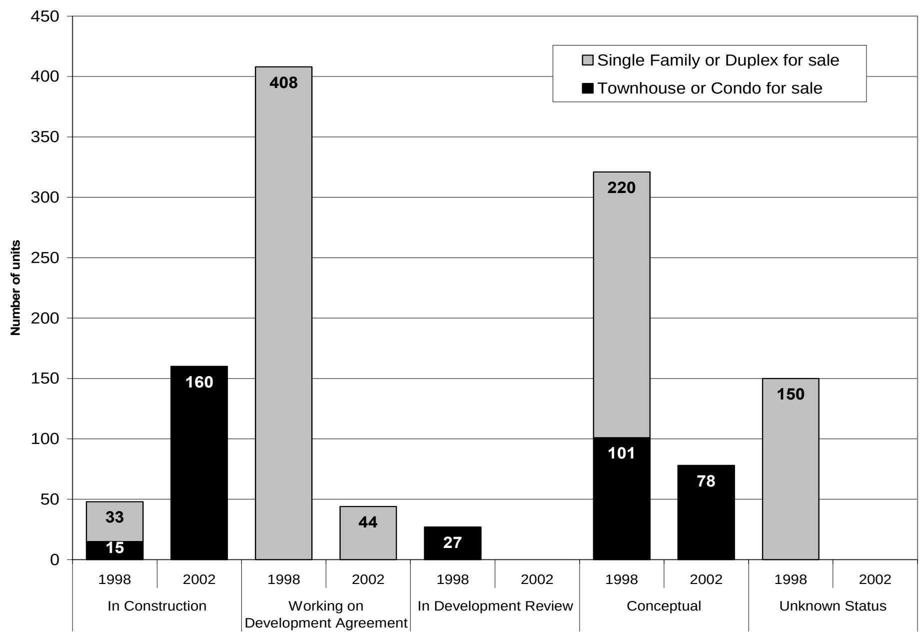
Table 22 highlights the number of owner affordable housing units in construction or planned for the 2002 period versus 1998.

New construction of owner affordable housing is constrained by some of the same factors as rental housing. Available land in Fort Collins is expensive and scarce not available on the market at the size suitable for small owner developments. Sites that are close to community facilities and services are particularly hard to find. Construction costs are rising, due in part to materials, labor costs and changes in City regulations. The City's Land Use Code, Impact Fees, engineering standards and infrastructure requirements are often cited by developers as too expensive to allow affordable construction. Acquisition of water rights in special districts can also be very expensive. Finally, federal financial resources are limited and declining and the competition for funding is fierce.

There is one very serious implication to the lack of available for sale housing affordable to families earning about 80% of AMI. Families that want to own, but either cannot find an affordable unit or do not have a down payment, are forced to continue to rent. Based on information from the 2000 Census, City staff estimates there are 2,669 households that fall into this category.

Table 22 | Affordable For-Sale Housing Planned or in Production in the Fort Collins GMA

Source: City of Fort Collins, Advance Planning Department.



Affordable Housing Need – Target Groups

(Courtesy of U.S. Department of Housing and Urban Development, Denver Office –based on 2000 Census)

- 7,030 renters (36% of all renters) have incomes less than 50% of the median and pay over 30% of income for housing costs. This group is the traditional target for subsidized rental housing. Providing units affordable to these families typically requires a combination of subsidies/incentives. These families are eligible for Section 8 rent subsidy but there is not enough available for all in this group.

- 1,526 renters (8% of all renters) have incomes between 50% and 80% of the median and pay over 30% of income for rent. Even though their income is sufficient at the higher income AMI levels, many of these families have not accumulated enough savings for down payment of $4,000 to $5,000 typical on an FHA loan in this price range.

- 2,997 renters (15% of all renters) have incomes between 50% and 80% of the median and pay less than 30% of income for rent. These families are not currently rent-burdened, but they do have sufficient income to afford homes priced in the $68,000 to $157,000 range. If this product were available and these families had the necessary down payment, many would likely purchase homes instead of continuing to rent.

- 3,629 owners (14% of all owners) have incomes less than 80% of the median and pay over 30% of income for housing costs. Many of these households are spending a high proportion of income on housing voluntarily but many could be spending this high proportion due to a decline in income. These families may need counseling regarding debt restructuring, budgeting and/or refinancing to avoid foreclosure. They may also need access to daycare and transportation so a spouse can return to work.

According to HUD's Affordable Housing Needs – Target Group Table, these target groups include a total of 15,182 households (33% of all households) who are either struggling with their present housing cost, and could benefit from some assistance to help them become homeowners.

THE IMPACT OF COLORADO STATE UNIVERSITY STUDENTS

There were 24,735 full-time students enrolled at Colorado State University (CSU) in the fall of 2002. In the residence halls 4,777 (95.7%) of the 4,991 beds were occupied. In CSU apartments, normally 95% of the 1,018 contracts for 1 and 2 bedroom units are filled. In the fraternity or sorority houses there are approximately, 588 students. It is estimated that 2,400 students commute from areas around Fort Collins. This leaves roughly 16,000 students to find housing off-campus. Students therefore have an enormous impact on the rental housing market in Fort Collins. They also tend to distort estimates of the need for affordable housing, because the stereotypical student household may appear low-income, but has resources other than their own income to pay rent.

Colorado State University commissioned a study of its future student housing needs that was completed in April of 2001. The study reviewed the current demand for student housing options, and determined future projections up to the year 2010. The analysis divided housing options into two categories: on- and off-campus. On-campus, CSU provides a variety of housing options such as traditional dorms, suites and CSU - run apartments. On average, about 25% of the total student population is housed on campus. The majority of students living on-campus are freshmen and sophomores due to the requirement that freshmen live on-campus. Off-campus housing ranges from apartments to houses with one to several bedrooms. A demand model created specifically for this study determined that CSU currently has a small surplus of residence hall beds and a significant deficit of both suite and apartment beds. Future student population projections were calculated using an annual percentage increase of 1.4%, a conservative indicator based on national data projections of 2% growth a year. At this growth rate, CSU's student population would be 26,500 in 2010. This would double the already significant deficit in suite and apartment beds, and decrease by three-fourths the surplus in traditional residence hall beds. To combat these shortfalls in housing, the report recommended moving forward with the "South Residence Halls: Long Range Plan (Draft)" proposal to construct 700 new suite-style residence hall beds. The University is currently moving ahead with this phase and has received permission from the Colorado Commission of Higher Education to proceed with construction. The new hall should be ready for occupancy for the 2004 fall semester.

While there is a demand for more CSU managed apartments, the report recommended addressing this as a secondary concern due to the importance of retaining freshman and sophomores in suite and traditional-style campus housing. Additionally, the consultants felt that the private market provides enough suitable options for students wanting apartment living. Building more apartments would be a significant risk for CSU as it would be competing with private market developments.

The U.S. Census collects data on household types, such as “family,” “elderly,” and “non-related” households. Non-related households include people living alone or people sharing a home with someone they are not related to by blood, marriage or adoption. In Fort Collins, 30% of very low income and 14% of low income renter households are neither related nor elderly. The stereotypical student household would fall into that category. Students who lived with their families would not (their parents or spouses and/or children). However, non-related households could also include people who are not students, including people who work full-time but need to share a home to reduce their housing costs.

The City of Fort Collins has analyzed 2000 Census data to show household type by income level and housing problems. In Fort Collins, 69% of renter households that earn less than 50% of AMI and pay over 30% of their income for rent are neither elderly nor living with family. The “Affordable Housing Need-Target Groups” is based on projections from the 2000 Census and provided by the U.S. Department of Housing and Urban Development. Therefore, it is possible to modify the rental “Target Groups” to take out non-related, non-elderly households from the estimates of affordable housing need. This analysis removes all typical student households, plus others, resulting in a very conservative estimate of the non-student housing need. It would read as follows:

Affordable Housing Need – Target Groups Excluding Students

(Courtesy of U.S. Department of Housing and Urban Development, Denver Office –based on 2000 Census)

- 7,030 renters (36% of all renters) have incomes less than 50% of the median and pay over 30% of income for housing costs. Approximately 1,650 of them are family households and 564 are seniors. This group is the traditional target for subsidized rental housing. Providing units affordable to these families typically requires a combination of subsidies/incentives. Of these households, approximately 1,642 are earning 40% and below AMI, and about three-quarters of these households include children.

- 1,526 renters (8% of all renters) have incomes between 50% and 80% of the median and pay over 30% of income for rent. About 982 of them are family households and 205 are elderly. Even though their income is sufficient at the higher AMI, many of these families have not accumulated enough savings for down payment of $4,000 to $5,000 typical on an FHA loan in this price range.

- 2,997 renters (15% of all renters) have incomes between 50% and 80% of the median and pay less than 30% of income for rent. Approximately 1,096 of them are family households and 163 are elderly. These families are not rent burdened, but if this product were available and these families had the necessary down payment, many would likely purchase homes instead of continuing to rent.

AFFORDABLE HOUSING NEED FOR SPECIAL POPULATIONS

Emergency Shelter

In March 2001, the New Bridges day shelter closed due to financial problems. Before it closed, New Bridges served about 165 people per month with a variety of services including a message board, phones, and laundry facilities. Local churches and other agencies have opened their doors on cold weather days to fill in the void. The Open Door Mission started a day shelter that offers shower facilities, computers, a phone, a mailing address, and a separate area for women and their children. Staff of Open Door Mission estimates the maximum served during times of inclement weather was 20-25 clients. A group of local churches, Urban Congregations in Partnership, set up the Severe Weather Hospitality Center operating out of the Mennonite Church. It was open inclement weather weekdays, February through March 2002 and served 167 individuals, 75% of whom were single men. In addition, the Abyssinian Christian Church was open inclement weekends for the same time period and served a total of 7 clients. This small number was due to the shelter being open only a few weekends, and the location of the church far from downtown. In response, the weekend shelter now operates at Catholic Charities' The Mission as needed. Families are able to go to the Family Center on weekdays, where a few programs are offered during the day. In 2001, the Family Center served 27 distinct homeless families from March 2001 to December 2001, with a total of 34 children under the age of five. A frequent complaint of clients was the need for services and activities at the day shelters, such as a phone, laundry, message boards, mail pick-up, health care, child care, employment/benefits assistance, and classes. The cold weather Hospitality Center continued to operate for the winter of 2002-2003.

Catholic Charities' The Mission has a total of 40 emergency shelter beds, including 28 for single men, 6 for single women, and 4 rooms for families. It also has 3 transitional units for families. They serve 1,600 people per year, 30% of whom are repeat clients. The maximum stay at The Mission is 30 consecutive days for single individuals and 60 days for families. Families may also stay up to 6 months in The Mission's Addition. After an initial 2 weeks for single people and 30 days for families, an extension to the maximum time is granted based on progress towards self-sufficiency. After each stay, clients may not receive shelter there again for 4 months. Up to 25 single clients and 50 families find permanent housing each year.

The Open Door Mission also provides emergency shelter for up to 3 consecutive Fridays. It has beds for 60 men and 24 women, and space for 7 families. There are six long-term rehabilitation programs and two recovery programs. Additionally, anyone can stay at the Open Door Mission for $5.00 a night, and counseling is provided.

Crossroads Safehouse also provides emergency shelter and services for victims of domestic violence. The Larimer County Social Services' Youth S.A.F.E. has been replaced by "The HUB" Juvenile Assessment Center. "The HUB" is a coordinated multi-agency program that provides emergency foster care for at-risk youth.

When they are not at an emergency shelter, the homeless are typically doubled up with either friends or family – Catholic Charities' staff has heard of up to 10 people sharing an apartment or motel room. They may stay part of a month at a "kitchenette motel" for $150 per week, or they may stay in a tent or in their car. These are the only housing options that do not require references or credit checks.

Both Catholic Charities and Open Door Mission staffs receive many reports of their clients typically working at least one and often 2 or more jobs at a time; they want to work. At Catholic Charities, 53% of their clients come in employed or find employment while receiving services. In 2002, staff has seen a reduction in the work the clients were able to obtain. At minimum wage, they generally earn about $10,000 to $15,000 per year. Their incomes are less than 30% AMI, not enough to meet the minimum income needed for affordable housing without Section 8 assistance. Over 60% of the families served are from Colorado. A significant portion, (30 - 50%) have mental health and/or alcohol and substance abuse problems. These agencies have seen an increase in the number of disabled persons who are becoming homeless, due to the lack of housing for those on minimal disability payments.

Transitional Housing

There are two main sources for transitional housing units for homeless individuals. The Fort Collins Housing Authority's Homecoming buildings have 26 SRO units with on-site management and counseling. These units are usually full. There are 15 other SRO units in Fort Collins, but they do not have services. Larimer Center for Mental Health Center operates 2 transitional facilities with a total of 14 beds, plus a 4 unit apartment building with Project Based Section 8 rent subsidies.

Neighbor to Neighbor provides housing counseling for people at all points of the housing continuum, from homelessness to home ownership. During 2002, 793 households received rental counseling in Fort Collins. 90% of these households earned less than 80% of AMI, 85% earned less than 50% of AMI, and 66% earned below 30% of AMI. Over 60% were female-headed households, and 12% were disabled.

Neighbor to Neighbor's Transitional Housing Program is a low-income housing program which assists homeless families with children. This is a two-year program that provides a subsidized rental unit and ongoing advisory support. Participants pay 30% of their income toward monthly rent and are required to set and achieve personal goals, including education and/or job skills training. Families also work to obtain affordable, permanent housing within the two-year time limit. Neighbor to Neighbor's Transitional Housing Program operates at a 96% success rate, meaning that graduating clients have stabilized in their housing after two years.

In 2002, Neighbor to Neighbor provided Transitional Housing to 13 participant families in Fort Collins. The number of participants served by this program has decreased steadily over the past several years, due to diminished funding and more stringent guidelines and restrictions. The need, however, continues to grow, as revealed by rising rates of homeless clients seen by Neighbor to Neighbor housing counselors and a longer waiting list for openings in the Transitional Housing Program. This waiting list is generally 60 to 100 families, who may have to wait anywhere from 5 days to 6 months before they move in. In addition, Neighbor to Neighbor staff states that for families ready to graduate, there is a critical need for permanent housing in the 20 - 40% AMI income range.

Catholic Charities has 5 Housing Choice Vouchers for clients in Larimer and Weld Counties, 1 of which is currently in use in Fort Collins. The vouchers have a 2 year time limit, and recipients must be working with a case manager towards self-sufficiency.

Project Self-Sufficiency (PS-S), an independent non-profit serving Larimer County, provides services to single parent families that want to become independent of all public subsidies. It serves about 110 clients county-wide, 60 in Fort Collins. Some clients come to the program with Section 8 subsidy or a Neighbor to Neighbor transitional housing unit, but about 85% have some kind of housing need. Many are either paying an excessive amount of their income for rent, or are doubled up in an unstable situation. All of PS-S's clients need Section 8-type subsidies. Until recently, Project Self-Sufficiency was given top priority for getting housing or certificates from the Fort Collins Housing Authority. Now they get some points on the priority ranking, but there is no way to predict how long it will take to get a unit or voucher. Housing subsidy is always the last subsidy that clients graduate from.

Family Self-Sufficiency, operated by the Fort Collins Housing Authority, provides the same kind of services as Project Self-Sufficiency, but also has incentives to save money. It has two programs: Section 8 Housing Choice Vouchers and Public Housing. They are both HUD-sponsored programs, intended for people (not just single parent families) who already have vouchers or live in public housing.

While those resources are helpful, there are no transitional units available for couples without children. Even for those who can benefit from the existing transitional housing stock, there is no housing that they can afford to transition to, especially not if they earn $6 an hour. Even at $9-10 per hour, it can be difficult to find units. The loss of mobile home units has hurt this population.

Both Larimer Center for Mental Health Center and Catholic Charities staff see a need for additional units of SRO housing, with different levels of supervision and support services. A small boarding house would be good for transitional housing for people who are able to share a house with others, including married couples without kids. They also believe that a group home with on-site supervision and services is needed.

Minorities

Of the 4,907 minority households in 2000, 47% are classified as within the very low income range. In comparison, non-minority households comprise 39% of very low income households (2000 Census). Thus it appears a disproportionate number of minority households fall in the very low income category. This is borne out by the high number of minorities who are on the waiting list for the Fort Collins Housing Authority's public housing, rental subsidy, and affordable housing programs.

Table 23 | Senior Household Paying More than 30%, 2000

Source: Compass of Larimer County, December 2002. Produced by Larimer County Department of Health and Human Services

Householder is 65+ years old	Larimer County	Fort Collins
All Households	12,202	4,922
Total Paying 30% or more	2,411	1,101
Percent Paying 30% or more	19.8%	22.4%
Renter Households	2,786	1,397
Total Paying 30% or more	1,363	722
Percent Paying 30% or more	48.9%	51.7%
Owner Household	9,416	3,525
Total Paying 30% or more	1,048	379
Percent Paying 30% or more	11.1%	10.8%

Seniors

Between 1990 and 2020, the most notable shift in Colorado's population will be the increase in the number of older adults as the baby boom generation ages. During these 30 years, the number of Coloradoans aged 55-64 is expected to increase 187%, and the number aged 65 to 74 is expected to increase 167%. However, the percentage of Fort Collins' population over the age of 65 years is slightly lower than the rest of the state, at 7.9% for the city versus 9.7% for Colorado.

Most people in the 65-74 age group live with a spouse, enjoy good health, and enjoy their leisure time. Most of those who are 75 and older are women and are in generally poorer health. They are more apt to live alone, with relatives, or in institutions. They are also most likely to have disabilities and therefore require accessible housing and/or assistance with daily living. In 2000, 508 seniors were identified as living below the poverty level. In 2002, there were approximately 1,101 seniors paying 30% or more of their income for housing.

Larimer County staff expanded on the forecast published in "Affordable Housing Demand in Larimer County, 1996-2000" to highlight information on the status of seniors in 1996. According to that report, of the 12,486 households headed by someone 65 or older, 23% earned less than $10,000, which equaled 30% of AMI for a single person that year. Thirty-two percent earned between $10,001 and $20,000, up to 60% of AMI for a single person. In addition, seniors make made up approximately one-fifth of all renters in the County. Senior renters tended to have even lower incomes – 35% earned less than $10,000 and 38% earned between $10,001 and $20,000 per year. An update to this information is available with the recent census. In the 2000 Census, there were 15,070 households headed by someone 65 or older, representing a 33% increase from the 1990 Census. The percentage of seniors earning less than 30% AMI, increased to 37% for single persons with incomes less than $15,000. There were 53% of seniors earning up to 60% AMI in 2000 or incomes of $15,001 to $29,999 for single persons. See Table 23.

DMA Plaza provides studio and 1-bedroom apartments affordable to low and very low income persons, 62 years of age or disabled. It was built in 1973 with a 40-year affordability requirement, enforced by HUD. Fifty of its 126 units have Project Based Section 8 Assistance or assistance that stays with the building. The average age of its residents is 77 years, although there are a few younger people there who qualify based on a physical or mental disability. The vast majority are single person households, earning an average of $10,000 annually. At the end of December 2002, there were 7 people waiting for an efficiency unit, 6 waiting for a one bedroom and one person waiting for an accessible unit. With a turnover rate of 1 unit a month, the last person on the list will wait at least 7 months for an efficiency, and 6 months for a one bedroom. Applicants are generally not homeless, but are living with family or in an unaffordable apartment paying more than 30% of their income for housing.

Oakbrook I was built in 1977. All of its 107 units are subsidized by Project Based Section 8 Assistance. It offers 102 one-bedroom units and 5 two bedroom units. Like DMA Plaza, it serves mostly low and very low income senior citizens and some people with disabilities. It turns over about 1 unit per month. As of December 2002, there were 16 people on the waiting list for one bedroom units and two bedroom units are available based on an in-house waiting list. It could take anywhere from 12 to 15 months to get a unit in Oakbrook I.

Oakbrook Apartments

Oakbrook II built its 100 units in 1980. It used the same financing as Oakbrook I, but has a different owner and management company. It also has Project Based Section 8 Assistance for low and very low income senior citizens and people with disabilities. Like Oakbrook I, it turns over about 1 unit per month. While the number of people on its waiting list is not available, it could take a new applicant 1 year to get a unit.

As the population ages, the city government will face issues of elder care demands and responsibilities. The vast majority of older adults will likely stay in their own homes, especially the more affluent seniors. Therefore, there will be an increased need for services that allow older adults to remain in their own residences, such as housekeeping, personal care, home-delivered meals, yard maintenance and transportation. Some will not be able stay in their own home, either as they become too frail to live alone or they cannot afford property taxes and home maintenance. There are various models of new independent living options being developed nationally, such as congregate housing, retirement condo/co-op complexes, and continuing care retirement communities (which include independent, assisted and nursing home units). An exhaustive analysis would need to be done to determine if there is a need for such facilities in Fort Collins.

New and existing housing units with "Universal Design" features will also be important to assist the elderly and disabled individuals. The Fort Collins City Council passed a resolution on October 15, 2002 supporting the concept of universal design through the Commission on Disability's program, "Practical Housing for All (PHA)." PHA encourages the voluntary inclusion of basic practical features that foster independence and enable people of all ages and widely varying mobility and ambulatory-related abilities the fundamental freedom to enter and use a home. The resolution supports promotional efforts such as homebuilder and buyer awareness outreach, prioritized development review and permit processing consideration, and certification and recognition awards to builders that voluntarily construct such housing. In order to qualify for the PHA program, the housing must not otherwise be required accessible housing by federal, State of Colorado, or City of Fort Collins regulations.

Subsequently, the 2004 City Plan Update includes the proposed new provision, "Policy HSG-1.6 Basic Access. Housing units, including single-family and multiple housing units should be constructed with practical features that provide basic access and functionality for people of all ages and widely varying mobility and ambulatory-related abilities." In response, the City has produced a "PHA Builder's Guide" and an informational brochure. These materials are intended for potential home buyers, developers, and builders early on in the land-development process, prior to starting site design and construction. The ultimate goal is that PHA model homes and plans are routinely available in the new-home market.

Mentally Ill

The Larimer Center for Mental Health (LCMH) became fully operational as a 501 (c) (3) on January 1, 2000. This organization was formerly known as Larimer County Mental Health Center.

Services offered at LCMH include case management, medical services, therapy, vocational counseling, and housing. LCMH serves approximately 2,100 enrolled clients at any given time and 3,250 enrolled clients annually. Additionally, 2,000 individuals receive services from LCMH through other specialized programs. About half of its clients are Fort Collins residents. Staff estimates there is another 2,700 persons the system cannot assist because there are not enough resources to serve them.

Clients who do not have stable housing are the hardest to counsel, because they are in a constant state of crisis, fighting just to survive. They live in trailers, doubled up with family or friends (usually with a series of people), in motels for the few weeks out of the month they can afford for with their $545/month SSI benefit, in emergency shelters, or they are unsheltered.

LCMH does have some housing resources. They include the administration of:

- 109 Section 8 vouchers through the Colorado's Supportive Housing and Homeless Program;
- 9 Shelter Plus Care vouchers through the Colorado's Supportive Housing and Homeless Program;
- 5 transitional housing slots through the Colorado Coalition for the Homeless;
- 4-unit apartment building owned by the Fort Collins Housing Corporation which has Project Based Section 8 rent subsidies.
- 6-unit apartment building owned by the Fort Collins Housing Corporation rented at lower than market rate to Larimer Center for Mental Health

LCMH also operates 2 facilities – an 8-bed home with 24-hour staff supervision and a 5-6 person house. These facilities are intended to be transitional; however, clients usually stay there longer than they need to, because they cannot find other affordable units. Most are waiting for a place in the Section 8 program or public housing, because they need rent subsidies. This situation often creates a backlog of clients waiting for the transitional units.

LCMH also worked with the Fort Collins Housing Authority to create the Homecoming buildings, which provides 25 SRO units. About half of the units are occupied by their clients. Staff spends about 10 hours/week at Homecoming, providing services to all residents. These units were rented up quickly when they opened, and they are always full.

Listed below are housing projects that LCMH staff believes are needed:

1. A long-term group home for clients who cannot live independently. Eight to ten beds could be filled easily. These clients would need only minimal staff intervention, and would be encouraged to take advantage of activities and services offered by LCMH and in the Fort Collins community.
2. An acute treatment facility which would offer 16 crisis beds for individuals who are being released from psychiatric hospital placements as a step down to more independent living and for individuals experiencing a crisis and needing a structured and supportive environment.

3. Another long term Single Room Occupancy facility like Homecoming for individuals who do not need supervision and are able to function independently. The need is so great; 20 to 25 beds for singles could be easily filled.

Disabled

Foothills Gateway is a private nonprofit agency that has served people with developmental disabilities in Larimer County for the past 30 years. They provide vocational training, work, activity, residential, and supportive living services to adults. Their consumers' incomes range from SSI ($552 per month or $6,624 annually) to earned income of $11,000 or $12,000.

Disabled Resources Services is the Center for Independent Living in Larimer County. They provide a wide range of services to people with physical disabilities, most of whom (93%) have very low incomes. Their clients are generally trying to survive on public income subsidies. In 2002, Disabled Resources Services received 359 housing-related inquiries.

Until SSI and SSDI are in place, aid to the Needy Disabled (AND) provides temporary assistance ($180/month and food stamps). The maximum SSI payment is $552 per month, or $6,624 annually. SSDI is only for people who previously worked but became unable to, and its benefit is based on the person's former income earned and number of quarters worked.

For the vast majority of people with disabilities, the only way they can survive is with rental subsidies. Colorado's Supportive Housing and Homeless Program provide Housing Choice vouchers to people with disabilities through local agencies. The Fort Collins Housing Corporation received 165 Housing Choice Vouchers specifically for non-elderly persons with disabilities. Disabled Resources has 20 vouchers, Larimer Center for Mental Health has 109 vouchers (for people with mental illness only), and Foothills Gateway has 106 vouchers (for people with developmental disabilities only). Foothills Gateway's program provides an average subsidy of $308 per month per consumer, or about $384,252 total annual subsidies.

People with disabilities who cannot live alone tend to live with family, in group homes, in apartments with support, or in host homes. Foothills Gateway has a host home program matching its consumers with roommates or families who can help care for them. It also has group homes for people with developmental disabilities. The need for group homes has been decreased somewhat, as supportive living services have become available, allowing more people to live independently. There are very few group homes, however, available for people with other kinds of disabilities, and they tend to be very expensive ($2,700 - $7,000 including services). For some, their only option is nursing homes.

Disabled Resource Services is participating in a new regional pilot program providing opportunities for people with disabilities who also receive Medicaid. The program's objective is to move participants from nursing homes into community-based residential living. As of December 2003, Disabled Resource Services had gotten 8 people out of nursing homes. The individuals required some type of subsidized housing to make living affordable, and also some level of home care assistance. The savings to the State has been significant; $1200 is saved per month per person on those who live in the community versus living in a nursing home.

In fact, HB04-1219, the Community Transition Services bill, is under consideration by the Governor to continue this service in Colorado indefinitely. Over 100 people statewide have benefited from this pilot project and its services. For the program to continue to be successful there will need to be sufficient affordable housing stock available that is also accessible.

For those who can live alone, it is very difficult to find housing that is both affordable and accessible. Public housing and other HUD subsidized developments for seniors do allow people with disabilities to live there, but there is often a clash of lifestyles that makes both people with disabilities and seniors uncomfortable. There is a severe shortage of places that are fully accessible to people who need to use a wheelchair. Wheelchair accessibility is not just a matter of an entry ramp, wide corridors and doorways; it also means accessible fixtures and appliances. For example, roll-in showers are very difficult to find.

Another important issue to explore is developing age-appropriate housing with skilled care services in order to create options for young people with disabilities. Currently they are unable to leave nursing home settings and reside with frail, elderly people.

HIV/AIDS

The Northern Colorado AIDS Project (NCAP) began 19 years ago in response to the unmet needs of both the community at large and those directly affected by HIV/AIDS. NCAP staff estimates that 5 to 10 of its clients have a housing problem in a typical month. The key problem is affordability, and the second most common problem is accessibility. Roommate choices are essentially limited to other NCAP clients. It is interesting to note that most of NCAP's clients once worked and supported themselves without any pubic assistance, but their need for that assistance grows as their illness advances and they are unable to work. On the other hand, those that respond well to treatment can often return to work once their housing is stabilized.

NCAP can provide emergency assistance funding on occasions, through the support of community citizens and religious organizations. They do not, however, have a constant source of emergency funding. NCAP also collaborates with Neighbor to Neighbor to provide affordable housing to their clients, who are given priority placement in specified affordable units targeted to below 50% AMI.

Staff expressed concern at the unmet need for affordable housing. NCAP is interested in exploring new funding strategies to meet the needs in serving HIV/AIDS clients. They would like to examine the idea of administering their own Section 8 certificates, similar to Larimer Center for Mental Health. Another goal of NCAP is to identify a good system to ensure that building units are designated for the disabled.

EMANCIPATED YOUTH

Another need not being met in Fort Collins is the need for housing for young people who, for whatever reason, are not able to return to their parents' homes. This includes young people who have been emancipated after serving sentences with the Department of Youth Corrections, after undergoing residential treatment for substance abuse or emotional problems, or after being under the custody of the Department of Human Services.

The Fort Collins area includes at least six organizations that provide residential care or detention for adolescents, several of them with multiple facilities. While some of these organizations provide transitional apartments, the length of stay in these apartments is severely limited due to limited funding and high demand for this service.

The Wingshadow/Wings program is a new facility in Fort Collins providing emergency shelter and crisis intervention services for displaced, runaway, and homeless youth, aged 12-17 for a period up to 90 days. The Larimer Department of Human Services and the Larimer Center for Mental Health are collaborating with this program and assisting with its development. The Wings expects to serve 150 youth from 2004 to 2005.

According to these organization's staff, young people leaving their programs have problems finding housing in the general market for three main reasons:

- Youth are under age 18 and/or have no credit history and usually need a co-signer to rent;
- Due to these youths' backgrounds, landlords are hesitant to rent to them; and
- It is often unrealistic for these youth to come up with a damage deposit, first and last months' rent, and a rental application fee all at the same time.

Data is not available on the exact scope of this need. However, Turning Point, an organization that manages a transitional housing program, estimated that it had worked with nearly 20 youth in the most recent six- to nine-month period who had struggled with this type of housing issues upon leaving its programs. If those involved in other programs collected this data, the need would obviously be larger. This need has been growing in recent years.

This group of youth is particularly vulnerable, as they have been categorized as high-risk and in need of intervention. They also represent a community investment, as they have already received interventions involving the use of public funds. As they take the important step of reintegrating into the community, it is particularly important that they are able to find safe and healthy housing.

In summary, staff at more than one agency expressed a very troubling concern. They are under the impression the larger Fort Collins community does not care if there are people who cannot afford to live here. No matter how many training and education resources are available, there will always be people who work hard in minimum wage jobs. Fort Collins will always need people to fill those jobs, especially since the service and retail sectors are the fastest growing sources of employment. It is important that we change this impression.

Economic Trends & Their Effect on Affordable Housing

Cost of Living

For the first quarter of 2003, Fort Collins' cost of living index was only slightly above the national average. This was due to comparatively higher costs of healthcare, transportation, miscellaneous goods and services, and groceries, which together account for nearly two-thirds of the weighted index. While the continued considerable increases in new home average sales price probably accounted for most of the jump in living costs since 1990, housing and utility costs for Fort Collins are below the national average.

Economic Outlook

Since year end 2000, the state and local economy has seen a downturn from the boom of the 1990s. The state economy is the weakest it has been in 15 years due to the national downturn, indicating the end of the real estate/construction boom, and strong business climate. From year end 2000, there has been state-wide a net job loss of 56,000, an unemployment increase of almost 3% and a cut in income growth of almost two-thirds. Fort Collins' economy has also seen the effects of the state and national recessions. Year-to-date 2002 sales and use tax revenues were down 4.3% from the same period of 2001, but were only down 0.6% in 2003 for that same period in 2002. Building and construction taxes for the first eleven months of 2002 were 19% behind 2001, but are 7.0% higher for 2003 than for 2002.

A predominate part of the employment in Fort Collins is service-related and retail jobs, accounting for 48% of Fort Collins' labor force in 2000. This is fairly equal to the percentage of all Colorado workers employed in services and retail, which was 48.69% in 2000. Contrary to previous expectations, statewide, the percentage of retail jobs decreased for the past five straight years. In Fort Collins, the percentage of retail jobs stayed fairly constant at around 22% to 23%. The percentage of service-related jobs increased both statewide and locally. The strongest sector in service-related jobs is business services, followed by health services and lodging services. Construction increased to 8% of the labor force in 2000. Only the percentage of manufacturing and mining jobs decreased during this time.

In Larimer County, the average wage in 2000 for service-related jobs was $26,930, while the average wage rate in the retail sector was $16,950, compared to $59,350 in manufacturing and $33,859 for construction.

43% of the labor force in low-paying retail trade and service jobs argues for the city's need for much more housing that is affordable to households earning $13,500 to $25,000 a year, or roughly 30 to 50% of AMI for small families.

Affordable Housing as an Economic Development Issue

Fort Collins' position as a regional retail center is important both to its economy and to the City's fiscal health (sales and use taxes contributed 45.18% of general government revenues in 2002 a slight increase from sales and use tax contributions in 2001. In 2001, sales and use tax contributions was 44.95% of general government revenues which had been less than from previous years). If service and retail employees, current and future, do not have affordable housing options in town, they will be forced to look elsewhere – for housing, and quite possibly for jobs, due to the City's increase in unemployment in the last two years. The obvious implication is that as more people are forced to commute to the city, the greater its traffic congestion and related air-quality problems will be.

Economic Impact of Affordable Housing

Any economic activity, such as the construction and rehabilitation of housing, generates a number of different effects or impacts in a community. For example, the construction of a new home has a direct effect on the construction industry in terms of output (total value of goods and services produced), jobs (full-time equivalent employment) and income (wages and benefits paid to all employees).

There are some indirect benefits to the creation of new housing units as well, such as the purchase of material and services (e.g. concrete, wood, electrical services, etc.) from other industry segments, and their suppliers. The jobs created from affordable housing construction allows workers to purchase goods and services from all segment of the community. In other words, the construction of affordable housing has direct and indirect benefits on the local Fort Collins economy.

The National Associations of Homebuilders estimates that “the construction of 1,000 multi-family homes generates 1,030 jobs in construction and related industries, approximately $33.5 million in wages, and more than $17.8 million in federal, state and local tax revenues and fees.” Although, it is very difficult to determine the number of jobs created and other related benefits from affordable housing projects, staff estimates that for each dollar going for affordable housing production, eight new dollars are leveraged from the private sector. From 1998 to 2002, the City has allocated $2,066,209 from the Affordable Housing Fund for affordable housing. These dollars were combined with $1,953,253 – CDBG and $1,478,450 – HOME for a total of $5,497,912 which leveraged $43,983,296 from private sources going into the local economy. This represents approximately a 1 to 8 ratio of City dollars to private funding.

Conclusions - Fort Collins' Priority Affordable Housing Needs

Rental Housing

Since the February 1998 Rental Survey was completed and its information incorporated into the 1999 Needs and Strategies Report, the number of vacant affordable rental housing units has substantially increased in Fort Collins. In the 1998 Rental Survey, there were no vacant units for households with incomes up to 50% of AMI, and only 3.7% of the units in the 50% to 60% AMI levels were vacant. In contrast, there are 14.5% vacant units in the up-to- 50% AMI category and a 12.9% vacancy in the 50% to 60% AMI levels according to the February 2003 Rental Survey. A vacancy rate of much over 5% generally indicates that there may be excessive vacancies.

According to the 2000 Census, Fort Collins has 7,030 renter households (36% of all renters) that earn less than 50% AMI and pay over 30% of their income for housing. Approximately 1,650 of them are family households and 564 are seniors.

Historically, and in the future, the production of 50% and below AMI units will be the community's highest priority need, with special emphasis on producing affordable housing at 40% and below AMI. Based on historical trends, Fort Collins market has been very tight for 50% and 60% AMI units and the over-supply is probably a short-term condition. According to HUD's Economic and Market Analysis office, several projects were in their initial rent-up stage in Fort Collins in 2002, which affected vacancy levels. HUD expects Fort Collins market conditions to improve for the 50% and 60% AMI units in the next 12-18 months. As indicated earlier, There is still a present need for more one bedroom and efficiencies at the 40% AMI levels, and for two bedroom units at the 40% AMI level.

Average rents in Fort Collins' existing multifamily housing stock tend to be fairly close to levels considered affordable to households earning 60% of AMI. However, due to the rising cost of land and construction in the area, new units cannot be built for this population without development subsidies. In addition, some of the existing units that are affordable at 60% AMI are not income restricted, so higher income households compete for these units. Therefore this community needs to support the construction of additional units affordable to and restricted to households at the 50% to 60% AMI income level, when the market shows improvement for these units.

Fort Collins is also lacking enough Section 8 type rental subsidies for people earning less than 30% AMI, especially those with special needs. Many people with disabilities, be they physical or mental, are not able to work. At $552/month, their SSI payment cannot cover food, clothing, transportation, etc. as well as rent. But in order to survive and in order to get better, they must have stable, safe, accessible housing. The only way to achieve that is with rental subsidies. Therefore this community needs to work on finding new sources of this subsidy, and on preserving what we have.

For Sale Housing

According to the 2000 Census, there are 4,523 renters (23% of all renters) that earn between 50% and 80% of AMI. Many of these families should readily qualify for monthly payments on starter homes. If this product were available and these families had the necessary down payment, a segment of these renters would likely purchase homes instead of continuing to rent. The rate of homeownership in Fort Collins was just 57% in 2000, low compared to the national rate of 66.2% and the statewide rate of 67.3 %. This is partially explained by the city's student population and their need for rental housing. There are many benefits to homeownership: it gives families a sense of security and stability, it helps to stabilize neighborhoods, it helps to preserve the housing stock, and it builds wealth. In addition, the more low and moderate income renters move on to homeownership, the more of our existing affordable rental stock will become available. Therefore this community needs to continue to help first time homebuyers earning 80% of AMI and less to get into affordable homeownership.

Housing Production

Finally, federal financial resources are limited and declining, and the competition for funding is fierce. In order to implement the recommendations in this updated Needs and Strategies Report, the community will need to continue to support programs like land banking, which purchases sites for future affordable housing developments. The City will also need to continue streamlining the regulatory process to quickly resolve conflicting development issues in order to speed up the production of affordable housing projects. In addition, projects that request funding from the City's Competitive Process to primarily preserve and produce new housing units affordable to households earning at 40% of AMI and below, should receive the highest priority.

Eagle Tree Apartments, by CARE Housing, Inc.

Part II - The Provision of Affordable Housing

Financial Resources for Affordable Housing Developers

Federal

Community Development Block Grant (CDBG from the Department of Housing and Urban Development (HUD)

This funding source must primarily benefit low and moderate-income persons, aid in the prevention or elimination of slums or blight, or meet other urgent community needs. As a "block grant" program, HUD allocates funds to states and entitlement communities. A similar program exists for Indian tribes. On a competitive basis, HUD also funds small cities and special purpose programs. As an entitlement community, Fort Collins received $1,243,000 in 2002/03. Fort Collins is able to develop its own funding priorities; affordable housing has been the primary focus. The funds can be used for acquisition, rehabilitation, new construction, and related costs. Unfortunately, it requires builders to pay Davis-Bacon wage rates, which adds considerable cost to projects. Davis-Bacon wage rates are mandated under the Davis-Bacon Act requiring that all federal construction projects in excess of $2000 pay laborers and mechanics prevailing wages as determined by the US Department of Labor. Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works. Therefore, in practice, this program has been used primarily for land acquisitions and purchases of existing affordable housing stock.

HOME from HUD

This is another "block grant" program, granted to states, "Participating Jurisdictions," and Indian tribes. Each recipient can develop its own funding programs and priorities, but these funds are specifically restricted by HUD to affordable housing projects for low and very low income households. It can be used for tenant-based rental assistance, homebuyer assistance, acquisition, rehabilitation, new construction, transitional or permanent housing, and capacity building for Community Housing Development Organizations (CHDOs). At least 15% of each jurisdiction's funding must be awarded to CHDOs. In Fort Collins, CARE Housing, Inc. and Neighbor to Neighbor are the only qualified CHDOs eligible to receive this funding. In 2003/04, Fort Collins received $726,510 in HOME funds.

Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities from HUD

These are two of the very few remaining funding sources for affordable housing that the federal government directly administers. They are very similar in how they operate, with the only major difference being the special populations they are intended to serve. Section 202 is for very low income senior citizens 62 years of age or older. Section 811 is for very low income persons with physical disabilities, developmental disabilities and/or chronic mental illness.

Both programs provide a “capital advance,” or grant, to finance new construction, or purchase and rehabilitation of rental units. The grant typically covers all on-site construction and related development costs. No repayment of the capital advance is required as long as the project continues to meet HUD’s tenancy and affordability requirements for 40 years. In addition, the program provides project-based rental assistance. Tenants pay only 30% of their adjusted gross income for rent, and the subsidy pays the difference between HUD-approved operating costs and rental income. Therefore this is, practically speaking, the only affordable housing funding program that builds new affordable housing for people earning less than 30% AMI.

Both programs are extremely competitive. Regional HUD offices accept applications once a year. HUD Denver handles applications from Colorado, Utah, Wyoming, Montana, North Dakota and South Dakota. In 2002, the program had $5,723,000 to award for Section 202 projects in metro areas, and $10,688,100 for non-metro areas. For Section 811, it had $3,161,300. At a cost of roughly $77,503 per unit, these programs can build about 276 units in those 6 states. However, the Section 202 project in Fort Collins developed by Volunteers of America will cost $98,874 per unit, a 22% increase over the average cost per unit for typical 202 projects. It is not unheard of for first-time applicants to have to reapply each year for as many as 3 or more years before they are awarded funds.

Continuum of Care from HUD

HUD operates a collection of programs to address and prevent homelessness, including the Supportive Housing Program, the Section 8 Moderate Rehabilitation SRO Program, and Shelter Plus Care. “Continuum of Care” refers to the entire spectrum of housing and service needs of very low and low-income households. Through these programs, HUD encourages local housing and social service agencies to work together to identify the "cracks" in their regional system and to fill them. Most of the programs are for housing related services, and emergency and transitional housing.

Private Activity Bonds from the Department of the Treasury

The Tax Reform Act of 1986 grants each state the authority to allocate $50 of tax-exempt Private Activity Bonds (PABs) per capita each year. Each state decides how to spread that authority around to various units of government. In Colorado, the Department of Local Affairs, Division of Housing, handles the State's roughly $338 million federal authority. It gives half of it to statewide authorities (including the Colorado Housing Finance Agency, CHFA) and half to cities and counties. About $150 million goes directly to jurisdictions with populations of over 40,000, including Fort Collins and Larimer County. Those jurisdictions can then award their authority to specific projects. The remaining $22 million goes to a "statewide balance" for which projects compete. Projects from communities without their own allocation get preference. The project sells the bonds to investors, who in effect become the lenders for that project. These bonds are "private" because the project is obliged to pay back its investors, not the government. In fact, federal law prevents the City from making payments on the bonds.

This financing is very flexible. It can be used for manufacturing, redevelopment of blighted areas, student loans, local utility facilities, nonprofit hospitals and nonprofit private universities. CHFA uses PABs to help first time homebuyers with mortgage revenue bonds and mortgage credit certificates, and for a variety of other programs. They are described in more detail on the following pages. New construction or substantial rehabilitation of affordable rental housing can also be financed with these bonds. In Colorado, at least 45% of the project's units must be affordable at 60% of AMI, *or* 25% of its units must be affordable at 50% of AMI.

The City Council decides which projects receive private activity bond authority from Fort Collins' allocation. It has been used for many projects ranging from the Holiday Inn on Prospect Road, to pollution-control projects for Anheuser-Bush, to small manufacturing, to retail development and renovation. In 2000, City Council adopted Resolution 2000-150 establishing affordable housing as the highest priority in the use of the City's PABs allocation.

PABs were allocated to 5 new affordable rental housing projects and one assisted living project. All of the projects have been built, with the exception of one of the affordable rental housing projects, which is currently in the city's development review process. In 2002, Fort Collins received the authority to grant about $4.5 million in bond financing.

Fort Collins allocates PABs to affordable rental housing projects, but they do not have the same impact as other sources like CDBG or HOME. PABs are intended to provide the entire permanent loan financing for a project, and the cost to issue them is too much to use on projects with less than about 100 units. They do, however, work for mixed income projects that have units affordable to families earning between 50% and 60% of AMI and market rate units. PABs have been distributed on a first-come, first-served basis in Fort Collins. Generally, this has worked fairly well with one major project applying for the City's PABs each year. The PABs balance for affordable housing projects have come from Larimer County, the State, and/or from combining two years of allocations.

Low Income Housing Tax Credits, from the Department of the Treasury, IRS.

This program is similar to PABs in that the federal government allocates each state the ability to grant a certain amount of federal income tax credit based on the state's population. At $1.75 per capita, Colorado received about $6.45 million in 2003. Those tax credits may translate into roughly $64 million of equity invested into affordable rental housing projects. There is an annual application process for these "9% credits," which is very competitive.

A successful applicant will receive tax credits equal to about 9% of its eligible basis each year for 10 years. "Eligible basis" includes most construction and development expenses, less any grants received by the project. The developer then sells all 10 years worth of its tax credits to investors and uses the proceeds to build the project. The investors become limited partners in the corporation created to own the project (the developer/applicant is usually the general partner). The proceeds from the sale of these 9% tax credits usually amount to a little over half of the total project costs. Developers usually seek to finance the balance with low interest loans. Not-for-profits can receive grant money for a project and then lend it to the limited partnership/project owner at a very low interest rate (1%). This may allow them to provide units affordable for people earning less than 50% or 60% of AMI.

Four percent tax credits are also available to any project that receives PABs financing. Their supply is limited only by the amount of PABs used for affordable housing – they are not part of each state's per-capita allocation of 9% credits. However, the project only receives about 4% of its eligible basis in tax credits. Roughly 75% of the total project financing needs to be made up by loans. The loan financing comes from issuing of the bonds, which results in a below-market interest rate (about 5.5%). Private for-profit developers providing units affordable to people earning 60% of AMI generally use this financial structure.

To be eligible for any tax credits, the project must be for affordable rental housing. At least 40% of the project's units must be affordable at 60% AMI, ***or* 20%** of its units must be affordable at 50% AMI. Usually, 100% of the units in these projects are affordable, because tax credits are only given for the affordable units. To compete for the 9% credits, projects need to commit to serving the lowest incomes possible. Since 4% credits are not competitive, and since they do not provide as much subsidy, they are usually only used for projects renting at 60% AMI. The units must remain affordable for at least 15 years per federal regulation, but states can require longer affordability periods. Longer commitments may help a project in the competition for 9% credits. A 20 or 30 year commitment is typical. Some projects have been planned as "lease-purchase" deals. Their units would be rented for 15 years and then sold to residents.

STATE

The Colorado Housing Finance Agency (CHFA)

CHFA offers tax-exempt bond financing to private not-for-profit organizations and local public housing authorities. The loans can be used for new construction, acquisition and/or rehabilitation of affordable rental housing, and are generally at 1% to 3% below market interest rates. This financing can be used with 4% tax credits, and carries the same affordability requirements.

CHFA is also the state agency designated by the Governor to administer the Low Income Housing Tax Credits (LIHTC) program, created by the 1986 Tax Reform Act to provide a federal income tax incentive for investors developing qualified low income rental housing. CHFA's role is to allocate the credits to eligible developments, which must reserve a specified proportion of housing units for low-income occupancy for a minimum of 20 years. Each year, CHFA publishes a Qualified Allocation Plan, which describes a competitive process for allocation of the tax credits and determining the amount of credit to be allocated to each development. CHFA also monitors compliance with the low-income use requirements. Projects may be acquisition and rehabilitation or newly constructed housing. Approximately $6.45 million in federal tax credits are available annually to Colorado through a per capita allocation formula established in the enabling legislation. In addition, rental developments financed with tax-exempt PABs may access tax credits outside of the competitive process mentioned above. As of the end of 2000, CHFA had allocated approximately $50 million in tax credits to assist developers of low-income units affordable to households at 50% or 60% AMI in 243 developments.

CHFA also operates a FHA Risk Sharing Program that provides federally insured, tax-exempt or taxable financing for new construction, acquisition and/or rehabilitation of rental housing for families or elderly sponsored by nonprofit, public or for-profit developers. Under the program, CHFA commits Federal Housing Administration (FHA) mortgage insurance to the loans and then shares the risk of loss 50/50 with FHA. Its commitment of mortgage insurance gives the bonds an AA rating. CHFA handles the loan underwriting, closing and servicing of affordable rental housing. For-profit developers as well as not-for-profit organizations and local public housing authorities can use it. The affordability requirements are slightly more stringent than for tax credits and other bond financing – at least 25% of the units must be affordable to 50% of AMI or 45% of the units must be affordable to 60% of AMI. The program is funded by the proceeds from tax exempt 501(c)(3) bonds, PABs, and taxable bonds. The maximum tax-exempt loan amount is $10 million. As of December 31, 2000, 46 loans have closed for approximately $212 million.

CHFA's 501(c)(3) General Obligation Bonds are available for private and public nonprofit organizations providing housing to meet a wide variety of rental housing needs. The beneficiaries include families, frail elderly, mentally ill, physically disabled, troubled youth and ex-offenders in both independent and group living facilities. Loans may be used for property acquisition, rehabilitation, new construction, and in some cases refinancing existing debt. CHFA requires a minimum of 25% to 45% low- and very-low-income occupancy for the term of the loan. The program generally serves the need for small loans (e.g., $100,000 to $1,000,000). The program has provided 65 loans totaling approximately $50 million as of December 31, 2000.

The CHFA Housing Fund provides short-term interim loans (maximum two years) for nonprofit or public housing authority borrowers for pre-development costs, acquisition or construction of low- and moderate income housing. Both rental and homeownership permanent financing must be committed by CHFA or some other source. As of December 31, 2000, 10 loans had been made totaling $10.7 million.

CHFA Housing Opportunity Fund provides long-term financing for housing facilities for households with very low incomes and/or special needs who need non-traditionally designed housing or services in addition to housing. Such households include the frail elderly, developmentally or physically disabled, chronically mentally ill, homeless families, troubled children, and victims of domestic violence. CHFA financing is available primarily to nonprofit corporations and local public housing agencies for acquisition, rehabilitation, and new construction of housing facilities including both independent apartment and group living facilities. Direct loans are available up to the lesser of $200,000 or 95% of development cost. Funds come from an internal fund established by the Board of Directors with savings from a refund of 1982 bonds, and CHFA projects cash flows. As of December 31, 2000, the program has financed 61 loans totaling $7.5 million throughout the state for a variety of special needs and low-income populations.

The Rental Acquisition Program (RAP) allows CHFA to purchase apartment developments and rehabilitate them to provide safe, sanitary and affordable rental housing where at least 40% of the units are affordable to low income families without federal subsidies. CHFA contracts with private firms to manage these properties. Each year, surplus cash from the RAP properties adds $1 million or more to the Housing Opportunity Fund. In 1990, CHFA added a new component to the program: the purchase and resale of apartment developments from the Resolution Trust Corporation (RTC), or other federal agencies. Depending on the need of the subsequent nonprofit buyer, CHFA provides rehabilitation services and financing. Otherwise, it resells the property immediately for cash. CHFA acquired and resold more than 2,000 units (34 properties) in this manner. CHFA owns 13 rental developments totaling 1,362 units. In total, from 1987 to 2002, CHFA acquired 50 properties including 36 from the RTC, 31 of which have been resold to nonprofits and housing authorities the same day or upon completion of rehabilitation. The properties CHFA owns are located in 12 different communities and range in size from 12 to 492 units.

Mortgage Revenue Bonds (MRB) are one use for PABs. CHFA sells PABs, and then uses the proceeds to purchase mortgage loans from participating lenders. The MRB First Step program offers a low, competitive interest rate fixed for 30 years with an optional 0% interest rate second mortgage for down payment and closing costs. The MRB First Step program has income and purchase price limits and is reserved for first-time homebuyers. The Taxable Home Opener program also offers a below market interest rate fixed for 30 years. Income limits are not as restrictive as those for MRB First Step and there are no purchase price limits. You also do not have to be a first time homebuyer to qualify for this program. In 2002, over $415 million in MRB First Step funds assisted 3,388 families around the state purchase their first home. Beginning in 2003, CHFA enhanced its MRB First Step program by replacing its previous cash assistance product with a 0% deferred second loan mortgage, which is due upon sale of the property, transfer of title or refinance of the first mortgage. To date, the program appears very successful with almost $98 million in purchased loans in first quarter 2003.

The Mortgage Credit Certificate (MCC) Program also uses PABs financing. It is for low-and-moderate-income homeowners. With an MCC, the owner can claim up to 20% of their mortgage interest paid as a federal income tax credit, instead of a deduction. They may still claim the balance as a deduction. As of December 31, 2002 there have been 4,286 homeowners who benefited from this program.

Division of Housing

The State of Colorado receives an annual allocation of CDBG and HOME money from HUD. It is primarily intended for rural areas that do not have their own local allocation of those funds. In 2002/03, the State received $11.69 million of CDBG (of which DOH received only $3,778,400) and $7.613 million of HOME. For the past five years, projects in Larimer County received an average of $1 million a year of that funding.

The State Legislature recently approved a 2003 budget with only $10,000 for affordable housing. In the past, the State has provided substantial funding for affordable housing, but due to budgetary constraints, the funding was cut.

PRIVATE

The Federal Home Loan Banks (FHLB)

The Federal Home Loan Banks (FHLB) is a nationwide system of banks that invests a portion of its member-shareholders' income in affordable housing projects twice each year. It is government-sponsored, but not government-funded. Its mission is to support residential mortgage lending and related community development lending by its member-shareholders. Its members include commercial banks, savings institutions, credit unions and insurance companies. The FHLB provides members with access to wholesale credit and technical assistance. Each member contributes the greater of

$100 million or 10% of their net income each year to the FHLB's Affordable Housing Program (AHP).

The Federal Home Loan Bank of Topeka is one of the 12 regional FHLBs in the country. It has jurisdiction in Colorado, and had $8.5 million available in 2002. Locally, First National Bank is a member of this system, and can make applications to the FHLB of Topeka on behalf of affordable housing projects. Once a loan or grant is awarded, the member bank/applicant administers disbursements to the projects.

FHLB's AHP can be used for new construction and/or purchase and rehabilitation of owner or renter-occupied affordable housing. The subsidy can be in the form of a low-interest loan or a grant. It is a competitive process with applications being accepted every April 1st and October 1st. Generally speaking, it is one of the more flexible and accessible pools of money for affordable housing. Its "Community Investment Program (CIP)" funds are available on a continuous basis to projects that meet its application criteria. They are only available as loans, and the interest rates are only slightly below market rates.

Neighborhood Reinvestment Corporation (NRC) and Neighborhood Housing Services of America

The NRC is a national nonprofit that was created in 1978 by an act of Congress to revitalize America's older, distressed communities by establishing and supporting a national network of local nonprofit agencies. Its members are resident-led partnerships of lenders, business leaders, and local government officials known as "NeighborWorks" or "Neighborhood Housing Services" organizations. The network consists of 215 local organizations serving 1,700 communities nationwide.

The Neighborhood Housing Services of America was created in 1974 to support NeighborWorks organizations by operating a secondary market for home mortgage loans. Their program is now known as "Full Cycle Lending."

NRC provides technical assistance tailored to individual members and in week-long "Training Institutes" offered throughout the year in various locations. Through the "NeighborWorks Network" it keeps the lines of communication open between members so that they can learn from each other. Finally, it has financial assistance available for both capacity building and for project start-up.

Fannie Mae Foundation

Fannie Mae is the largest secondary market mortgage lender in the US. It created the Fannie Mae Foundation in 1979 and spun it off as an independent nonprofit philanthropic entity in 1996. Its mission is to "create affordable homeownership and housing opportunities through innovative partnerships and initiatives that build healthy, vibrant communities across the United States." It makes grants and low interest loans, primarily to not-for-profits, with an average grant size of about $25,000 to $100,000. They are generally for housing production, capacity building, operating expenses, and/or computer equipment. It provides technical assistance through intermediaries like Local Initiatives Support Corporation (LISC) or Enterprise Foundation. Loans are typically 0 to 2% with a 5-year term for land acquisition, predevelopment, or other bridge financing. Two example programs of the Foundation are a national consumer-education advertising campaign, "Your Credit Matters", and the University-Community Partnership Initiative (UCPI). "Your Credit Matters" aims to assist people in understanding how credit works, and the impact it has on their ability to buy a home. The UCPI awards $5 million to 14 universities across the U.S. to revitalize distressed neighborhoods, with the main focus on expanding affordable housing.

The Fannie Mae Foundation's southwestern regional office covers 9 states, including Colorado, Arkansas, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, Texas and Utah. It has provided $11.2 million in funding to that region since 1994.

The Enterprise Foundation

This is a national, nonprofit housing and community development organization launched by Jim and Patty Rouse in 1982 to see that all low-income people in America have the opportunity for fit and affordable housing, and to move up and out of poverty into the mainstream of American life. The Enterprise Foundation assists community-based nonprofit organizations, Native American Tribes and state and local governments to develop affordable housing and community services. It has 2,200 organizations in 800 locations, including Denver.

Through its Denver office, The Enterprise Foundation provides technical assistance, training and financial support to nonprofit organizations in metro Denver and throughout Colorado. It is an operating foundation, not a grant-making one, but it does function as an intermediary for grants and loans. Most of its loans are provided through the Mile High Housing Fund, which it seeded and established in partnership with the City and County of Denver, the Fannie Mae Foundation, and U.S. Bank. It also works through the Housing Development Project (HDP), which aims to build the capacity of nonprofit community development organizations to develop, manage and preserve affordable housing benefiting low and moderate income people and neighborhoods in metro Denver. HDP was launched with 11 banks and various other foundations. Since 1994, it has helped to create over 3,800 housing units and to prepare over 1,000 families for homeownership. The Enterprise Foundation also provides grants and loans to its affiliate Enterprise Social Investment Corporation (ESIC), which organizes partnerships of Fortune 500 companies to purchase tax credits from affordable housing projects.

Local Initiatives Support Corporation (LISC)

The Ford Foundation established this organization in 1979 to support grassroots community building. LISC provides funding and technical support to community development corporations (CDCs) to help them develop affordable homes, spur commercial investment, create jobs and expand opportunity in low-income neighborhoods. It has programs in 38 cities and urban counties in the U.S., and also works with 77 CDCs in rural areas in 39 states.

LISC provides grants, and loans and equity investments to CDCs, and its subsidiary, the National Equity Fund (NEF), which is the largest nonprofit syndicator of tax credit deals. NEF also organizes partnerships of Fortune 500 companies to purchase tax credits from affordable housing projects.

Colorado Association of Realtors Housing Opportunity Fund (CARHOF)

In December 1990 the Colorado Association of Realtors created the Housing Opportunity Fund. CARHOF is a nonprofit corporation that promotes the availability of affordable housing, supports education and research in housing, and provides technical assistance. It uses the interest earned on down payments held for home closings and on other escrow accounts to fund nonprofit affordable housing initiatives in Colorado. Local Realtor Boards recommend which projects to fund. Over the last 5 years, (1997-2002) it has granted $1 million, with a maximum per project grant of $10,000. It is starting to offer loans instead of grants.

Funding Partners for Housing Solutions, Inc.

Funding Partners' mission is: "To coordinate, enhance and leverage resources to increase the affordable housing stock attainable to our low-income residents." It works with housing developers, lending institutions, businesses and local governments to make attainable housing happen in Larimer County and along the Front Range. In 1998, it became a Community Development Financial Institution, greatly increasing its capacity to provide financial assistance to affordable housing projects.

It designs custom housing solutions for each individual project through the Mammel Affordable Housing Loan Fund, which includes technical assistance and loans. It directly provides loans and assistance in accessing other sources of funding. In 2002, it used $547,000 of its Mammel Affordable Housing Loan Funds to create 28 units of affordable housing and provide $105,000 in cash benefits to local affordable housing providers.

In 2001, Funding Partners joint ventured with the National Development Council, to purchase and rehabilitate the Northern Hotel, a significant historical structure in downtown Fort Collins. The hotel provides a combination of residential, commercial and public spaces in downtown. It consists of 41 one-bedroom units and 6 two-bedroom units for senior housing, and 9 commercial spaces for retail businesses.

Analysis: The Availability of Financing Needed to Build Affordable Housing

The previous section has attempted to summarize the existing sources of funding and other resources used by developers to build affordable housing. Except for CDBG, HOME and PAB allocations, these are programs for developers to use directly, not for the City to apply to and reallocate to projects.

There are very many different funding programs available to developers. However, the application process for each source, to varying degrees, is very competitive. Very few programs are intended to fully finance a project, so developers need to combine many sources to do a project. Since the various programs have different requirements, criteria, targets, funding round schedules, etc., it is very complicated and time consuming to assemble a complete project's worth of financing. This is especially true for not-for-profit developers, who may use as many as 6 different funding sources to complete a project. It is not unusual for an affordable housing project to take 2 or 3 years just to assemble its financing. This is usually done in conjunction with project design and the local approval process.

There are three basic stages of financing in an affordable housing project. First is predevelopment, which covers project feasibility analysis, design, local approvals, etc, up to the time that construction is ready to begin. Construction financing pays for the actual building of the structures. Permanent financing pays off both predevelopment and construction costs with a long-term mortgage loan, equity, and sometimes grants. Sometimes very short term, "bridge" financing is needed to cover gaps between these stages. Generally, for-profit developers have the internal resources to cover their predevelopment expenses. This is often more difficult for not-for-profit developers, but can be overcome if their consultants are willing to wait to be paid for their services until the project has started, or even better, completed construction.

Most funding sources are reluctant to be the first one committed to a project, especially during the early predevelopment or planning stages. Once the first permanent funding source is in place, it is generally easier to find the rest. If that source is local, it is even more valuable – most national sources favor projects with solid evidence of local support. Fort Collins can help local projects by committing CDBG, HOME, or Affordable Housing Fund dollars early in their planning processes. That local expression of support should help leverage the balance of financing that projects need.

The Affordable Housing Community

The Role of Private For-Profit Developers

Generally speaking, for-profit developers build affordable rental housing for the purpose of owning and operating it. They will maintain ownership of it for at least as long as their funding sources require it to remain affordable. Some profit is made from the development and construction of the buildings, but the asset, and the earnings that come from managing that asset, are the ultimate goal. Once the funding sources remove affordability restrictions from a project, its for-profit owner may or may not choose to sell it. Either way, it is unlikely to remain affordable.

The Low Income Housing Tax Credit program and the available bond financing have been instrumental in getting for-profits to build affordable rental housing. These programs have also involved private investors in affordable housing production to a greater extent than was ever seen before. Most of the projects built by for-profits with this financing mechanism provide housing at the top end of the “affordable” scale – to households earning 60% of AMI. Where competition for tax credits dictates, they may attempt to reach lower income families. Because of the expense and complexity of bond financing and tax credits, they tend to do rental projects of at least 100 units or more. There are currently no local developers constructing this kind of project, but regional and national development companies are doing them.

The Role of Private Not-For-Profit Developers

There are two fundamental differences between for-profit and not-for-profit developers. The first, most obvious, is that not-for-profits have a charitable purpose. The other is that not-for-profits do not distribute corporate profits to shareholders. However, that is not to say that they do not earn profits on their projects. Indeed, not-for-profits need to earn money from projects in order to survive and grow. So long as their profits are reinvested in their charitable purpose, their 501(c)(3) tax-exempt status is protected. In addition, most not-for-profits are able to raise funding from outside sources to cover administrative and operating costs, in case profits from projects do not. Therefore they can attempt somewhat riskier projects than for-profits might.

Not-for-profit organizations are able to access some financing sources that for-profits cannot use. Other funding sources may be available to both, but give preference to not-for-profits. Not-for profits tend to be more willing to mix and match different financing sources to make a project as affordable as possible. Therefore their projects generally serve lower income families than for-profits do. Unfortunately, not-for-profits generally do not have the capacity to develop as many affordable housing projects as for-profits do. “Capacity” refers to the number of staff, the experience of staff, and to the availability of start-up or predevelopment capital. As a result, their projects also tend to be smaller in size. Because the competition for 9% tax credits favors the not-for-profits, they do use that program. In Fort Collins, however, they generally do not use bond financing.

The Fort Collins Housing Authority (FCHA) and Habitat for Humanity are the only not-for-profits interested in developing affordable, for-sale housing. Habitat uses volunteer labor and donations to keep its home affordable, while the FCHA depends on grants and low-interest mortgages from CHFA.

The Role of Private Not-For-Profit Service Providers

Providing affordable, stable housing for low and very-low income families often involves more than just putting a roof over their heads. Additionally, some of the services needed may include: credit and budget counseling, foreclosure intervention, life skills training, parenting skills, job training, high school or college level education, English as a second language, health care, child care, substance abuse counseling, family counseling, etc. All of these services contribute to a stable and healthy home. This is especially true for families or individuals who are trying to escape homelessness. HUD’s Continuum of Care programs are intended to fund such services. Up to 15% of CDBG program funds may also be awarded to service providers. In Fort Collins, there are a few not-for-profits that try to coordinate these kinds of services, and others that provide these specific services.

The Role of the Quasi-Public Not-For-Profit Developer (Housing Authority)

The Fort Collins Housing Authority (FCHA) is a quasi-governmental agency created by the City of Fort Collins. The City Council appoints its Board of Commissioners, but has no involvement in its day-to-day activities. Its basic mission is to own and operate public housing units and to operate the Section 8 Housing Choice Voucher program, which subsidizes rents in privately owned rental properties. These programs are generally the only affordable housing option that families earning less than 30% of AMI have. HUD pays the FCHA an operating subsidy for its 154 public housing units, so it can charge only 30% of their income and Fair Market Rent (which is determined by HUD). The FCHA inspects the units and administers payments to the landlords.

The FCHA has a subsidiary known as the Fort Collins Housing Corporation (FCHC) and owns 379 affordable housing units. The FCHA also operates the Larimer County Housing Authority, which commits 100 Housing Choice Vouchers in the area.

The Role of Financial Institutions

Since 1977, all federally insured financial institutions (commercial banks, savings banks, and savings and loan associations) have been subject to the Community Reinvestment Act (CRA). Under this law, such institutions have a continuing and affirmative obligation to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operation. The federal agencies that regulate these institutions are responsible for evaluating how well each one meets this obligation, and are required to take that record into account when the institution applies for expansion or restructuring, such as a new branch, merger, or acquisition. The evaluation takes into account the institution's financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment. The assessment does not rely on absolute standards. Institutions are not required to adopt specific activities or offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help meet the credit needs of its entire community.

Many lenders got into the business of mortgage lending to lower income first time homebuyers because of CRA requirements, but they now see targeted affordable and minority loans as good business. According to Freddie Mac, low-income homebuyers now make up 40% of the national home mortgage market, up from 30% in 1990. Most major banks now offer targeted loan products through more flexible loan terms or underwriting standards and subsidized interest rates or closing costs. Outreach, education and credit counseling are usually major components of these efforts. Many also offer lower down payment requirements or higher maximum debt-to-income ratios to low-income borrowers.

The secondary mortgage market, primarily Fannie Mae and Freddie Mac, also plays a part. Mortgage lenders sell loans on the secondary market so they can get cash to lend again. Fannie Mae and Freddie Mac bundle those loans and sell them as securities. In order to securitize the loans, they have to meet strict underwriting standards. Those standards, in effect, excluded lower-income borrowers. To serve that market, local lenders have to issue "portfolio" loan products and keep them in their own portfolio – the loans do not meet the secondary market's requirements, so they can not be sold. Therefore the pool of money available to make loans to lower-income borrowers is very restricted. More recently, Fannie Mae has begun investing in "seasoned" CRA loans. In other words, the local lender may need to hold a loan in portfolio for a few years until the borrower has established a good payment history. Once that is established, Fannie Mae will consider buying the loan.

Construction and permanent loan financing for affordable rental developments is also covered in CRA reviews. Most of the large, for-profit, national developers do not get their loan financing from local banks. CARE Housing, Inc. and the Fort Collins Housing Authority both have good relationships with area banks that allow them to access relatively low-interest loans. However, these loans need to be as small a part of project financing as possible to keep their rents as low as possible.

Funding Partners for Housing Solutions, Inc., has a special niche in the local financial community. It provides loans, grants, and assistance in accessing other sources of funding to affordable housing projects. Since it has a fairly small pool of funds to work with, it has primarily served smaller projects and/or provided bridge financing to projects.

The City of Fort Collins' Role

There are four essential components to the City's role in the provision of affordable housing. They include policy, regulation, education, and funding.

Through its policies, the City's role is to create an atmosphere that encourages a balance of housing types and costs, so all of its people can live in safe and affordable housing. Its policies should encourage both the construction of new and preservation of existing affordable housing.

In regulation, the City's role is to expedite the process for developing affordable housing. It should review new and existing regulations that discourage production of affordable housing, whether they are land use, building code, engineering, tax code, or other regulations. Whenever possible, those regulations should be revised to encourage affordable housing. Revisions might be generally applicable to all residential development or specifically targeted to affordable housing projects only.

In education, the City's role is to expand public awareness and the understanding of its citizens of the benefits of affordable housing to the community. To do that, it needs to thoroughly understand the community's need for affordable housing, why it is needed, and it must put a face on that need. The City should also market the incentive and assistance programs it operates to encourage affordable housing.

Through the City's funding and other incentive programs, its role is to be the first piece of the funding puzzle, to help affordable housing providers leverage the balance of financing needed to complete their projects from state, federal, or other sources.

POLICIES

Since 1992, the City has adopted a variety of affordable housing goals and policies that have governed the development of the City's affordable housing programs and distribution of affordable housing resources. The major goals and policies are described below. Recommendations to specific policies are listed at the end of the Policy section:

Goal 1: Our community will be a place where all of its people will have an opportunity to live in safe, habitable, and affordable housing.
(Source: City Plan)

Policy: The City's priorities for housing are as follows:
Source: Resolution 98-125 of the Council of the City of Fort Collins

- **Rental Housing.** This community needs to produce new rental units affordable to families earning below 80% of AMI, and to acquire existing rental units so as to preserve their affordability. Highest priority will be given to rental units affordable to families earning at or below 50% of AMI.
- **For Sale Housing**. This community needs to continue to help first-time homebuyers earning less than 80% of AMI to get into affordable homeownership, but place higher priority on potential homebuyers earning below 60% of AMI.
- **Senior and Special Needs Housing.** This community should try to find new sources of rental subsidy for families earning below 30% of AMI, particularly for senior citizens and others with special needs such as mental or physical disabilities.
- **Housing Production.** This community needs to maintain an adequate supply of affordable land for housing low- and moderate-income persons and families. It needs to be more proactive in identifying and securing sites for future affordable housing development. The City also needs to examine any regulatory barriers to affordable housing and consider reforming them, and it needs to be supportive of proposed developments in their quest for identifying development subsidies.
- **Housing Preservation.** This community needs to preserve its existing affordable housing stock. City-assisted affordable housing should carry a minimum 20-year commitment to affordability. Priority should be given to units that will be kept affordable for periods in excess of 20 years, with the highest priority given to units committing to permanent affordability.

Policy (con't): The City's priorities for housing are as follows:
Source: Consolidated Plan, City Plan, and Affordable Housing Policy

- Increase the supply of affordable rental housing through new construction and acquisition of existing units
- Increase homeownership opportunities for low- and moderate-income households
- To improve the community through the enhancement of non-housing facilities, services and amenities, and through the promotion of economic development

Policy: The supply of housing will be proportionately balanced to the wages of our labor force. *Source: City Plan*

Policy: The City will permit residential development in all neighborhoods and districts in order to maximize the potential land available for development of housing and thereby positively influence housing affordability. *Source: City Plan*

Policy: The priority/need level for specific housing types, family size and income is as shown in Table 24: *Source: Consolidated Plan*

Policy: The City will support and encourage the private sector, federal and state agencies, nonprofit housing developers and citizens to meet the affordable housing needs of the citizens of Fort Collins through partnerships, incentives, and reducing barriers to the construction of additional units. *Source: City Plan, Affordable Housing Policy and Consolidated Plan.*

Policy*: The City will cooperate with other Larimer County communities to provide and expand affordable housing in the region. *Source: Housing Authority Annual Report. *The above policy no longer exists.*

Policy**: The Fort Collins Housing Authority's mission is to promote, develop, provide and operate affordable and accessible housing for low-income families, elderly and physically and mentally challenged individuals, and encourage self-improvement for families to evolve from dependency to self-sufficiency. *Source: Housing Annual Report. **The above policy has been revised. The new policy is as follows:*

Table 24 | Priority Need Levels

**Need Ratings: H=High, M=Medium, L=Low, N=No Such Need*

	Housing Needs	AMI Priority Need Levels 0-30%	31-50%	51-80%
Renter	***Small Family***			
	Cost Burden > 30%	H	H	H
	Cost Burden > 50%	H	H	M
	Physical Defects	H	M	L
	Overcrowded	H	M	L
	Large Family			
	Cost Burden > 30%	H	H	L
	Cost Burden > 50%	H	L	L
	Physical Defects	H	M	M
	Overcrowded	H	H	H
	Elderly			
	Cost Burden > 30%	H	M	M
	Cost Burden > 50%	H	M	N
	Physical Defects	H	H	M
	Overcrowded	L	L	N
Owner	Cost Burden > 30%	H	H	H
	Cost Burden > 50%	H	M	L
	Physical Defects	H	M	L
	Overcrowded	L	L	L

Policy: The Fort Collins Housing Authority's mission is to provide and promote safe, affordable housing, economic opportunity and a living environment free from discrimination. *Source: Fort Collins Housing Authority 5-Year Plan PHA Fiscal Year 2003-2007.*

Goal 2: Fort Collins will provide a mix of housing distributed throughout the community. *Source: City Plan*

Policy: Neighborhoods will include a mix of housing types for all economic levels that are well served by public transportation and close to employment centers, services and amenities. *Source: City Plan and Consolidated Plan*.

Policy: Affordable housing, including special needs, will be geographically dispersed throughout the community to avoid creating over-concentration in any neighborhood. *Source: City Plan.*

Policy: Fort Collins will promote development of well-designed, compatible, high-quality multi-family developments and accessory homes throughout the community. *Source: City Plan.*

Policy: The City will assure an acceptable minimum level of quality within affordable housing units. *Source: Affordable Housing Policy*.

Policy: The City's older housing stock and neighborhoods will be preserved to the extent practical. *Source: City Plan.*

Goal 3: Fort Collins will create an environment that meets the special needs of our residents. *Source: City Plan*

Policy: The City's priorities for housing for 1995 - 2000 are as follows: *Source: Consolidated Plan.*

- To serve the homeless and assist in breaking the cycle of homelessness through expanding the capacity and services of the emergency shelters, and expanding transitional housing and prevention programs
- To preserve and increase the assisted affordable housing stock and services for persons with special needs

Other Policies:

Policy: Higher priority will be given to funding projects with federal funds that have the following aspects: Source: CDBG Selection Guidance System.

- Acquisition proposals which provide assets to the community will be given greater weight over proposals that are operational in nature.
- Leveraging of private and non-federal funds.

Policy: The City will collect, maintain, and disseminate information and vital statistics on housing affordability such as cost, demand, and supply of affordable housing stock. *Source: City Plan.*

Policy: The City should explore ways to mitigate the impact upon residents displaced through the closure or conversion of either a manufactured housing park or conversion of rental apartments, particularly single room occupancy units, to condominiums or other uses. *Source: City Plan.*

Policy: The City shall assess the effects of new policies and regulations, or changes to existing policies and regulations on housing development costs and overall housing affordability, in order to achieve an appropriate balance between housing affordability and other objectives such as urban design quality, maintaining neighborhood character, and protecting public health, safety and welfare. *Source: City Plan.*

Recommendations:

Below are recommendations for policy changes to make this document consistent with current practices or changes that reflect the housing market conditions in Fort Collins.

Policy: The City's priorities for housing are as follows:

- This community needs to produce new rental units affordable to families earning at or below 50% of AMI, with greatest priority to projects serving households at 40% of AMI and below.

Policy: Higher priority will be given to funding projects with federal funds and the City's Affordable Housing Funds that have the following aspects: *Source: Competitive Process Criteria.*

- Primarily targets very low income persons and provides adequate benefit to the City.
- Meets a priority housing need in the community.
- Demonstrates public subsidy is needed.
- Leverages public funds with private financial investments.
- Proven track record and capacity to complete housing projects in a timely manner.

Regulation

Fort Collins established its City Plan and Land Use Code in March 1997 to guide and regulate development in the city. Policies in the City Plan that pertain to affordable housing are summarized on the preceding pages. The Land Use Code describes the development review process, general development standards, and zone districts. It addresses standards for site planning and design, engineering, environmental and cultural resource protection, compact urban growth, buildings, transportation and circulation, land use, and specific zone district standards. In addition, the Fort Collins Municipal Code imposes various fees known generally as "Development Impact Fees," intended to help provide the community services and infrastructure needed because of new development.

Affordable housing projects are subject to the same requirements as other residential developments, with very few exceptions. Priority Processing attempts to shorten the development review process, Development Review Fee Waivers reduce the fees required to start that process, and the Impact Fee Delay and Offset programs reduce the financial burden of Development Impact Fees.

In addition, the Administrative Construction Fee Exemption program, administered by the Engineering Department, allows certain construction fees to be exempt for affordable housing. The City also initiated a Sales and Use Tax Rebate program that gave a sales tax rebate on construction materials used in building affordable housing to developers. The Sales and Use Rebate program assisted 143 affordable housing units (135 rental units and 8 owner units) in Fort Collins at a total cost of $97,711 or $683 per unit. This program had a sunset provision in 2001. It was a very valuable program for for-profit developers building affordable housing. City staff will explore the feasibility to renew this program.

On any sites with Low Density Mixed-Use Neighborhood (LMN) zoning, affordable housing increases the allowable density from 8 to 12 units per acre. Also the landscape requirements for affordable housing projects in the Land Use Code were relaxed in 2002. These exceptions are intended to help make affordable projects more financially feasible, while still ensuring that they fit or blend in with their surrounding neighborhoods, and provide high quality housing opportunities.

Major recommendations of the Affordable Housing Board contained in the report entitled "Current Status of Affordable Housing and Recommendations for Improvement" (August 2001) were incorporated by the City. They are as follows:

- Designation of a staff person who resolves conflicts between City departments in regards to development review issues;
- Encourage the 120-day review period for housing projects as an internal goal to be achieved by the Current Planning staff;
- Approved a Land Use Code amendment to reduce bonding requirements for affordable housing;
- Broaden the educational process for the general public about affordable housing; and
- Develop a process through the Building Department that provides cost impact statements when code changes affect housing costs.

The Land Use Code's affect on the feasibility of affordable housing construction in Fort Collins appears to be insignificant, with several major affordable housing projects completed in the last three years.

Regardless of whether the new regulations are deterring affordable housing developers, there may be ways to reduce construction costs without sacrificing health, safety, or aesthetic standards. Any such innovation could benefit housing affordability for residents at all income levels. There are resources available to help. HUD's Office of Policy Development and Research has published "Building Innovation for Homeownership," which recognizes 63 award-winning housing projects from across the U.S. It also reports, and issues guidelines on the design, construction, and inspection of new construction technologies. The Colorado State Division of Housing has also published "Reducing Housing Costs Through Regulatory Reform: A Handbook for Colorado Communities."

Education & Outreach

The City of Fort Collins uses a variety of strategies to inform affordable housing consumers, developers, decision makers, other agencies and groups, the media, and community members in general, about the many issues surrounding affordable housing.

Potential Developers

Potential developers of affordable housing are provided with an extensive information packet, outlining the City's incentives and processes as they relate to affordable housing. In addition, technical assistance is provided in an effort to ensure greater opportunities for successful development proposals.

Development Review Process

Affordable housing team members attend the Current Planning Department's Conceptual Review meetings for new development proposals. Where appropriate, options for affordable housing components within proposals are discussed with applicants.

For many new development projects, a neighborhood meeting is held to inform residents and give them the opportunity to comment on proposals. For affordable housing projects, staff members should be prepared to address NIMBY-related (Not In My Back Yard) concerns.

Legislative Support & Efforts

Fort Collins recognizes the importance of educating lawmakers and decision makers regarding affordable housing. To that end, the City takes a partnering role in advocating for and monitoring affordable housing-related legislation. Items are funneled through the City's legislative liaison. City staff also maintains close contact with public policy advocates from agencies such as Catholic Charities Northern. A City staffer serves on the committee currently developing a state-wide affordable housing trust fund.

Partnering with Other Groups

In an effort to network with advocacy and education groups at a regional level, City staff attends meetings for the Affordable Housing Coalition of Larimer County and the Northern Front Range Continuum of Care. In that capacity, the City participates in events such as public forums addressing affordable housing concerns.

Affordable Housing Board

The City's Affordable Housing Board has remained an active policy assistance and education arm for City Council. The Board has an education and outreach subcommittee. A few Board members, in a separate initiative, have published an affordable housing resource guide.

Internet

The City has developed and maintains an internet sub-site for affordable housing within the "fcgov.com" domain. It serves as an information resource for the full spectrum of customers needing affordable housing information.

Local Cable

The City's television station, Cable Channel 27, has been a useful venue for affordable housing education efforts. Channel 27 repeatedly re-broadcasts programs such as Fall 2002's "The State of Affordable Housing" public forum. Channel 27 also airs pieces such "The Many Faces of Housing Assistance," a helpful video personalizing the spectrum of affordable housing needs.

Public Awareness Efforts

Whenever possible, the City of Fort Collins is involved in ongoing affordable housing public awareness efforts. During 2002, the City spearheaded an affordable housing awareness campaign, "The Faces and Places of Affordable Housing" to distribute a series of three posters in over 750 locations in Northern Colorado. Each of the posters dealt with a different aspect of the affordable housing issue. The campaign was a collaborative effort with a private real estate firm (The Group), and several advocacy groups (The Northern Front Range Continuum of Care and The Affordable Housing Coalition). The outreach garnered state and national level attention, and is being used as a model by other communities.

LAND BANKING & OTHER INCENTIVES

The City of Fort Collins has implemented a number of programs in support of affordable housing. It administers HUD funds in the Community Development Block Grant (CDBG) program and the Home Investment Partnership (HOME) program. Since 1993, the City has also invested over $3.6 million of its own general fund dollars into the Affordable Housing Fund. This city-administered account has funded the Impact Fee Delay and Rebate programs, the Larimer Home Improvement Program and Funding Partners for Housing Solutions. In addition, the City has established a priority processing system and development review fee waiver program to help facilitate affordable housing projects through the development review process. See Appendix III for a summary of these programs.

One of the main issues for affordable housing production is the diminishing supply of vacant land available to prospective developers. Anecdotal information from local affordable housing developers indicates that it is becoming increasingly difficult to secure sites for new affordable housing projects. A land bank program was created as a pro-active solution to this problem.

Our land bank program acquires unimproved sites appropriate for affordable housing, and holds these sites long-term (5-year minimum) making land available when needed. Unlike many of the City's other programs, this program is long-term in scope, and addresses the need for affordable housing beyond the immediate requirement. Ultimately, land bank sites will be sold at discount to non-profit or for-profit developers to build affordable housing projects.

Our land bank program was approved by the City Council on April 17, 2001. This program was initially seeded with $925,000. The first purchase was the Riedlinger property in April 2002. This five-acre site, located directly north of Kechter Road between North County Road 7 and South County Road 9, lies in unincorporated Larimer County. In October 2002, the City acquired a second site, the Bernhardt property, situated south of Trilby Road and west of the Provincetowne development in unincorporated Larimer County. The City's third site, Horsetooth Stables, was purchased in February 2003. It is an 8.3-acre site located on the north side of West Horsetooth Road, just west of South Shields Street.

Currently, the City has purchased 30 acres for the program, which will yield a minimum of 300-360 future affordable housing units. The overall goal of the program is to maintain an adequate supply of affordable land for housing low and moderate income persons and families.

Affordable Housing Fund

Since 2000, all of the General Fund dollars are allocated through the Competitive Process. Prior to 2000, the funds were allocated via the Fee Rebate Program. Approximately, $1,108,797 dollars went to projects under the old rebate program as shown in Table 25. From 2000 to 2002, the Affordable Housing Fund has made available $2,008,913 dollars to support over 260 affordable housing units through the Competitive Process. In the 2003 budget cycle, the City will provide $893,000 dollars for affordable housing production. In addition, the city has provided $1,725,000 for the Land Bank program. The following table (Table 25) shows how the Affordable Housing Fund has been allocated from 1993-2002.

Affordable Housing Fund Totals

Allocations	$5,356,913
Rebates	$1,108,797
Other Expenses	$3,368,317
Balance	**$879,799**

Table 25 | Affordable Housing Fund Active History (as of March 2003)

* The Rebate Program was discontinued in 1999 and replaced with a new Competitive Process.
** Expense Types include Production, LHIP, Land, Rehab and Other, etc.

	Allocation	Developers	Project Name	Rebates*	Expense Type**	Expense Amount	Units
93	$250,000						
94	$233,000						
1995	$133,000	1995 LHIP			LHIP	$22,500	
		TRAC	San Cristo	$25,860			75
		CARE	Greenbriar	$71,400			40
		CARE	Rose Tree Village	$106,800			120
1996	$383,000	1996 LHIP			LHIP	$22,500	
		Funding Partners	Northern Hotel		Other	$250,000	47
		FCHA	Hillcrest	$26,280			15
		FCHA	W Mulberry	$1,460			1
		Habitat for Humanity	N Briarwood	$4,244			1
1997	$133,000	1997 LHIP			LHIP	$22,500	
		CARE	W Swallow	$79,200			40
		Habitat for Humanities	N Briarwood	$3,047			1

Con't

Table 25 | Affordable Housing Fund Active History (as of March 2003)

* The Rebate Program was discontinued in 1999 and replaced with a new Competitive Process.
** Expense Types include Production, LHIP, Land, Rehab and Other, etc.

	Allocation	Developers	Project Name	Rebates*	Expense Type**	Expense Amount	Units
1998	$208,000	1998 LHIP			LHIP	$22,500	
		Habitat for Humanity	Laporte	$4,244			1
		FCHA	W Swallow	$54,020			34
		Kaufman & Broad	The Woodlands	$119,720			116
		Habitat for Humanity	Albion Way	$3,142			1
1999	$283,000	CARE	Eagle Tree		Other	$103,070	36
		FCHA	JFK Parkway		Other	$32,962	12
		FCHA	Via Lopez		Other	$80,931	33
		CARE	Windtrail	$67,160			50
2000	$443,036	CARE (land acquisition)	Fairbrooke Heights		Production	$150,000	50
		FCHA	Rehab		Rehab	$75,000	144
		Brisben Companies	Buffalo Run	$207,450			86
2001	$671,915	Volunteers of America	Elderly Housing		Production	$219,000	60
		Bethphage	Westfield Drive		Production	$111,900	5
		Simpson Housing	Woodbridge		Other	$125,000	50
		Downpayment Assistance			Other	$100,000	
		Habitat for Humanity	Torridon Lane		Other	$6,115	1
		Habitat for Humanity	HBA & Fees		Other	$47,000	1
		CARE	Fairbrooke Heights	$69,050			--
		Brisben Companies	Bull Run	$179,580			176
		Brisben Companies	Country Ranch	$86,140			118
2002	$893,962	CARE	Fairbrooke Heights		Production	$200,000	--
		Downpayment Assistance			Other	$100,000	14
03-03	$1,725,000	Land Bank Program (30 Acres)			Land	$1,677,339	Estimated 360

The CDBG/HOME programs are block grants from the federal government (HUD) to "Participating Jurisdictions," including the City of Fort Collins. For the 2002 CDBG program year, the City received $1,243,000. CDBG dollars must be used to benefit low and moderate income persons, prevent or eliminate blight, or meet other urgent community needs. In Fort Collins, as a policy, funds have been used primarily for housing rehabilitation and acquisition (typically of sites for affordable housing), as shown on Table 26.

Table 26 | Percent of CDBG Funds Allocated by Categories

Activity	1998-1999	1999-2000	2000-2001	2001-2002
Acquisition	73%	67%	45%	62%
Housing Rehabilitation	1%	0%	17%	11%
Public Facilities	1%	5%	10%	2%
Public Services	15%	15%	15%	15%
Planning and Administration	10%	13%	13%	10%
Economic Development	0%	0%	0%	0%

For the 2001 - 2002 HOME program year, the City received $726,510. HOME dollars must be used to increase the supply of decent, safe, and affordable housing. All of the funds must benefit low and very low income households (not exceeding 80% of AMI). The following chart (Table 27) illustrates the City's use of HOME dollars:

Table 27 | Percent of HOME Funds Allocated by Categories

Activity	1998-1999	1999-2000	2000-2001	2001-2002
Home Buyer Assistance	80%	75%	0%	27%
Acquisition/Construction	10%	15%	90%	63%
Administration	10%	10%	10%	10%

Analysis: Which of the City's Roles Need Additional Resources?

Policy and Regulation

City staff reviewing development applications, as well as employees in other related departments, should be encouraged to watch for innovative ways to reduce housing construction costs without sacrificing quality. HUD and the State have already done research into this field. City Advance Planning staff have distributed this information as appropriate, either amongst themselves or to builders. The City should continue to evaluate the effects of new or revised policies and regulations on housing development costs and overall housing affordability.

Education

The City has made a considerable effort to educate its citizens. It should continue its efforts to reach more citizens, preferably before there is a project in their "backyard." A Speaker's Bureau of interested volunteers has been organized that advocates for affordable housing. Neighbors of potential affordable housing projects usually feel more comfortable if they heard from people like them who live near an affordable housing project. Residents of affordable housing complexes would also make good speakers, since they could speak from personal experience about their housing needs and struggles. Again, neighbors of potential affordable housing projects would probably feel more comfortable if they had an opportunity to meet people who would live there. Speakers should not just go to project-specific neighborhood meetings. They should also be available to make presentations to civic and community groups.

Funding

The City has contributed federal funds, general revenues and staff resources to affordable housing programs, and that effort should continue. It should continue the amount of general revenues allocated to its Affordable Housing Fund and be strategic in targeting resources to those in most need. The City should also look for new sources of funding that it can access and apply to affordable housing, such as general revenue dedication, sales tax, impact fees, etc.

The City's investments in affordable housing must also be carefully considered. It has taken another step with the updating of priority affordable housing needs contained within this report. Knowing the relative need for rental vs. sale housing will help it to redirect its resources and provide a "smart strategy" for the City to prioritize its affordable housing needs. However, building affordable housing is very expensive, and the City does not have the resources to fully fund developments. As frustrating for the people trying to assemble financing, leveraging is the key to this industry. There are virtually no funding sources that will fully fund a development. The City can, however, play a key role in helping projects assemble their financing sources. By committing funding to projects in the earliest stages of their development, the City can provide a tangible show of support for projects. State and national funding sources look very favorably on projects that have that kind of support from the local government. The City's role, therefore, is not to provide so many dollars per unit to a project so the developer can lower the rents by so many dollars per month. Its role is to be the first piece of the puzzle, to help developers leverage the bulk of the financing needed to complete a project. The City may also provide the needed gap financing to complete the project.

The Woodlands Apartments, by Kaufman and Broad Multi-Housing Group, Inc

Part III - Goals and Strategies for Meeting Fort Collins' Priority Affordable Housing Needs

Introduction

This chapter is intended to revisit the appropriateness of affordable housing goals, measurable objectives, and strategies for meeting the goals in the 1999 report. The specific strategies proposed are based on a set of general affordable housing policies. Before getting into detailed strategies, it is important to understand the policies and principles on which they are based.

The City's role is to set policies that encourage a balance of housing types, to revise regulations so they encourage affordable housing, to expand public understanding of the benefits of affordable housing, and to use its resources to help leverage funding for affordable housing projects.

Leveraging funding is an important concept. The City does not, by itself, have enough resources to make 4,948 housing units affordable, to meet this community's needs. The question is not how much subsidy the City needs to give a project to lower its rents from market rate to an affordable rate, but rather how much the City needs to award in order to demonstrate local support for the project, enabling it to win enough additional funding from other sources to make the project a reality.

In 1999, staff estimated that an average of $5,000 per unit was enough City subsidy to achieve that leverage. Based on the increased cost of construction since this time, the amount of subsidy needed today is $7,400 per unit. These figures are averages only. Actual awards may vary widely, based on the relative merits of different project proposals. A primary factor will be income level served – the lower the rents, the higher the subsidy should be. It is possible that an average of $7,400 per unit is not enough subsidy, especially as the costs to buy land and build projects increase over time. These figures will need to be reevaluated periodically.

The City has two main categories of tools – subsidies and incentives. "Subsidies" refer to financial contributions to a project for activities like land acquisition, construction, etc. They come from the CDBG and HOME programs as well as the City's own Affordable Housing Fund. "Incentives" are programs designed to alleviate regulatory burden. They include the Priority Processing, Development Review Fee Waiver, and Impact Fee Delay programs and other incentives. Incentives have some monetary value to projects, but they are very difficult to predict. Their value is in addition to the average subsidy per unit figures.

The City's roles in affordable housing do not include acting as a developer. In order to achieve its goals, the City will have to actively solicit private developers to work in Fort Collins.

Evaluation of Affordable Housing Goals

1999-2002 Summary of Production/Preservation

Tenure	*Units*
Rental	1,034
Owner	484
Total	1,518

In the 1999 Study, the housing production goals and budget cover the period from 2002 to 2008, with the implementation having begun in 1999. Funding sources to address housing need include Community Development Block Grant (CDBG) funds, of which 65% will be used for housing and the remainder for other community needs; HOME Program funds, of which 100% will be used for housing; revolving income from both CDBG and HOME, repayment of loans will also provide funding for housing and; 100% of Affordable Housing Funds will be used for the production of affordable housing. The budget scenario shows increased funds are needed to achieve the housing production goals over the next 10 years.

The projection of new "needed" affordable housing units is based on a 2% annual compounded growth rate – in 10 years, the City should fund just over 4,000 Housing Units (HU) to meet the community's need for affordable housing (Table 28).

In the 4-year period from 1999–2002, the "Priority Affordable Housing Needs and Strategies Report," established a goal of 1,357 affordable housing units to be assisted. This number comprised 950 rental and 407 owner units. In this time period, the City assisted the production and preservation of 1,007 rental units and 484 owner units for a total of 1,491 affordable housing units (using CDBG, HOME, Affordable Housing Funds, PABs and City Incentives). The City has exceeded its goals established in this report.

Table 28 | Affordable Housing Production and Preservation 1999-2002

Source: City of Fort Collins Advance Planning Department

Year	Developer	Project	City Assistance	Units	Tenure
1999	CARE	Eagle Tree	$615,000	36	Rental
	CARE	Windtrail	$1,068,160	50	Rental
	FCHA	Cowan Trail	$70,000	19	Rental
	FCHA	JFK Parkway	$275,000	12	Owner
	FCHA	Via Lopez	$620,931	33	Owner
	Downpayment Assistance		$300,000	60	Owner
	1999 Total			**210**	
2000	Neighbor to Neighbor	Coachlight	$496,809	69	Rental
	Brisben Companies	Buffalo Run	$207,450	86	Rental
	Downpayment Assistance		$230,000	46	Owner
	2000 Total			**201**	
2001	Simpson Housing	Reflections	$200,000	72	Rental
	Brisben Companies	Bull Run	$179,580	176	Rental
	Brisben Companies	Country Ranch	$86,140	118	Rental
	Neighbor to Neighbor		$155,172	4	Rental
	Neighbor to Neighbor		$100,000	4	Rental
	National Health Care		PAB $2 Million	22	Rental
	Bethaphage		$111,900	5	Rental
	Habitat for Humanity		$53,115	2	Owner
	Downpayment Assistance		$395,000	79	Owner
	2001 Total			**482**	
2002	Simpson Housing	Woodbridge	$250,000	50	Rental
	Marc Hendricks	Fox Meadows	PAB $2.75 Million	63	Rental
	Funding Partners	Northern Hotel	$235,000	47	Rental
	FCHC	Sleepy Willow Apartments	$650,000	95	Rental
	CARE	Fairbrooke	$820,000	50	Rental
	Volunteers of America		$540,000	60	Rental
	Turning Point		$100,000	8	Rental
	KB Home	Provincetowne	Discount Land SID	141	Owner
	Mikal Torgerson	Cherokee Flying Heights	Priority Processing, Fee waiver, Fee delay	19	Owner
	Downpayment Assistance		$719,912	92	Owner
	2002 Total			**625**	

Analysis of Units Needed, Available Funding and Needed Funding

There are a number of assumptions made in this analysis. First, the estimates of the number of affordable housing units needed are readjusted with the current information available from the 2000 Census. Data for the years prior to 2000 remained the same as the original report, while 2000 became the new base year for future projections. These updated base estimates of rental and for-sale units needed were obtained from HUD's Comprehensive Housing Affordability Strategy Table 1-C calculated from the 2000 Census household status and income data.

Second, to attempt project how the need for affordable housing will change in the future, an annual growth factor of 2% was used. This rate of growth in housing units is the rate of growth projected in *City Plan*.

Third, there are arguments that the growth in the need for affordable housing may be either higher or lower than the growth in overall population. HUD's projections show almost no change between 1990 and 2000 in the absolute number of low-income households living in Fort Collins and paying too much for rent. On the other hand, it could be argued that those renters are now doubled-up and/or moved to nearby communities to escape Fort Collins' growing housing costs, but continued to work in Fort Collins. A study of the jobs and housing balance in Fort Collins in the City Plan Market Analysis indicates that Fort Collins has a healthy balance at 1.5 jobs to one residential unit. The ratio makes the assumption that the type of and mix of jobs provides opportunities for residents to both live and work in the community. This assumption could overlook certain income groups that are being forced to other nearby communities due to housing costs. There still does seem to be indications of low income workers being forced to live in nearby communities. The job housing ratio also does not take into account if members of households with two or more working out of the same home are commuting to other cities. Depending on how quickly the City's low-income job supply is growing, there may also be indications that the need for affordable housing is growing faster than the overall growth rate.

Forth, it assumes a constant amount of CDBG and HOME dollars each year, equal to the 2002-2003 allocation. There is in fact no way of knowing whether this will happen – the allocation from HUD may go up or down as time goes by. An estimate of potential income to the programs (repayment of loans) has been added. Unfortunately, there is no way to estimate exactly when loans from these programs will be paid back, since none of them have specific repayment time limits.

The fifth major assumption is that in 2003, an average subsidy of $7,400 per dwelling unit is enough to leverage the balance of funding needed to build or purchase an affordable housing unit. Staff believes, from past experience with the CDBG and HOME programs, that it will. Future experience may prove us wrong, especially as the costs to buy land and build projects increase with time. This figure will need to be reevaluated periodically.

Sixth, factors for construction cost and sale price inflation have been incorporated into the average subsidy per unit. Over the past 25 years, Engineering New-Record's Building Cost Index for Denver has increased by 3% (compounded) each year. For the past 20 years, average home sale prices have increased by 6.1% compounded each year (based on average sale prices in Fort Collins, 1979-2002, from the Multiple Listing Service, courtesy of the Group Inc.). Therefore the average subsidy needed per unit has increased by 3% for rental housing and 6.1% for sale housing each year from 2003-2012. By 2012, the average subsidy becomes $9,662 for rental units and $12,596 for owner units.

Finally, the analysis assumes that virtually none of the City's subsidy programs (CDBG, HOME, or the Affordable Housing Fund) will be awarded to rental projects affordable to families earning between 50% and 60% of AMI, unless some units would be affordable below 50% of AMI. Instead, Private Activity Bonds (PAB) would continue to be used to fund such projects.

Fort Collins currently has about $2,541,912 (2003) annually to invest in new affordable housing units. It includes 65% of the City's 2002-2003 CDBG allocation (approximately 25% is used for public services or facilities, and 10% is used for administration), 90% of its 2002-2003 HOME allocation, and all potential program income that will be available for that funding year. It also includes all of the funds currently budgeted from the General Fund $893,962 in 2003. It does not include City funds for staff who work on affordable housing planning and programs.

Based on the relative estimates of current need for very low-income rental housing (2,214 units) and first-time homebuyers (1,096 units), about 65% of these sources should be spent on rental housing that is affordable to families earning less than 50%

of AMI. The balance, 35% of our resources, should be used for down payment assistance for low-income first time homebuyers.

Table 29 shows calculations made to create goals for new unit production. The "Units Needed" box demonstrates the effect of a 2% annual compounded growth rate – in 10 years, the City should fund just over 4,000 units to meet the community's need for affordable housing. The left side column under "Funding Needed" demonstrates goals for funding projects, not building them. It could take anywhere from 1 to 3 years for projects that the City funds to actually produce units. This is not factored into the analysis because the City has no direct control over how long it takes to build a project. The right hand column shows potential sources of funds as well as how much additional money would be needed to meet the funding goals. Each successive year assumes that the previous year's "Additional $ Needed" was provided as an ongoing allocation. This is true except for the 2004 and 2005 Affordable Housing Fund budgets that are assumed frozen at the funding level of $735,898 in response to the monetary constraints of the City budget. However, should conditions change and growth in sales tax revenue be more encouraging to meet affordable housing needs, the Affordable Housing Fund could be reevaluated for possible increases in funding.

NEW UNIT PRODUCTION GOALS

Number of affordable housing units needed and calculation of funding required to meet that need, using 65% of CDBG funding:

Annual growth in # units needed = 2.0%
(Based on estimated growth in housing units)
Annual growth in cost of new construction = 3.0%
(Based on the Building Cost Index for Denver, 1973-1997 from Engineering News-Record First Quarterly Cost Report 1998.)

Annual growth in sale prices = 6.1%
(Based on average sale prices in Fort Collins, 1978-1997, from Multiple Listing Service, courtesy of The Group Inc.)

Table 29 | Production of New Rental Units – 50% and below AMI

Source: **Advance Planning Department.**

Year	Rental	Sale	Total
1997	2,230	960	3,190
1998	2,297	989	3,286
1999	2,366	1,018	3,384
Revisions of housing needs based on 2000 Census			
2000	2,214	1,096	3,310
2001	2,280	1,129	3,409
2002	2,349	1,163	3,512
Revisions of housing needs based on changes to the market			
2003	2,396	1,186	3,582
2004	2,444	1,210	3,653
2005	2,493	1,234	3,727
2006	2,542	1,259	3,801
2007	2,593	1,284	3,877
2008	2,645	1,309	3,955
2009	2,698	1,336	4,034
2010	2,752	1,362	4,114
2011	2,807	1,390	4,197
2012	**2,863**	**1,417**	**4,281**

Table 30 | Funding Needed for Funding Awards: 1999 to 2002

Annual growth in # units to be funded = 9%. Source: Advance Planning Department.
*All AHFund balance, 1999 allocation, and at least $100,400 of the 2000 allocation is needed for the Impact Fee Rebates and LHIP. ** CDBG, HOME, and Program Income for 1999 and 2003 are actual funding amounts.

		# units	$/unit	$/year	% of $			CDBG**	HOME**	Program Income**	AHFund (1999)*	TOTAL $
1999 GOAL	**Rental**	208	$5,000	$1,038,415	70%	**1999 SOURCE**	%	65%	90%			
	Sale	89	$5,000	$445,035	30%		$	$759,850	$553,500	$170,100	-	**$1,483,450**
	Total	297		**$1,483,450**	100%		**Additional $ Needed**				**-**	
				% Inc.	**n/a**							
2000 GOAL	**Rental**	226	$5,205	$1,178,279	70%	**2000 SOURCE**	%	65%	90%	0.9		
	Sale	97	$5,285	$512,738	30%		$	$759,850	$553,500	$183,000	$182,673	**$1,679,023**
	Total	323		**$1,691,017**	100%		**Additional $ Needed**				$11,995	
				% Inc.	**14.00%**							
2001 GOAL	**Rental**	247	$5,418	$1,336,982	69%	**2001 SOURCE**	%	65%	90%	0.9		
	Sale	106	$5,586	$590,741	31%		$	$759,850	$553,500	$169,100	$272,495	**$1,754,944**
	Total	352		**$1,927,723**	100%		**Additional $ Needed**				$172,779	
				% Inc.	**14.00%**							
2002 GOAL	**Rental**	269	$5,641	$1,517,060	69%	**2002 SOURCE**	%	65%	90%	0.9		
	Sale	115	$5,905	$680,611	31%		$	$759,850	$553,500	$217,000	$445,273	**$1,975,623**
	Total	384		**$2,197,670**	100%		**Additional $ Needed**				**$222,047**	
					14.00%							

Table 31 | Funding Needed for Funding Awards: 2003 to 2012

*Due to additional affordable units in the marketplace recommendations have been adjusted. ** CDBG, HOME, and Program Income for 1999 and 2003 are actual funding amounts. ***AHFund for 2003 will be the new base amount for next 10 years. This is the total actual amount provided by City Council for 2003. Due to budget constraints the AHFund funding amount will stay constant for 2004 and 2005 with no additional funds provided. ‡The American Dream Downpayment Initiatve (ADDI) program provides downpayment assistance for 2004 and 2005, and future funding is not guaranteed. The ADDI funding can only be used for homeownership. Annual growth in Program Income = 10%.

		# units	$/unit	$/year	% of $			CDBG**	HOME**	ADDI‡	Program Income**	AHFund (1999)*	TOTAL $
2003 GOAL	**Rental**	240	$7,405	$1,779,338	70%	2003 SOURCE	%	65%	90%	-	90%		
	Sale	130	$7,405	$762,574	30%		$	$807,950	$675,000	-	$165,000	$893,962	**$2,541,912**
	Total	343		**$2,541,912**	100%		**Additional $ Needed**					**-**	
				% Inc.	**16.00%**								
2004 GOAL	**Rental**	220	$7,627	$1,680,244	68%	2004 SOURCE	%	65%	90%	100%	90%		
	Sale	99	$7,855	$773,966	32%		$	$807,950	$675,000	$53,862	$181,500	$735,898	**$2,454,210**
	Total	319		**$2,454,210**	100%		**Additional $ Needed**					-	
				% Inc.	**<-5.57>%**								
2005 GOAL	**Rental**	215	$7,856	$1,692,949	68%	2005 SOURCE	%	65%	90%	100%	90%		
	Sale	94	$8,333	$779,411	32%		$	$807,950	$675,000	$53,862	$199,650	$735,898	**$2,472,360**
	Total	309		**$2,472,360**	100%		**Additional $ Needed**					-	
				% Inc.	**0.76%**								
2006 GOAL	**Rental**	237	$8,092	$1,918,111	67%	2006 SOURCE	%	65%	90%	-	90%		
	Sale	105	$8,839	$926,016	33%		$	$807,950	$675,000	-	$219,615	$735,898	**$2,438,463**
	Total	342		**$2,844,126**	100%		**Additional $ Needed**					**$405,663**	
				% Inc.	**18.00%**								
2007 GOAL	**Rental**	261	$8,334	$2,173,219	66%	2007 SOURCE	%	65%	90%	-	90%		
	Sale	117	$9,377	$1,100,195	34%		$	$807,950	$675,000	-	$241,577	$1,141,561	**$2,866,088**
	Total	378		**$3,273,415**	100%		**Additional $ Needed**					**$407,327**	
				% Inc.	**15.00%**								

		# units	$/unit	$/year	% of $
2008 GOAL	Rental	287	$8,584	$2,462,258	65%
	Sale	131	$9,947	$1,307,138	35%
	Total	418		**$3,769,395**	100%
				% Inc.	**15.00%**
2009 GOAL	Rental	316	$8,842	$2,789,738	64%
	Sale	147	$10,552	$1,553,005	36%
	Total	463		**$4,342,743**	100%
				% Inc.	**15.00%**
2010 GOAL	Rental	347	$9,107	$3,160,773	63%
	Sale	165	$11,193	$1,845,119	37%
	Total	512		**$5,005,892**	100%
				% Inc.	**15.00%**
2011 GOAL	Rental	382	$9,380	$3,581,156	62%
	Sale	185	$11,874	$2,192,179	38%
	Total	566		**$5,773,335**	100%
				% Inc.	**15.00%**
2012 GOAL	Rental	420	$9,662	$4,057,450	61%
	Sale	207	$12,596	$2,604,519	39%
	Total	627		**$6,661,968**	100%
				% Inc.	**15.00%**

		CDBG**	HOME**	Program Income**	AHFund (1999)*	TOTAL $
2008 SOURCE	%	65%	90%	90%		
	$	$807,950	$675,000	$265,734	$1,548,888	**$3,297,573**
		Additional $ Needed			**$471,823**	
2009 SOURCE	%	65%	90%	90%		
	$	$807,950	$675,000	$292,308	$2,020,711	**$3,795,969**
		Additional $ Needed			**$546,774**	
20010 SOURCE	%	65%	90%	90%		
	$	$807,950	$675,000	$321,538	$2,567,486	**$4,371,974**
		Additional $ Needed			**$633,918**	
2011 SOURCE	%	65%	90%	90%		
	$	$807,950	$675,000	$353,692	$3,201,404	**$5,038,046**
		Additional $ Needed			**$735,289**	
2012 SOURCE	%	65%	90%	90%		
	$	$807,950	$675,000	$389,061	$3,936,692	**$5,808,704**
		Additional $ Needed			**$853,265**	

SUMMARY OF 10-YEAR GOAL

	# Units	$ Total	% of $
Rental	2,925	$ 25,295,235	65%
Sale	1,352	$13,844,122	35%
Total	4,277	$ 39,031,633	100%
Units Needed	**4,281**		
Shortage/Surplus	**<4>**		

SUMMARY OF 10-YEAR FUNDING SOURCES

	%	$ Total	% of Total
CDBG	65%	$8,079,500	21.00%
HOME	90%	$6,750,000	17.00%
Program Inc	90%	$2,629,675	7.00%
ADDI		$107,724	. 28%
AHFund	100%	$21,572,458	55.00%
Total $		**$39,139,357**	100.00%

Windtrail Apartments, by CARE Housing, Inc.

Production of New Rental Units

GOAL: To Assist Very Low-Income Renter (40% and Below AMI)

Objective:

- The City of Fort Collins should actively solicit the development of 1,632 units of affordable rental housing for very low-income family, elderly, or other households with special needs that currently pay over 30% of their income for rent. At an average development subsidy of 7,400 per unit, the City would have to commit $12,076,800 to meet this need today.

- The City should solicit the development of those units over 10 years.

Five -Year Strategies

- The City of Fort Collins should contribute an average of $7,400 per dwelling unit towards affordable housing for very low income renters, in the form of either grants or very low-interest loans. That is about 5% of total project costs for a typical rental development in Fort Collins. Most of the CDBG, HOME, or the Affordable Housing Fund should be used for this population.

- Funding to housing projects in the Competitive Process will be in the form of loans. These loans, when repaid, will provide sources of revenue for affordable housing in the future. However, should a developer targeting primarily 40% and below AMI units, and provide documentation showing the rent structure for the project could not support any additional debt or secured loans, a grant could be considered.

- $7,400 per unit should be considered an average subsidy. Relatively more funding should be awarded to projects that serve the lowest incomes.

- The City's total funding for affordable housing production should increase annually. Construction costs are increasing in Fort Collins at an average rate of 3.0% per year. To be a realistic incentive to affordable housing production, the average per unit subsidy should be increased at the same rate each year.

- The City should commit its financial assistance early in the project planning process, by being willing to award funding to projects that are still in the conceptual stage. This will help developers to leverage the balance of their project financing.

Greenbriar Apartments, by CARE Housing, Inc.

Production of New Rental Units

Goal: To assist very low-income renters (below 50% AMI)

Objectives:

- The City should actively solicit the development of 2,214 units of affordable rental housing for very low-income family, elderly, or other households with special needs that currently pay over 30% of their income for rent. At an average development subsidy $7,400 per unit, Fort Collins would have to commit $16,383,600 to meet this need today.

- The City should solicit the development of those units over 10 years.

- Assuming a 2% population growth factor, Fort Collins will need 2,863 rental units for very low-income households by 2012.

- Given a 3.0% construction cost growth factor; the average cost of subsidy per unit will increase to $9,380 by 2012. If 70% of the City's 2003 funding resources go to very low-income rentals, approximately 240 units could be funded an average of $7,400 per unit. To meet the need for 2,863 units by 2012, the City would have to increase the number of units funded by approximately 12% each year from 2003 until 2012.

Five -Year Strategies

- The City of Fort Collins should contribute an average of $7,400 per dwelling unit towards affordable housing for very low income renters, in the form of either deferred loans or very low interest loans. That is about 5% of total project costs for a typical rental development in Fort Collins. Most of the CDBG, HOME, or the Affordable Housing Fund should be used for this population. With 70% of 2003 resources, 240 units could be funded.

- $7,400 per unit should be considered an average subsidy. Relatively more funding should be awarded to projects that serve the lowest incomes. Funding to housing projects in the Competitive Process will be in the form of loans.

- The City's total funding for affordable housing production should increase annually. Construction costs are increasing in Fort Collins at an average rate of 3.0% per year. To be a realistic incentive to affordable housing production, the average per unit subsidy should be increased at the same rate each year.

- The City should commit its financial assistance early in the project planning process, by being willing to award funding to projects that are still in the conceptual stage. This will help developers to leverage the balance of their project financing.

- Projects that set aside some of their units for very low-income tenants (under 50% of AMI) should be given preference in any competitive allocation of PABs.

Fox Meadows, by Marc Hendricks

GOAL: TO ASSIST LOW-INCOME RENTERS (50 TO 80% AMI)

Objectives:

- The City should actively solicit the development of 1,187 units of affordable rental housing for low-income family or elderly households that earn between 50 and 80% of AMI and currently pay over 30% of their income for rent.
- The City should solicit the development of those units over 10 years.

Five-Year Strategies:

- Additional Private Activity Bond (PAB) financing should be leveraged from Larimer County or the State. Although every project is different, roughly $9 million to $10 million of PAB financing is needed to make a typical 100-unit project happen. With 2003's allocation of $4.5 million of PAB, Fort Collins could fund about 50% of a project. With just the City's allocations, approximately 50 units could be built every year.
- Fort Collins should continue to give preference to affordable rental housing projects when allocating its PABs. The expense of PABs makes them very difficult to use for housing for very-low income renters. They do, however, work for projects affordable to families earning between 50% and 60% AMI and a few below 50% AMI. The City allocates its PAB's on a first-come first-served basis. This method has been successful. However, since PAB projects generally have about 60% of the units affordable at 60% AMI, this may dictate a low priority for PAB funding in the near future due to high vacancies of 60% AMI units on the market. For projects serving between 60% and 80% of AMI, no grant or loan financing can or should be awarded. Instead, developers may access incentive programs such as Priority Processing, the Development Review Fee Waiver, Impact Fee Delay, and other forms of non-monetary support.
- In the absence of feasible projects that would serve very low-income renters (50% of AMI), some CDBG, HOME, or Affordable Housing Fund dollars could be used to assist projects serving 50% to 60% of AMI, when market conditions improve.

Assistance for First-Time Homebuyers

GOAL: TO ASSIST LOW-INCOME FIRST TIME HOMEBUYERS (BELOW 80% AMI)

Objectives:

- The City should assist low-income families to become first-time homebuyers.

- There are currently about 1,096 low-income renters in family households that earn between 50% and 80% of AMI and pay less than 30% of their income for rent. Generally, they would choose to become first-time homebuyers if both units and down payment assistance were available. A portion of this need has been addressed with over 283 families benefiting from down payment assistance and obtaining new housing in the city since 1999.

- Homebuyers should receive a larger subsidy than rental housing projects, due to the higher costs associated with purchasing a home. With a subsidy of $7,400 per unit for down payment assistance to first-time homebuyers earning below 80% of AMI, the City will commit $13,844,122 to meet affordable housing need for low-income families over the next 10 years. A four-person family earning 80% of the AMI in 2003 ($51,850) under ideal circumstances (good credit, no other debt) can afford a sale price of approximately $188,189.

- The City should assist those families over 10 years.

- Assuming a 2% population growth factor, Fort Collins will need to assist 1,417 low-income households to become first-time homebuyers by 2012. Given a 6.1% annual increase in sale prices, the average cost of subsidy per unit will increase to $12,596 by that year. If 30% ($762,574) of the City's 2003 funding resources go to first-time homebuyers, approximately 103 families could be funded an average of $7,400 per unit. To meet the need for 1,417 families by 2012, the City would have to increase the number of units funded by approximately 12% each year from 2003 until 2012.

West Park Townhomes, by the Fort Collins Housing Authority with the Homebuyer Assistance Program.

- The City should encourage innovative programs such as EQ2 investments, which provide down payment and closing costs assistance through Community Development Finance Institutions (CDFIs) like Funding Partners, Inc.

Five -Year Strategies:

- The City of Fort Collins should continue to contribute up to a current average of $7,400 per dwelling unit to first-time homebuyers (or 4.5% of the FHA Single Family Mortgage Limit). That is the amount that has been successfully offered under the City's existing Homebuyer's Assistance program.

- $7,400 per unit should be considered an average subsidy.

- The City's total funding for affordable housing production should increase annually. Home prices are increasing in Fort Collins at an average rate of 6.1% per year. To provide a realistic level of assistance, the average per unit subsidy should be increased at the same rate each year.

- First-time homebuyers will repay the down payment assistance back to the City at the time of resale or refinancing when taking cash out. The City will charge an additional 5% fee to participants of the City's down payment assistance program beginning January 2004, and any other non-profit or for-profit developer projects receiving funding from the City will also be subject to the 5% fee.

- In the absence of viable rental projects for households earning below 60% of AMI, Private Activity Bond financing could be used to provide low-interest mortgages and other assistance for first time homebuyers.

- In the absence of viable rental projects for households earning below 50% of AMI, CDBG or HOME funding could be used as additional homebuyers' assistance or a development subsidy to for-sale projects which could assure ongoing affordability of the project.

Facilitation and Production of Affordable Housing Units

Fossil Creek Condominiums

GOAL: TO MOTIVATE DEVELOPERS TO INCREASE PRODUCTION OF AFFORDABLE HOUSING, BOTH FOR RENT AND FOR SALE.

Objectives:

- The City should thoroughly understand the community's need for affordable housing, including how much is needed, why it is needed, and who needs it.

- The City should provide adequate resources to meet the community's affordable housing needs.

- The City should use its funding in ways that are coordinated, strategically targeted to priority needs, and that maximize projects' ability to leverage other funding sources.

Five-year Strategies:

For the 2003 budget cycle and through 2012, Council should budget for affordable housing production according to a 10-year goal. In 2004 and 2005 budget cycle, the Affordable Housing Fund is frozen at $735,898 and additional General Fund dollars are added to the Fund beginning in 2006. However, should conditions change and growth in sales tax revenue be more encouraging to meet affordable housing needs, the Affordable Housing Fund could be reevaluated for possible increases in funding.

- In 2006, affordable housing needs should be reevaluated based on market conditions and the availability of affordable housing units at 50% and 60% AMI income levels. Goals should be revised accordingly. Needs and goals should be updated at least every 5 years after that.

- In future budget cycles, Council should consider regular increases to the Affordable Housing Fund, based on availability of funds and on continual reevaluation of need.

- The City should target the use of the Affordable Housing Fund, CDBG, HOME and PABs financing to projects that meet existing needs, especially those that serve the lowest incomes. Most of this financing should be awarded as loans.

- This financing should be made available, at a minimum, as deferred loans to housing developers with qualified affordable housing projects.

- The City should continue to update all existing City incentive programs: Priority Processing, Development Review Fee Waiver, Impact Fee Delay and other program. The value of these programs is separate from and in addition to any subsidy or PAB award. The Development Review Fee Waiver is potentially worth a few thousand dollars per project. The Impact Fee Delay program can save significant amounts of construction interest. Each rental or for-sale unit might save about \$470 - \$520 for each unit. If 10% of units were required to be affordable to get the entire project's fees delayed, then a 100-unit project would save roughly \$4,700 - \$5,200 per affordable unit.

- The City's contract for banking services should be explored as a way to require its bank to contribute to affordable housing efforts.

Objectives:

- The City should try to reduce neighborhood opposition to new affordable housing.

- The City should try to remove regulatory barriers to affordable housing production.

Five-year Strategies:

- Reduce opposition to affordable housing by continuing current efforts to increase public awareness of the need for and benefits of affordable housing in this community. Those efforts include: "The Faces and Places of Affordable Housing" poster campaign, The City of Fort Collins Affordable Housing web site, encouraging media attention, ensuring staff attendance at neighborhood meetings, etc.

- Continue to have the speaker's bureau make presentations and answer questions at neighborhood meetings, or meetings of civic community organizations.

- Increase communication between the Affordable Housing Board and the Planning and Zoning Board. When the time comes to appoint new members to the Planning and Zoning Board, look for people who strongly support affordable housing.

- Watch for and distribute information about innovative ways to reduce the cost of construction without sacrificing quality. It should be distributed within CPES and/or to builders, as appropriate.

- Continue revisions to the City Code and Land Use Code to add to the existing City incentive programs. Such revisions should reduce the cost of developing and constructing affordable housing without sacrificing public health and safety such as the reduction of landscaping (tree sizes and shrubs) for affordable housing projects.

- Consider the impact on affordable housing projects by revisions to City codes that increase the cost of producing new housing units.

Objectives:

- The City should try to increase the number and capacity of affordable housing providers working in Fort Collins.

- The City should try to make it easier to find appropriate sites for affordable housing.

Five year Strategies:

- Continue to try to increase production capacity at local not-for-profit corporations, and try to encourage a third Community Housing Development Organization (CHDO). HOME could fund some capacity-building activities for the first 2 years of a new CHDO existence. HUD also offers technical assistance for CHDOs.

- Continue to actively solicit for-profit developers of affordable rental housing to do larger-scale (roughly 100 to 200 units), mixed income developments, especially with units affordable to very low-income families. Giving preference for funding awards to projects that serve the lowest incomes will help to achieve such an income mix.

- Continue to actively solicit for-profit developers of for-sale housing to build affordable homes as part of market rate developments. City incentive programs should be available to projects that make at least 10% of its residential units affordable.

- Continue to actively solicit developers of housing using HUD's Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for People with Disabilities programs. These programs produce units for special needs populations and increase the amount of rental subsidy available to the community.

- Continue to support efforts by the Fort Collins Housing Authority to increase the amount of Section 8 Rental Assistance available. For example, the City should write letters of support for their applications to HUD.

Strategies Implemented and Under Investigation:

- Continue to research dedicated sources of funding to the City's Affordable Housing Fund (or to a Housing Trust Fund), such as general revenue dedication, a sales tax or a linkage/impact fee on commercial and/or luxury residential development.

- Continue to use a GIS program to help developers find vacant, developable sites.

- Continue to financially support the Land Bank program to hold vacant developable sites that will provide reduced acquisition costs for affordable housing developers in the future.

- Determine the distribution of affordable housing and create options to implement the City's goal to distribute affordable units throughout the City, possibly with the Land Bank.

- Examine opportunities to seed development of infill parcels by making infrastructure improvements to them.

- Review the jobs/housing balance to compare job growth with affordable housing production.

- Explore employer-assistance housing programs to involve employers in the issue of affordable housing and the jobs/housing balance. Ask employers to at least act as a conduit for information about affordable housing opportunities. Encourage employers to make direct contributions to affordable housing production, by donating land, assisting their employees, etc.

- Further examine requiring sites that are annexed to the City to set aside a percent of their land area or potential units for affordable housing.

- Research Tax Increment bond financing for affordable housing development.

- Examine other jurisdictions' use of CDBG funding for affordable housing development.

- Investigate and coordinate a Northern Colorado affordable housing conference/workshop to explore regional approaches and solutions for addressing affordable housing needs.

- Investigate long term affordability strategies, such as deed restrictions, land trust and shared equity models.

Heritage Park Apartments

Preservation of Affordable Housing Units

GOAL: TO PRESERVE THE AFFORDABILITY OF EXISTING RENTAL HOUSING

Apartments owned by not-for-profits will, in the vast majority of cases, remain affordable in perpetuity. Apartment complexes that are owned by for-profits are more likely to be converted to market rate housing when their subsidized mortgages are paid off. This has already started to happen in Fort Collins, at Vine Street Apartments and Northwood Apartments. The only way to ensure that they stay affordable is to have not-for-profits purchase them.

There are also many rental units that are scattered throughout the City, in multifamily condominium complexes and in single family neighborhoods. Their owners tend to be private investors who own very few properties. Their rents may or may not be "affordable," however; they will almost certainly increase whenever major repairs need to be done. These properties may be either made affordable or maintained as affordable if they are purchased by not-for-profits, or if rehabilitation assistance is provided to only those that commit to staying affordable.

Objective:

- Investigate ways to encourage and to finance the purchase of existing, older rental complexes by either the Fort Collins Housing Corporation or by other not-for-profit organizations, and consider purchasing existing rental projects during this time of higher vacancy rates when properties are selling at discount.

Five-Year Strategies:

- Continue to use CDBG, HOME, or Affordable Housing Fund dollars to partially finance acquisition of existing, threatened affordable projects. Such proposals should be given as high a priority as projects that would produce new units.

- Use some CDBG, HOME, or Affordable Housing Fund dollars to partially finance the acquisition and conversion of existing, market-rate rental units to affordable housing, in the absence of feasible projects that would produce new units or protect existing affordable projects.

- Actively encourage the for-profit owners of affordable complexes to sell them to either the Fort Collins Housing Corporation or to other not-for-profit organizations.

- Continue to support the Fort Collins Housing Authority campaign to have the first right to purchase properties that may come on the market by actively soliciting the owners through personal contacts and written correspondence.

- Investigate a rental-rehabilitation program for private owners of rental properties that would require an affordability commitment.

Homebuyer's Assistance Program recipient

GOAL: TO PRESERVE EXISTING OWNER-OCCUPIED HOUSING STOCK

According to HUD, there are 3,629 owners (14% of all owners) with incomes less than 80% of the median that pay over 30% of income for housing costs. Many of these households are spending a high proportion of income on housing voluntarily but some could be spending this high proportion due to a decline in income. These families may need counseling regarding debt restructuring, budgeting and/or refinancing to avoid foreclosure. They may also need access to day-care and transportation so a spouse can return to work. Some may need assistance in maintaining their home.

Objective:

- The City should support programs that assist low-income homeowners.

Five Year Strategies:

- Continue to support the Larimer Home Improvement Program (LHIP) with Affordable Housing Fund dollars.

- Continue to support housing and budget counseling programs with public service funding from the CDBG program and HOME administration dollars.

- Support housing and budget counseling programs by continuing to advertise them on the City's affordable housing web page and by other outlets that may be available.

GOAL: TO REQUIRE NEW AFFORDABLE HOUSING UNITS TO STAY AFFORDABLE FOR AS LONG AS FEASIBLE.

Any rental project built with federal or state funding sources will be required to maintain its affordability for a set amount of time. Most major funding sources require 20 to 30 years, and carry very stiff penalties for failing to meet that requirement. The City will probably never contribute more than about 10% of a project's overall cost. Therefore any attempt by the City to extend that period would not be reasonable. In addition, the City does not have a mechanism for monitoring or punishing the developer if a project fails, because it depends upon other funding sources to perform that role. However, the City does require a 20-year restrictive covenant for affordable housing projects receiving City incentives.

The City reviews applications to its CDBG and HOME program competitively. Those federal funds carry a minimum 20-year affordability period. Applicants that offer to extend that period could be considered more favorably than others.

The City's Homebuyers' Assistance Program does not restrict the future sale price of the home it helped to buy, nor is it feasible to do so. Instead, it requires that whenever the home is sold, the recipient must pay back the assistance. Therefore the funding will recycle and be available to help additional buyers.

Objective:

- The City should continue to develop and implement policies that encourage commitments to long-term affordability.

Five Year Strategies:

- Continue to require City-assisted affordable housing carry a minimum 20-year commitment to affordability. Priority should be given to units intended to be affordable for periods in excess of 20 years.
- Give the highest priority to units committing to permanent affordability. Only units making such a commitment should be awarded grant financing.
- Investigate a Limited Partnership/Shared Equity ownership structure to maintain the affordability of for-sale units. Explore the possibility of making this a component of the City's Homebuyers' Assistance Program.

Waterglen

Appendix I – Inventory of Affordable Housing within the City of Fort Collins GMA

Inventory of Affordable Housing within the Fort Collins GMA - Rental Properties

* City Funds are defined as CDBG, Home and Affordable Housing Funds. ** Fort Collins Housing Authority (FCHA) is the property management agent for Fort Collins Housing Corporation (FCHC).

Developer	Project Name/Location	No./Type of Units	Target Population	Target AMI	City's Role	Status	Completion Date
Advanta Real Estate Services	Oakbrook I 3200 Stanford Rd	107 owner units: 102 one bedroom units, 5 two bedroom units. Section 8 project based.	Seniors	Below 50% AMI	None, Public Housing.	Completed	1977
American Development Company	Oakbrook II 3300 Stanford Rd	100 one bedroom units	Seniors	Below 50% AMI	None; Public Housing	Completed	1980
Brisben Companies	Bull Run, Waterfield PUD, NW corner of Vine and Summitview	176 townhouse units for rent	Families	35@50%, 141@60%	City, County, and State 1998 private activity bonds, Priority Processing. Impact Fee Delay and Rebate	Completed	October 2000
Brisben Companies	Buffalo Run SEC Lemay & Lincoln	144 total units; 86 affordable rental units	Families	13@40%, 73@50%, 58@mkt	Priority Processing, Impact Fee Delay and Rebate	Completed	November 2001
Brisben Companies	Country Ranch SWC Harmony & CR9 (Ziegler Rd)	117 rental townhouses	Families	60%	City 1996 & 1997 private activity bonds: ~$5,000,000; County 1997 private activity bonds: ~$1,500,000. Impact Fee Delay & Rebate.	Completed	2000
CARE Housing	Windtrail 2120 Bridgefield Ln	50 rental units	Families/ Seniors	5 units @ 30% AMI, 25 units @ 40% AMI, 16 units @ 50% AMI, 4 @ 60% AMI	*City Funds $901,000; CDBG-$700,000; HOME-$201,000; Priority Processing	Completed	November 2001
CARE Housing	Swallow 1303 W Swallow Rd	40 rental units	Families	13 units @ 40% AMI, 20 units @ 50% AMI, 7 units @ 60%	*City Funds: CDBG Funds $225,000, Home Funds $150,000, Home/CHDO Funds $200,000, Fee Rebate $100,000	Completed	1996-1997
CARE Housing	Greenbriar 301 Butch Cassidy Dr	40 rental units	Families	31 units @ 50% AMI, 9 units @ 60% AMI	*City Funds 947,225: CDBG $223,225, HOME $724,000,	Completed	1994-1995
CARE Housing	Eagle Tree 6675 S Lemay Av	36 rental units	Families	14 units @ 40% AMI, 5 units @ 45% AMI, 17 units @ 50% AMI	*City Funds $615,000: CDBG $335,000, FC HOME $280,000; CO HOME $100,000	Completed	Winter of 1998
CARE Housing	Fairbrooke 1827 Somerville Dr	36 rental units	Families	21 units @ 40% AMI, 14 @ 50% AMI, 1 Resident Manager Unit	*City Funds $470,000: HOME $401,050; AHF $69,050	Completed	March 2002
DMA Plaza, Inc.	DMA Plaza 300 Remington St	126 Rental Units: 50 section 8 project based, 76 section 236 HUD Mortage	Seniors/Physically Impaired	30%	50 rental units: project based Section 8 funding, 76 Section 236 HUD Mortage	Completed/Permanently affordable. Current forty yr contract expires 2012.	1972
Fort Collins Housing Authority	FCHC Azalea 1720 Azalea	8 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979

Developer	Project Name/Location	No./Type of Units	Target Population	Target AMI	City's Role	Status	Completion Date
Fort Collins Housing Authority	FCHA Scattered Site Stanford St	2 single family rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1992
Fort Collins Housing Authority	FCHA Scattered Site Gallup Rd	11 single family rental units	Families/Physically Impaired	0-30%	None; Public Housing	Completed/Permanently affordable	1976
Fort Collins Housing Authority	FCHA Scattered Site Impala Cr	7 single family rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1976
Fort Collins Housing Authority	FCHA Scattered Site S Impala Dr	4 single family rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1976
Fort Collins Housing Authority	FCHA Scattered Site N Grant Av	6 single family rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1976
Fort Collins Housing Authority	FCHA Scattered Site Park St	4 single family rental units	Families/Physically Impaired	0-30%	None; Public Housing	Completed/Permanently affordable	1976
Fort Collins Housing Authority	FCHA Scattered Site Rams Ln	6 single family rental units	Families/Physically Impaired	0-30%	None; Public Housing	Completed/Permanently affordable	1976
Fort Collins Housing Authority	FCHA Scattered Site Rocky Rd	8 single family rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1976
Fort Collins Housing Authority	FCHA Scattered Site West St	5 single family rental units	Families/Physically Impaired	0-30%	None; Public Housing	Completed/Permanently affordable	1976; 1979
Fort Collins Housing Authority	FCHC Jamith Units Jamith St	14 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1980
Fort Collins Housing Authority	FCHA Scattered Site Erin Ct	8 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site Garfield St	6 single family rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site Laporte Av	2 single family rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHC Scattered Site 701 Mathews St	2 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site Morgan St	1 single family rental unit, 2 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHC Scattered Site 311 N Whitcomb St	1 rental unit	Physically Impaired	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site S Grant Av	2 single family rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHC Scattered Site 331 S Loomis St	2 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979

Developer	Project Name/Location	No./Type of Units	Target Population	Target AMI	City's Role	Status	Completion Date
Fort Collins Housing Authority	FCHA Scattered Site Whedbee St	1 single family rental unit, 2 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHC Scattered Site 519, 717, 718 E Mulberry St	3 single family rental homes	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site E Pitkin St	8 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHC Scattered Site 411 E Plum St	2 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site Emigh St	4 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHC Scattered Site 1206 Montgomery	4 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site Palm Dr	8 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site Pecan St	1 single family rental unit, 2 rental units	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHC Scattered Site 905 Sycamore St	1 single family rental unit	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Scattered Site Wood St	1 single family rental unit	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1979
Fort Collins Housing Authority	FCHA Vista Montana W Plum St	15 rental units	Families/Physically Impaired	30%	None; Public Housing	Completed/Permanently affordable	1980
Fort Collins Housing Authority	Bryan St SF Home S Bryan St	1 single family rental unit	Families	0-30%	None; Public Housing	Completed/Permanently affordable	1989
Fort Collins Housing Corporation	FCHC Leisure Dr Units Leisure Dr	10 single family rental units, 16 rental units	Families	30%	CDBG Acquisition	Completed/Permanently affordable	1982
Fort Collins Housing Corporation	FCHC Mountain Av 366 E Mountain Av	6 rental units	Families	30%	Unknown	Completed/Permanently affordable	1988
Fort Collins Housing Corporation	FCHC Cowan St Units Cowan St	3 single family rental units, 17 rental units	Families	30%	CDBG funding for two separate projects on Cowan St. 1) $30,000, 2) $70,000	Completed/Permanently affordable	1990;1999
Fort Collins Housing Corporation	FCHC Linden SF Home 405 Linden St	1 single family rental unit	Families	30%	SF: CDBG Acquisition	Completed/Permanently affordable	1990
Fort Collins Housing Corporation	FCHC Second St Units Second St	3 single family rental units	Families	30%	CDBG: $15,000	Completed/Permanently affordable	1984;1989
Fort Collins Housing Corporation	FCHC Scattered Site Tenth St	2 single family rental units	Families	30%	CDBG: Amount unknown	Completed/Permanently affordable	1984;1995

Developer	Project Name/Location	No./Type of Units	Target Population	Target AMI	City's Role	Status	Completion Date
Fort Collins Housing Corporation	FCHC Scattered Site E Lincoln Av	1 single family rental unit	Families	30%	CDBG Acquisition	Completed/Permanently affordable	1988
Fort Collins Housing Corporation	FCHC Scattered Site Martinez	1 single family rental unit	Families	30%	CDBG Acquisition, amount unknown	Completed/Permanently affordable	1991
Fort Collins Housing Corporation	FCHC Scattered Site Ninth St	1 single family rental unit	Families	30%	CDBG: $30,000	Completed/Permanently affordable	1992
Fort Collins Housing Corporation	FCHC Scattered Site Alta Vista Dr	2 single family rental units	Families	30%	CDBG: 1) $25,000 and 2) $6500	Completed/Permanently affordable	1993
Fort Collins Housing Corporation	FCHC Scattered Site Buckingham St	1 single family rental unit	Families	30%	Current Rehab Grant	Completed/Permanently affordable	1991
Fort Collins Housing Corporation	FCHC Scattered Site Cherry St	9 single family rental units, 4 rental units	Families/Physically Impaired	30%	CDBG: $15,000	Completed/Permanently affordable	1986;1987;1990; 1993
Fort Collins Housing Corporation	FCHC Scattered Site N Howes St	2 single family rental units	Families	30%	CDBG Acquisition, amount unknown	Completed/Permanently affordable	1991
Fort Collins Housing Corporation	FCHC Scattered Site Maple St	1 single family rental unit, 4 rental units	Families	30%	CDBG: $36,500	Completed/Permanently affordable	1993
Fort Collins Housing Corporation	FCHC Scattered Site N Loomis St	1 single family rental unit	Families	30%	City seizure of home due to drug bust/public nuisance. Drug forfeiture.	Completed/Permanently affordable	1993
Fort Collins Housing Corporation	FCHC Scattered Site Matuka Ct	20 rental units	Families	30%	CDBG: $25,000; Rehab Grant	Completed/Permanently affordable	1985;1991
Fort Collins Housing Corporation	HillCrest, W Mulberry & Impala Cr	1 single family rental unit, 26 rental units,	Families	30%	CDBG: Amount Unknown	Completed/Permanently affordable	1995-1997
Fort Collins Housing Corporation	Sleepy Willow 2000's W Plum St and 900's Glenmoor	95 rental units	Families	10@30%; 85@50%	CDBG: $650,000; HOME: $600,000	Completed/Permanently affordable	June 2002
Fort Collins Housing Corporation	Swallows Nest 1403 Swallow Rd	44 rental units	Families/Physically Impaired	30%	Total funds: $17,897; including CDBG and fee waivers	Completed/Permanently affordable	1997
Fort Collins Housing Corporation	Bryan Units S Bryan St	27 rental units	Families	30%	CDBG $144,000, Fee waivers on construction	Completed/Permanently affordable	1989
Fort Collins Housing Corporation	Stadium West 2217 W Elizabeth St	24 rental units	Families	30%	CDBG: $200,000	Completed/Permanently affordable	1979; 1995
Fort Collins Housing Corporation	FCHC Scattered Site Remington St	2 single family rental units	Families	30%	CDBG: $36,000	Completed/Permanently affordable	1990
Fort Collins Housing Corporation	FCHC Scattered Site E Stuart St	2 single family rental units	Families	30%	CDBG: $54,000	Completed/Permanently affordable	1990;1993
Fort Collins Housing Corporation	FCHC Scattered Site Castlerock St	4 single family rental units	Families	30%	CDBG: $75,000	Completed/Permanently affordable	1997

Developer	Project Name/Location	No./Type of Units	Target Population	Target AMI	City's Role	Status	Completion Date
Fort Collins Housing Corporation	FCHC Scattered Site Stanford St	6 single family rental units	Families	30%	CDBG: $180,000	Completed/Permanently affordable	1992
Funding Partners	Northern Hotel Downtown	47 rental units (40 Elderly, 7 Physically Impaired)	Seniors	Below 50% of AMI	*City Funds: $235,000,General Funds: approximately $617,000	Completed	November 2001
Marc Hendricks	Fox Meadows Horsetooth & Timberline	62 rental units	Families	50% to 60% of AMI	Private Activity Bonds: $2,756,250	Completed	December 2001
Mercy Housing, Inc.	Springfield Court 3851 Taft Hill Rd	63 rental units	Families	Below 50% AMI	Impact Fees waived	Income restricted until at least 2012	1997
Neighbor to Neighbor	Azalea Drive 1620 Azalea Dr, #A-H	8 rental units	Families	4 units below 35% AMI, 3 units below 50% AMI, 1 unit below 10% AMI	CDBG: $191,740, Home: $18,664.74*	Permanently affordable as long as owned by Neighbor to Neighbor	1998
Neighbor to Neighbor	Aztec Drive 713 Aztec Dr	4 rental units	Families	Families must be homeless	Home: $1,626.25*	Permanently affordable as long as owned by Neighbor to Neighbor	1990
Neighbor to Neighbor	Coachlight Plaza 1550 Blue Spruce Dr	68 rental units, Project Based, Section 8	Families	Below 50% AMI	CDBG: $404,559, Home: $92,250	Permanently affordable as long as owned by Neighbor to Neighbor	2000
Neighbor to Neighbor	Conifer Street 613 Conifer St	4 rental units	Special Needs	Below 50% AMI	CDBG: $138,222, Home: $16,950	Permanently affordable as long as owned by Neighbor to Neighbor	2001
Marc Hendricks	Fox Meadows Horsetooth & Timberline	62 rental units	Families	50% to 60% of AMI	Private Activity Bonds: $2,756,250	Completed	December 2001
Neighbor to Neighbor	Conifer Street 619 Conifer St	4 rental units	Families	2 units below 50% AMI, 2 units below 30% AMI	CDBG: $100,000	Permanently affordable as long as owned by Neighbor to Neighbor	2001
Neighbor to Neighbor	Crabtree Drive 2405 & 2413 Crabtree Dr	8 rental units, Section 8, Mod Rehab	Families	Below 50% AMI	None	Permanently affordable as long as owned by Neighbor to Neighbor	1988
Neighbor to Neighbor	Palm Street 1721 Palm St	4 rental units	Families	Families must be homeless	Home: $5,061.85*	Permanently affordable as long as owned by Neighbor to Neighbor	1990
Neighbor to Neighbor	University Avenue 1324 University Av	3 rental units	Families	Below 50% AMI	Home: $9,947.16*	Neighbor to Neighbor sold this property on	1987

Developer	Project Name/Location	No./Type of Units	Target Population	Target AMI	City's Role	Status	Completion Date
						December 12, 2003 to the Archdiocese of Denver	
Neighbor to Neighbor	Clearview Dr 2404 Clearview Dr	8 rental units	Families	4 units below 50% AMI, 4 untis below 30% AMI	CDBG: $160,000; HOME: $20,000	Permanently affordable as long as owned by Neighbor to Neighbor	May 2003
Sibbald	Rose Tree Village 3436 S Shields St	120 rental units	Families	Below 60% AMI	CDBG: $132,350; Low Income Tax Credit	Completed/Permanently affordable	1995
Sibbald	Willow Grove Village Apts 1025 Cunningham Dr	54 Rental Units	Families	60% AMI	N/A Tax Credits	Completed	1991
Sibbald	Hickory Hill 3425 Windmill Dr	91 Rental Units	Families	60% AMI	N/A Tax Credits	Completed	1992
Simpson Housing	Reflections SEC of JFK & Troutman	72 rental units	Seniors	50% to 60% AMI	Discounted property from city, City Funds: $200,000, Priority Processing, Development Plan Fee Waiver, Delay of City Development Fees, Rebate of Sales and Use Tax	Completed	March 2001
Simpson Housing	Woodlands 1025 Wake Robin	112 rental units	Families	50%	Home: $300,000; Rebate; State pass thru of $613,000 for acquisition	Completed	June 1997
Simpson Housing	Woodbridge Apartments 1508 W Elizabeth St	50 rental units	Seniors	Below 40% of AMI	Priority Processing, Development Plan Fee Waiver, Delay of City Development Fees, Rebate of Sales and Use Tax, *City Funds: $250,000 for fees	Completed	April 2002

Inventory of Affordable Housing within the Fort Collins GMA – Owner-Occupied

* City Funds are defined as CDBG, Home and Affordable Housing Funds. ** Fort Collins Housing Authority (FCHA) is the property management agent for Fort Collins Housing Corporation (FCHC).

Developer	Project Name/Location	No./Type of Units	Target Population	Target AMI	City's Role	Status	Completion Date
Advocate, Inc.	Appaloosa at Lory Ann Estates Cuerto Ln	14 townhouses for sale	Families	80%	Impact fee delay and potential Rebate, some marketing guidance	14 Completed and sold.	1999
Fort Collins Housing Authority	Via Lopez 500-600 11th St and 1100's Lopez Ct	33 owner units	Families	20%-80% AMI	CDBG: $374,976; Rebates: $80,931; HOME: $330,000	Completed	2000
Habitat for Humanity	Habitat Homeowners Citywide	24 Owner Units	Families	Below 50%	CDBG Funding for land $452,569	Completed	1993-2003
KB Home	Provincetowne Lemay and Trilby	255 affordable units (First Phase 141 units)	Families	30% of units below 80% of AMI (255 affordable units or 30% of project); 141 affordable housing units in First Phase	Discounted property from the City, Priority Processing, Development Plan Fee Waiver, Delay of Development Fees, and Sales and Use Tax	Completed First Phase	First Phase 2004
The Brandt Company	730 Ponderosa Dr	14 single family homes for sale	Families	80%	Support for CHFA set-aside of low interest mortgages.	Completed	1999
The Resource Assistant Center (TRAC)	Parkway Townhomes 4315 JFK Pkwy	12 townhomes for sale	Families	40%-80% of AMI	CDBG: $189,504	Completed, now managed by FCHA	March 1998
The Resource Assistant Center (TRAC)	San Cristo 10th St and Romero	10 owner units	Families	Below 50% AMI	CDBG Acquisition Funds: $50,000. HOME: $260,000.	Completed	1994

Inventory of Affordable Housing within the Fort Collins GMA – Transitionary and Assisted Living

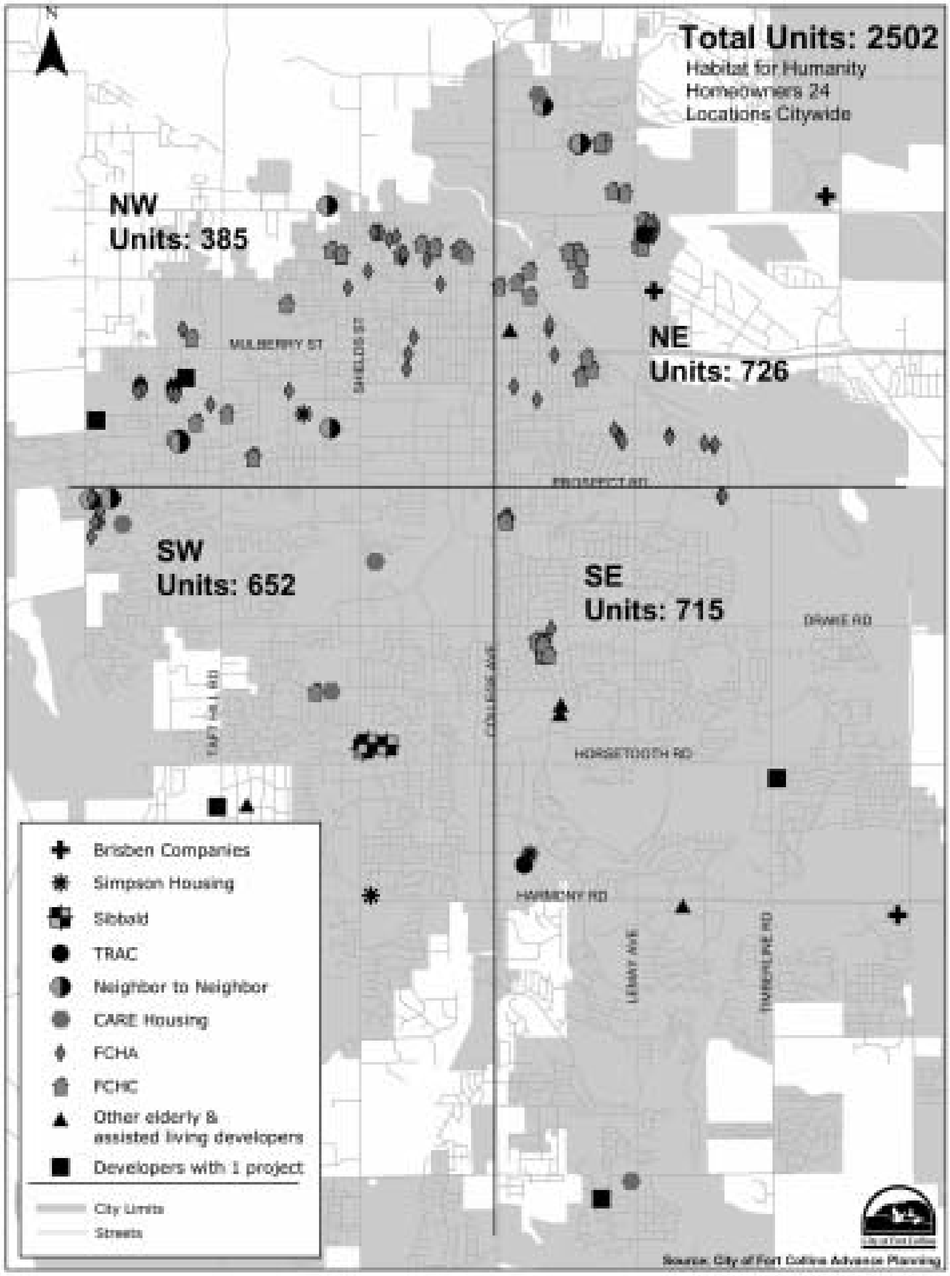
* City Funds are defined as CDBG, Home and Affordable Housing Funds. ** Fort Collins Housing Authority (FCHA) is the property management agent for Fort Collins Housing Corporation (FCHC).

Developer	Project Name/Location	No./Type of Units	Target Population	Target AMI	City's Role	Status	Completion Date
Bethaphage	Bethaphage 1904 Westfield Dr	5 SRO rental units	Physically Impaired	30% and below	CDBG: $111,900, Deferred Loan	Completed/Permanently affordable	Feb 2001
Fort Collins Housing Corporation	FCHC 1st Street 300 1st St (Homecoming)	11 SRO units for rent	Singles	0-30%	None	Completed/Permanently affordable	1997
Fort Collins Housing Corporation	FCHC Myrtle Court 811 E Myrtle (Homecoming)	15 SRO units for rent	Singles	0-30%	CDBG: $300,000	Completed/Permanently affordable	1996
Fort Collins Housing Corporation	FCHC Linden St Units 252 Linden St	15 SRO units for rent	Singles	Homeless, or near homeless to 30% AMI	15 Rental Units: Rehab-1986-Revenue Sharing	Completed/Permanently affordable. Five yr lease extensions, current lease expires 2006.	1986
National Healthcare Associates	Residence of Oakridge East of Wheaton in the Oakridge Business Park	22 assisted living rental units	Assisted Living	30% to 50%	Private Activity Bonds: approximately $2.3 million	Completed	December 2001

Inventory of Affordable Housing within the Fort Collins GMA - Affordable Housing Unit Totals

Rental Unit Total	2186
Owner-Occupied Unit Total	248
Transitionary/Assisted Unit Total	68
Affordable Housing Unit Total	**2502**

Map 1 | Existing Affordable Housing



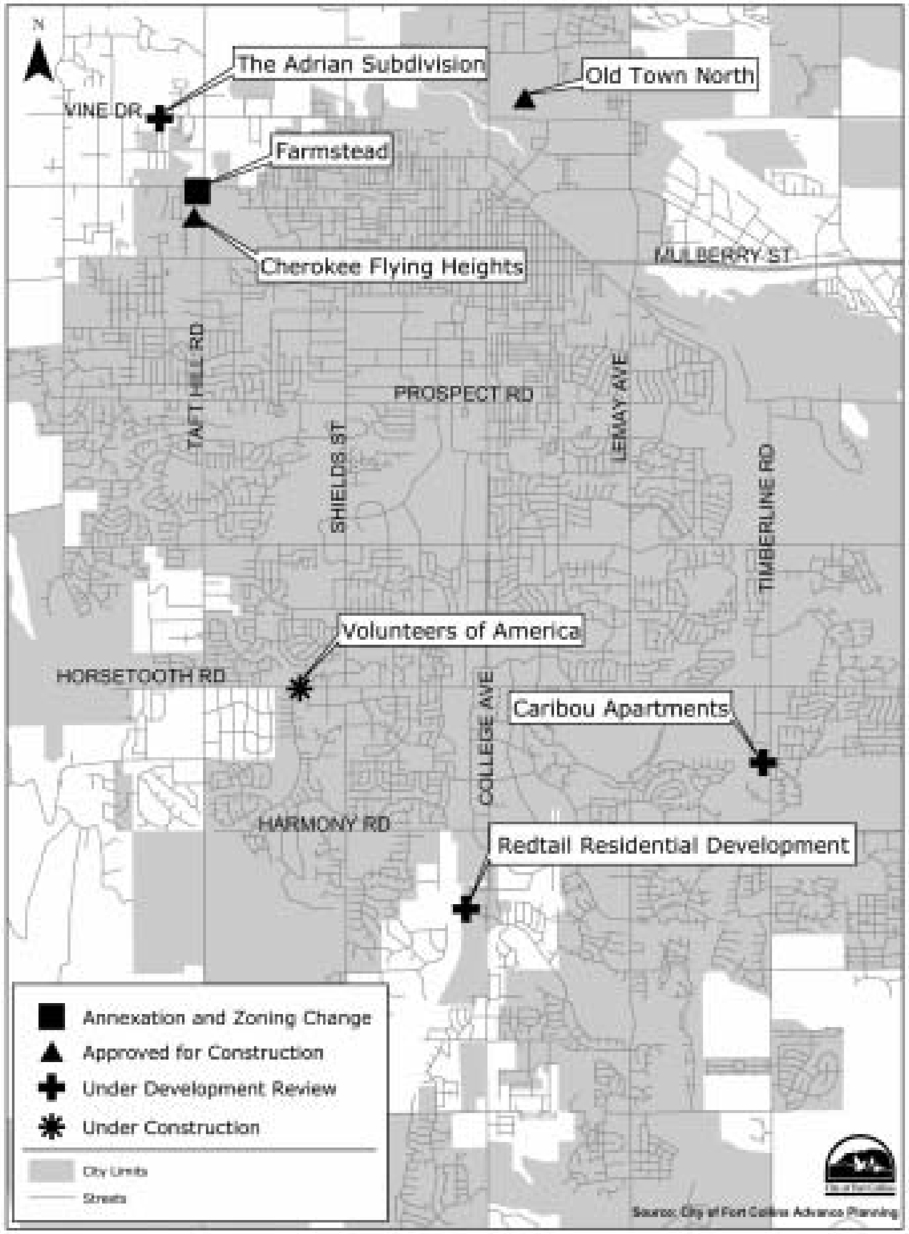
Appendix II – Status of Affordable Housing within the City of Fort Collins GMA

As of October 2003. *City Funds are defined as CDBG, Home and Affordable Housing Funds

Project Name and Location	Developer	# of Units Type of Units	Target Population	Target AMI	City Incentive/Subsidies	Status	Completion Date
Adrian Subdivision SE Corner of Vine and Impala Dr	Mikal Torgerson	20 rental units	Families	Below 80% AMI	Priority processing and development fee waiver	Under Development Review	2005
Caribou Apartments SW Corner of Caribou and Timberline	Marc Hendricks	192 rental units	Families	14 units below 50% AMI, 73 units below 60% AMI	Private activity bonds: $4.5 million	Under Development Review	2005
Cherokee Flying Heights 105 S Taft Hill Rd	Mikal Torgerson	19 owner/rental units	Families	19 units below 80% AMI	Priority processing	Approved for Construction	2005
Farmstead Laporte Av and Taft Hill Rd	Mikal Torgerson	24 owner units	Families	3 units below 80% AMI	Priority processing and development fee waiver	Annexation & Zoning Change	2005
Old Town North NE of Vine and College	Monica Sweere	219 owner units	Families	44 units below 80% AMI	None (assisted by State DOH)	Approved for Construction	2005
Redtail Residential Development* Between Trilby Rd and Harmony Rd, west of College Av.	Lagunitas Company	78 condo units	Families	Below 80% AMI	Priority processing and development plan fee waiver	Under Development Review	2005
Volunteers of America 1401 W Horsetooth Rd	Volunteers of America	60 rental units	Seniors	60 units below 50% of AMI	*City funds: $540,000, priority processing	Under Construction	2004

*Project was cancelled in April 2004.

Map 2 | Proposed and Under Construction Affordable Housing



Appendix III – City's Affordable Housing Program Summary

Program Name	Program Descriptions	Target for Affordable Rental	Target for Affordable Home Ownership	Minimum % of Units Affordable
Adopting Affordable Housing Policy Resolution 92-155	Develop a comprehensive policy statement that defines role and responsibilities with respect to affordable housing.	N/A	N/A	N/A
Priority for Use of Private Activity Bond Resolution 2000-150	Establishes affordable housing as the City's highest priority in the use of year 2001 Private Activity Bond allocation.	Maximum gross rent is 30% of 80% AMI	N/A	45% of units at 60% AMI or 25% of units at 50% AMI and the remainder at market rate
Revised Affordable Housing Programs and Definitions Ordinance #19,1999	Revising definition of affordable housing project and affordable housing unit for rent and sale, revising development review fee waiver provision and impact fee delay program	Maximum gross rent is 30% of 80% AMI	Pays no more than 38% of 80% AMI for PITI, utilities and homeowner fee	10% of the units affordable
Rebate of Sales and Use Tax Ordinances #191,1999 Sunset 2001	Establish a program for rebate of the City's sale and use taxes for materials used to build affordable housing	Maximum gross rent is 30% of 80% AMI	Pays no more than 38% of 80% AMI for PITI, utilities and homeowner fee	10% of the units affordable
Impact Fee Delay Ordinances #66,1994 and #147,1996	Delays payment of fees until CO or 12/1 of the year building permit issued. $50 administration fee due with building permit. No letter of credit or other security required. Applies to: Water PIF, Sewer PIF, Water Rights Acquisition, Street Oversizing, Storm Drainage Basin, Neighborhood Parkland, Community Parkland Capital Expansion fee (CEF), Library CEF, Police CEF, Fire CEF, General Government CEF	Maximum gross rent is 30% of 80% AMI	Pays no more than 38% of 80% AMI for PITI, utilities and homeowner fee	10% of the units affordable
Development Review Fee Waiver Ordinance #27.1994	Applies to Development Review Fees authorized in Section 2.2.3 (E) of the Land Use Code (paid at time of project submittal to Current Planning)	Maximum gross rent is 30% of 80% AMI	Pays no more than 38% of 80% AMI for PITI, utilities and homeowner fee	10% of the units affordable
Priority Processing Directive of the City Manager	Expedited development review, utility plan review, development agreement, building permit approval, and building inspections	Maximum gross rent is 30% of 80% AMI	Pays no more than 38% of 80% AMI for PITI, utilities and homeowner fee	10% of the units affordable

Appendix IV – Summary of Public Comments and Responses from the Affordable Housing Board

1. Chadrick D. Martinez, CARE Housing, via email on 04/26/04

In general, I think the plan incorporates a broad perspective of both AMI priorities and housing options. One area that is noticeably absent is the homeless population. Although temporary shelter is not considered a long-term solution to our affordable housing crisis, it still is a temporary solution to individuals and families in a housing crisis. Shelters are instrumental in helping to stabilize clients as they move from homelessness into transitional or permanent housing.

Housing Production: Although, I would agree that the city "has been proactive in identifying and securing sites for future affordable housing production," the availability of land for developments of 50 or more units continues to be difficult. The report does address the lack of available land as an issue, but does not speak of the land bank program as a possible solution. I would like the city to consider releasing land bank sites that are in areas where development has caught up. As you are aware, it takes 18-24 months to develop a site from inception and completion. By holding the land for such a long period of time, future developments on the sites may be 7-12 years down the road. During this time land cost will continue to increase, thus limiting the city's ability to buy future sites, while the need for affordable housing will continue to reach crisis numbers. Moreover, parcels that are now in the heart of new development will face increased NIMBY opposition as neighborhoods develop and mature around the sites. If these sites are developed in unison with new neighborhoods, it follows that the affordable housing development and development's residents will be more likely accepted into the neighborhood.

I would agree that the city needs to continue to examine regulatory concerns, but I think they also need to look closely at adding new regulations that may increase the cost of development for affordable housing (e.g. soil enhancement, radon systems, etc.).

Given that 48% of the jobs in Fort Collins are filled by the service and retail sectors, the subsidy per unit to address this target market may need to be increased. In addition, developers may need to vary their unit mix (30-60% AMI) to reach cash flow projections. As such, they should not be penalized for having a portion of their units at the 50% or 60% level.

Response to Chadrick D. Martinez:

The Needs and Strategies report addresses permanent affordable housing need for extremely low and very low income households in Fort Collins. The report is not intended to be a homeless report, although great effort was taken to identify the housing needs of special populations, including the homeless. The City's Consolidated Plan addresses homeless housing needs and services. In addition, the City's CDBG program has provided resources for homeless programs and facilities to support the Continuum of Care for families and individuals to transition from shelters to permanent affordable housing in Fort Collins.

The concept of the Land Bank is to purchase properties at market prices, hold them for the long term, and sell them at a discount price to an affordable housing developer while at the same time recouping costs by the City. The proceeds of a sold land bank property would then be invested in more land. This most often means purchasing property that is not currently ready for development due to lack of utilities, roads, parks, etc. The length of time the Land Bank should hold a property will vary from property to property depending upon the inflation of land prices, suitability for development, etc. We don't believe that in any case we should sell a land bank property in less than five years.

The Affordable Housing Board is very sensitive and balanced in reviewing regulations that increase the cost of housing, which is reflected in the Needs and Strategies report. The Affordable Housing Board carefully reviews regulations that might impact affordable housing opportunities and forward those comments to City Departments and Council. At the same time, the AHB attempts to balance the concerns for health and safety standards for the community in relation to increased regulation costs.

The report identifies that some affordable housing projects targeting a variety of income levels (30% to 60% AMI) may need additional subsidies beyond the average subsidy of $7,400 per unit. These projects and their target populations, extremely low and very low income households, will be evaluated on a case by case basis in the Competitive Process.

2. Julie Brewen, Fort Collins Housing Authority, via email on 04/26/04

Current market condition of high unemployment and vacancy rates may indicate a need for flexibility in addressing affordable housing needs with Tenant-based Rental Assistance (TBRA), in addition to new production.

Response to Julie Brewen:

Flexibility is an important consideration in addressing permanent affordable housing needs. It is acknowledged that a TBRA program should be considered for addressing affordable housing needs when difficult market conditions exist. This program will be noted in the report.

3. Karen Peterson, US Department of Housing and Urban Development, via email on 04/15/04

The Priority Affordable Housing Needs and Strategies Report meets the requirements for the federal Consolidated Plan. However, in terms of format, HUD would request that the information be organized with respect to HUD's Consolidated Plan outline.

Response to Karen Peterson:

This report is a City document and not intended to meet the outline of the federal Consolidated Plan. It is good to know that the information in the document can easily be transferred into HUD's outline and meet the Consolidated Plan requirements.

4. Margaret Long, Larimer County Office on Aging, via email on 04/23/04

I think you might want to say that the low income housing you list are examples -- there are other low-income complexes in Fort Collins. Also, the new VOA project will be opening soon. I also did not note anything about urging that new housing be built with universal design so that aging in place is more feasible.

Response to Margaret Long:

The report discusses specific housing projects that serve special populations, such as seniors, family households, etc. In addition, the report is comprehensive; all of the existing income restricted affordable housing projects in Fort Collins are listed in the Appendix I. Appendix II provides a list of all affordable housing projects in process and VOA is part of this list.

Staff believes universal design is important and that this concept should be encouraged in new housing. However, universal design has been associated with increased costs for affordable housing and housing overall. A policy and/or statement will be included in the report that addresses this issue.

5. Dave Lingle, Planning and Zoning Commission, via email on 04/16/04

I think there should be some listing of quality of life issues in the report—things like the livability of the units acquired or created, the quality of the site planning that goes into new development, privacy, defensible space, pride of homeownership, etc.

Response to Dave Lingle:

As you know, City Plan deals a lot with quality of life issues, such as urban design quality and community services as related to affordable housing. Standards for affordable housing are governed by either the City's building code and/or Section 8 Housing Quality Standards from the Department of Housing and Urban Development. The City has developed some very specific guidelines to address quality of life issues in the "Fort Collins Design Manual," which the City believes promotes pride of homeownership. This manual provides developers with a blueprint of how to build quality housing.

Our primary focus in this document is developing strategies to help produce housing for extremely low and very low income households in Fort Collins.

6. Nancy Johnson, Disabled Resource Services, via email on 04/27/04

I found this report to be comprehensive and well written. It was filled with valuable information from a research viewpoint plus it was interesting to read. Excellent work!

Additional comments are in order concerning Part I, in the Disabled section starting on Page 51, regarding a statement that Aid to the Needy Disabled (AND) are $269. That's the amount it was during spring 2003. Since then, it dropped to a low of $135 July 1, 2003 and then was raised to $180 effective January 1, 2004. This clarification may be important to include in the report because of the extreme poverty in which people on AND live since these cuts were made.

You may find it useful to include in the report that Disabled Resource Services was one of the ten Centers for Independent Living in Colorado that participated in a pilot project awarded to six states by the Federal government in 2002 to get people with disabilities and also on Medicaid out of nursing homes and into community based residential living. (The project, called Nursing Facilities Transition actually got underway in April 2002.)

As of December 2003, Disabled Resource Services had gotten 8 people out of nursing homes. All required some type of subsidized housing to make living in the community affordable and also needed some level of home care assistance. Successful transitions must include these other pieces (housing and home care) in order for this project to work. The savings to the State has been terrific in that $1200 is saved per month per person on those who now live in the community compared to living in a nursing home. In fact, HB04-1219, the Community Transition Services bill, is on its way right now to being signed by the Governor to continue this service in Colorado indefinitely. Over 100 people statewide have benefited from this pilot project and its services. For it to continue to be successful under Community Transition Services as it will be called effective July 1, 2004, there will need to be sufficient affordable housing stock available that is also accessible.

It is equally important to explore developing age appropriate housing with skilled care services in order to create options for young people with disabilities who are unable to leave nursing home settings where they currently reside with frail elderly people.

I hope these comments are useful as you put the finishing touches on them in this report. Thank you for the opportunity to comment.

Response to Nancy Johnson:

At the time staff collected the data, the cash assistance for aid to the Needy Disabled was $269 a month. Staff will update this number to the current figure of $180 effective January 1, 2004.

Staff will include information from Disabled Resources on the ten Centers for independent Living in Colorado in the report

In addition, a statement on age appropriate housing for youth with disabilities will be incorporated in the study.

7. John Kefalas, Catholic Charities of Northern Colorado via email on 04/27/04

Overall, I give this report high marks because it is very comprehensive in the information that it provides through the concise charts, tables and graphs; excellent summaries and specific recommendations.

This report does a very complete and accurate assessment of current local, state and federal affordable housing resources and does a nice job explaining such complex things as private activity bonds and low-income housing tax credits. This report also shows what the funding and resource gaps are in terms of achieving the 10-year production goals.

It is also helpful that this report explains that the estimate on affordable housing rental and homeownership need is based on 2000 Census and HUD data and that consideration is given to how student households impact the local housing picture.

The descriptions of the target groups are helpful and accurate.

Overall, I support your recommended goals and agree that based on the identified affordable housing need available City resources should be distributed according to your formula - 65% for rental housing with higher priority going to <40% AMI, and 35% for down payment assistance.

A few comments/questions that I would offer are the following:

Why is the minimum number of years to maintain publicly assisted housing as affordable set at 20 and not 30?

Have we given up on instituting any kind of inclusionary zoning ordinance?

Can the master land use plan be more specific regarding the jobs-housing element?

What about incorporating universal design and energy efficiency into your higher priority and Competitive Process criteria?

On page 11, the graph shows the 2000 median price of a single family home as $169,600 and on page 13 the median price is noted as $168,810. Why the discrepancy?

On page 51, your reference to AND states the monthly cash assistance amount as $269, but as of 7/1/03, due to budget cuts, the average amount was closer to $125 per month

Regarding emancipated and homeless youth, there is no reference to Wingshadow and its shelter for homeless youth. I suppose this is because they came on-line in the fall 2003.

I would like to see stronger language on homelessness goals – permanent supportive housing production goals and a specific 10-year plan to end homelessness in our community like other cities are doing.

This is an excellent and very helpful resource to the community as well as those of us who advocate for more affordable housing opportunities. Thank you.

Response to John Kefalas:

Although the City minimum affordability benchmark is 20 years, many of the projects assisted by the City have much longer affordability periods of 30 and 40 years, due to tax credit funding, other more restrictive funding in the project, or the non-profit agency mission is to provide permanent or long term affordable housing. In reference to the City's two federal funding sources, the HOME program has only a 5 year minimum affordability period and the CDBG program has no minimum affordability period. The 20-year affordability is in City Ordinance No. 19, 1999, and it states that an affordable housing project must have at least ten (10%) of dwelling units or spaces as affordable. An affordable housing project receiving City incentives or financial consideration must meet this criterion. It was decided by City Council in adopting the original 1999 Needs and Strategies report that a 20 year affordability period was a fair benchmark to receive City assistance.

The inclusionary zoning program is still a viable option that City Council might consider in the future.

The City's Comprehensive Plan (City Plan) as related to jobs-housing balance is outside the scope of this report.

A policy or statement on universal design will be incorporated into the report. In the past, we have not received any projects in the Competitive Process with an energy efficiency component that would give priority to projects.

The first median housing price is based on 2000 Census, and the other number is a local estimate at that time. Staff will correct the discrepancy in the report.

Again, at the time staff collected the data, the cash assistance for Aid to the Needy Disabled was $269 a month. Staff will update this number to the current figure of $180 effective January 1, 2004.

The Wingshadow shelter for homeless youth (the Wing) came on line after the time information was collected for this report. A brief statement will be incorporated in the report recognizing this program in the appropriate section.

The Needs and Strategies report addresses permanent affordable housing need for extremely low and very low income households in Fort Collins. The report is not intended to be a homeless report, although great effort was taken to identify the housing needs of special populations, including the homeless. The City's Consolidated Plan addresses homeless housing needs and services. In addition, the City's CDBG program has provided resources for homeless programs and facilities to support the Continuum of Care for families and individuals to transition from shelters to permanent affordable housing in since 1975

8. Michelle Jacobs, Home Builders Association of Northern Colorado, via email on 04/28/04

The report, Priority Affordable Housing Needs and Strategies, appears to be very comprehensive. The City has taken the effort to include every conceivable population that may have a housing need, and to some degree addresses strategies. Breaking down the income level to 40% of the Area Median Income goes beyond what most communities consider. It is a bold statement that people living in an area such as Ft. Collins cannot afford to live here even with that income.

One would assume that addressing the community's needs for housing its residents, and plotting strategies, that action would be taken to solve this dilemma. However, the lack of affordable housing is a statewide, and national, problem that most communities only pay lip service to actual solutions.

Unique to Ft. Collins is the lack of housing for college students. What solutions has the City approached Colorado State University for housing their students? Until this has had serious discussion, and appropriate measures agreed upon, the gap of attainable and unattainable continue to grow monthly.

In addition, the most costly part of building shelter for families in Northern Colorado is the cost of land development. While municipalities acknowledge this, they are not willing to do anything about it. Until the process of reviewing a development application can be cost-efficient, housing prices will continue. True, affordable housing projects are "fast tracked" through the process, but the difference in the timeline is absent from this report. There is a strong argument for quickening the process for all development review, thereby reducing the cost of all housing units (retard the ever-widening gap of market-rate vs. affordable).

Regulations are mentioned in this report, but only to the extent they exist. The affordable housing proponents seem to only appear when grant or general fund monies are to be distributed. They do not seem to understand the correlation between continued regulations and the cost of housing. For those who believe there is a need to house all residents in the City, it may be prudent to engage in discussion with City staff, management and Council, on reducing the amount of regulations placed on all homes built. Again, retarding the gap between market rate and "affordable" is important.

The lengthy development review process and the large amount of development and building fees are only briefly mentioned in this report. It would be prudent of the City to fully embrace this, and make adjustments were possible, and necessary. Simply expecting one particular industry to solve the problem created by the municipality is not representative government.

At one point in our community's recent history, renting was considered transitional before becoming a homeowner. Today's rental market does not allow families to rent an apartment, while saving for the down payment on a home. Homeownership promotes community, but that becomes less and less a reality each day for families in Ft. Collins. With escalating rent prices, apartment dwelling is not a transition to ownership. Again, this is in part due to the lack of housing available to local college students.

While the public should always be kept informed of what its government is doing, it would be well to educate that public on land uses, property rights, and being good neighbors themselves. The Not In My Back Yard, NIMBY, syndrome is far reaching, and usually the downfall of a good affordable housing application. This scenario has been present many times in Ft. Collins public hearings.

How does staff prepare to address these questions? It is a complete waste of money and time to go through the entire process, meet all the City's requirements, pay the millions of dollars to have the development engineered, etc. then have the process stopped at the Council chambers. What is staff prepared to do to help gain approval of these applications?

This Needs and Strategies report is lengthy, but comprehensive. However, without addressing the real problems of the lack of affordable housing, these strategies may not have the strength necessary to do any good. This report goes into detail each segment of the population that may require housing. Yet, the report does not detail WHY there is such a need in a community like Ft. Collins. Until the City of Ft. Collins truly acknowledges the reasons housing costs are so extreme, it is unlikely the problem will have anything more than "band-aid" solutions.

Response to Michelle Jacobs:

In the past, the private market has addressed the need for student housing and this trend will probably continue. In 2001, CSU hired a consultant to look at student demand for housing over the next 10 years. The demand for student housing will increase significantly, and more than likely impact the overall housing market in Fort Collins in the future. At present, with higher than normal vacancy rates, students and low-income families have many affordable rental housing options. CSU is also building on-campus student housing, for the first time in many years, to address this concern. Staff is not aware of any discussions taking place between the City and CSU on student housing.

Current Planning has implemented a faster timeframe to get projects through the development review process as of September 2003. A development project can be submitted with 50% engineering design as compared to 90% engineering design previously. The City has guaranteed turn around times for project submittals, which are 4 weeks for the first round and 3 weeks for the second round. Few other communities in the region have stepped up to the plate to guarantee turn around times for development projects. In addition, the modification to standards is an administrative process versus going to the Planning and Zoning Board for approval. These recent changes save time and money for the development community.

The AHB is very sensitive to the need for public education for citizens and policy makers in understanding the issues surrounding affordable housing. The AHB provides policy positions on affordable housing issues to City Council and has actively gone out into the community to talk with various organizations.

As mentioned, the City is taking steps to reduce the development review time. Development and building fees reflect the specific impact that a project has on the community in terms of services, facilities, and infrastructure. The fee structure is based on the cost of providing services, and the corresponding impacts of expanding services and facilities in the community. The City's fee structure for development and building fees is comparable to other communities and in many cases lower. However, a thorough discussion of this topic is beyond the scope of the report.

In reality, rents have remained relatively flat recently. However, the City recognizes that families have a difficult time saving downpayments to become homeowners. The City has a program for first-time home buyers to help with downpayment. In 2003, the City's program assisted over 100 families.

The City recognizes that there is opposition to many affordable housing projects. As part of the development review process, staff encourages developers to present their projects to the surrounding neighborhoods in a public forum setting to allow for community input. The meetings are attended by the Current Planning, Advance Planning and Neighborhood Resource staff to help facilitate the goals, design standards and benefits the developer's project would offer to the neighborhoods. This has been a very successful approach for many developers willing to face community opposition and to build consensus for affordable housing in impacted neighborhoods.

Generally, the City is making every effort to address affordable housing concerns. Fort Collins is a very attractive community, with a high quality of life, which appeals to the existing population and many families relocating to the area. As the overall demand for available housing outpaces the supply, Fort Collins will face additional challenges to maintain an adequate supply of affordable housing for extremely low and very low income households.

9. Randolph E. Ratliff, Larimer Center for Mental Health, via letter on 04/27/04

Thank you for the opportunity to review and provide comment on the Priority Affordable Housing Needs and Strategies report for the City of Fort Collins. I found it to be a comprehensive and insightful review of the needs, resources and gaps in affordable housing in our area.

On behalf of Larimer Center for mental Health, I look forward to continue to work with the City of Fort Collins in the creation and support of more supportive and transitional housing for people with mental illnesses and hope that this need becomes a priority goal in the near future.

Response to Randolph E. Ratliff:

Staff appreciates the kind words from the Larimer Center for Mental Health. Great effort was taken by staff to identify the housing needs of special populations.

10. Joe Rowan, concerned citizen, via email on 04/25/04

Overall, I believe staff has conducted a very thorough examination of conditions that existed since the time of the 1999 study, intervening evolution and recognition of opportunities, resources, and constraints that currently exist. I applaud specific reference to the role of the City in addressing housing supply at all levels, including the detrimental effects of certain regulatory and procedural hurdles that have both direct and indirect impacts in excess of community-wide benefit. As well, there is a higher and greater role the private sector (for-profit and non-profit) should assume in addressing housing issues, whereby the City exercises its responsibilities as agent for the entire community, first, and foremost. In leadership, the City demonstrates greater credibility to enlist higher participation from the private sector, maximizing non-monetary incentives and reserving direct, significant public investments for our very-low income population.

The presentation of "Recommended Goals" (preface xi) is confusing. While I understand the listing of 'Rental Production', 'Homebuyer Assistance', 'Ownership Production', and 'Preservation' is intended to show the full slate of potential activities, it would appear to the casual reader as a hierarchy. Clearly, assisting renters between 50 - 80% AMI is not a priority for the City, as amplified throughout the report, but the reader would need to digest the entire report to discover the recommended order of priority. More likely, convenience will win out and the wrong message will be delivered.

Within the Executive Summary, staff reiterates support for the benchmark subsidy of $7,400 per rental unit to demonstrate local support for a project, recognizing that it isn't nearly sufficient to bridge the affordability gap. Part III expands on the summary but fails to differentiate the benchmark from any random number. Certainly, there was greater consideration than the report provides, without explanation for which I'm afraid credibility of observations and conclusions of the entire report are compromised. The same can be said of the benchmark for single-family subsidy. Furthermore, the danger of establishing a benchmark is that it doesn't take into account particular conditions associated with any given project, which deserves more emphasis in the summary. The reader might erroneously assume the stated objective of focusing resources on the rental market below 40% AMI can be achieved at the $7,400 per unit level. Again, the reader would need to digest the entire report to discover the disclaimer that is provided in Part III.

While I understand the desire to compare the rental market conditions within Fort Collins to other communities included in the CDOH survey, the untrained reader might incorrectly suspect parallels among the markets listed. Certainly your resource for this information is rather limiting, even though it may offer some insight on extraneous factors observed in other markets that may in turn affect local conditions, I believe any conclusions or inferences drawn from that information would prove coincidental and lacks empirical substance. It's great filler, but of marginal value to the final report. Perhaps we could either: preface the statistical presentation with much greater emphasis that the data is not intended to draw correlations between disparate markets, but as general reference points for interpreting local conditions; or, move the comparative references to the appendices; or, both. At the very least, there should be some validation for its inclusion offered to the reader.

The discussion of suitable land availability is not adequately treated as a factor in the production or preservation of affordable housing stock (Page 30). As the single largest expense item in most development plans, some discussion of the cumulative effects of land use definitions and constriction of supply, along with specific recommendations to alleviate such factors should bear greater weight in assessing challenges and opportunities for implementing the recommendations of this report.

Discussion of inconsistencies between City Plan, the Land Use Code and the development review process would also provide greater insight into the challenges of implementing a coherent housing strategy for the community. To wit: Neighborhoods have exercised far greater control over size, scope and location of housing development than governing policy; City Plan calls out the need for a variety of housing types and price points throughout the city and in all zoning districts to achieve diversity and proximity. However, the cumulative effects of regulation, neighborhood intervention, development review process, market conditions and impracticality of balancing such factors into every project effectively preclude certain housing types; Housing is often incompatible within heavy commercial and industrial zones (page 80) and should not be considered an acceptable goal within a city-wide housing strategy (too often, housing in such districts is substandard and effectively propagates 'exclusionary zoning'); Density requirements and other factors have effectively precluded the production of both rental and ownership units that are affordable to households with more than 4 members at or below 80% AMI (Ownership units that serve larger households require incomes in excess of 125% AMI).

Inclusion of an itemized development budget for both rental and ownership units (with corresponding timeframe from conceptual review through C/O) would be an invaluable reference for either understanding the effects of our current system versus the previous environment, or dispel the notion that our current system is more onerous. A side-by-side comparison between 1993 and 2003 (for instance) would greatly enhance comprehension of the issue. I believe there is a misperception that rising housing costs are directly tied to market over-exuberance and developer/builder profit motives. Certainly, population growth has its effect, but doesn't fully explain the availability and cost of suitable housing types within Fort Collins.

Should the Old Town North project be specified on Page 38? While the project has achieved some level of support and authorization to move forward, it would be difficult to predict at this time what level and effect that project will have on affordable ownership stock. (The timeline offered in the report is already irrelevant).

The determination offered on Page 40 that shows 33% of all households require some level of public subsidy to achieve affordability is alarming if it's truly plausible. Perhaps qualifications of the statistic or greater empirical support of the statistics that produce this number should be offered to bolster credibility of the report.

Page 77 includes confusing terminology. Used in the context of residential mortgages, "Non-conforming" typically denotes an original loan balance in excess of $333,700 (2004 limit), but is also frequently used to describe "Subprime" and the myriad of non-amortizing, limited documentation loan products for those who may only be marginally qualified to borrow money regardless of income level. The loan products described in the text are better described as "Shelf" or "Portfolio" loan products offered by lending institutions to meet the needs of the low-income home buying market.

Page 79 identifies a higher priority on assisting first-time homebuyers earning below 60% AMI which sounds like a good idea, though the reality is households below 60% AMI do not have sufficient disposable income to assume the financial burden and variability of ownership without significant support mechanisms and a high degree of personal responsibility. While City, county and private sector programs have assisted households earning as little as 25% AMI, those are aberrations. The goal should be couched in terms of studying feasibility of deed restrictions and land trust models for long-term affordability, while providing some measure of wealth building where market conditions allow implementation.

Strategies:
Rental
In calling out the level of City support for rental units serving populations below 40% AMI ($12+m) and populations below 50% ($16+m), it's difficult to determine

whether $28 million in public subsidy is needed to serve the total population below 50% AMI, or if there is a marginal need between 40% and 50% AMI of $4,000,000.
It would appear rehabilitation of existing units carries a very low priority in the overall plan since it receives scant mention. However, implementation at the staff level demonstrates greater recognition of the need to maintain existing stock that is safe and offers decent living conditions. In particular, Section 8 properties and those receiving operational support should undergo more thorough economic feasibility analysis to determine whether rehabilitation or redevelopment is most appropriate to preserve those units. Consideration of extending this level of analysis to private-sector ownership of rental properties may be in the best public interest to avoid property degradation and all the social ills that follow. (I call this re-Brucing).

Ownership
Greater examination of deed restrictions, land trusts and shared equity models should be offered as examples of addressing long-term or permanent affordability for ownership units. However, each approach offers specific benefits and limitations that may be acceptable in certain applications but negligible or detrimental in others. Either way, the usage of such mechanisms should be more carefully examined under 'Strategies.'

Facilitation
Drop the idea of linkage/impact fees as a dedicated funding source for AHF. I could offer a lengthy treatise on the circumspect, and indeed, counter-productive effects of such a strategy, but will limit my comments to simply state that it is contradictory to the ideal of promoting a sustainable level of economic development to address the housing needs of the community.

Response to Joe Rowan:

Assisting rental households earning between 50% and 80% of AMI is a lower priority of the City, as reflected in the report. The market is presently taking care of this housing need. However, when the market recovers to more normal conditions, households in the 50% to 80% AMI range will have greater housing needs, which might need to be addressed through the City's Private Activity Bond funding. Many of these households can become first time home buyers, as long as there is adequate affordable housing, which allows them to save part of their income for a downpayment.

The report states that the $7,400 is an average subsidy. It further states that relatively more funding may be needed for projects that target households at lower income levels. The City funding will not cover the entire affordability gap for most affordable housing projects. The City commits its financial assistance early in the project planning process, by being willing to award funding to projects in the initial stages. This helps developers to leverage the balance of their project financing and identify other gap financing sources.

The comparison of rental markets in other communities to Fort Collins was explained in the report. This information serves as a reference point of how market conditions may have changed since the original 1999 Needs and Strategies report was completed. This report is an update to the 1999 report and the information provides valuable insight about how our market compares to other Colorado communities.

The discussion of land use definitions and constriction of supply is beyond the scope of the Needs and Strategies report. This discussion may be more appropriate for City Plan. In addition, a discussion of the inconsistencies between City Plan, the Land Use Code and the development review process in implementing a coherent housing strategy for the community is also beyond the scope of this document.

Again, as stated previously, Current Planning has implemented a faster timeframe to get projects through the development review process as of September 2003. A development project can be submitted with 50% engineering design as compared to 90% engineering design previously. The City has guaranteed turn around times for project submittals, which are 4 weeks for the first round and 3 weeks for the second round. Few other communities in the region have stepped up to the plate to guarantee turn around times for development projects. In addition, the modification to standards is an administrative process versus going to the Planning and Zoning Board for approval. These recent changes save time and money for the development community.

The Old Town North is an on-going project. Currently, the development agreement is being revised to implement phase one of the project. However, the start date in the report will be revised to the summer of 2004.

The source for the statistic that 33% of households are struggling with housing cost or could benefit from down payment assistance to become homeowners is from the Department of Housing and Urban Development, "Affordable Housing Need-Target

Groups table," based on 2000 Census data. This data reference will be more clearly identified in the report.

The term "non-conforming loan," will be substituted in the report with the term "Portfolio" loan product, as suggested by the comment.

The priority for 60% AMI households to become homeowners is a policy and goal of the 1999 Needs and Strategies report. Staff agrees that it is difficult for households earning 60% of AMI to own housing in Fort Collins.

At this point, it is difficult to determine how many projects will be applying for funding that serve primarily 40% AMI rental units in the Competitive Process. As information becomes available in the future on gap financing needed to address 40% versus 50% AMI rental housing units, staff may need to update the funding levels to support more 40% AMI units.

One of the main goals in the report is to preserve the affordability of existing rental units (page 115). However, the City places a greater priority on adding to the affordable housing inventory with new housing production. New production addresses the growing affordable housing need from population growth and in-migration. Without an emphasis on new production, the City will never be able to meet its future affordable housing needs.

The idea of long term affordability is addressed under the goal "to require new affordable housing units to stay affordable for as long as feasible (page 118). However, staff will add a strategy to examine deed restrictions, land trusts and shared equity models as examples to explore for long term affordability.

At this point, the City will keep its options open to explore the idea of inclusionary zoning, impact fees and other strategies to support affordable housing.

11. Tracy Kile, Neighbor to Neighbor. via email on 04/27/04

On page 53, the following could be added to the end of the 2nd paragraph: "NCAP also collaborates with Neighbor to Neighbor to provide affordable housing to their clients, who are given priority placement in specified affordable units targeted to below 50% AMI." Also, please include our Clearview (eight units) and 2 Conifer (four units) affordable projects to Table 28, page 95.

Finally, thank you. This report is a fantastic tool for the entire community, and I look forward to quoting it as the best source for local affordable housing info around! It is very helpful in demonstrating the need for affordable housing and the innovative and progressive strategies the City uses to support efforts to meet that need. Thank you for your hard work, flexibility and support of Neighbor to Neighbor & affordable housing!!

Response to Tracy Kile:

Staff will incorporate the additional information from Neighbor to Neighbor.