



PLANNING DEVELOPMENT & TRANSPORTATION

# **Affordable Housing Strategic Plan 2010-2014**



# **Affordable Housing Strategic Plan 2010-2014**

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## SECTION 1

### Executive Summary

The purpose of this *Affordable Housing Strategic Plan* is to establish goals and strategies for the City of Fort Collins' affordable housing programs for the five-year period of 2010-2014. Based on the most significant affordable housing needs, four goals have been identified and prioritized as follows:

- 1) Increase the inventory of affordable rental housing units
- 2) Preserve existing affordable housing units
- 3) Increase housing and facilities for people with special needs
- 4) Provide financial assistance for first-time homebuyers

#### 1) Increase the inventory of affordable rental housing units

Fort Collins' highest priority should be to increase the inventory of rental housing units affordable to households earning 50% and below of the Area Median Income (AMI). Within this rental housing category, the first priority is for units for households earning less than 30% of AMI, with a second priority for households earning between 31% and 50% of AMI. According to the *Larimer County Housing Needs Assessment* (completed by Community Strategies Institute in 2009) a deficit of 5,009 affordable rental units was found for the 0-30% AMI level, and an additional deficit of 1,187 affordable rental units was identified for the 31-50% AMI level.



The top picture shows the **Villages on Stanford** before rehabilitation. Fort Collins Housing Authority purchased this privately-owned, multi-family apartment complex originally constructed in 1969.

The lower picture reveals the completed rehabilitation, a stellar example of how to add additional units to Fort Collins' housing inventory. The City contributed over \$1 million to convert the 82 units into permanent affordable housing. This project is also an excellent example of green building breakthroughs new to multi-family housing, including solar reflective roofs, photovoltaic-powered constant flow fans, and a net-zero energy 1,200 square foot clubhouse.



## 2) Preserve existing affordable housing units

City policy mandates all affordable housing units built with public assistance remain affordable for a minimum period of 20 years. As the housing stock continues to age, the City should be vigilant about those projects approaching that 20-year mark. The current number of affordable housing units must remain in the affordable inventory rather than converting to market rate units. Periodic rehabilitation of these units will be necessary so they can compete with other newer units. The *Larimer County Housing Needs Assessment* reports that of Fort Collins' total housing units, 6,262, or 11.8%, were built before 1960. With the number of new building permits showing a sharp decline, and considering the cost of building new affordable units, attention should be given to the rehabilitation of existing units and preserving their affordability for the long-term.

## 3) Increase housing and facilities for people with special needs

This broad category of “special needs” includes homeless people, victims of domestic violence, people with substance abuse issues, persons with physical and mental disabilities, and seniors. These groups often require housing units tailored to their specific needs are not those typically provided by market-driven development. Many times a network of support services is needed to keep these populations stable and independent. A point-in-time study conducted by the Homeward 2020 project in March 2010, found 518 homeless people in Fort Collins, with an additional 617 people at risk of becoming homeless. Another survey conducted by the Poudre School District, also in March 2010, found 808 homeless children attending school in Fort Collins. Larimer County is expected to gain over 35,000 residents between age 62-75 by the year 2025, and over 16,000 age 75+. Many people in these age groups have limitations in mobility and self-care. In Fort Collins, there are 6,675 individuals with a sensory disability, 7,128 with a physical disability, and 6,424 with a mental disability.



CARE Housing is a primary, local, non-profit provider of newly-constructed affordable housing. Windtrail is pictured here and offers 40 units for low income families, and 10 units for low income seniors.



Harmony Road Apartments is a 23-unit accessible, affordable rental project is for very low income adults with physical disabilities built by Accessible Space, Inc.

#### 4) Provide financial assistance for first-time homebuyers

Fort Collins should continue to help first-time homebuyers earning 80% and below of AMI achieve affordable homeownership. Good homebuyer counseling, fixed-rate mortgage products and down payment assistance can assure certain rental households can become homeowners for the long term. Renters who enter homeownership open up rental units and thereby increase the supply of such units. There are 4,550 renter households in Fort Collins with incomes between 51-80% of AMI that could benefit from such homebuyer assistance.

#### About The 2010-2014 Affordable Housing Strategic Plan

This document takes these four goals and layers them on recent data and findings reported in the *Larimer County Housing Needs Assessment*. Strategies, organized as an action plan, and objectives are identified as they relate to the above goals, concluding with recommendations for policies necessary to achieve the goals.



*This Habitat for Humanity home in Rigden Farm helps low income families achieve affordable homeownership in addition to the City's Homebuyer Assistance Program.*



*Volunteers of America's Sanctuary Apartments is a 60-unit affordable rental project offers independent living for seniors aged 62 years and over.*





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## SECTION 2

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### Introduction

The City of Fort Collins remains committed to affordable housing through its ongoing efforts to encourage construction of new affordable rental units, to preserve existing affordable units, to provide first-time homebuyer assistance, and to educate the public about the need for affordable housing. With this philosophy as the foundation, the *Affordable Housing Strategic Plan* was created to establish goals and strategies to direct valuable resources over the coming years. The purpose of this plan is to guide future decisions regarding funding and policy for the development of affordable housing. It is not meant to predetermine dollar allocations or commit the City to certain projects; rather, it provides a flexible framework of prioritized needs so issues may be addressed as they arise.

Affordable housing is a critical asset contributing to the social, economic, and environmental sustainability of a community. The amount of household income required to pay for housing costs dictates the remaining budget. Paying too much for housing necessitates difficult trade-offs between other critical expenses like transportation, food, or medical care. The overall wellbeing of an individual can be significantly improved with stable housing conditions, which leads to more stable families and stable neighborhoods. When a community lacks in affordable housing units, those who work lower-wage jobs are forced to live farther away from their place of employment, known as the “drive until you qualify” phenomenon. That situation leads to increased traffic congestion and associated air pollution for a community, not to mention the economic impact if potential employers who are unable to find workers in a community decide to locate elsewhere.

The City of Fort Collins’ role in the provision of affordable housing can be summarized in four essential components: policy, regulation, education, and funding.

Through its policies, the City creates an atmosphere encouraging a balance of housing types and costs, so all of its citizens can have the opportunity to 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 eliminate barriers to the development of affordable housing. One positive action the City can take is to expedite the process for developing affordable housing. It should review all new and existing regulations that could 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 so that they do not discourage 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 awareness and understanding to the general public, as well as to developers and those who access services, about the benefits of affordable housing to the community. To do that, it needs to thoroughly understand the community's need for affordable housing and must put a face to the people that need such housing. The City should also market the development incentives and financial assistance programs it operates to encourage production or rehabilitation of affordable units.

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

The City of Fort Collins approved its first report, *Priority Affordable Housing Needs and Strategies*, in 1999. Updated in 2004, the report investigated and evaluated Fort Collins' affordable housing inventory, determined existing and future housing needs for low income households, and identified populations with the most urgent need for affordable housing. Based on new data and information, this plan updates the 2004 report and provides a more current framework for new priorities and goals for affordable housing development in Fort Collins.

This plan's foundation is based on the *Larimer County Housing Needs Assessment* prepared by Community Strategies Inc. in September 2009. A copy of this report in its entirety is available on [fcgov.com/affordablehousing](http://fcgov.com/affordablehousing). The *Larimer County Housing Needs Assessment* confirmed Fort Collins is certainly in need of additional units affordable to low income households.<sup>1</sup> Need is determined by a number of factors, including the number of households that are cost-burdened, the age of the housing stock, the number of overcrowded households, and the number of homeless.

The recent real estate downturn has been advantageous for those able to take advantage of low interest rates to buy homes. Many others, however, have lost jobs and can no longer afford prevailing market rate rents. Many low income households are forced to pay much more than they can afford for housing. Those that pay more than 30% of their household income for housing expenses (rent/mortgage and utilities) are considered "cost burdened." In Fort Collins, approximately 4,000 low income owner occupied households and 12,000 low income renter households pay more than 30% of their household income for housing expenses.<sup>2</sup> Furthermore, approximately 3,000 low income owner occupied households and 8,000 low income renter households pay more than 50% of their income towards their housing.

The measure of a community's need for affordable housing goes further and considers the age of the housing stock. Approximately 12% of Fort Collins' housing units were built before 1960; these older units are often in need of health and safety repairs.<sup>3</sup>

<sup>1</sup> Low income refers to households at and below 50% of Area Median Income.

<sup>2</sup> Community Strategies Institute, *Larimer County Housing Needs Assessment*, 37.

<sup>3</sup> Community Strategies Institute, *Larimer County Housing Needs Assessment*, 39.

Overcrowding is another gauge of housing need, and the *Larimer County Housing Needs Assessment* reports approximately 550 households are considered overcrowded by U.S. Department of Housing and Urban Development's standards.<sup>4</sup> Finally, a community's need for affordable housing is evidenced by the number of homeless persons. A point-in-time study conducted by Homeward 2020 (March 2010) found 518 homeless persons in Fort Collins, with an additional 617 at risk of becoming homeless.

The *Larimer County Housing Needs Assessment* data and information provides a more current context of the local housing market and demographics of Fort Collins. Using that information, this plan establishes goals, objectives, strategies, policies, and funding priorities to address the community's affordable housing supply deficiency.

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<sup>4</sup> Households with greater than 1.0 person per room are considered overcrowded.



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## SECTION 3

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# Financial Resources

## 3.1 Federal Grants and City General Fund Budget

The City of Fort Collins has three sources of funds available to provide financial assistance to affordable housing programs and projects:

- **Federal Community Development Block Grant (CDBG) Entitlement Grant**
- **Federal Home Investment Partnership (HOME) Participating Jurisdiction Grant**
- **City General Fund Budget Affordable Housing Fund (AHF)**

Assuming the FY 2009 CDBG and HOME grant amounts and the 2010 City budget allocation to the AHF remain the same for the next five years, and assuming the current policies for allocation of these funding sources for affordable housing remain the same (that is, 65% of CDBG funds, 90% of HOME funds, and 100% of the AHF), then a total of approximately \$1,540,000 should be available annually for affordable housing programs and projects, or a total of \$7,700,000 for the 2010-2014 period covered by this plan. Figure 1 summarizes the available funding.

These funds should only be used in projects able to leverage money from private, foundation, state, and/or other federal sources in order to support the complex systems of housing, public/human services, and community infrastructure.

**FIGURE 1: ESTIMATED AVAILABLE FUNDING FOR AFFORDABLE HOUSING**

Source: U.S. Department of Housing and Urban Development and City of Fort Collins.

| FUNDING SOURCE                 | ANNUAL<br>ALLOCATION | 2010-2014<br>TOTAL |
|--------------------------------|----------------------|--------------------|
| Federal CDBG Entitlement Grant | \$650,000            | \$3,250,000        |
| CDBG Program Income            | \$39,000             | \$195,000          |
| Federal HOME Program Grant     | \$617,110            | \$3,085,550        |
| HOME Program Income            | \$45,000             | \$225,000          |
| City Affordable Housing Fund   | \$188,890            | \$944,450          |
| Annual Total                   | \$1,540,000          | \$7,700,000        |



### 3.2 Allocation of Financial Resources

The City currently allocates its financial resources through a competitive process with two funding cycles each year; one in the spring and one in the fall. The competitive process evaluates applications for funding based on the City's priority affordable housing needs and on priorities established in this plan. Proposals which receive funding are determined to be the best of those in competition for the available funds during any particular cycle. Too often, the amount of requested funding exceeds the level of funding available during a cycle. Thus, not every application receives funding, and some applications will not receive the full amount requested.

The spring cycle typically allocates affordable housing funding available from the federal CDBG Entitlement Grant. Human/public service programs also receive allocations in the spring cycle from the CDBG Grant and the City's Human Services Program. The fall cycle of the competitive process typically allocates affordable housing funding from the federal HOME Participating Jurisdiction Grant and the City's AHF. The AHF gives the City tremendous flexibility because it is not hindered with federal guidelines, regulations, and reporting requirements. It also shows a local commitment to financially support affordable housing programs.

### 3.3 Private Activity Bonds

Private Activity Bond (PAB) financing is another potential funding source for the development of affordable housing. The City's current PAB allocation is a little over \$6.1 million. Larimer County and the State of Colorado have additional PAB allocations available from which Fort Collins projects could also apply. Although every project is different, the City could provide PAB assistance to help fund about 50% of a project's cost. There are other potential uses for PAB financing, especially for economic development purposes, but the City could give preference to affordable rental housing projects when allocating its PABs. The expense of PABs makes them very difficult to use to build housing for very low income renters (less than 50% of AMI). They do, however, work for projects affordable to households earning between 50% and 60% of AMI, an income range where there is currently not a high priority need for additional units. However, affordable units at the 50%-60% AMI level are often needed to help assure an affordable project will cash flow and entice both non-profit and for-profit developers to build mixed-income projects.

### 3.4 Development Incentives

In addition to financial assistance through the competitive process, the City offers a variety of development incentives to those building qualified affordable housing projects. To be considered “qualified” a project must offer at least 10% of the total units to households earning 80% or less of AMI. If it meets that definition, the project is eligible to receive the following:

#### **Impact Fee Delay**

Impact fees are typically paid at the time building permits are issued. This incentive allows the developer to delay the payment of those impact fees until a certificate of occupancy is issued, or December 1 of that year, whichever happens first.

#### **Development Review Fee Waiver**

All projects are required to pay fees related to the review of the project. This incentive waives those fees based upon the percentage of affordable units being offered in a project. For example, if a developer plans to make 40% of the dwelling units affordable, 40% of that project's development review fees are completely waived.

#### **Administrative Construction Fee Waiver**

Certain construction fees are exempt for affordable housing projects, including construction inspection fees, development construction permit fees, right-of-way construction license fees, and street cut fees. The formula for this fee waiver is the same as the Development Review Fee Waiver.

#### **Priority Processing**

Affordable housing projects are eligible to receive an expedited development review and permitting process.

#### **Density Bonus**

Affordable housing projects proposed in the Low Density Mixed-Use Neighborhood (LMN) zone are eligible to increase the maximum allowed density from 8 to 12 dwelling units per acre.

These development incentives were intended to reduce regulatory barriers and financial costs to developers of affordable housing. Established over ten years ago, these should be compared to best practices of other communities, and reevaluated to assess their effectiveness. A recent analysis of a residential development in Fort Collins indicates the City's incentives, by themselves, are not sufficient to entice developers to include affordable housing in their development proposal.



## SECTION 4

### Goals, Objectives and Strategies

Based upon the demand for affordable housing, four primary goals have been identified and prioritized to guide future funding and policy decisions:

- 1) Increase the inventory of affordable rental housing units
- 2) Preserve existing affordable housing units
- 3) Increase housing and facilities for people with special needs
- 4) Provide financial assistance for first-time homebuyers

The City defines what is considered “affordable” based upon income. Each year, the U.S. Department of Housing and Urban Development (HUD) provides annual income limits for the Fort Collins/Loveland Metropolitan Statistical Area (Larimer County). Figure 2 provides information on the equivalency of Area Median Income (AMI) levels to HUD classifications and the maximum affordable monthly rent. Another common measure is the Department of Health and Human Services poverty guidelines. Appendix A provides more detail about how the poverty guidelines are established, and how they relate to HUD’s income classifications.

**FIGURE 2: 2009 AREA MEDIAN INCOME (AMI) EQUIVALENCIES**

Source: U.S. Department of Housing and Urban Development

| HUD CLASSIFICATION   | PERCENT OF AMI | AMI <sup>5</sup> | MAXIMUM AFFORDABLE MONTHLY RENT |
|----------------------|----------------|------------------|---------------------------------|
| Moderate Income      | 100%           | \$75,200         | \$1,752                         |
| Low Income           | 80%            | \$60,150         | \$1,376                         |
| Low Income           | 60%            | \$45,120         | \$1,000                         |
| Very Low Income      | 50%            | \$37,600         | \$812                           |
| Extremely Low Income | 30%            | \$22,550         | \$436                           |

The upcoming sections provide justifications for each goal based upon the data provided in the *Larimer County Housing Needs Assessment*. Objectives are established for each goal based upon the anticipated amount of funding over the next five years. Finally, strategies are identified and arranged as an action plan to provide specific actions needed to accomplish each goal.

<sup>5</sup> Annual income for a household of four.

## 4.1 Goal: Increase the Inventory of Affordable Rental Housing Units

The first priority should be to increase the inventory of affordable rental units, which can be accomplished through two different methods. New affordable rentals could be constructed by non-profit agencies or for-profit developers and added to the inventory. Additions to the inventory of affordable rental units could also be accomplished through the acquisition of former market rate or mixed rental rate units usually located in apartment complexes. Such purchases will typically entail some level of rehabilitation. Acquisition and rehabilitation projects, especially by non-profit agencies, generally provide the opportunity to restrict the rent levels for longer periods of time than can be achieved with new construction projects by for-profit developers.

### 4.1.1 Justification

The need for additional rental units for most income levels is identified in the *Larimer County Housing Needs Assessment*; however, the greatest deficit of 5,009 affordable rental units was found for the 0-30% AMI level.<sup>6</sup> A significant deficit of 1,187 affordable units was also identified for the 31-50% AMI income level. Creating new units affordable to households earning below 50% AMI is very difficult under current market conditions for Fort Collins without substantial public subsidy.

### 4.1.2 Objective

**Produce as many new rental units affordable to households earning 50% and less of AMI as possible, given available funding.**

As mentioned, units may be added to the inventory through the acquisition and rehabilitation of formerly market-rate units. Figure 3 shows the number of very low income units that could be added to the inventory by this method given available funding. Note the number of units is calculated as if *all* of the funding was given for rehabilitation; it does not take into consideration funding for the other priority goals. Actual allocations will depend upon the applications received during the cycles of the competitive process and the applicant's ability to leverage other financial resources to support the project.

**FIGURE 3: ACQUISITION AND REHABILITATION POTENTIAL**

Source: City of Fort Collins Advance Planning Department

| PUBLIC SUBSIDY PER UNIT | ANTICIPATED 5-YEAR TOTAL FUNDING | POTENTIAL NUMBER OF UNITS |
|-------------------------|----------------------------------|---------------------------|
| \$19,000                | \$7,700,000                      | 405                       |

<sup>6</sup> Community Strategies Institute, *Larimer County Housing Needs Assessment*, 48. The study did not reveal the *types* of units needed, e.g. studios, one-bedroom, etc.



New construction is the other way to add units to the inventory. The subsidy needed to build very low income rental units could range from about \$15,000 to \$30,000 per unit. The lower the income category, generally the greater the subsidy required to make it affordable under current market conditions. Figure 4 illustrates the number of units that could be built depending on the level of public subsidy contributed. Like the previous table, the number of units is calculated as if *all* of the funding was put towards a particular subsidy group.

**FIGURE 4: NEW CONSTRUCTION PRODUCTION POTENTIAL FOR VARIOUS SUBSIDY LEVELS**

Source: City of Fort Collins Advance Planning Department

| PUBLIC SUBSIDY PER UNIT | ANTICIPATED 5-YEAR TOTAL FUNDING | POTENTIAL NUMBER OF UNITS |
|-------------------------|----------------------------------|---------------------------|
| \$30,000                | \$7,700,000                      | 257                       |
| \$15,000                | \$7,700,000                      | 513                       |

Even at \$15,000 of subsidy per unit, there are insufficient financial resources likely to be available to make a significant impact on closing the 6,200 unit deficit for households with incomes below 50% of AMI discussed above. Either additional financial resources need to be developed or secured, or the City needs to develop additional non-financial incentives to increase the inventory of affordable rentals for very low income households. City funding helps leverage other funds from private, foundation, and/or other governmental sources. The availability of those additional funds may be difficult to secure in the near future, which would impact the utilization of City financial resources.

#### 4.1.3 Five-Year Strategies/Action Plan

The following strategies are presented to the City of Fort Collins as an action plan to help implement the goal to increase the inventory of affordable rental housing units, and achieve the objective to produce as many new rental housing units affordable to households earning 50% and less of AMI, given available funding. The action plan is divided into short term strategies, that is, strategies anticipated to be completed in 2010 or 2011; medium term strategies, those to be completed in 2012 or 2013; and long term strategies, those completed by 2014. The action plan also identifies which strategies are consistent with ongoing Affordable Housing Program strategies and which new strategies may require an ordinance adopted by the City Council in order to be implemented, which strategies can be initiated by a Council resolution adopting a new City policy or priority, or those that may only need an administrative directive from the City Manager.

Strategies are expected to be incorporated into Advance Planning's departmental work program during the next five years according to the action plan. However, the timing of staff work on the strategies will ultimately depend upon the level of staffing available, prioritization of projects, and resources available to the department.

Figure 5 lists each strategy the City should implement over the next five years and the action required to accomplish each.

**FIGURE 5: FIVE-YEAR IMPLEMENTATION STRATEGIES**

| 2010 - 2011 STRATEGIES  | ACTION REQUIRED                          |
|---|--|
| Contribute a significant amount of its financial resources to increase the affordable rental housing inventory for very low income renters, especially units for households at 50% AMI and below.   | None, existing and ongoing City function |
| Motivate developers to increase production of affordable rental housing units by providing financial assistance and other development incentives.   | None, existing and ongoing City function |
| Continue to require publicly-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.  | None, existing and ongoing City function |
| Fund housing projects in the competitive process in the form of loans. These loans, when repaid, will provide sources of revenue for affordable housing in the future.  | None, existing and ongoing City function |
| Consider committing City financial assistance early in the project planning process. This will help developers to leverage the balance of their project financing.  | None, existing and ongoing City function |
| Consider subsidizing projects containing higher (greater than 50% AMI) affordable units only if they also produce a significant number of lower (less than 30% AMI) units.  | Resolution                               |
| Use some CDBG, HOME, or AHF dollars to partially finance the acquisition and conversion of existing, market-rate rental units to affordable housing.  | None, existing and ongoing City function |
| Starting in 2010, regularly (at least every three years) review and update all existing City incentive programs, which include the current Priority Processing, Development Review Fee Waiver, Impact Fee Delay, Density Bonus, and other programs which are yet to be established. | Administrative                           |
| Annually review City Land Bank Program properties and determine if the timing is right for those properties to be offered for sale to provide additional affordable housing units in Fort Collins.  | Administrative                           |
| Continue to examine and reform regulatory concerns that could be barriers to the production of affordable housing.  | None, existing and ongoing City function |
| Create a focus group of developers, including both non-profit and for-profit, to determine effective incentives the City could implement to encourage low income housing development.   | Administrative                           |

| 2012 - 2013 STRATEGIES  | ACTION REQUIRED |
|---|-----------------|
| Consider requiring a permanent affordability commitment, or at least increasing the minimum from 20 years to 40 years, if the City is contributing financial resources to the project.  | Ordinance       |
| Give preference to projects that set aside some of their units for very low income tenants under 50% AMI in any competitive allocation of Private Activity Bonds.   | Resolution      |
| Consider selling some of the existing Land Bank Program properties in order to facilitate the construction of new affordable housing units.   | Ordinance       |
| 2014 - 2015 STRATEGIES  | ACTION REQUIRED |
| Using the Downtown Development Authority's (DDA) Green Grant and Façade Grant Programs as models, investigate the development of a DDA sponsored Affordable Housing Grant Program, which would incentivize the inclusion of affordable units in DDA funded residential projects.  | Administrative  |
| Investigate the potential of requiring mixed-use and residential development and redevelopment projects, which request Tax Increment Financing (TIF) assistance from the Urban Renewal Authority (URA), to provide a minimum percentage of affordable units. Consider having a minimum number of total units that would trigger this requirement. | Administrative  |
| Investigate the potential of requiring commercial projects which request TIF assistance from the URA to contribute funding towards affordable housing development.  | Administrative  |

## 4.2 Goal: Preserve Existing Affordable Housing Units

Second priority should be to preserve the existing supply of affordable housing units. City policy mandates all units built with public assistance remain affordable for a period of 20 years. As the housing stock continues to age, the City should be vigilant about those projects approaching that 20-year mark. The current number of affordable housing units must remain in the affordable inventory rather than converting to market rate units.

### 4.2.1 Justification

Attention should be given to housing projects addressing the need for rehabilitation of existing housing stock and overcoming deficiencies regarding safety and sanitary conditions of existing units. The *Larimer County Housing Needs Assessment* reports 6,262, or 11.8%, of Fort Collins' housing units were built before 1960; often times, these units are in need of health and safety repairs. With the number of new building permits showing a sharp decline in recent years, and considering the cost of building

new affordable units, attention should be given to the rehabilitation of existing units and preserving their affordability for the long-term.

#### 4.2.2 Objective

**Monitor the status of existing affordable housing units and provide assistance as necessary in order to maintain them as part of the existing inventory.**

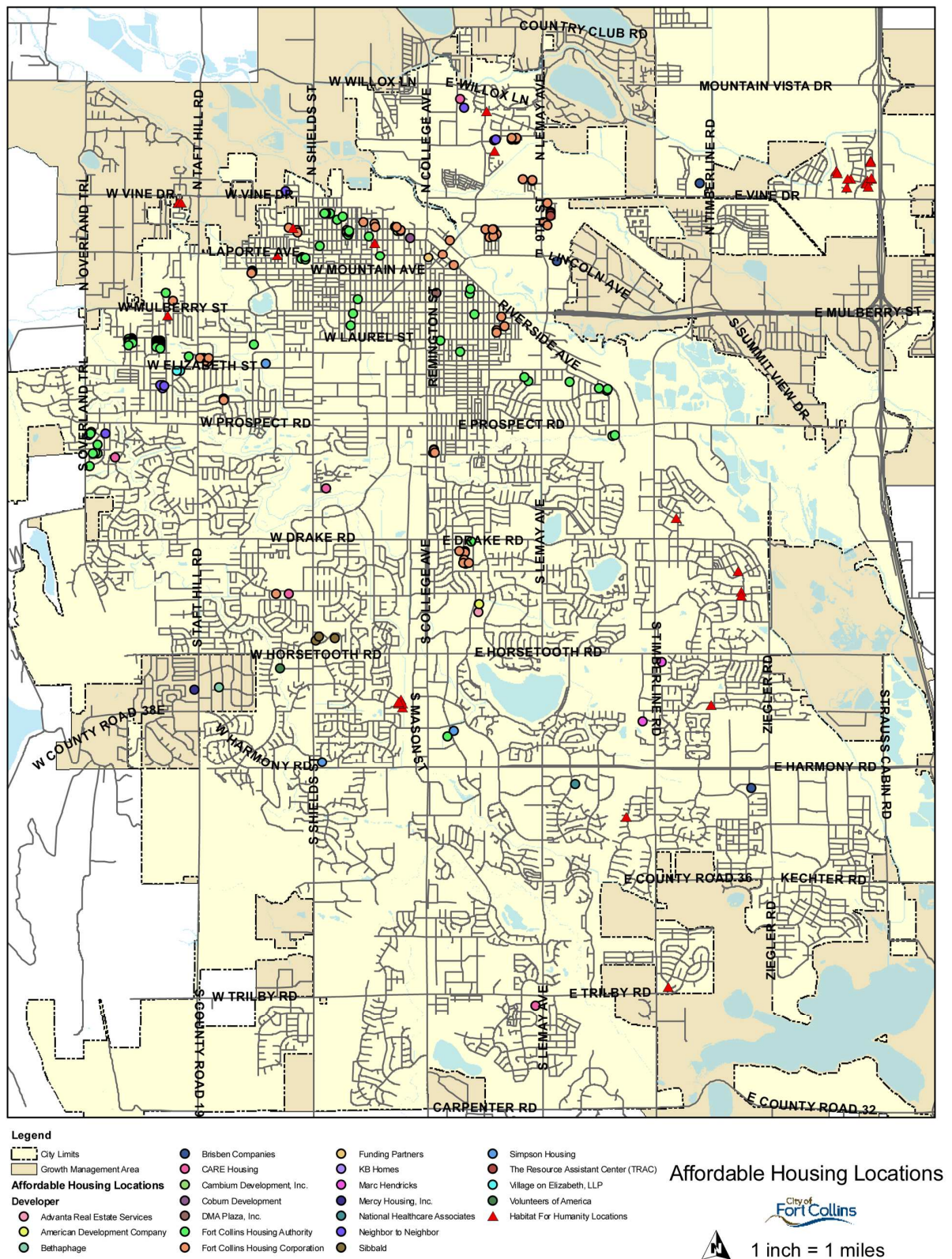
Figure 6 reports the current number of affordable housing units located within Fort Collins that received some form of public assistance. Figure 7 shows the location of the affordable housing developments that have received public assistance.

**FIGURE 6: CITY OF FORT COLLINS' PUBLICLY-ASSISTED AFFORDABLE HOUSING INVENTORY**

Source: City of Fort Collins Advance Planning Department.

| AFFORDABLE<br>UNIT TYPE | NUMBER LOCATED<br>IN FORT COLLINS |
|-------------------------|-----------------------------------|
| Rental                  | 2,186                             |
| Owner-Occupied          | 248                               |
| Assisted Living         | 68                                |
| Total                   | 2,502                             |

FIGURE 7: MAP OF AFFORDABLE HOUSING LOCATIONS IN FORT COLLINS





### 4.2.3 Five-Year Strategies

FIGURE 8: FIVE-YEAR IMPLEMENTATION STRATEGIES/ACTION PLAN

| 2010 - 2011 STRATEGIES   | ACTION REQUIRED                          |
|--|--|
| 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.   | None, existing and ongoing City function |
| Continue to use CDBG, HOME, or AHF dollars to buy and rehabilitate existing privately-owned affordable housing units so they do not convert to market rate units. Such proposals should be given as high a priority as projects producing new units. | None, existing and ongoing City function |
| Continue to make financial resources available for rehabilitation purposes of both owner-occupied and rental units.  | None, existing and ongoing City function |
| 2012 - 2013 STRATEGIES   | ACTION REQUIRED                          |
| Consider requiring a permanent affordability commitment, or at least increasing the minimum from 20 years to 40 years, if the City is contributing financial resources to the project.   | Ordinance                                |
| Investigate a rental-rehabilitation program for private owners of rental properties requiring an affordability commitment.   | Ordinance                                |
| Explore the requirement of a “first-right-of-refusal” option for non-profit housing organizations when a for-profit developer receives financial assistance from the City in order to rehabilitate/maintain their affordable housing complex.        | Administrative                           |
| 2014 - 2015 STRATEGIES   | ACTION REQUIRED                          |
| Investigate a Limited Partnership/Shared Equity ownership structure to maintain the affordability of for-sale units.   | Resolution                               |
| Actively encourage the for-profit owners of affordable complexes to sell them to not-for-profit housing organizations.   | Resolution                               |

### 4.3 Goal: Increase Housing and Facilities for People with Special Needs

The third priority should be to increase housing and facilities for people with special needs. This broad category includes those who are homeless, seniors, persons with disabilities, and victims of domestic violence. These groups generally require housing units tailored to specific needs not typically addressed by market-driven development. Many times a network of support services is needed to keep these populations stable and independent.

#### 4.3.1 Justification

The following illustrates some of the special needs, but does not indicate priority.

##### Homeless

A point-in-time study conducted by the Homeward 2020 project in March 2010, found 518 homeless people in Fort Collins, with an additional 617 people at risk of becoming homeless. Another survey conducted by the Poudre School District, also in March 2010, found 808 homeless children attending school in Fort Collins. Research has shown the sooner people can enter a stabilized shelter situation, the sooner they can start dealing with the other problems that accompany homelessness, which also decreases costs to providing community services for this population.<sup>7</sup> The *Larimer County Housing Needs Assessment* recommends a county-wide plan to produce at least 12 transitional units per year, and suggests single room occupancy housing as a more effective alternative to traditional homeless shelters.

##### Persons with Disabilities

This population includes persons with various physical and mental challenges who more often suffer the negative effects of high housing costs. That problem can be even more acute for households needing accessible features in their dwelling. In Fort Collins, there are 6,675 individuals with a sensory disability, 7,128 with a physical disability, and 6,424 with a mental disability.<sup>8</sup> Informant interviews indicated organizations which provide supportive services or housing for disabled customers do not have enough low-rent options for the number of people who need them. Therefore, it is important to expand the supply of housing that is both accessible *and* affordable.

##### Seniors

The *Larimer County Housing Needs Assessment* identified 1,942 seniors earning less than 50% AMI are paying more than 30% of their gross monthly income on housing, which is also known as being “cost burdened.”<sup>9</sup> An additional 1,061 seniors in the same income category were identified as paying more than 50% of their income on

<sup>7</sup> Community Strategies Institute, *Larimer County Housing Needs Assessment*, 59.

<sup>8</sup> Community Strategies Institute, *Larimer County Housing Needs Assessment*, 41.

<sup>9</sup> Community Strategies Institute, *Larimer County Housing Needs Assessment*, 43.

housing. For those who are retired and live on fixed incomes, being cost burdened can significantly impact the ability to pay for health care, food, and other necessary household costs. Furthermore, the study estimates Larimer County can expect to gain over 35,000 residents between age 62-75 between 2005 and 2025, and over 16,000 residents age 75 and older. Many people in these age groups have limitations in mobility and self-care. Because the largest numbers of seniors live in Fort Collins, there will be an impact on the housing market and senior housing choices.

### **Victims of Domestic Violence**

In addition to providing shelter and/or transitional housing for victims of domestic violence, support services are typically required for this population, including crisis intervention and counseling. Interviews with providers of shelter and services for this particular group indicate there are not enough affordable housing options to meet the demand of their clients.<sup>10</sup>

### **4.3.2 Objective**

**Continue to encourage the development of projects that meet the housing and facility needs of populations within the identified special needs categories.**

### **4.3.3 Five-Year Strategies**

**FIGURE 9: FIVE-YEAR IMPLEMENTATION STRATEGIES/ACTION PLAN**

| 2010 - 2014 STRATEGIES   | ACTION REQUIRED                          |
|--|--|
| Support community initiatives identifying homeless needs and develop action plans to reduce the homeless population in Fort Collins, and participate in partnerships exploring solutions for homelessness. | None, existing and ongoing City function |
| Support projects producing affordable units to serve persons with disabilities, and “cost-burdened” senior citizens.   | None, existing and ongoing City function |
| Support projects providing help, counseling, crisis intervention services, facilities, and transitional housing to victims of domestic violence.   | None, existing and ongoing City function |

## **4.4. Goal: Provide Financial Assistance for First-time Homebuyers**

The fourth priority should be to continue to provide financial assistance for first-time homebuyers. Fort Collins must continue to help homebuyers earning less than 80% AMI achieve affordable ownership. Good homebuyer counseling, fixed-rate mortgage products, and down payment assistance can assure that individuals and families can become homeowners for the long term. Renters who enter homeownership, in effect,

<sup>10</sup> Community Strategies Institute, *Larimer County Housing Needs Assessment*, 58.

move up the housing chain and open up rental units, thereby increasing the supply of such units.

#### 4.4.1 Justification

The *Larimer County Housing Needs Assessment* affirmed households earning 51-80% AMI are excellent candidates for homebuyer assistance programs. There are 4,550 renter households in Fort Collins with incomes between 51-80% AMI that could benefit from such assistance.<sup>11</sup>

#### 4.4.2 Objective

**Encourage and support assistance to first-time homebuyers.**

The City's Homebuyer Assistance program currently provides between \$6,500 and \$9,000 in down payment and closing cost assistance per rental household to become first-time homeowners. To provide assistance to rental households to purchase the 490 available affordable units would cost between \$3,185,000 and \$4,410,000, or between 40% and 60%, of the potentially available funding over the next five years. The average loan amount in 2009 was \$8,093.

Figure 10 illustrates the number of first-time homebuyers that could be assisted depending on the level of public subsidy contributed. Note the number of units is calculated as if *all* of the expected available \$7,700,000 of funding for the 2010-2014 period was put towards a particular subsidy group for homeownership. The table's data does not take into consideration funding for the other three higher priority goals identified in this plan. Actual allocations for the first-time homebuyer program will depend upon the other higher priority applications received during the cycles of the competitive process.<sup>12</sup>

**FIGURE 10: FIRST-TIME HOMEBUYER ASSISTANCE AT VARIOUS SUBSIDY LEVELS**

Source: City of Fort Collins Advance Planning Department

| PUBLIC SUBSIDY PER UNIT | ANTICIPATED 5-YEAR TOTAL FUNDING | POTENTIAL NUMBER OF HOUSEHOLDS ASSISTED |
|-------------------------|----------------------------------|---|
| \$9,000                 | \$7,700,000                      | 856                                     |
| \$8,100                 | \$7,700,000                      | 951                                     |
| \$6,500                 | \$7,700,000                      | 1,184                                   |

<sup>11</sup> Community Strategies Institute, *Larimer County Housing Needs Assessment*, 36.

<sup>12</sup> As a point of reference, since the inception of the City's Homebuyer Assistance in 1995, an average of 70 families per year receive assistance.

### 4.4.3 Five-Year Strategies

FIGURE 11: FIVE-YEAR IMPLEMENTATION STRATEGIES/ACTION PLAN

| 2010 - 2011 STRATEGIES   | ACTION REQUIRED                          |
|--|--|
| Continue to provide loans to eligible households to cover down payment and closing costs up to a maximum of 6% of the sales price (5% for down payment and 1% for closing costs if there are no seller concessions) offered under the City's existing Homebuyer Assistance program. Buyers must make an earnest money deposit of \$1,000 or 1% of purchase price (whichever is greater) with their own funds. This means the overall average subsidy is about \$7,000 per household. | None, existing and ongoing City function |
| Assistance should be in the form of a loan which is paid back in full when the house is either sold, transferred out of the buyer's name, rented, or if buyer seeks another second lien (like a home equity loan) on the property. Added to the payment (which is also due at sale, rental or transfer) is 5% interest on the principal.   | None, existing and ongoing City function |
| 2014 - 2015 STRATEGIES   | ACTION REQUIRED                          |
| 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 Homebuyer Assistance program.  | Resolution                               |



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## SECTION 5

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# Partners in Affordable Housing

While the City of Fort Collins is an important player in addressing the affordable housing needs of its citizens, there are other partners that also contribute important resources. This section briefly discusses the other partners and their roles, because the City cannot solve all of the community's affordable housing needs alone.

### 5.1 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.

The Low Income Housing Tax Credit (LIHTC) program and the available bond financing have been instrumental in getting for-profits to build affordable rental housing. This program has also involved private investors in affordable housing production to a greater extent than ever 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% AMI. Where competition for tax credits dictates, they may attempt to reach lower income households. Because of the expense and complexity of bond financing and tax credits, developers tend to do rental projects of at least 100 units or more.

### 5.2 Private Non-Profit Developers

There are two fundamental differences between for-profit and non-profit developers. The first, most obvious difference is that non-profits have a charitable purpose. The other is that non-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 must 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 non-profits are able to raise funding from outside sources to cover administrative and operating costs, in case cash flows from projects do not.

Non-profit organizations are able to access some financing sources not available to for-profits. Other funding sources may be available to both, but give preference to non-profits. Non-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 households than for-profits. Unfortunately, non-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-profit, they do use that program. In Fort Collins, however, they generally do not use bond financing.

### **5.3 Private Non-Profit Service Providers**

Providing affordable, stable housing for low and very-low income households often involves more than just putting a roof over people’s 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 households or individuals who are trying to escape homelessness. The City of Fort Collins allocates 15% of CDBG program funds and the City’s own Human Services Program funds to service providers. In Fort Collins, there are a few non-profits trying to coordinate these kinds of services, and others directly provide these specific services.

### **5.4 Fort Collins 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 FCHA’s day-to-day operations. FCHA’s 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 for households earning less than 30% AMI. HUD pays FCHA an operating subsidy for its public housing units, so it can charge only 30% of a household’s income, and HUD provides the difference up to Fair Market Rent (which is determined by HUD). FCHA inspects the units and administers payments to the landlords. FCHA has a development subsidiary known as the Fort Collins Housing Corporation (FCHC) allowing them to own an inventory of affordable housing units.

## 5.5 Financial Institutions

Since the late 1970s, all federally insured financial institutions (commercial banks, savings banks, and savings and loan associations) are 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 regulating 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 through a 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. 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.

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 allowing them to access relatively low-interest loans. However, these loans need to be as small a part of project financing as possible to keep 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.



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## SECTION 6

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# Recommended Policies

These policies are designed to aid the City of Fort Collins' decision-making regarding affordable housing development in the community, and are related directly to the affordable housing goals and strategies presented in this *Affordable Housing Strategic Plan* (AHSP).

### AHSP-1

The City will allocate available financial assistance from its federal programs (CDBG and HOME) and the City's own Affordable Housing Fund (AHF) through a competitive process to the proposals that best address the priority needs identified in this plan, according to the following priorities:

- (1) Increase the inventory of rental housing for households earning below 50% AMI;
- (2) Preserve existing affordable housing units;
- (3) Increase housing and facilities for people with special needs; and
- (4) Provide financial assistance to first-time homebuyers.

### AHSP-1.1

Of the total available funding, 65% of CDBG, 90% of HOME and 100% of the AHF will be available to affordable housing developments.

### AHSP-1.2

The City shall establish objective criteria to aid in the analysis and comparison of the merits of the applications requesting City financial assistance through the competitive process. The objective criteria may include, but not be limited to:

- Number/percentage of affordable units included in the project's total housing mix;
- Number/percentage of households served at various income levels;
- Length of affordability commitment;
- Whether or not a special population is served; and
- Leveraging ratio of City funds to other financial resources; etc.

The criteria shall be periodically reviewed to determine if it contributes effectively to the analysis of the submitted proposals.

### AHSP-2

The City will maintain a package of non-financial incentives (density bonuses, priority processing, etc.) designed to motivate developers to increase production of affordable housing, both for rent and for sale. The City's package of non-financial incentives shall be periodically reviewed and adjusted so that it maintains its effectiveness.

**AHSP-3**

The City will require City-assisted affordable housing to carry a minimum 20-year commitment to affordability. A higher priority for financial assistance shall be given to projects committing to be affordable for periods in excess of 40 years.

**AHSP-4**

Funding of affordable housing projects through the competitive process shall be in the form of loans so when the loans are repaid, they will provide sources of revenue to allocate to future affordable housing projects.

**AHSP-5**

The City shall commit its financial assistance early in a project's planning process in order to help the developer leverage additional resources to cover the balance of their project's financing needs. However, this early commitment shall be reviewed every six months to assure a project is making significant progress in securing additional funding, or the early commitment can be withdrawn.

**AHSP-6**

In the allocation of private activity bonds for affordable housing, preference will be given to projects that set aside some of their units for very low income households under 50% AMI.

**AHSP-7**

The City will only consider subsidizing projects containing units with rents affordable to households earning more than 50% AMI if they also contain a significant number of lower income (less than 30% AMI) units.

**AHSP-8**

Explore using the Downtown Development Authority's (DDA) Green Grant and Façade Grant programs as models to create a DDA sponsored affordable housing grant program which would incentivize the inclusion of affordable units in DDA funded residential projects.

**AHSP-9**

The City will annually review its Land Bank program properties and determine if the timing is right for some of those properties to be offered for sale to provide additional affordable housing units to address the higher priority needs identified in this plan. The proceeds from land sales shall be returned to the Affordable Housing Fund and made available for additional Land Bank property acquisitions.

**AHSP-10**

The City will continue to examine and reform regulatory concerns that could be barriers to the production of affordable housing.

**AHSP-11**

The City will support community initiatives identifying homeless needs and developing action plans to reduce the homeless population in Fort Collins. The City will also participate in partnerships exploring solutions for homelessness.

**AHSP-12**

The City will support projects producing affordable units to serve persons with disabilities, and “cost-burdened” senior citizens.

**AHSP-13**

The City will continue to provide loans to eligible households to cover down payment and closing costs up to the amount reasonably needed to make the units affordable based on the household’s income level.<sup>13</sup>

**AHSP-13.1**

The City’s subsidy should be in the form of a loan which is paid back in full when the house is either sold, transferred out of the buyer’s name, rented, or if the buyer seeks a second lien (like a home equity loan) on the property. Added to the payment (which is also due at sale, rental or transfer) is 5% interest on the principal.

**AHSP-14**

The City should strongly consider regular increases in the Affordable Housing Fund with every City budget cycle in order to provide additional financial resources to address the affordable housing goals identified in this plan.

**AHSP-15**

The City should explore options for creating a more permanent source of revenue for the Affordable Housing Fund.

**AHSP-16**

The City should encourage affordable housing developers, when feasible, to use green building techniques to help make the units more energy-efficient and sustainable.

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<sup>13</sup> In 2010, a maximum of 6% of the sales price (5% for down payment and 1% for closing costs if there are no Seller concessions) is offered under the City’s existing Homebuyer Assistance program. Buyers must make an earnest money deposit of \$1,000 or 1% of purchase price (whichever is greater) with their own funds. This means the average subsidy is about \$7,000 per household. The existing program percentages shall be periodically evaluated based on changing market conditions, interest rates, or other governmental rules and regulations.





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## SECTION 7

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### Conclusion

This *Affordable Housing Strategic Plan* is the product of a year-long process that analyzed the housing needs of the community and developed prioritized goals to address the greatest identified needs. The purpose of this document is to guide future decision-making with regard to policy and funding. A wide variety of strategies have been identified to achieve the priority goals' objectives and ensure that affordable housing continues to be a priority of the Fort Collins community.

A lack of affordable housing affects everyone. Police, health care workers, teachers, retail and food industry workers all need it, and the community needs them and the high quality services they provide. Affordable housing is greater than a social issue; it is also about economic development and environmental protection. If people working in service area jobs cannot find housing, those jobs are not filled. If they are forced to live in outlying areas and surrounding towns because of housing costs, they have longer drive times to work, which creates more traffic congestion, adds to air pollution, and diminishes the overall quality of the environment.

The Fort Collins City Council made a commitment to affordable housing through the adoption of many programs and the allocation of General Fund revenue into the Affordable Housing Fund. The creation of this *Affordable Housing Strategic Plan* is another example of that commitment; however, to make this commitment truly effective, affordable housing must be elevated so it is discussed on par with such topics as economic development, environmental protection, and public safety, and included in any discussions involving those issues. Every discussion regarding a sustainable community must include the consideration of affordable housing.



## APPENDIX A

# 2009 Health and Human Services Poverty Guidelines

There are two slightly different versions of the federal poverty measure: poverty thresholds and poverty guidelines.

The poverty thresholds are the original version of the federal poverty measure. They are updated each year by the Census Bureau. The thresholds are used mainly for statistical purposes – for instance, preparing estimates of the number of Americans in poverty each year. In other words, all official poverty population figures are calculated using the poverty thresholds, not the guidelines. The thresholds are updated annually for inflation using the Consumer Price Index for All Urban Consumers (CPI-U). Although the thresholds in some sense reflect families' needs, they are intended for use as a statistical yardstick, not as a complete description of what people and families need to live. Many government aid programs use a different poverty measure, the Department of Health and Human Services (HHS) poverty guidelines.

The poverty guidelines are the other version of the federal poverty measure. They are issued each year in the Federal Register by the Department of Health and Human Services (HHS). The guidelines are a simplification of the poverty thresholds for use for administrative purposes – for instance, determining financial eligibility for certain federal programs. The HHS poverty guidelines, or percentage multiples of them (such as 125%, 150%, or 185%), are used as an eligibility criterion by a number of federal programs. Poverty guidelines for the United States are reported in Figure 12.

**FIGURE 12: 2009 POVERTY GUIDELINES FOR THE UNITED STATES**

Source: [aspe.hhs.gov/POVERTY/09poverty.shtml](http://aspe.hhs.gov/POVERTY/09poverty.shtml)

| PERSONS IN HOUSEHOLD | POVERTY GUIDELINE |
|----------------------|-------------------|
| 1                    | \$10,830          |
| 2                    | \$14,570          |
| 3                    | \$18,310          |
| 4                    | \$22,050          |
| 5                    | \$25,790          |
| 6                    | \$29,530          |
| 7                    | \$33,270          |
| 8 <sup>14</sup>      | \$37,010          |

For purposes of comparison, Figure 13 reports the ratio of Area Median Income (AMI) to the poverty guidelines for a household of four. Essentially, households in poverty

<sup>14</sup> For households with more than eight persons, add \$3,740 for each additional person.

are all below the 30% AMI level, meaning they are classified as “extremely low-income” according to the U.S. Department of Housing and Urban Development’s (HUD) classification system. The household of four AMI level of \$75,200 has a ratio of income to poverty level of 3.14, which means a household of four earning 100% AMI has more than three times the income as a family below the poverty level. A household of four at 50% AMI has an income of almost twice (1.70) the income as the same size household below the poverty level.

**FIGURE 13: EQUIVALENCY OF AMI LEVELS TO LEVELS OF POVERTY AND THE MAXIMUM AFFORDABLE MONTHLY RENT**

| HUD<br>CLASSIFICATION | 2009<br>ANNUAL<br>AMI <sup>15</sup> | PERCENT<br>OF AMI | RATIO OF<br>INCOME TO<br>POVERTY <sup>16</sup> | MAXIMUM<br>AFFORDABLE<br>MONTHLY<br>RENT <sup>17</sup> |
|-----------------------|-------------------------------------|-------------------|--|--|
| Moderate Income       | \$75,200                            | 100%              | 3.41   | \$1,752  |
| Low Income            | \$60,150                            | 80%               | 2.73   | \$1,376  |
| Low Income            | \$45,120                            | 60%               | 2.05   | \$1,000  |
| Very Low Income       | \$37,600                            | 50%               | 1.70   | \$812  |
| Extremely Low Income  | \$22,550                            | 30%               | 1.02   | \$436  |
| Extremely Low Income  | \$22,050                            | 29%               | 1.00   | \$423  |

<sup>15</sup> 2009 Median Family Income for a family of four for the Fort Collins/Loveland Metropolitan Statistical Area (Larimer County) according to the Department of Housing and Urban Development is \$75,200, also known as the Area Median Income (AMI).

<sup>16</sup> The Census Bureau’s poverty thresholds are the same nationwide, with no separate figures for different states, metropolitan areas, or cities. The 2009 poverty threshold for a family of four is \$22,050.

<sup>17</sup> “Maximum Affordable Monthly Rent” is calculated by multiplying the AMI by 30%, then dividing by 12, and subtracting \$128 as an allowance for necessary utilities (electricity, natural gas, etc.). The \$128 monthly utility allowance is the HUD Section 8 guideline for Fort Collins.

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## APPENDIX B

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### Citizen Comments

Comments on this plan were solicited from the general public during the month of May 2010. The plan was available to download at [fcgov.com/affordablehousing](http://fcgov.com/affordablehousing) and hard copies were available upon request. In addition, the Affordable Housing Board hosted a public meeting on June 3 to invite feedback. Despite these efforts, the City did not receive any public input during the comment period.

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## APPENDIX C

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### Definitions

The City's *Land Use Code* contains the following definitions for an affordable housing unit for sale, an affordable housing unit for rent, and an affordable housing project:

***Affordable housing unit for sale***

Shall mean a dwelling unit which is available for purchase on terms that would be affordable to households earning 80% or less of the median income of city residents, as adjusted for family size, and paying less than 38% of their gross income for housing, including principal, interest, taxes, insurance, utilities and homeowners' association fees. The unit must be occupied by and affordable to such low-income household(s) for a period of not less than 20 years.

***Affordable housing unit for rent***

Shall mean a dwelling unit which is available for rent on terms that would be affordable to households earning 80% or less of the median income of city residents, as adjusted for family size, and paying less than 30% of their gross income for housing, including rent and utilities. The unit must be occupied by and affordable to such low-income household(s) for a period of not less than 20 years.

***Affordable housing project***

Shall mean a 75% of the gross acreage to be developed under the plan is to be developed as residential dwelling units or mobile home park spaces;

(2) At least 10% of said dwelling units or spaces (the "affordable housing units") are to be available for rent or purchase on the terms described in the definitions of affordable housing unit for rent or affordable housing unit for sale (as applicable);

(3) The construction of the dwelling units or spaces is to occur as part of the initial phase of the project and

(i) Prior to the construction of the market rate units, or

(ii) On a proportional basis, according to the same ratio as the number of affordable units bears to the number of the market rate units; and

(4) The units will be required by binding legal instrument acceptable to the City and duly recorded with the Larimer County Clerk and Recorder, to be occupied by and affordable to low-income households for at least 20 years.