

The Economics of Land Use



Final Draft Report

City of Fort Collins Land Bank Property Disposition Study

Prepared for:

City of Fort Collins
Office of Social Sustainability

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1. EXECUTIVE SUMMARY

This report presents the analysis and recommendations of Economic & Planning Systems (EPS) regarding development and disposition strategies for the Fort Collins Land Bank Program properties. Eps also provides its recommendations on refinements to the Land Bank's ordinance and its policies on development and affordable housing requirements.

Property Recommendations

The Fort Collins Land Bank Program (Program) was established by ordinance in 2001. The objective of the Program was to purchase properties in the path of development that, due to a lack of infrastructure or other constraints, could be acquired at a discount; and when the properties appreciate in value five or more years later, sell them at 90 percent of market value to allow for the development of affordable housing. Over the 2002 to 2006 time period, five properties were purchased by the City and placed in the Program.

EPS evaluated and scored the five properties against eight development readiness criteria. Based on this evaluation and other considerations, its recommendations for the five properties are summarized in **Table 1** below.

Table 1
Property Recommendation*

Site	Acquired	Acres	Value (2015)	Score	Disposition	Comment
West Vine Street	2006	2.7	\$200,000	11	Hold	Floodplain constraint needs to be corrected before development
Horsetooth Road	2003	8.3	\$1,230,000	17	Develop	Highest score. Close to services
Tilden Avenue	2006	16.0	\$2,220,000	14	Develop or Sell	Highest appreciation/value. Could be sold if nearby Kechter property is developed
East Kechter Road	2002	4.8	\$760,000	13	Develop	High score. Developer interest.
South College Avenue	2002	17.3	\$2,090,000	11	Hold	Low market readiness. Infrastructure constraints

Source: City of Fort Collins; Economic & Planning Systems
H:\153023-Fort Collins Land Bank Study\Data\153023-Recommendations Summary.xlsx\Summary

*The parcels were also appraised as currently restricted by the Land Bank ordinance, and those values are lower than purchase prices. This analysis assumes the ordinance language means full market value, but the language may be interpreted as ambiguous.

Recommended Program Modifications

EPS also recommends consideration of the following modifications to the Land Bank Ordinance, the Land Use Code and/or its policy guidelines:

- Eliminate the 10-acre maximum for affordable housing sites in the LMN zone district.

- Increase the maximum gross density bonus in the LMN zone from 12 units per acre to 16 units per acre.
- Require affordable housing built on Land Bank properties to be maintained as permanently affordable, allowing for a modest specified level of appreciation for the homeowner in for-sale housing.
- Allow for mixed-income housing projects to be built on larger Land Bank parcels (over 10 acres) while preserving a minimum required number of affordable units.
- Request discounts or concessions on water acquisition fees and tap fees from the Fort Collins Loveland Water District to make affordable housing project costs comparable to the City's water district.
- Explore opportunities to obtain more centrally located Land Bank sites or other strategies to partner with public and private developers to include affordable housing units in more urban locations.

2. LAND BANK PROGRAM

Background

The purpose of Fort Collins' Land Bank Program is to acquire, hold, and sell property to assist affordable housing developers to build housing for low-income households, specifically at or below 50 percent AMI for rental projects or up to 60 percent AMI for for-sale projects. The Program was established to give developers the opportunity to purchase below-market value land, passing along the "savings" to offer low-cost housing. It was intended to act as an intermediary in the market for land, making land available to developers of affordable housing that would otherwise need to pay full market value.

The genesis of the Program originated in the late 1990s when a team of City staff participating in a National League of Cities workshop titled "Strengthening Partnerships for Housing Opportunities" identified the scarcity of land as one of the major impediments to meeting future affordable housing needs. As a result, the "Priority Affordable Housing Needs and Strategies Report" was prepared and adopted by resolution in 1999. A product of that work was the recommendation to study the feasibility of a land bank program.

The Land Bank Program was established by ordinance in 2001. Since that time, the Program has acquired five sites totaling 49.1 acres over the 2002-2006 time period. As nearly a decade has passed since the acquisition of the last site, development now surrounds several of the sites. The Housing Affordability Policy Study (HAPS) completed in 2014 recommended development of the Land Bank properties as a viable option for addressing affordable housing needs. As such, the City has determined it is now appropriate to consider using one or more of these sites for its intended purpose.

Program Objectives

The key strategy was to acquire properties that lack infrastructure and wait until surrounding properties were developed. Development of the properties when these objectives are satisfied means that the development becomes more valuable but less costly, in terms of infrastructure.

The following are objectives consolidated from a variety of documents regarding the purpose and intent of the Land Bank Program:

- The City buys and holds properties so that when land values increase they can be sold at below-market rates to developers of affordable housing "providers" including "publicly-affiliated, philanthropic, or profit-motivated" providers (Ordinance 48, 2001). The following were stated as goals:
 - Help ensure a steady supply of sites
 - Help affordable housing developers to secure quality sites
 - Promote strategic site selection for housing projects
 - Provide greater community awareness of housing projects, by identifying sites well in advance of their planned development so that adjacent property owners are aware of the plans for the sites

- Guidance from the initial feasibility study suggested that the purchase price should be approximately \$2.25 per square foot of land
- Acquire property with infrastructure limitations within GMA that are (or will be within the foreseeable future) within a ½-mile of at least three of the following five specifications:
 - Transit route
 - School
 - Parks
 - Employment center
 - Commercial center
- Hold the property for 5 to 15 years to allow for anticipated property appreciation.
- Dispose of the property through an RFP process to a developer for no more than 90 percent of its fair market value. According to the Land Bank Ordinance, the City Council determined that it was in the City's best interest to acquire property to provide housing for the extremely low and very low income families:
 - If rental, units must be at or below 50 percent AMI
 - If ownership, units must be at or below 60 percent AMI
- The City should anticipate land transaction costs (at purchase and sale), and if possible, utilize "donated services" to hold down closing costs.
- Recycle proceeds from sales to City's Affordable Housing Fund to be used for additional Land Bank acquisitions.
- The Program was also designed with motivation to acquire land annually, thus continuously supporting the development of affordable housing over a longer period of time.
- It was also the intent that the Program would borrow money to finance land purchases and hold until sale to affordable housing developers.

Initial Acquisition Strategies

There were provisions made in advance of the Ordinance's adoption that set forth a process for acquiring appropriate sites, including:

- **Site identification** – Identify ownership of the parcel and estimate cost, contact land owner, make a presentation of the Land Bank Program to property owner, and follow up.
- **Due diligence** – This was intended to involve a more in-depth investigation and research into issues potentially affecting the suitability of a site for the Program and any risks with acquisition, such as establishing an initial agreement with specific performance conditions, perform title work, have an appraisal done, perform an environmental audit, and conduct a land survey.
- **Site acquisition** – This step involved the mere execution of a purchase agreement, in which City Council approval would be sought, a contract would be prepared, and a sale would occur.

Initial Disposition Strategies

Under the Fort Collins City Code, City Council can authorize the sale or lease of interests in City owned property, including the following:

- **Fee simple title** — conveyance of land to an affordable housing developer that includes legal mechanisms to ensure that the property is used for the production and operation of affordable housing over a specified time period.
- **Ground Lease/Air Rights Lease** — a conveyance option utilized by community land trust models throughout the U.S.

Ordinance 48 (2001) makes more specific provisions for the disposition of the Land Bank properties, as follows:

- Land conveyed shall be sold for no more than 90 percent of its fair market value as determined by the City.
- Upon conveyance of land to an affordable housing provider, land shall be developed within 24 months, and building permits shall be obtained within 48 months. If these criteria are not met, title of the respective portion of land reverts to the City.
- Resale of a developed property must continue to be used as affordable housing, and if this is not the case, the City may also recover title to the property.
- One such disposition limitation that creates an obstacle to disposition is that “such sales shall not be made...for the purpose of...development of non-residential uses or the provision of market rate housing.”
- All proceeds of sale of land are to be placed in the Affordable Housing Trust Fund and to be used for additional land acquisitions.
- The Ordinance does not address the mechanism for ensuring housing affordability or for how long housing affordability limits are to be in place.

Land Bank Properties

Figure 1 below illustrates the location of the City’s five Land Bank properties, acquired between 2002 and 2006. The original purchase prices ranged from \$140,000 for 2.7 acres on West Vine Drive to \$1.1 million for 16.0 acres on Kechter Road. In 2009, the City evaluated the market and valuation of the five properties. The appraised value was a combined \$3.2 million, which was only \$231,000 above the combined acquisition price, reflecting the depressed values present during the 2008-2010 recession. However, as of the 2014 appraisal, the combined (unrestricted) market value of the five properties was \$6.50 million, which is 117 percent higher than the combined acquisition price.

The appreciation of the five properties individually is shown in **Table 2** below. The South College property has gained the greatest value growing from a 2002 purchase price of \$445,500 to a 2015 value of \$2.1 million which is a 369 percent increase. The 2313 Kechter property has more than doubled from its acquisition price of \$1.1 million to a 2015 appraisal value of \$2.22 million.

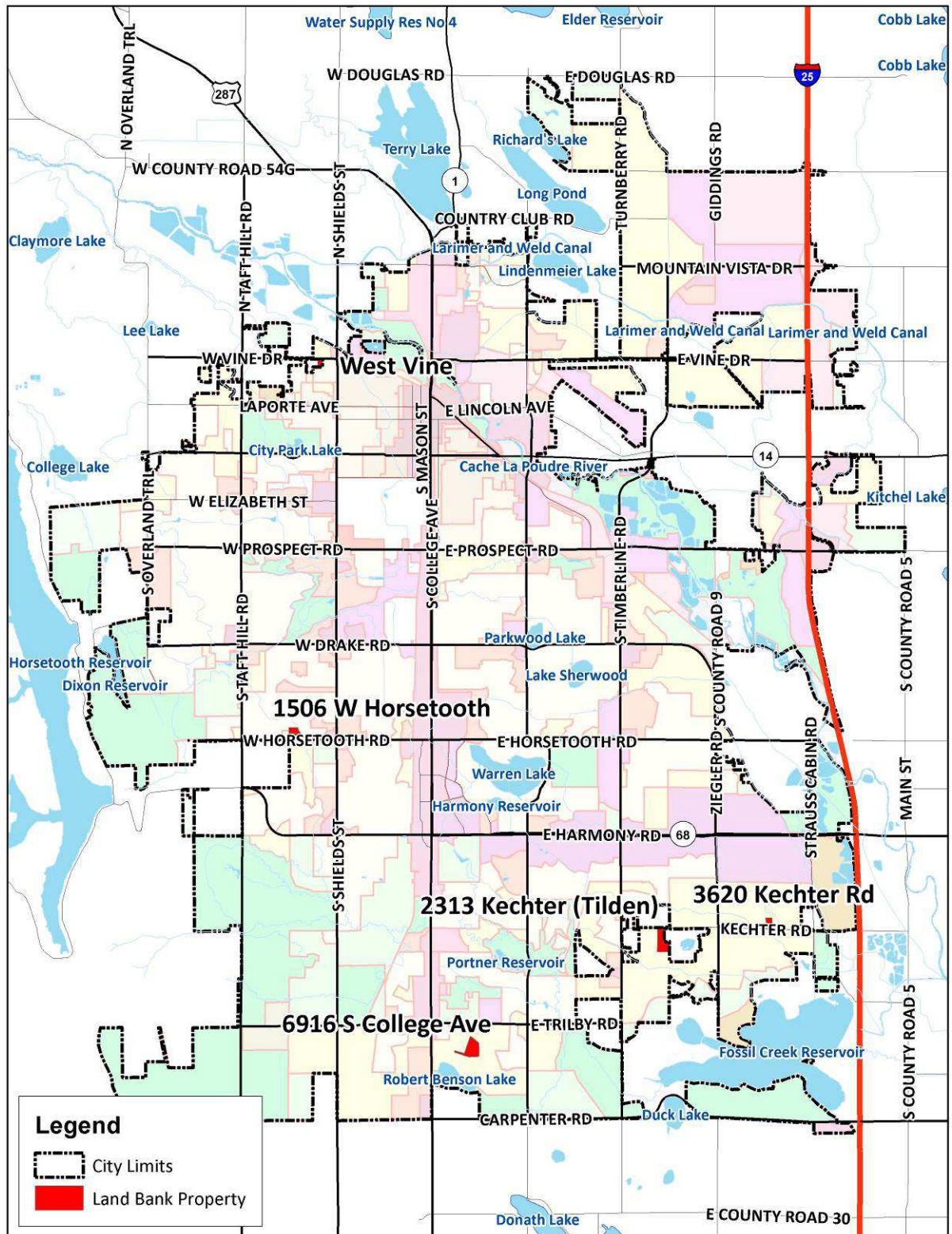
Table 2
Property Value Change

Site	Purchase Year	Acreage	Purchase Price	2009 Appraisal	2015 Appraisal	2015 Price Per SF	Pct. Growth	Annual Pct. Growth
West Vine Dr	2006	2.7	\$140,000	\$136,500	\$200,000	\$1.70	42.9%	4.0%
1506 W Horsetooth	2003	8.3	\$750,000	\$722,500	\$1,230,000	\$3.40	64.0%	4.2%
2313 Kechter (Tilden)	2006	16.0	\$1,100,000	\$1,217,000	\$2,220,000	\$3.19	101.8%	8.1%
3620 E Kechter	2002	4.8	\$566,000	\$590,000	\$760,000	\$3.63	34.3%	2.3%
6916 S College	2002	17.3	<u>\$445,500</u>	<u>\$566,000</u>	<u>\$2,090,000</u>	\$2.77	<u>369.1%</u>	12.6%
Total			\$3,001,500	\$3,232,000	\$6,500,000		116.6%	

Source: City of Fort Collins; Economic & Planning Systems

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Figure 1
Fort Collins Land Bank Parcels and Comparable Properties



Scope of Work

The primary purpose of the Land Bank Property Disposition Study is to identify a development and disposition strategy for the City's five Land Bank properties. Through the HAPS process completed in 2014, it was determined that an analysis of the development and/or leverage potentials of the Land Bank properties was one of the most viable short-term options to increase the supply of affordable housing.

The study also addresses whether the existing Land Bank Property Ordinance restrictions requiring rental development to be priced at 50 percent AMI or lower and any ownership housing to be priced at 60 percent AMI or lower is viable for the effective development of the properties to meet the City's affordable housing goals.

The Study findings are presented in three chapters following this Introduction, as follows:

- **Market Framework** — An update to Fort Collins area affordable housing market conditions and needs, as identified in the HAPS.
- **Development Readiness Evaluation** — EPS' evaluation of the development readiness of the five existing Land Bank properties including a ranking of each site against nine development readiness criteria.
- **Disposition Strategy** — EPS review of development disposition options for the existing Land Bank properties and recommendations on whether to develop, hold, or sell each parcel. A list of recommended changes to the Land Bank Ordinance and implementing policies are also presented.

3. MARKET FRAMEWORK

This market framework chapter is intended to provide an update to the general market conditions, trends, and specifically affordability gaps and needs conditions that were identified in the Housing Affordability Policy Study. The findings of this updated research are intended to provide context to the increased level of need for affordable housing in a local and regional housing market that continues to become less affordable to the typical working household with median income.

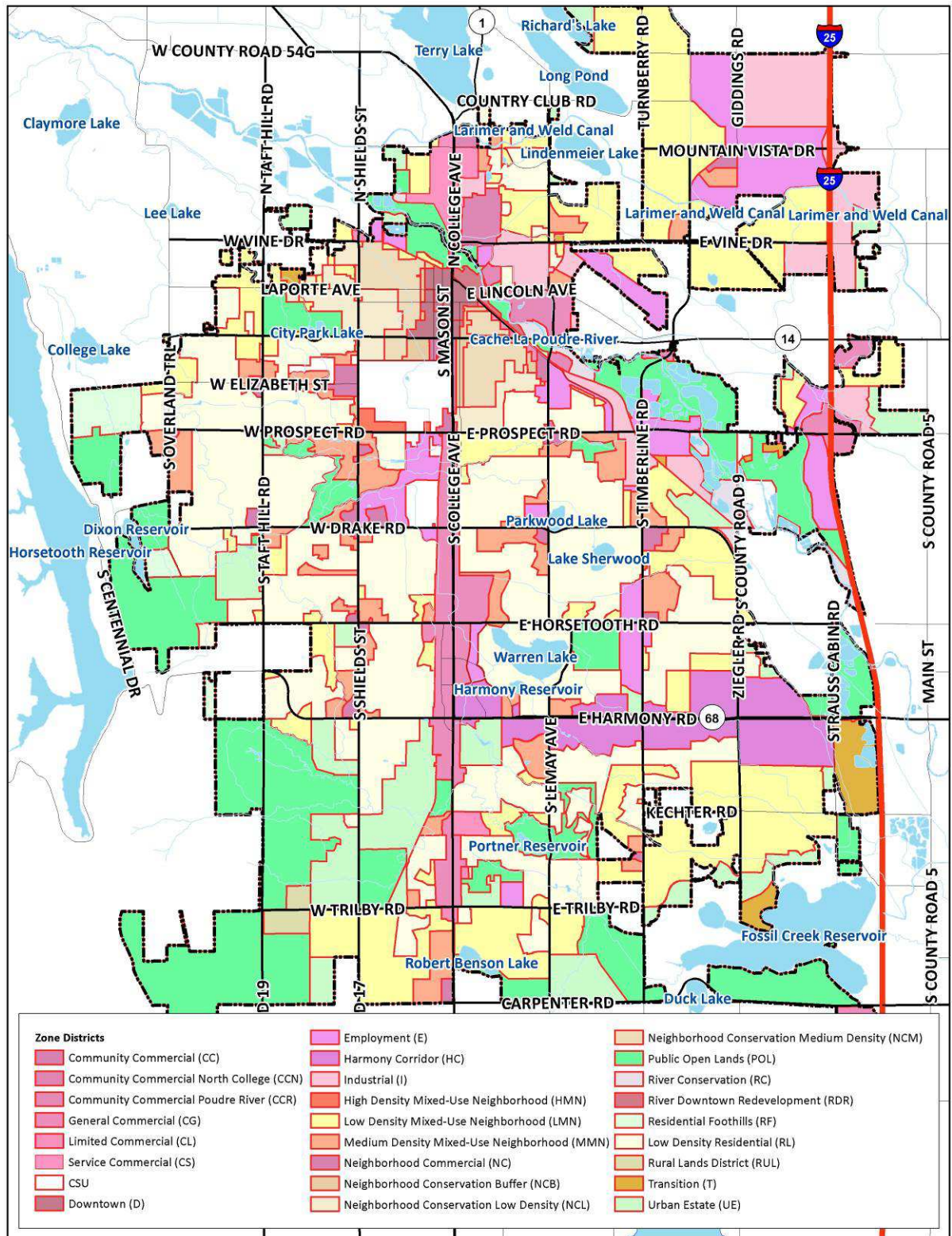
Zoning

Figure 2 illustrates the City's zoning map, of which the most relevant zoning district to understand in this analysis is the Low-Density Mixed-Use Neighborhood District (LMN). All except one of the sites are zoned LMN, which permit residential and a limited number of neighborhood commercial uses.

For the purposes of this study, the most relevant aspect of the LMN zoning district is its limitations on gross housing density. According to the City's Zoning Code, the permissible density of market rate housing is a minimum of 4 dwelling units per gross acre or 3 dwelling units per gross acre if the entire development is less than or equal to 20 acres. The maximum permissible density for market rate housing is 9 dwelling units per acre. The maximum density for affordable housing projects within the LMN zone, however, can be up to 12 dwelling units per acre, but only for developments that are less than or equal to 10 acres.

While much of the Code sets forth straight-forward parameters for development densities, it is this acreage element of the Code that is of greatest concern because two of the City's Land Bank properties are greater than 10 acres. This would imply that only 10 of those acres would be permitted for densities up to 12 dwelling units per gross acre.

**Figure 2
City Zoning**



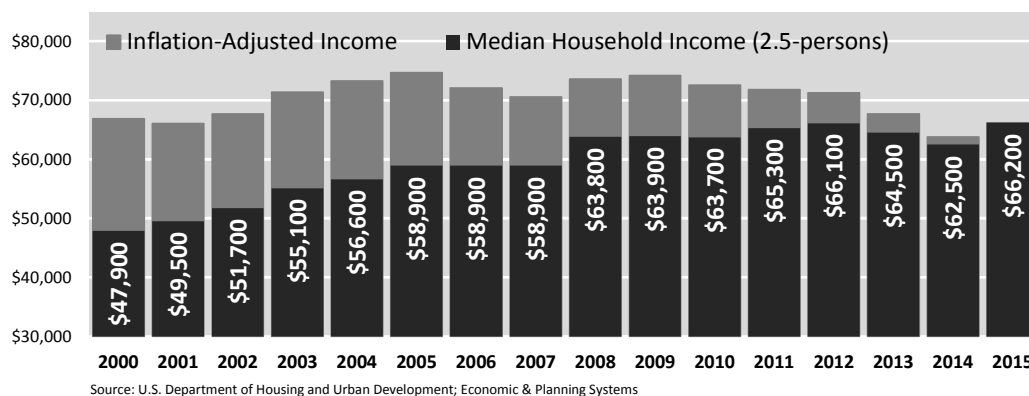
Household Income

This section of the report updates general housing conditions and trends in Fort Collins and the regional market.

After two years of decreases in the Department of Housing and Urban Development's (HUD) income limits, illustrated in **Figure 3**, the median household income for a family size of 2.5 has increased to \$66,200 in 2015. This trend line illustrates household incomes in constant and inflation-adjusted dollars, using data from HUD and the Bureau of Labor Statistics (regarding consumer price index levels).¹

Since 2013, which were the most recent data points included in the HAPS report, incomes have increased an average at 2.3 percent annually – from \$64,200 to \$66,200. Adjusted for inflation, however, which has increased 2.4 percent during the same time period, household incomes have actually decreased at an average of 1.1 percent annually. It should be noted that HUD defines these income levels for counties and cities as qualifying income limits for the purposes of its federally-funded housing programs. They are indirectly related to actual median household incomes, which are reported in the next data set.

Figure 3
HUD Median Household Income Trends, 2000-2014

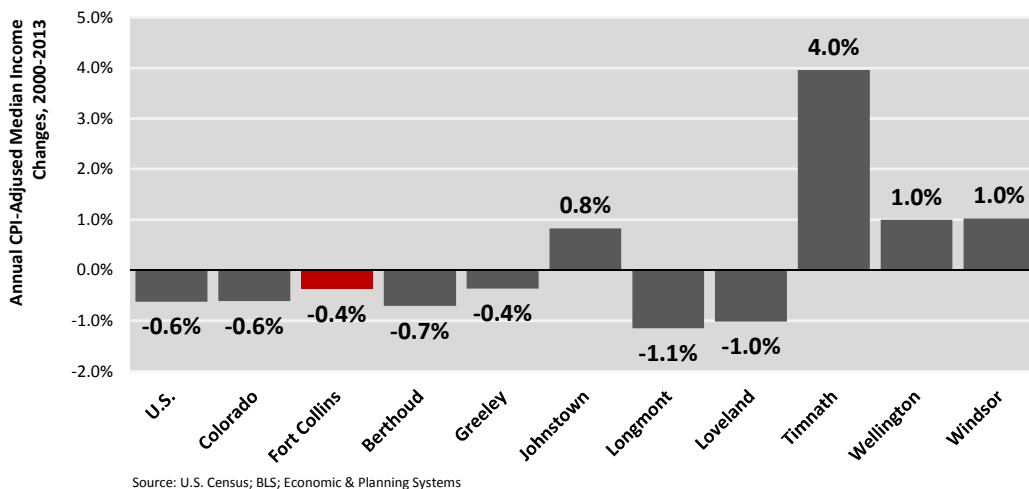


¹ Data are presented using an extrapolation of the standard 4-person household metric provided by HUD. The household incomes shown are calibrated to the average household size of 2.5 persons in Fort Collins.

Also included in the HAPS report was information regarding actual median household income from the U.S. Census up to 2012. **Figure 4** illustrates the trend with the addition of the most recent year of information, i.e. 2013. As with the previous data set, the trend of CPI-adjusted household incomes illustrates and confirms the longer-term decline of household incomes and purchasing power with respect to inflation-adjusted income. And where data were available, comparisons to the previously-chosen eight communities are preserved.

Nationwide and statewide, household incomes have dropped when adjusted for inflation since 2000. The same has been true, though to a slightly lesser degree, in Fort Collins where household incomes have fallen by an average of 0.4 percent annually since 2000. Household incomes have fallen to a greater degree in Berthoud, Longmont, and Loveland, as well as Greeley. On the other hand, communities like Johnstown, Timnath, Wellington, and Windsor have all had higher annual average income growth than Fort Collins. As reported in the previous study, this is a confirmation of the trend that more and more Fort Collins workers are commuting in for their jobs. That is, working in Fort Collins but living and commuting from surrounding communities.

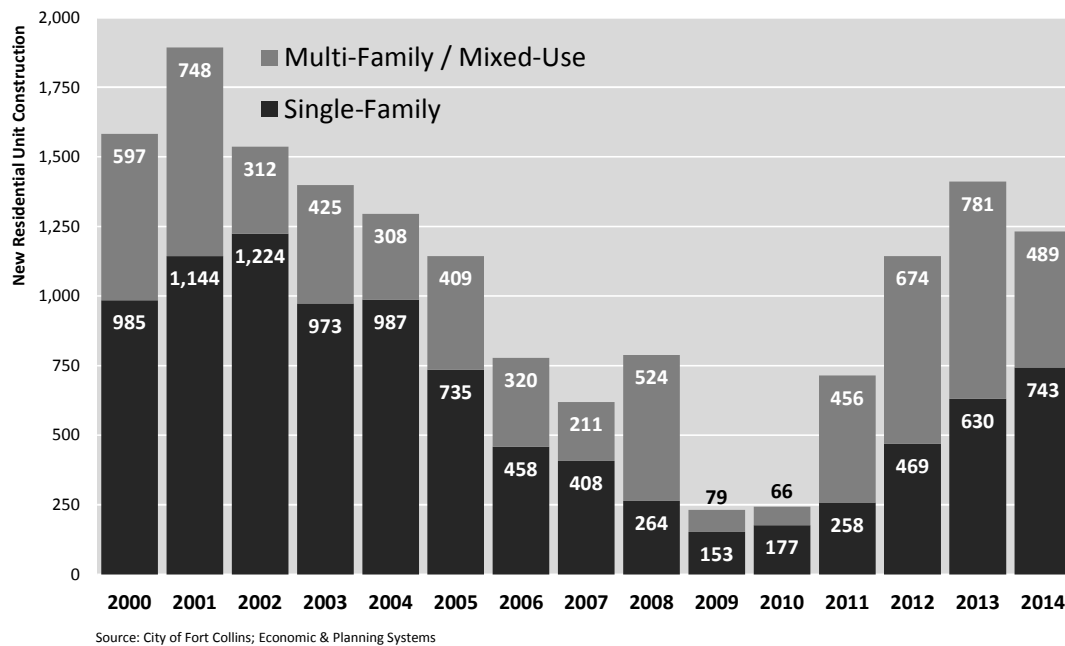
Figure 4
Average Annual Change in CPI-Adjusted Household Median Income, 2000-2013



Housing Construction

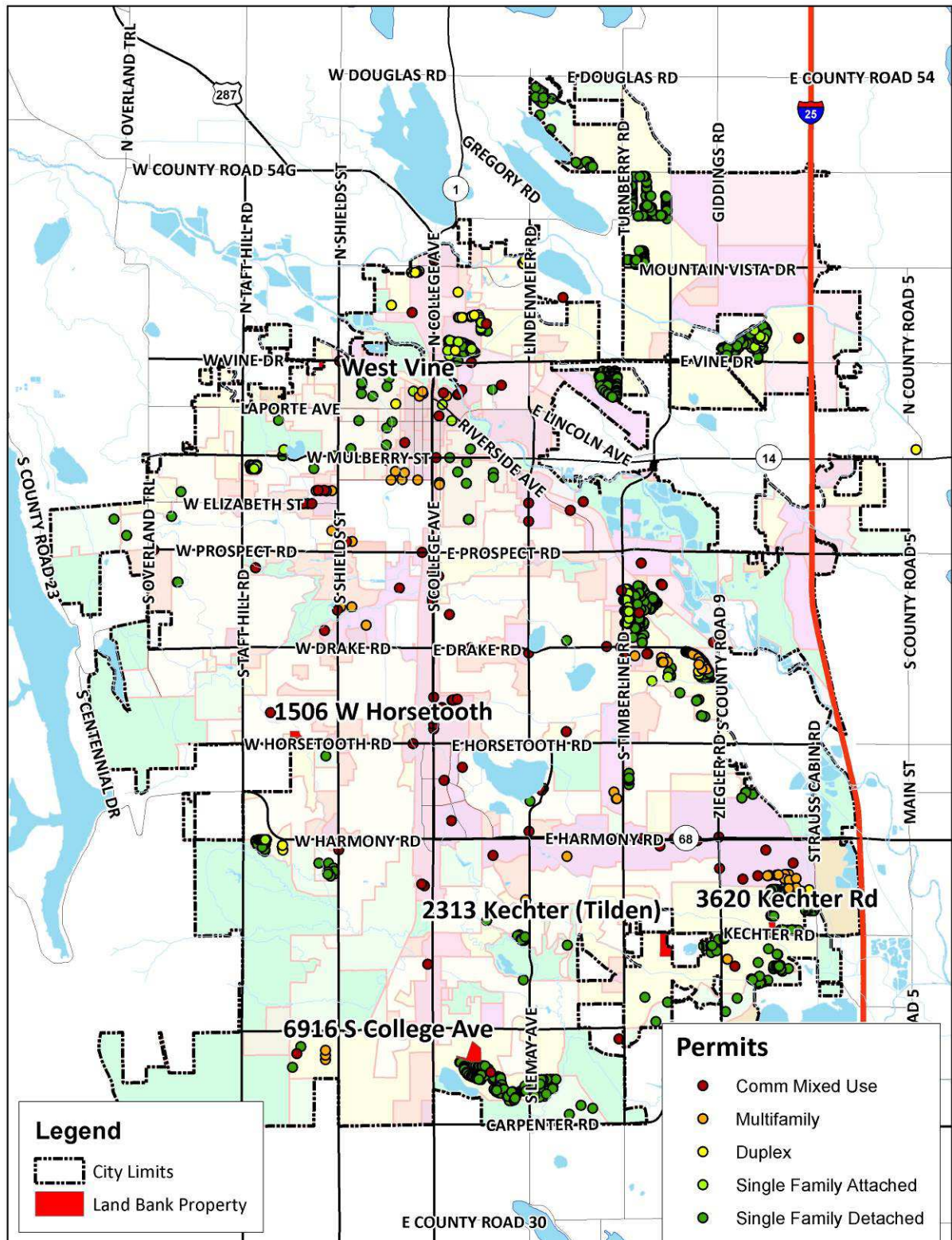
Before 2007, single-family detached housing construction accounted for an average of nearly 800 units per year, according to data obtained from the City's Building Department. On average, single-family construction accounted for nearly 70 percent of all units built during the year. Following the onset of the recession, single-family construction dropped to fewer than 200 units per year and multifamily construction to fewer than 100 units per year. Since 2013 the conclusion of the HAPS project, however, complete building permit data for 2014 has become available which illustrates the continued increase in the magnitude of single-family construction. Multifamily construction, however, seemed to have slowed in 2014.

Figure 5
City of Fort Collins Residential Construction Trends, 2000-2014



EPS also obtained geocodable building permit data from the City, as illustrated in **Figure 6** below. This information displayed represents new residential and non-residential construction activity between 2011 and 2015. While there have been many commercial/mixed-use permits issued in the central parts of the City, most of the residential construction activity has occurred largely on the periphery of the City – Turnberry and County Road 54; Vine Street west of I-25; Timberline and Drake; areas south of Kechter Road in the vicinity of the intersection with Ziegler; and the area directly south of the South College site.

Figure 6
City of Fort Collins Residential Construction Trends, 2011-2015



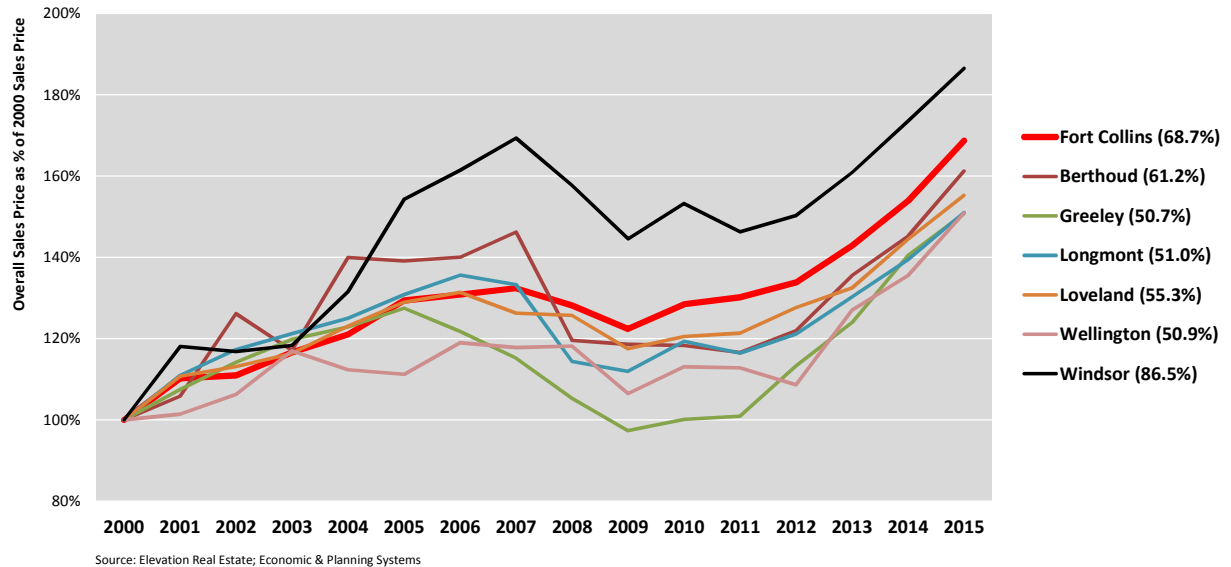
Housing Sales Prices

Since the conclusion of the HAPS report, the housing market in Fort Collins and the entire Front Range has continued to become costlier. The following charts illustrate an update of the for-sale and rental housing market data presented previously.

For-Sale Housing

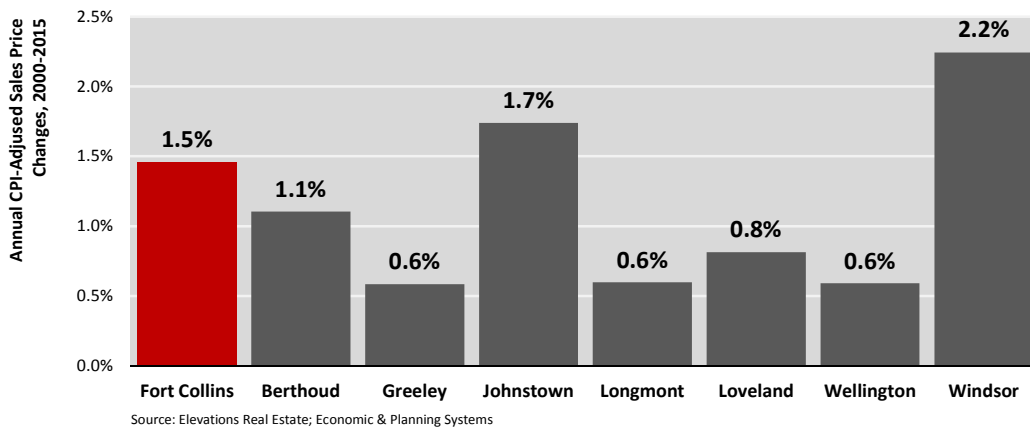
It was noted in the HAPS report that, up to 2013, average sales prices in Fort Collins had been escalating at 2.8 percent per year, or an overall 42 percent since 2000. Figure 6 illustrates an update to that information with 2014 and partial 2015 data. In the past one and a half years of data, housing averages have escalated 8.7 percent per year, reaching a citywide average sales price of nearly \$330,000. Since 2000, that means an overall average increase of 3.5 percent per year. The only community in the surrounding competitive market area with faster appreciation is Windsor, where prices have appreciated at a rate of 4.2 percent per year since 2000.

Figure 7
Normalized Ownership Housing Sale Price Trends, 2000-2013



As a point of comparison to the inflation-adjusted wages, which reveal a comparison of household buying power in 2000 versus 2013, the following **Figure 8** illustrates the annual average change in housing sales prices for Fort Collins and the surrounding communities when adjusted for cost of living increases. This chart illustrates that housing prices since 2000 have outstripped the CPI by well over 0.5 percent in all the surrounding communities. In Fort Collins, specifically, this illustrates that housing costs have escalated at 1.5 percent annually faster than CPI, indicating that housing is becoming increasingly unaffordable as a component of cost of living.

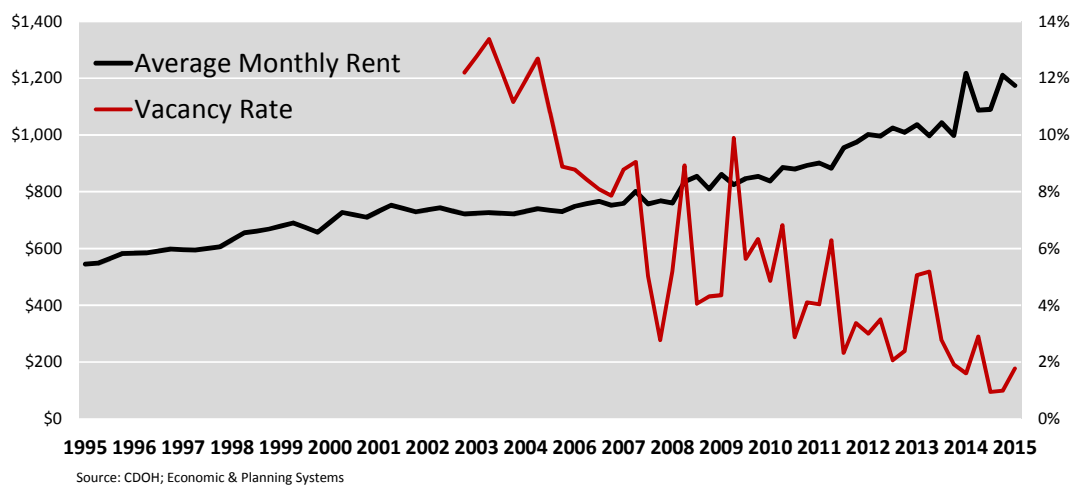
Figure 8
Annual Average CPI-Adjusted Sales Price Change, 2000-2015



Rental Housing

As indicated in the HAPS report, the rental market has experienced a tightening since 2003, as the citywide vacancy rate has sharply declined from more than 12 percent in early 2003 to less than 2 percent toward the end of 2013. **Figure 9** shows, however, that the vacancy rate since 2013 has continued to drop to levels even below 1 percent in 2014 and 2015.

Figure 9
Rental Market Trends, 1995-2015

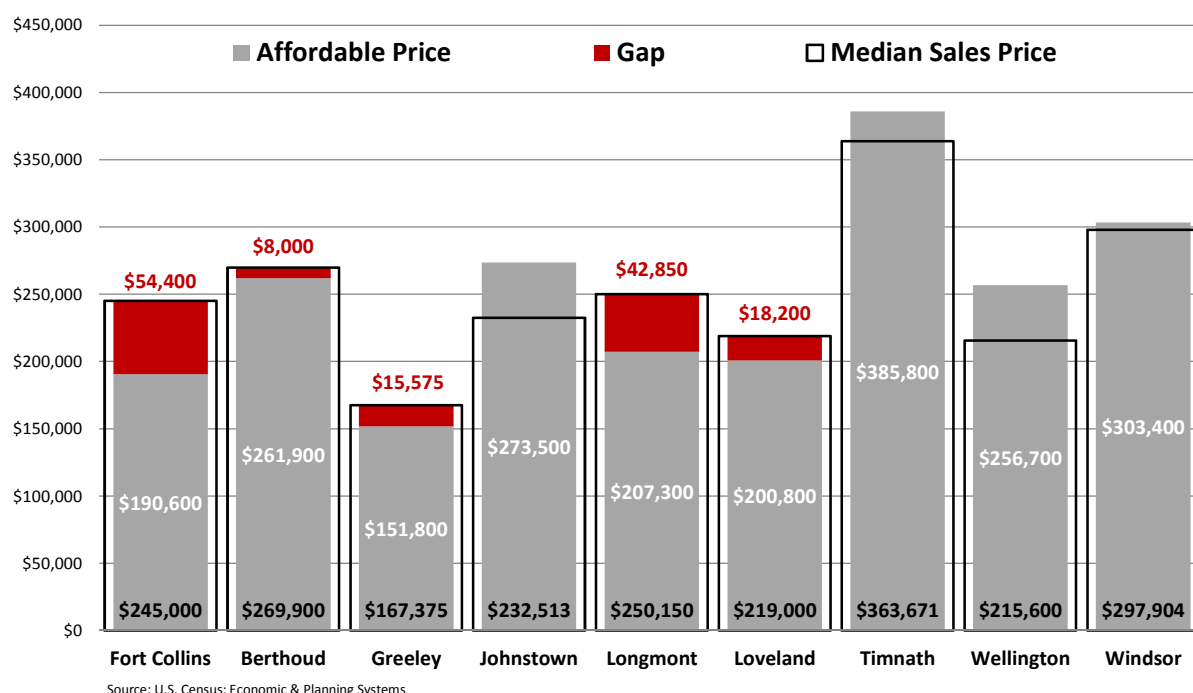


Rental vacancy rates below 5 percent are typically sufficient to stimulate both increases in rental rates and the construction of new units. Such conditions have been present in the City for the past five years or more, and the magnitude of multifamily housing development underway and in the pipeline has been evidence of this reality. In the HAPS report, EPS reviewed and documented the magnitude of student and non-student oriented multifamily housing; as of June 2015, the magnitude of planned and proposed multifamily housing remains in the magnitude of 4,800 units.

Housing Affordability

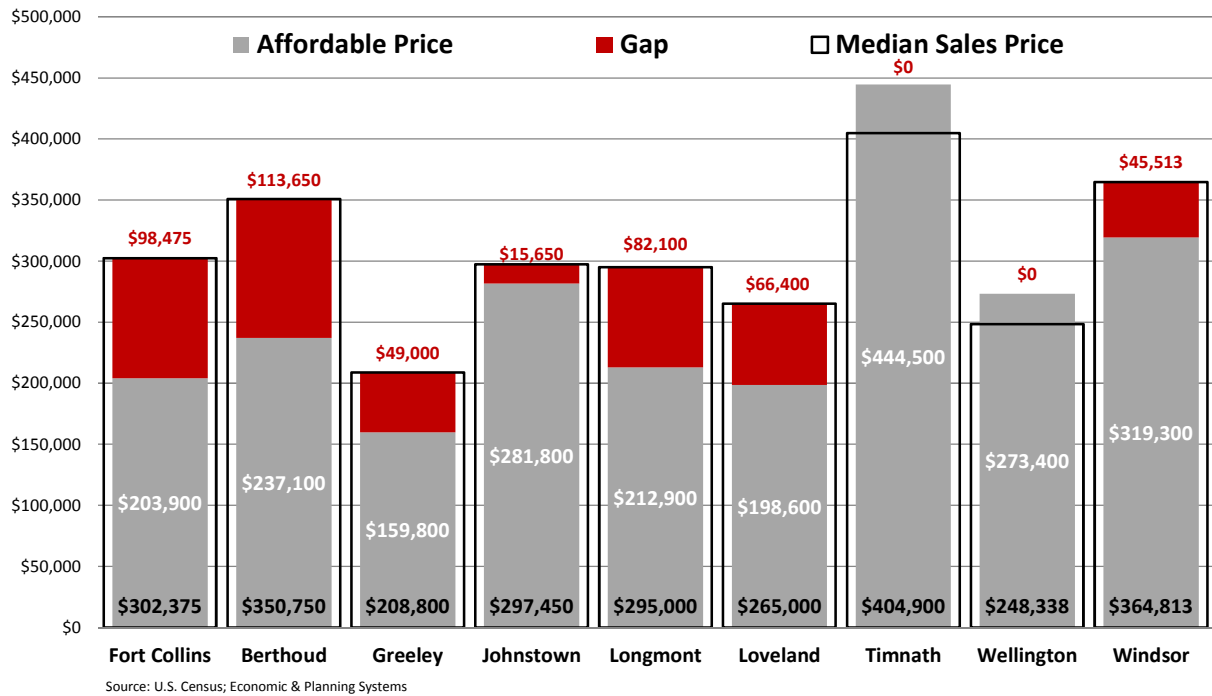
Using metrics for lending terms appropriate to the markets of 2013 and 2015, the following figures illustrate the extent of affordability gaps between what households could afford to buy and the median-priced house in 2013 and in 2015. In 2013, shown in **Figure 10**, the gap between what a household in Fort Collins could afford and the median of what was available was \$54,400. While gaps for local households in Johnstown, Loveland, Timnath, and Wellington also existed, they each offered less expensive housing options than Fort Collins.

Figure 10
Fort Collins Trade Area Affordability Gaps, 2013



As previously noted, Fort Collins became slightly less affordable to households earning median income when adjusting incomes and the price of housing by CPI. Using a different set of metrics, **Figure 11** illustrates that in 2015, the affordability gap for Fort Collins has widened for households earning median income. By EPS's calculations, the affordability gap has widened to more than \$98,000 in Fort Collins since 2013, an increase of approximately 80 percent.

Figure 11
Fort Collins Trade Area Affordability Gaps, 2015



General Market Conditions

The following series of 4 maps illustrate some of the general market data EPS used in its analysis of market area conditions for each of the five Land Bank properties.

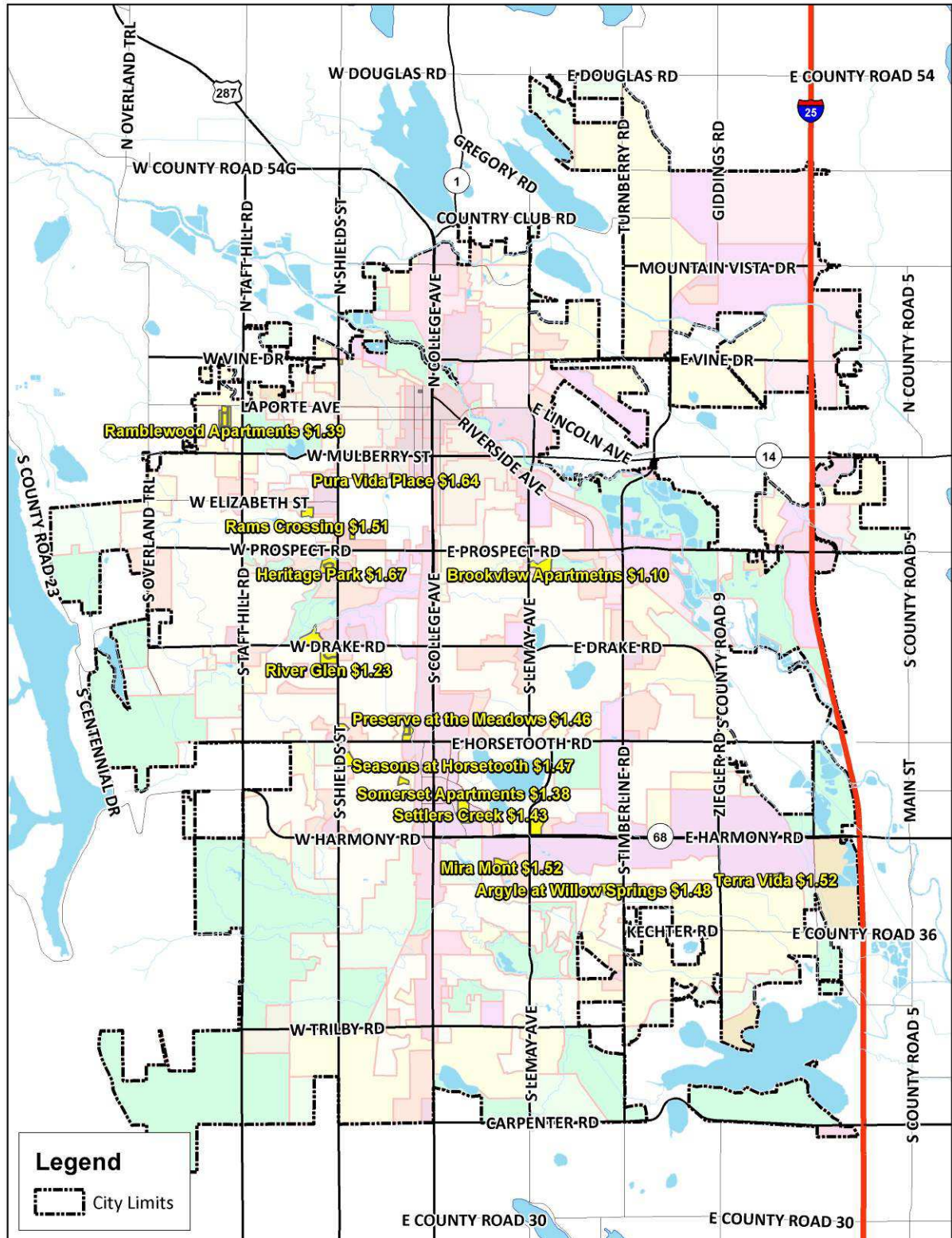
Figure 12 illustrates the apartment rental rates of comparable apartment buildings throughout the City.

Figure 13 illustrates retail lease rates throughout the City.

Figure 14 illustrates office lease rates throughout the City.

Figure 15 illustrates a second source of apartment rental rates using Costar data.

Figure 12
Comparable Apartment Rental Rates



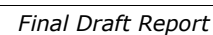


Figure 14
CoStar Office Rental Rates

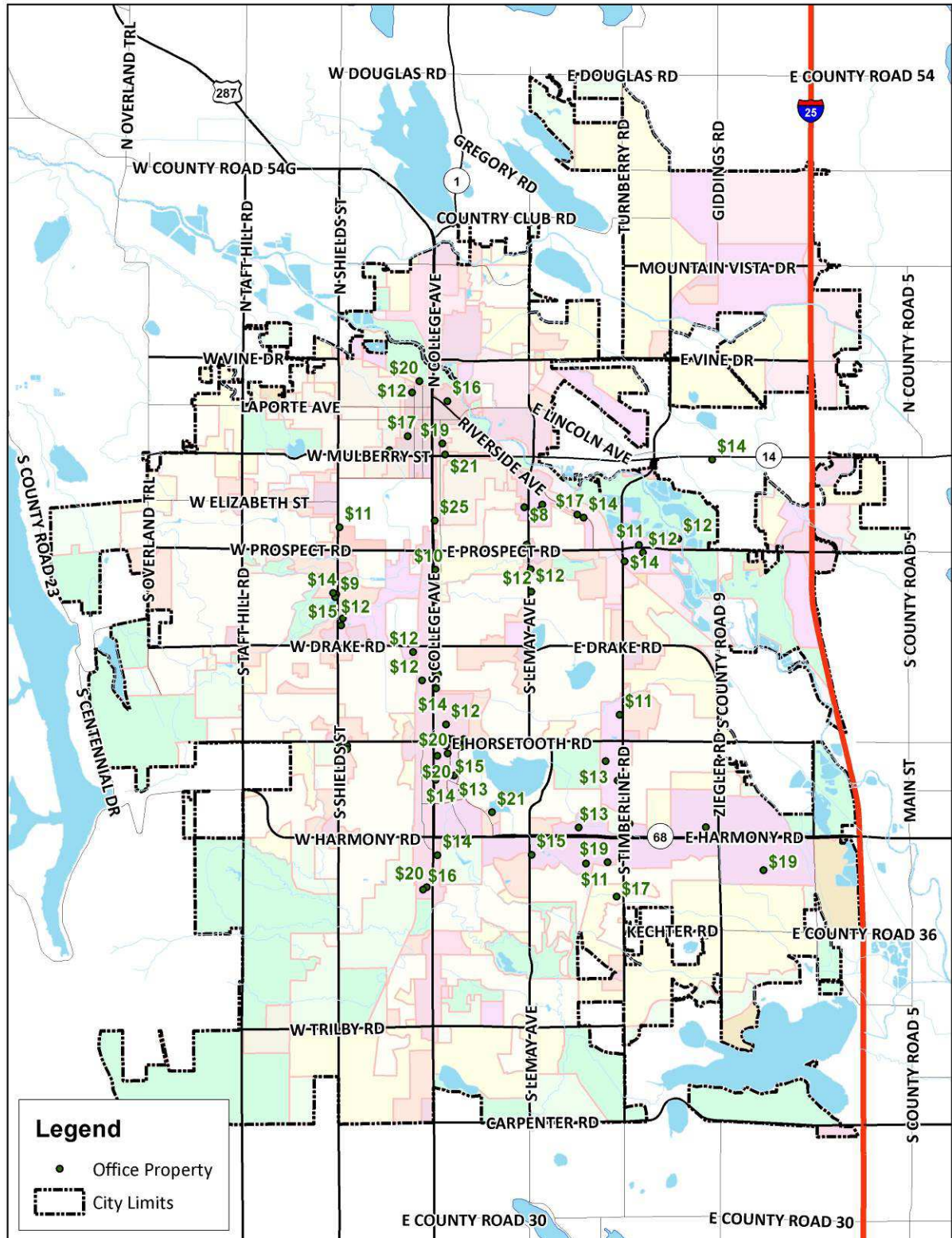
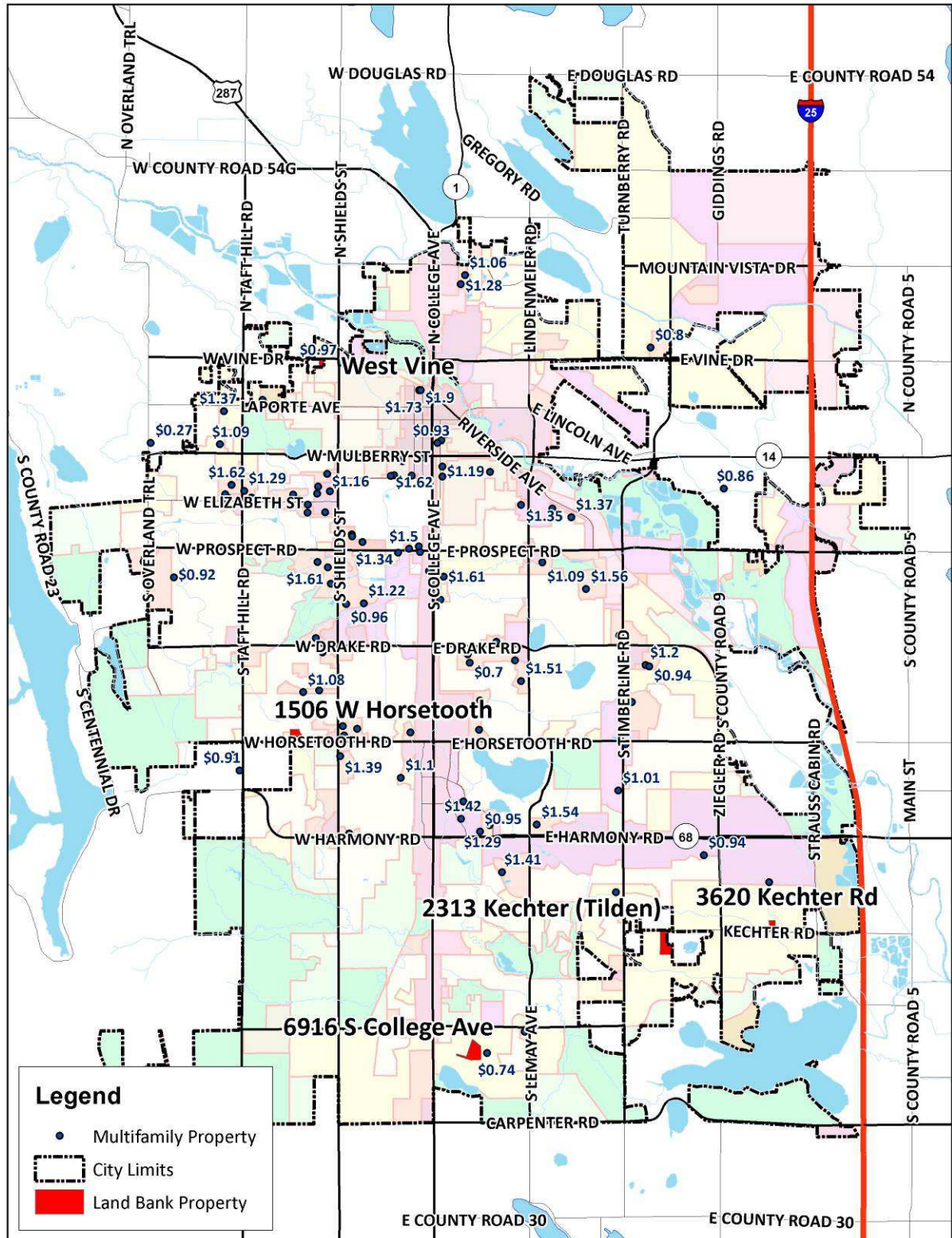


Figure 15
CoStar Multifamily Rental Rates



Review of HAPS Findings

A summary of major findings from the City's 2014 Housing Affordability Policy Study are a good starting point for understanding the general status of economic and demographic conditions relevant to affordable housing needs.

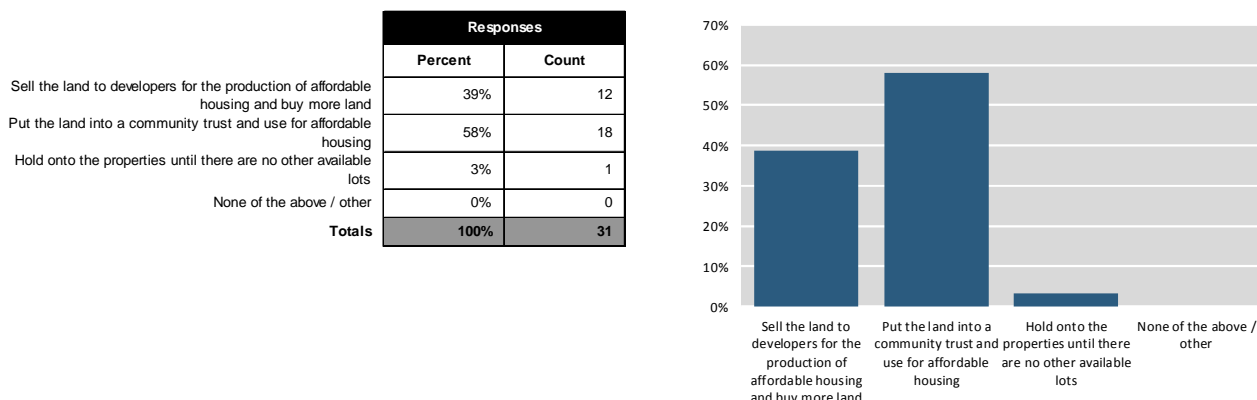
- Local employment growth has been stronger than regional growth, and incomes have barely kept pace with the cost of living.
- Housing prices have risen faster than incomes, and the affordability gap for households with median income has widened.
- Most of the increase in housing costs has been attributable to the rise in hard costs (labor and materials) and land.
- In-commuting has increased while out-commuting has remained flat.
- Demand for rental housing is tightening the market, but also stimulating construction.
- Multifamily residential accounts for a majority of recent and proposed construction activity.
- The threat of construction defects claims has had a material impact on multifamily for-sale housing development.
- Approximately 1,000 ownership households are cost-burdened.
- Between 1,250 and 2,400 renter households are cost-burdened.

In the Stakeholder Workshop 3, EPS and City staff presented participants with a series of multiple choice questions regarding a menu of options for addressing affordable housing issues and concerns. Among them was a question specific to the disposition of the City's Land Bank properties. Participants were asked what the best use of the properties would be:

- A. Sell the land to developers for the production of affordable housing and buy more land.
- B. Put the land into a community land trust and use for affordable housing.
- C. Hold onto the properties until there are no other available lots.
- D. None of the above / Other.

Interestingly, no one chose Option D and only one participant selected the option of "holding" property until no other sites were available. The others were split 60 percent in favor of placing the properties into a CLT model and using for affordable housing, and 40 percent were in favor of selling the land to affordable housing developers (presuming the 90 percent market value) and using proceeds to acquire more sites.

Figure 16
Workshop 3 Question 5



HAPS Recommendation

In a series of recommendations to the City at the conclusion of the Housing Affordability Policy Study, EPS recommended that the City, having fulfilled the Land Bank's intent, use one or more of its properties toward achievement of affordable housing goals. At the time, a couple basic options were contemplated, which establish a point of departure for this analysis:

RFP Option: an RFP would be issued, to which any combination of non-profit and/or for-profit developers may respond. Because the land would be used as leverage, the RFP could stipulate the desired timing of development, desired land uses, scale of affordable housing use, and a number of other development requirements such as level of affordability, minimum duration of affordability, and statement of appraised value. Under this option, some key considerations might be:

- Sale of a site would generate immediate revenue for acquiring other properties for the current Land Bank Program.
- Relinquishes direct/long-term control of land to another entity.

Land Trust Option: under this option, the City would place some or all of its Land Bank assets with a community land trust (also called a leasehold estate), similar to the Colorado Community Land Trust. This option would not generate funding itself, but would be as a pass-through vehicle for federal, state, and/or local funding. Because a land trust's mission as a 501(c)3 can be written broadly to grant it powers to acquire, develop, own, lease, and manage property, and because it can apply for similar funding as a housing authority (e.g., CDBG, HOME), its functions could closely resemble the FCHA's. Under this option, some key considerations would be:

- Gives the City greatest direct control over the long-term affordability of its properties.
- Generate ongoing revenues through land rents to support the trust's administrative operations.
- Could be costlier than selling to another entity; as such, ensuring low operational costs means clarifying with the Larimer County assessor whether such an entity would have tax-exempt status.

One issue that was raised at the time and is still relevant for the City to consider is the question of whether the City would prefer to have long-term (i.e., direct) control over the Land Bank properties. That is, direct control over the land may come at a greater administrative cost but achieve a potentially greater impact by maintaining a crucial point of leverage (i.e., ownership of the land). On the other hand, selling (or leasing, i.e., partnering) with one or more properties to the FCHA or similar entity means that the partner organization's structure could absorb administrative costs.

4. DEVELOPMENT READINESS EVALUATION

City staff completed a preliminary evaluation of the five Land Bank properties using a larger set of site suitability criteria. EPS's evaluation addresses a narrower set of criteria focused on development readiness; specifically, are the sites "shovel ready" in terms of entitlements, access, utilities, and community services? And are market conditions surrounding the sites conducive to affordable housing is affordable housing compatible with surrounding uses?

Criteria

EPS has identified the following criteria as most applicable to determining the development readiness of the sites. We have also rated each site on a scale of 0 to 3 according to the measures listed under each criterion.

1. **Appreciation:** Based on the 2014 fair market value appraisal has the property been held for a minimum of five years and does it currently have a value at least 50 percent above the acquisition price?

0 – No appreciation
1 – Less than 50 percent appraisal
2 – 50 to 100 percent appreciation
3 – Over 100 percent appreciation
2. **Zoning / Entitlements:** Does the site have appropriate zoning and entitlements to accommodate affordable housing as defined by the Fort Collins Land Bank policies?

0 – No
1 – LMN – allows for 12 u/ac which allows for only TH density development
2 – MMD – allows for 20 u/ac which would allow for 3-story apartment development
3 – Downtown or MXD – allows for higher density and mixed use development
3. **Proximity to Transit:** What level of transit service is available to the site?

0 – None within walking distance of ½ mile
1 – Within ½ mile of transit line
2 – Within ¼ mile of transit line
3 – On the MAX Ride BRT or other major transit line
4. **Proximity to Elementary Schools:** What is the distance to the nearest public elementary school?

0 – Outside 1½ mile
1 – Within 1½ miles
2 – Within 1 mile
3 – Within ½ mile

5. **Proximity to Neighborhood Retail:** What is the distance to the nearest full-service grocery store or supermarket?
 - 0 – Outside 3 miles
 - 1 – Within 3 miles
 - 2 – Within 2 miles
 - 3 – Within 1 mile

6. **Infrastructure Services / Costs:** This criterion refers to development constraints such as lack of utilities, water, access, topography, or flood plain issues that increase the cost of development.
 - 0 – Major deficiencies
 - 1 – Moderate deficiencies
 - 2 – Minor deficiencies and/or costs to update
 - 3 – No deficiencies

7. **Community Acceptance:** This refers to known or expected neighborhood opposition to affordable housing and/or the additional density associated with affordable housing.
 - 0 – Opposition very likely
 - 1 – Opposition somewhat likely
 - 2 – Opposition somewhat unlikely
 - 3 – Opposition very unlikely

8. **LIHTC Eligibility:** The likelihood that a 9 percent LIHTC award would be granted to a development on this site. Local affordable housing developers who received a 9 percent LIHTC award indicate that projects must contain 70 to 80 units to work financially; by contrast, a 4 percent project typically needs to be 200 units or more to be feasible. Size is therefore among the primary considerations for this criterion; however, an understanding of the factors such as proximity to services, transit, and employment that are used by CHFA to score an application are also considered.
 - 0 – No
 - 1 – Low probability
 - 2 – Medium probability
 - 3 – High probability

9. **Market Demand:** A qualitative evaluation of the likely market demand for affordable housing products at this location, and including any concerns regarding the oversaturation of affordable housing.
 - 0 – No
 - 1 – Low
 - 2 – Medium
 - 3 – High

Site Characteristics

1500 Block West Vine Drive

This site is currently located in unincorporated County near the intersection of Vine and Shields.

- **Zoning:** The site is surrounded by relatively low-density uses: Neighborhood Conservation Low-Density (NCL) to the south and east; LMN to the north across West Vine; and unincorporated low-density County zoning to the west.
- **Size:** The site is 2.7 acres. The City's Utilities Stormwater Department owns the adjacent 2.8 acres, which were acquired in order to make drainage improvements to take area properties out of the floodplain.
- **Surrounding Land Uses:** Although LMN allows for a limited number of neighborhood commercial uses, the surrounding land uses are solely one- and two-story residential (and medium density multifamily), which in the past year and a half have generally sold in the range of \$200,000 to \$300,000, shown in **Figure 18**.
- **General Characteristics:** The rectangular site was a former gladiola farm and has level topography. Excellent access is available off of Vine to the north and Elm to the south.
- **Development Activity:** There is little development activity in the site's immediate vicinity. There have been several residential (single-family and duplex) permits pulled east of Shields Street, as well as one commercial permit on the corner of Vine and Shields, shown in **Figure 5**.

EPS's evaluation of the development readiness of the West Vine Drive property is summarized below. Each development readiness criteria is given a score of 0 to 3, according to the rankings defined at the beginning of this chapter.

- **Market Appreciation:** Since acquisition in 2006, this site has appreciated 43 percent, or 4.0 percent per year from \$140,000 to \$200,000. EPS scores this site a "1."
- **Zoning/Entitlements:** While not a major obstacle to development or disposition, the site is currently located in unincorporated County and would still require going through the annexation and zoning process. As a result, EPS scores the site a score of "0."
- **Proximity to Transit:** Bus transit (Route 9 and 91) is available on Vine Street directly to the north. Concerns have been raised, however, that the frequency of service is substandard. As a result, EPS scores this site a "2."
- **Proximity to Schools:** The site is ½ mile from Lincoln Middle School and is estimated to be a 10-minute walk from the site to the school. The site is also 0.7 miles from Putnam Elementary School, estimated to be a 12-minute walk from the site. As a result of the walkable proximity to these schools, EPS scores this site a "3."
- **Proximity to Neighborhood Retail:** The nearest grocery store is Beaver's Market, located on Shields and W. Mountain Avenue, less than 1 mile south of the site. The nearest Safeway is located approximately 2.1 miles or a 7-minute drive from the site. As a result, EPS scores the site a "3."
- **Infrastructure and Costs:** City utilities, services, and access are present on this 2.7-acre site. However, the property is in the floodplain and mitigating this property alone would be

too costly. The City Utilities Department plans to address the floodplain constraint, at which point the properties could be combined, but a resolution to the problem is not anticipated until several years into the future. As a result, EPS scores the site a "0."

- **Community Acceptance:** The potential for NIMBYism is present in nearly all contexts. The presence of housing priced in the range of \$200,000 to \$300,000, however, represents perhaps a threshold of pricepoint at which community opposition becomes a lower probability. Furthermore, the City's own assessment of the site concluded that community conflict was unlikely, given the fact that the neighborhood consists of older single and multifamily housing. As a result, EPS scores the site a "3."
- **LIHTC Eligibility:** A few considerations are relevant to this criterion. First is the consideration for whether any other 9 percent projects have been awarded credits in the vicinity in the recent past, and there are none. Second is a consideration of whether the site is large enough to accommodate a 9 percent deal at all. The 2.7 acres could yield approximately 32 units (at 12 units per acre under LMN zoning). Since 2008, the average 9 percent project in Fort Collins has had 90 units (above the typically referenced threshold of 70 to 80 units), although Fairbrook Heights on Somerville Road (operated by Care Housing) had 35 units of 40 percent and 50 percent AMI units. A 4 percent LIHTC deal would not at all be feasible on this site. Even with the current availability of state tax credits to fill funding gaps, a project would have to be of a much greater scale than 32 units to be feasible. As a result, EPS scores this site a "0."
- **Market Demand:** There are no other affordable housing properties in the area, which should imply a high potential for an affordable housing project. The bigger issue at this location is the attractiveness of this site for affordable housing development. In recent weeks, national housing policy regarding the specific investment of federal funds has been given new direction. To rectify decades of housing developments placed in otherwise "affordable" areas already, HUD is now compelled to ensure that future affordable housing developments occur in areas of high opportunity. This area, in EPS's opinion, is not a high opportunity area because the nearby neighborhoods are all relatively affordable. As a result, EPS scores this site a "2."

Figure 17
Permits by Development Type, 2011-2015

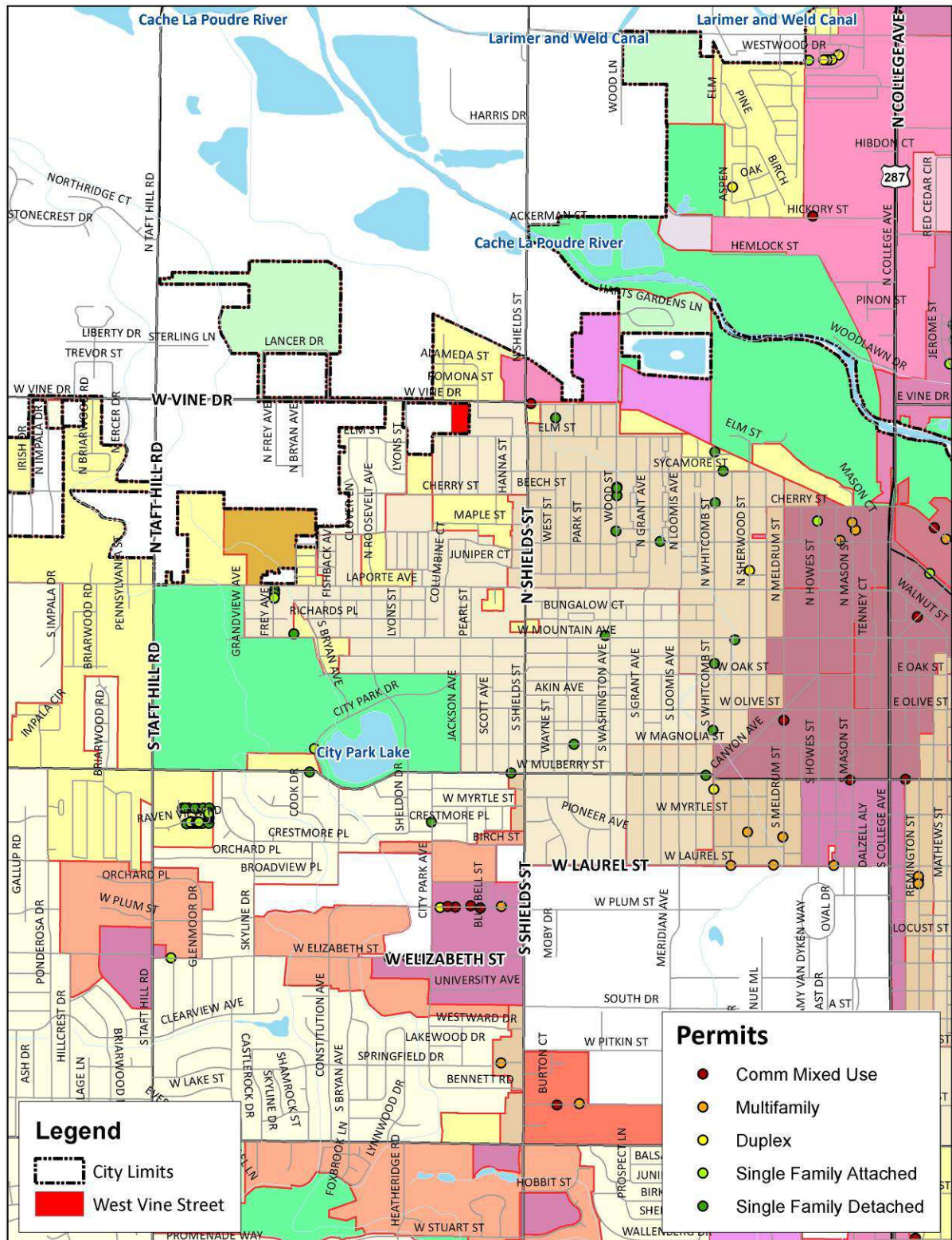
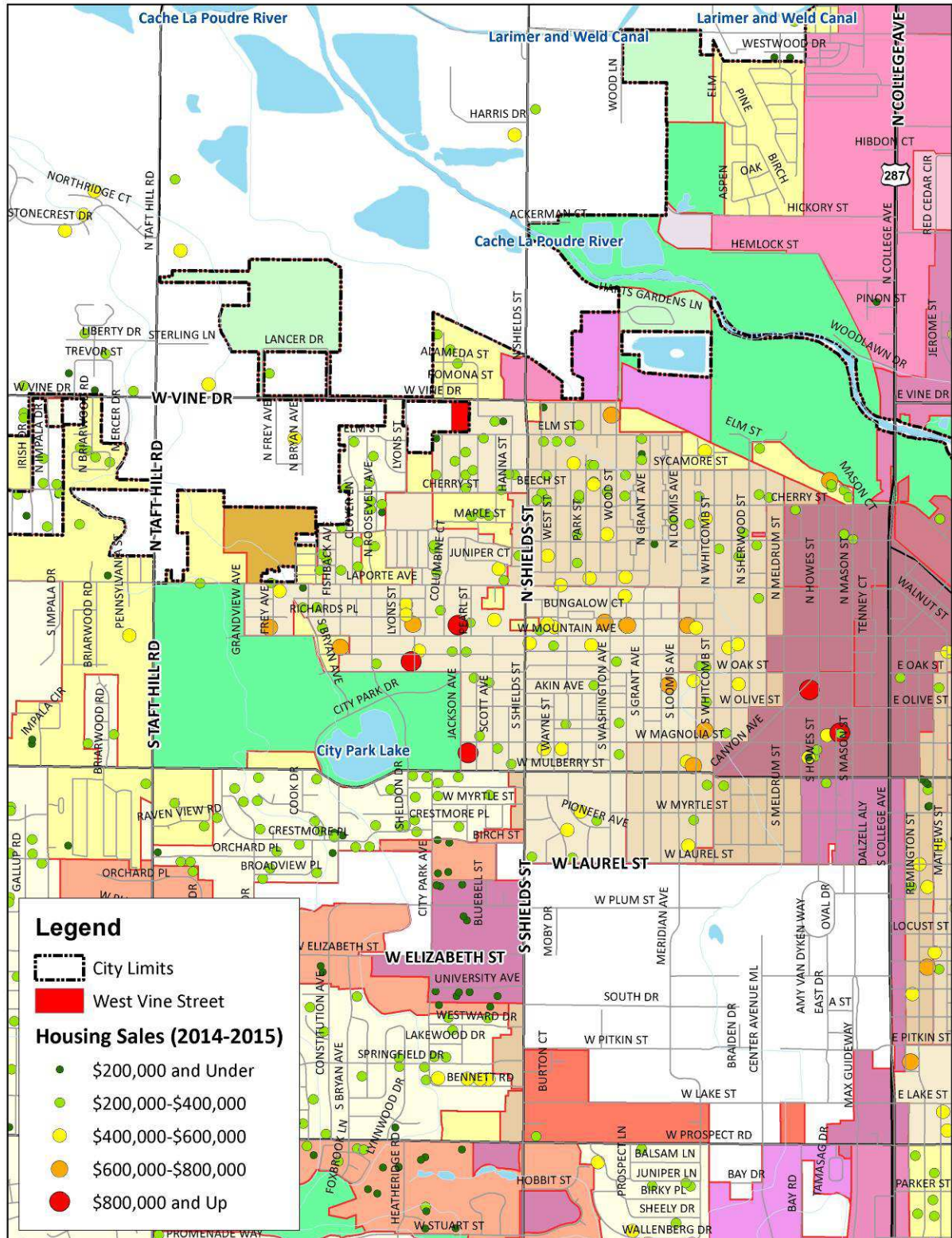


Figure 18
Housing Sales Prices, 2014-2015



1506 West Horsetooth Road

This site is located on Horsetooth Road between Shields and Taft and has a single-family home and barn, which is rented for equestrian uses.

- **Zoning:** The site is currently zoned low-density residential (LMN), as is the site directly west and south along Horsetooth Road. The areas to the north and east are zoned Low Density Residential (RL). Areas to the southwest (south of Horsetooth Road) are in unincorporated County.
- **Size:** The site is 8.3 acres.
- **Surrounding Land Uses:** The surrounding land uses are low-density residential, which in the past year and a half have also sold in the range of \$200,000 to \$300,000, shown in **Figure 20**. It is immediately adjacent to a market rate townhouse rental project that is under development. The site is located approximately a ½-mile from Cunningham Corners, a 248-unit rental housing development recently purchased by FHA and being redeveloped with 4 percent tax credits.
- **General Characteristics:** The site has generally level topography and been used as a riding area, and has sizable frontage along Horsetooth Road. According to the City's 2009 Land Bank Program update, the area is "heavily influenced by its proximity to CSU, its veterinary college, and equestrian uses."
- **Development Activity:** Immediately west of the site is a rental townhome development that is still in the process of completion. With the exception of the rehabilitation of Cunningham Corners, there is little development activity in the area. Only a handful of residential permits have been issued in the past five years in the vicinity, as shown in **Figure 19**.

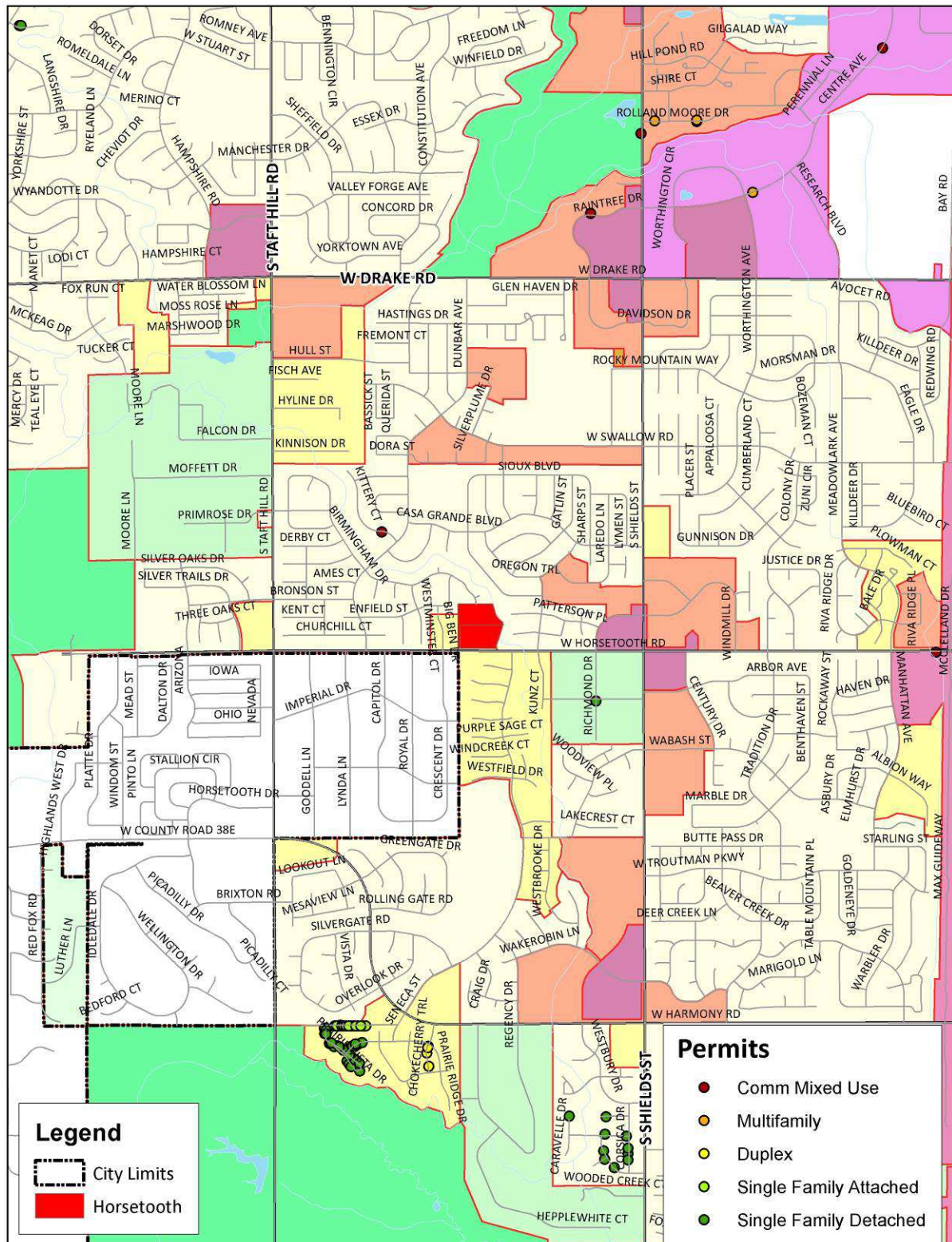
EPS' evaluation of the development readiness of the site is summarized below. Each readiness criteria is given a score of 0 to 3, according to the rankings defined at the beginning of this chapter.

- **Market Appreciation:** Since acquisition, this site has appreciated 64 percent, or 4.2 percent per year from \$750,000 to \$1.23 million. EPS scores this site a "2."
- **Zoning/Entitlements:** The site is currently zoned LMN, which permits maximum residential density up to 12 units per acre. As a result, EPS scores the site a "1."
- **Proximity to Transit:** Bus transit (Route 12) is available from this site and is accessible within a ¼ mile from the site. As a result, EPS scores this site a "2" for proximity to bus transit within a ¼-mile.
- **Schools:** The site is located less than 1 mile from Olander Elementary School, which is a 3-minute drive or a 20-minute walk. As a result of the walkable proximity to these schools, EPS scores this site a "3."
- **Grocery:** Albertson's is located approximately 1½ miles from the site, a 5-minute drive or a 30-minute walk. EPS has scored the site a "2."
- **Infrastructure and Costs:** The site is served by City water and electric utilities and is close to municipal facilities. Additional infrastructure investment requirements are likely to be

minimal with the exception that the existing horse barn and related structures would need to be demolished. EPS scores the site a "3."

- **Community Acceptance:** The potential for NIMBYism is present in nearly all contexts. The presence of housing priced in the range of \$200,000 to \$300,000, however, represents perhaps a threshold of pricepoint at which community opposition is very unlikely. As a result, EPS scores the site a "3."
- **LIHTC Eligibility:** At 8.3 acres, and assuming also that the site is developed at 80 percent (for drainage, streets, etc.), approximately 6.6 acres would be developable, yielding an estimated 80 units (at 12 units per acre under LMN zoning). A 9 percent deal on this site would be feasible given number of units likely to be built under LMN zoning, but there are numerous other considerations, such as access to employment, services, and transit that CHFA considers in the award of these tax credits. As a result, EPS scores this site a "2."
- **Market Demand:** There is a low likelihood for concentration of affordable housing at this site and is a good site for affordable housing development. Although it has fair proximity to grocery and schools, it has poor proximity to other services, retail, and employment. EPS scores this site a "2."

Figure 19
Permits by Development Type, 2011-2015



2313 Kechter Rd (Tilden)

This site is located on the corner of Kechter Road and Tilden, a ½-mile from Timberline, a ½-mile from Ziegler Road, and in a rapidly developing residential market with good proximity to the Harmony Road Corridor.

- **Zoning:** The site is surrounded largely by LMN zones to the south, west, and northeast. There are also a few developed subdivisions in the vicinity zoned Urban Estate District (UE).
- **Size:** The site is 16 acres.
- **Surrounding Land Uses:** Although LMN allows for a limited number of neighborhood commercial uses, the surrounding land uses are solely residential, which in the past year and a half have sold in a wide range from approximately \$200,000 to more than \$1 million, shown in **Figure 22**. Approximately 60 percent of sales in the vicinity have been above \$300,000.
- **General Characteristics:** The site has level topography and has improvements, i.e. a single-family home that is being leased to a tenant for one year. It is anticipated that the lease will expire in the summer (June) of 2016.
- **Development Activity:** Since acquisition of this site, there has been considerable development of larger single-family homes in the immediate vicinity. Caribou Apartments, Phase 2 is a nearby affordable housing project, which was completed within the last few years. In the most recent past, development activity has occurred to the east in the southwest quadrant of Kechter and Ziegler roads, as shown in **Figure 21**.

EPS's evaluation of the development readiness of this site is summarized below. Each readiness criteria is given a score of 0 to 3, according to the rankings defined at the beginning of this chapter.

- **Market Appreciation:** Since acquisition, this site has appreciated 102 percent, or 8.1 percent per year from \$1.10 million to \$2.22 million. EPS scores this site a "3."
- **Zoning/Entitlements:** The site is zoned LMN and could support approximately 180 units under the code's limitations. Although the City estimated that 192 units could be built at 12 units per acre, the code allows affordable housing only up to 10 acres at this density, whereas market-rate housing is allowed up to 9 units per gross acre. The full-scale development of this site is contingent upon the modification of the Zoning Code's 10-acre limitation for affordable housing developments in LMN zones. As a result, EPS scores the site a "1."
- **Proximity to Transit:** The site is located approximately 1½ miles from transit (Route 16 on Harmony Road). As a result of this distance, EPS scores this site a "0" for no access to transit within a ½-mile.
- **Schools:** The site is less than 1 mile from Bacon Elementary School, estimated to be a 1 minute drive or a 15-minute walk. As a result of the walkable proximity to these schools, EPS scores this site a "2."
- **Grocery:** There is a Sprout's located on South Lemay just less than 2 miles from the site. As a result, EPS scores the site a "2."

- **Infrastructure and Costs:** The build-out of the surrounding area has brought infrastructure to the site, in line with the intent of the Land Bank Program. As a result, the site is served by most municipal services, though it has no sidewalks. Minor costs should be anticipated for the demolition of the existing house and related out buildings. The larger concern is its deficiency of water rights and its location within the Fort Collins Loveland Water District (FCLWD). The cost of water rights is likely to be high, given the recent escalation in the cost of Colorado-Big Thompson (CBT) per unit prices (which have risen to \$25,000 to \$30,000 per unit). And while water tap fees in the City are approximately \$6,500 per unit, fees within the FCLWD are \$25,000 per single-family unit or approximately \$10,000 per multifamily unit. As a result of these considerations, EPS scores the site a "2."
- **Community Acceptance:** There does not appear to be a Land Bank property where the potential for NIMBYism is greater. The presence of larger homes in the Homestead neighborhood with averages close to \$400,000 in the vicinity, the neighborhood is very likely to be vocal in its opposition and very likely to create a protracted entitlement and/or development process. Additional NIMBY issues are likely to arise from the residential development to the south. As a result, EPS scores the site a "0" based on the high probability of opposition.
- **LIHTC Eligibility:** As for the size of this site, it is suitable on the scale of a typical 9 percent project. At 16 acres, however, such a 9 percent project of 90 units would occupy just 7½ acres (or 70 to 80 units according to the Fort Collins Housing Authority) and would fit well in the context of a larger mixed-income development. But because CHFA generally approves sites with excellent proximity to services for its 9 percent deals, and this site lacks excellent proximity, EPS scores this site a "1."
- **Market Demand:** Among the considerations for market demand is the overall presence of affordable housing need citywide, which is present at this and all sites, as well as the presence of other affordable housing in the vicinity. Given that this part of south Fort Collins is becoming a highly desirable place to live, this site is well-suited for developing as affordable housing. It also would play well into more regional and national housing objectives of improving the economic opportunities of affordable housing residents by integrating them into neighborhoods with income diversity, rather than neighborhoods where there is a concentration of poverty, for example. As a result, EPS scores this site a "3."

Figure 21
Permits by Development Type, 2011-2015

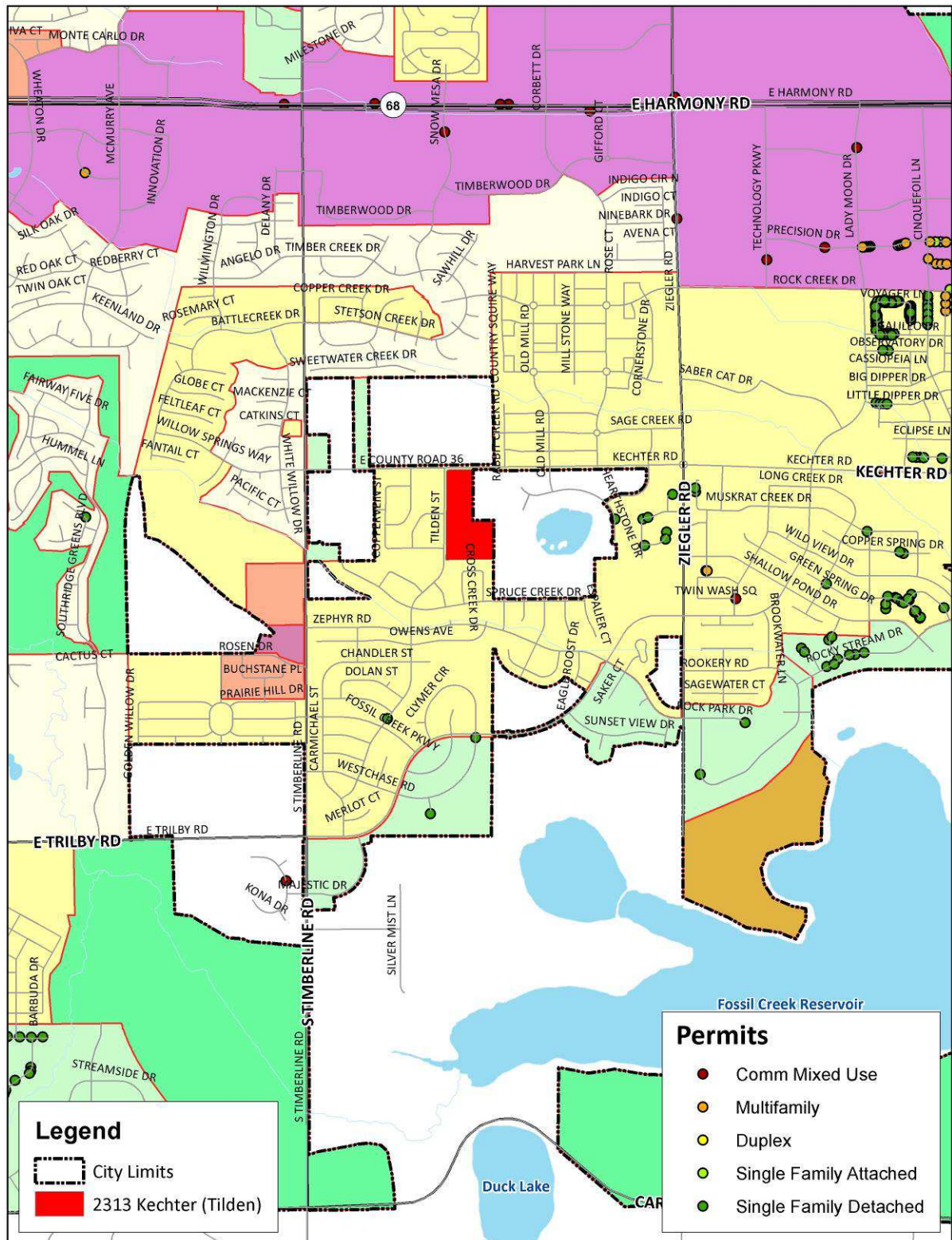
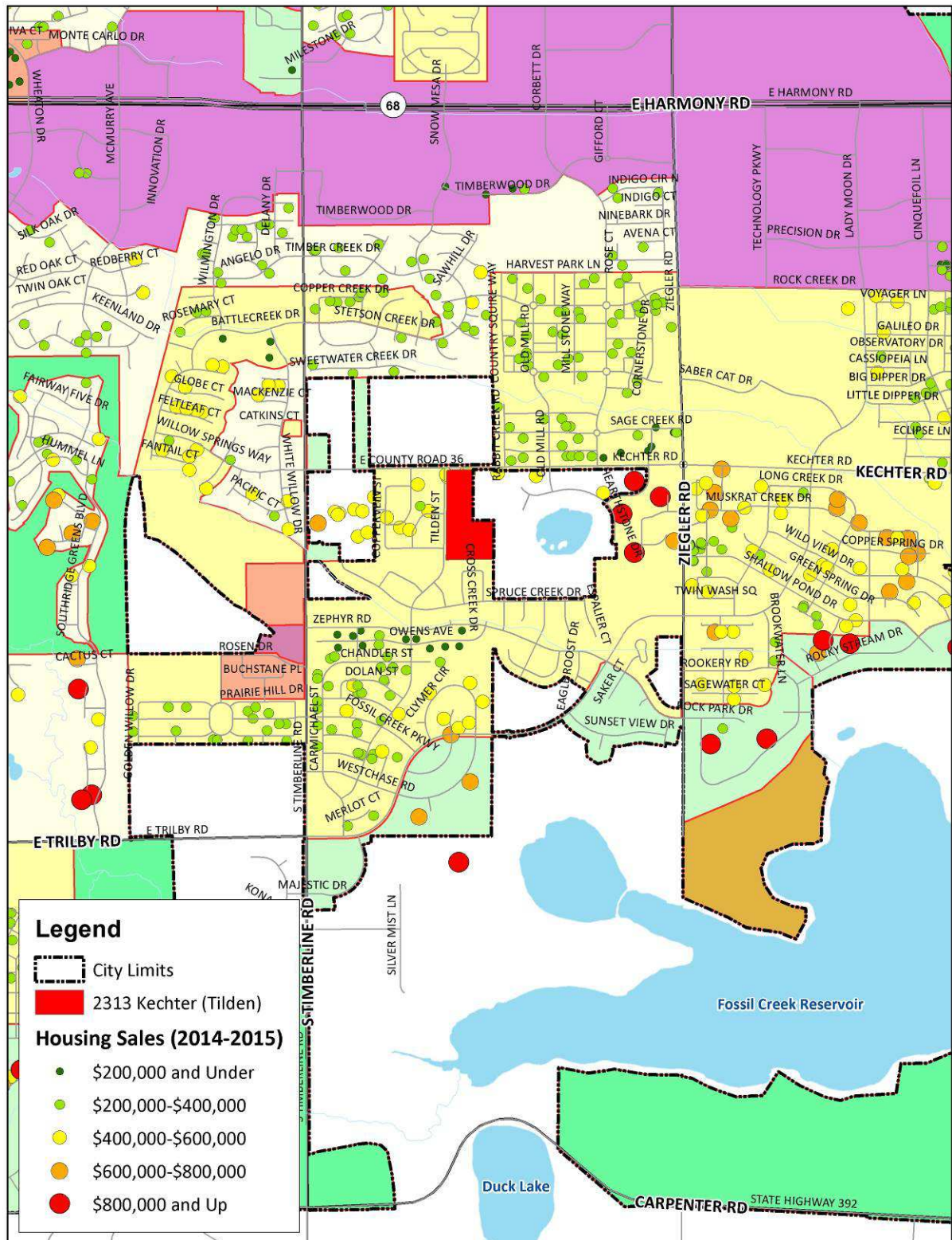


Figure 22
Housing Sales Prices, 2014-2015



3620 East Kechter Rd

This site is 4.7 acres located on Kechter Road approximately ½ mile from Ziegler Road in a rapidly developing residential market with good proximity to the Harmony Road Corridor.

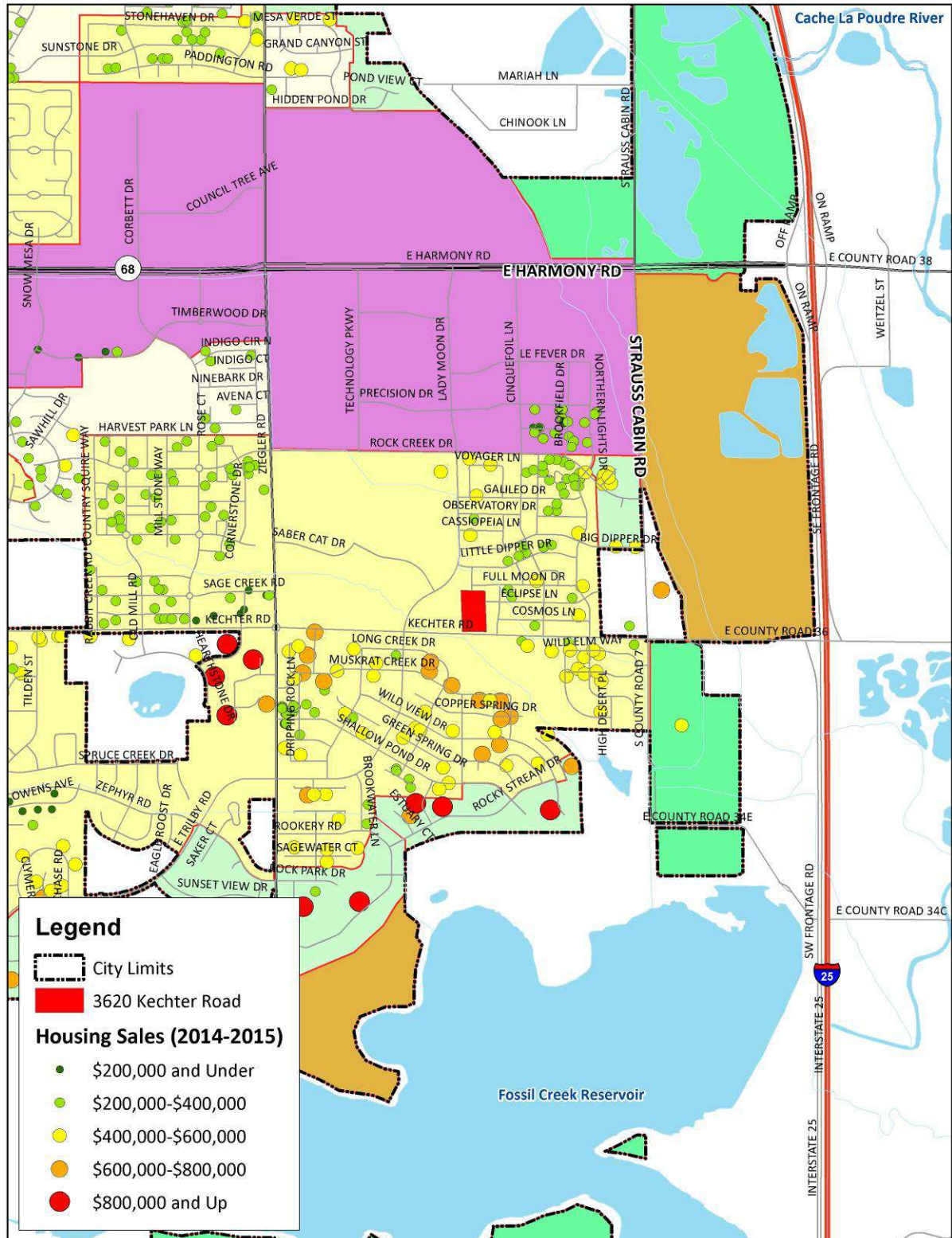
- **Zoning:** The site is surrounded entirely by LMN zoned properties.
- **Size:** The site is 4.8 acres.
- **Surrounding Land Uses:** The site is surrounded by single-family residential uses to the north, east, and south, including a Zach Elementary School. To the north is Observatory Point, which is a housing development of fairly high-end homes, generally ranging from \$400,000 to \$600,000. The average housing prices in the immediate vicinity average approximately \$450,000. The area does have market-rate multi-family housing.
- **General Characteristics:** The site is an attractive parcel with good views and a park-like setting with a water retention pond directly west of the site.
- **Development Activity:** There has been mainly residential development in the area to the north, south, and east, as shown in **Figure 23**.

EPS's evaluation of the development readiness of this site is summarized below. Each readiness criteria is given a score of 0 to 3, according to the rankings defined at the beginning of this chapter.

- **Market Appreciation:** Since acquisition, this site has appreciated 34 percent, or 2.3 percent per year from \$566,000 to \$760,000. EPS scores this site a "1."
- **Zoning/Entitlements:** The site is zoned LMN would support approximately 56 units under the code's limitations. As a result, EPS scores the site a "1."
- **Proximity to Transit:** The site is located approximately 1¼ miles from transit (Route 16 on Harmony Road). As a result of this distance, EPS scores this site a "0" for no access to transit within a ½-mile.
- **Schools:** The site is less than ¼ mile from Zach Elementary School, which is directly south of the site across Kechter Road. As a result of the walkable proximity to these schools, EPS scores this site a "3."
- **Grocery:** There is a Sprout's located on South Lemay just less than 2 miles from the site. As a result, EPS scores the site a "2."
- **Infrastructure and Costs:** Infrastructure is generally present at this site, but it has a deficient amount of water rights and is located within the FCLWD. While the City has purchased a limited amount of water rights for the site, it is likely to need considerably more given the prospect of development density at 12 units per acre. It will also require the purchase of FCLWD water taps, which are costlier than the City's tap fees. Minor costs would also be associated with the demolition of the existing house, barn, and related out buildings. As a result, EPS scores the site a "2."
- **Community Acceptance:** Given the proximity to Observatory Neighborhood and build out of Ryland Homes' McClelland's Creek, there is potential for neighborhood opposition, though possibly not as great as at the Tilden site down the road. As a result, EPS scores the site a "1" based on the high likelihood of opposition.

- **LIHTC Eligibility:** At 4.8 acres, the site would suit an estimated 56 units. EPS believes that this would place it at the lower end of the scale of 9 percent projects and too small for a 4 percent project. As a result, EPS scores this site a "1."
- **Market Demand:** The same considerations for the other Kechter Road site are relevant to this site. As a result, EPS scores this site a "3."

Figure 24
Housing Sales Prices, 2014-2015



6916 S College Ave

This site is located approximately ½ mile southeast of the intersection of Trilby Road and South College.

- **Zoning:** The site is zoned LMN as are all surrounding areas. To the north and across Trilby Road is an employment district.
- **Size:** The site is 17.3 acres.
- **Surrounding Land Uses:** The CARE Housing and Provincetowne projects are adjacent the subject site, and a recent purchase option was acquired by Pedcor Companies along South College to the west. Nearly 50 percent of housing in the vicinity has sold between \$150,000 and \$250,000, as shown in **Figure 26**.
- **General Characteristics:** This irregularly-shaped parcel has rolling topography and presents a development challenge in that it has expanding soils, which has mired the neighboring CARE Housing rental project in construction defects litigation, would likely be an obstacle for development of this site.
- **Development Activity:** There is little development activity in the site's immediate vicinity. There have been several residential (single-family and duplex) permits pulled east of Shields Street, as well as one commercial permit on the corner of Vine and Shields, shown in **Figure 25**.

EPS's evaluation of the development readiness of this site is summarized below. Each readiness criteria is given a score of 0 to 3, according to the rankings defined at the beginning of this chapter.

- **Market Appreciation:** Since acquisition, this site has appreciated 370 percent, or 12.6 percent per year from \$445,000 to \$2.09 million. EPS scores this site a "3."
- **Zoning/Entitlements:** The site is zoned LMN, but as noted with the Tilden site, the zoning limitations of LMN related to affordable housing mean that the scale of this site would not be fully utilized. The full-scale development of this site is therefore contingent upon the modification of the Zoning Code's 10-acre limitation for affordable housing developments in LMN zones. As a result, the site would need to be sold and/or developed in sections or rezoned altogether. EPS scores the site a "0" because of these issues.
- **Proximity to Transit:** This site is located ½-mile from the College Avenue Flex route. As a result, EPS scores this site a "1."
- **Schools:** The site is located a little over 1¼ mile from Coyote Ridge Elementary School, a 5-minute drive or 24-minute walk. As a result of this proximity, EPS scores this site a "2."
- **Grocery:** The nearest grocery store is King Soopers, located more than 3 miles from this site. As a result, EPS scores the site a "0."
- **Infrastructure and Costs:** This is an interior site with no immediate frontage on the arterials of Trilby or College, and there is no access point from either. Related to water, the City has purchased a limited number of CBT units, but not a sufficient number for the scale of likely development. Being located within the FCLWD, it will also require the purchase of costlier water taps. Additionally, the costs of site work associated with mitigating against the effects of expanding soils present an additional cost. As a result, EPS scores the site a "1."

- **Community Acceptance:** The potential for NIMBYism is present in nearly all contexts, but perhaps lowest in this neighborhood. As a result, EPS scores the site a "2."
- **LIHTC Eligibility:** As for the size of this site, it is far more suitable to the scale of typical 9 percent projects than three of the previous sites have been. At 17.3 acres, a 9 percent project of 90 units would occupy only 7½ acres and fit well in the context of a larger mixed-income development. On the basis of site scale, EPS scores this site a "3."
- **Market Demand:** There is potential for over-saturation of affordable housing in the vicinity. Overcoming this issue is not insurmountable and would likely involve the development of a mixed-income housing project. On the other hand, this and the other south Fort Collins sites have considerable market demand pressures. EPS scores this site a "1."

Figure 25
Permits by Development Type, 2011-2015

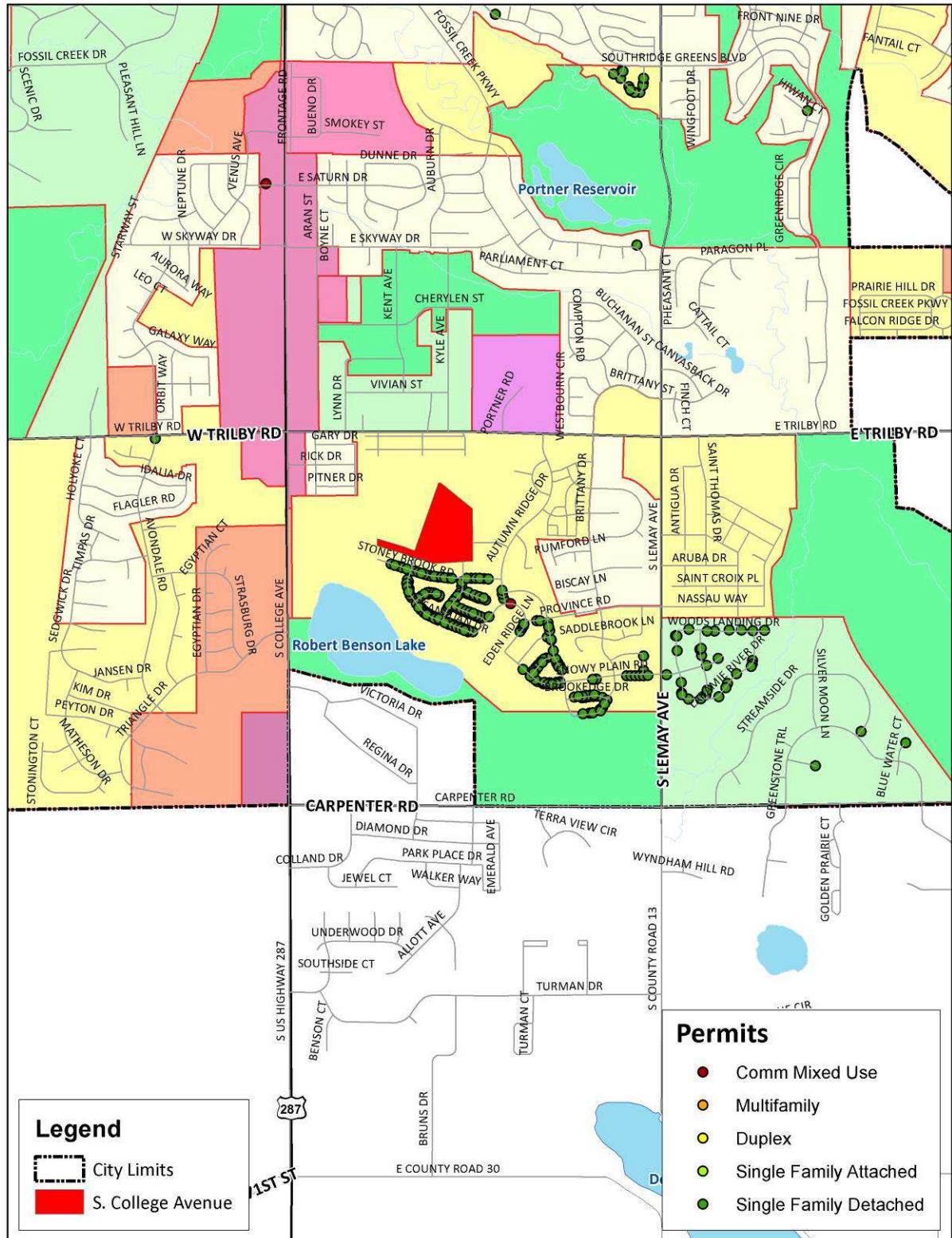
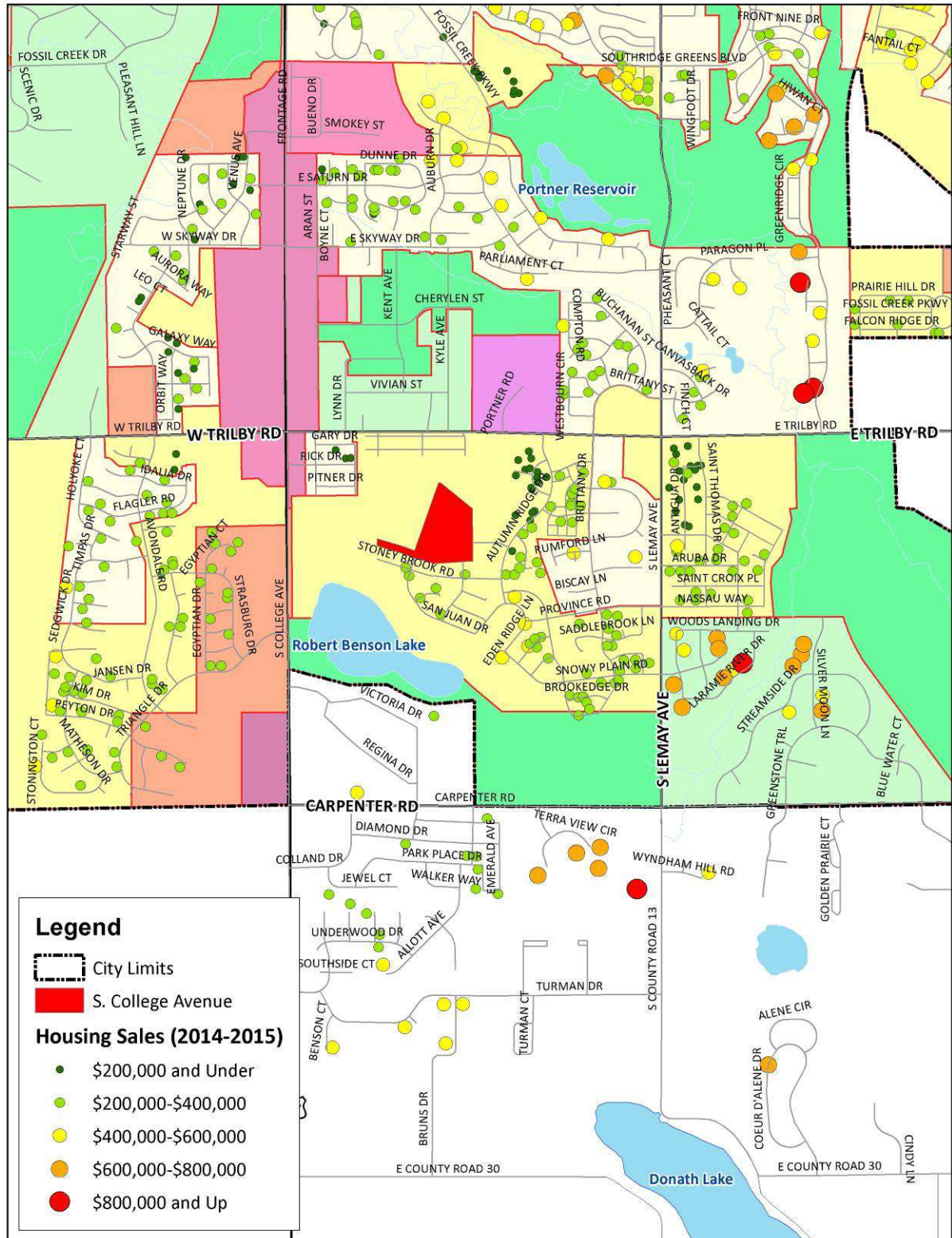


Figure 26
Housing Sales Prices, 2014-2015



Development Readiness

In evaluating the development readiness of each Land Bank property, it is helpful to revisit the original Ordinance's guidance on acquisition of properties. There were five criteria the City was to use in acquiring sites, such that each property had infrastructure limitations located within the GMA that are or will be within a half mile of the following existing or planned facilities. It was furthermore an objective of the Program that each property meet three of these five criteria.

Table 3 shows EPS estimations of the distances, measured in miles, from each property to the nearest transit stop, schools, grocery, park, and major employment center (this last criterion has been removed from the following table because none of the sites satisfies the criterion). The only site that currently meets the objectives of 3 out of 5 criteria is the Horsetooth property. It should be noted that none of the sites is within a ½-mile of a major employment center, although the Kechter Road sites come close, as they are approximately one mile from the Harmony Road Corridor. The West Vine, Horsetooth, and South College properties are within approximately one ½-mile of employment, but not significant employment centers.

On the other hand, it should be considered that while the two Kechter Road sites are not within a ½-mile of the Harmony Road Corridor, they are within one mile and present the best opportunities for proximity to any major employment center of all sites.

Table 3
Original Ordinance Acquisition Criteria

	West Vine	1506 Horsetooth	2313 Kechter (Tilden)	3620 Kechter	South College
Ordinance Criteria					
Distance to transit	1/4 mile	1/4 mile	> 1/2 mile	> 1/2 mile	1/2 mile
Distance to schools	1/2 mile	1/2 mile	> 1/2 mile	1/2 mile	> 1/2 mile
Distance to grocery and neighborhood services	>1/2 mile	> 1 mile	> 1 mile	> 1 mile	> 3 miles
Distance to parks	> 1/2 mile	1/2 mile	1/2 mile	1/2 mile	1/2 mile
Meets Criteria					
Distance to transit	yes	yes	no	no	yes
Distance to schools	yes	yes	no	yes	no
Distance to grocery and neighborhood services	no	no	no	no	no
Distance to parks	no	yes	yes	yes	yes
Meets 3 of the 5 Criteria	No	Yes	No	No	No

Source: Economic & Planning Systems

H:\53023-Fort Collins Land Bank Study\Data\53023-Decision Criteria (ver3).xlsx|TABLE 1- ORD CRITERIA

EPS's evaluation of the development readiness criteria and scoring is summarized below and shown in **Table 4**. According the criteria metrics outlined before the individual site evaluations, the Horsetooth site has the highest development readiness score, followed by the West Vine and smaller Kechter Road property. The Tilden and South College sites, according to these metrics, scored lowest.

Market Readiness

A summary of the ranking of the five lead Bank properties is shown in **Table 3** below and summarized in the following paragraphs.

Table 4
EPS Development Readiness Scoring

	West Vine	1506 Horsetooth	2313 Kechter (Tilden)	3620 Kechter	South College
EPS Criteria					
Appreciation	1	2	3	1	3
Zoning / Entitlements	0	1	1	1	0
Proximity to Transit	2	2	0	0	1
Schools	3	3	2	3	2
Grocery and neighborhood services	3	2	2	2	0
Infrastructure services and costs	0	3	2	2	1
9 Percent LIHTC Likelihood	0	2	1	1	3
<u>Market Demand</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>1</u>
Total Score	11	17	14	13	11

Source: Economic & Planning Systems

\\EPSC02\Proj\153023-Fort Collins Land Bank Study\Data\153023-Decision Criteria (ver3).xlsx\TABLE 2 - EPS CRITERIA

West Vine Drive — Overall, the West Vine Drive property is scored an overall 11, which tied for the lowest rating. EPS agrees with staff, that it makes sense to hold this property until the flood plain constraints can be addressed and the property combined with the adjacent City utilities property to be a larger more usable site. While the issue of the flood plain is an obstacle that will take a considerable time to resolve, EPS recommends that the City hold on to this property and seek to dispose of it at a later time. A few other considerations gleaned from conversations with interested developers were relevant:

- Although there is a bus line on Vine Street, the service is not frequent enough.
- Substandard housing conditions in the development to the north may be a concern.
- The neighborhood is not considered a strong "leasing" neighborhood, presumably meaning that most of the surrounding housing is ownership and that rental would not be suitable?
- Because the surroundings are predominantly single-family homes selling for \$200,000, the appraiser believed that owner-occupied multifamily (i.e. townhomes) would not be financially feasible at this time.

Horsetooth Road — As a result of these development readiness criteria, EPS scores the Horsetooth site an overall 17, the highest among all properties. EPS recommends that the City move forward with the development of this site. A few other considerations gleaned from EPS's conversations with a few of the interested developers are relevant:

- There is collective interest among developers in this site.
- It was suggested by several that there may be a decent opportunity for multifamily housing.
- It was acknowledged that it is a good location with proximity to services.
- It was also noted that because of the proximity to its Villages at Cunningham and Swallows Nest projects, that it would allow for good economies of scale for operations and maintenance of the FCHA's inventory.
- Because the surrounding uses are compatible with multifamily, the appraiser considered the surrounding residential uses and identified market-rate rental multifamily development as the highest and best use.

2313 Kechter (Tilden) — As a result of the development readiness criteria, EPS scores the Tilden site an overall 14. As for its location, development has built up around this site as was identified in the goals of the Land Bank Program, thus leading to an increased market valuation and a score of 3 based on its marked appreciation. Although there may be neighborhood opposition, there are no specific land use incompatibility issues that would support these objectives. The following are a few additional considerations:

- Not far from the Harmony Road Corridor, i.e. good for proximity to employment.
- Close to the Target Center (Front Range Village).
- Close to the library.
- There is serious concern over the proximity to the "trophy" homes neighboring the site, in that the entitlement process could be seriously protracted as a result.
- The surroundings are a higher-end and luxury single-family.
- Because of surrounding high-end larger homes, the appraiser identified market-rate residential (single-family or multifamily) as the highest and best use.

3620 Kechter — As a result of these development readiness criteria, EPS scores the Kechter Road site a 13. As with the previous site, affordable housing would be highly appropriate considering the proximity to schools, and fairly good proximity to the Harmony Road Corridor, but access to transit is poor. The following are a few additional considerations:

- Not far from the Harmony Road Corridor, i.e., good for proximity to employment.
- Close to the Target Center.
- Close to the library.
- There were expressions of concern over the potential neighborhood opposition here as well
- There was, however, interest in this site with "minimally invasive" housing product (i.e. townhomes) because of the infrastructure going in around it, retention pond, and the proximity to the school.
- The appraiser identified market-rate residential (single-family or multifamily) as the highest and best use.

South College — EPS scores the South College Road site an overall 11. A few criteria warrant primary consideration: appreciation, location, scale, and potential for concentration of affordable housing. As for its location, affordable housing would not likely encounter serious NIMBY opposition. Given the market appreciation of this site, this site could also serve well as a

revenue-generator for the City. Among the options for this site would be to sell the site for the sake of generating revenue or developing in the context of a mixed-income approach.

- The site has gained the highest appreciation and would provide the greatest leverage if sold to acquire other sites.
- The site is large enough and would present an opportunity to go through a PDP process to achieve a mixed-income approach, similar to what the City of Boulder accomplished at its Holiday community.
- There is concern, however, over the proximity of the CARE Housing and Provincetowne projects and a concentration of affordable housing in the area.
- There is very strong interest in this site.
- Pedcor has a one-year purchase option on a nearby but non-contiguous 20-acre parcel along College Avenue.
- This site is large enough to suit the scale of a 9 percent tax credit project, and could work with 4 percent.
- Given the surroundings are a mix of single-family and multifamily, market-rate and affordable, the appraiser identified market-rate multifamily development as the highest and best use.

5. *DISPOSITION STRATEGY*

Ordinance Intent

The Ordinance establishing the Land Bank was not explicit about how to dispose of the properties. The intention was to hold the properties until vacant land within the GMA became scarce, and as such land values would have appreciated to the point where a below-market sale of a site would still yield sufficient revenue to purchase new properties. In today's market, however, vacant properties are becoming scarcer themselves, making these intended actions increasingly difficult.

When the City completed a reappraisal of the sites in 2009, it was determined that the sites were not ready to sell because land was still "reasonably priced" throughout the GMA. At that time, the nation and region were still in the midst of a major economic recession, which it was not to recover from for several years. It was also determined that surrounding sites had not developed as originally anticipated, which meant that infrastructure was still lacking. As a result, it was determined that the City should continue to hold the properties and consider selling in the future when a few conditions were met:

- There is verifiable need for vacant land.
- Value appreciation has reached a point where 90 percent of FMV is equal to or greater than the original purchase price.
- The infrastructure improvements needed to develop the property are minimal

Since that time, each one of the preceding conditions has been met: 1) there is a need for vacant land in the City; 2) values of these sites have appreciated considerably, ranging from 34 to 370 percent of the original purchase prices; and 3) in several cases, infrastructure improvements need to develop some of the sites has been minimized. As such, taking action on the disposition of these Land Bank properties is timely in light of recommendations from the Housing Affordability Policy Study.

Disposition Strategy

Based on an update of general market and affordability conditions, a review of each property's characteristics, and scoring by selected market readiness criteria, the following are EPS's recommendations on the disposition of the City's five Land Bank properties at this time. EPS also proposes some additional action items for the City to ensure that its disposition of site is most effective.

Disposition Options

The dispositions options available to the City are limited by the existing Ordinance and also by the practicality that the City not engage directly in development of the sites itself. As such, EPS believes there are three main options available to the City:

- **Hold** – an option related to general market readiness or development obstacles that are likely to be remedied in the near term.
- **Sell** – an option related specifically to sites where market appreciation has been very high and the prospect of a sale for the purposes of market-rate development are attractive because proceeds could be used advantageously to acquire a new site with ideal proximities; EPS does not recommend this option for more than one site at any time.
- **Develop** – an option related to the market readiness of the site where the City issues an RFP for the potential sale or lease of one or more parcels to an affordable housing developer.

Site Recommendations

This section describes EPS's opinions regarding disposition of each site, and pros and cons of doing so. The goal is to bring to attention the critical factors that should be considered.

- West Vine Drive: **Hold**. This site scores the lowest on EPS's market readiness scale. The most significant factor affecting readiness of this site is the flood plain. EPS recommends that the City hold this site until the Utilities Stormwater Department can resolve this issue, and that it can reassess its market readiness at that time.
- Horsetooth Road: **Develop**. This site scores the highest among all sites on the market readiness scale. Infrastructure and services are relatively good in the context of all other properties, and it is suitable for an affordable housing project according to the requirements of the Ordinance.
- Tilden: **Develop or Sell**. This site has a relatively high score on the market readiness scale and has appreciated more than 100 percent in value. EPS's recommendation for this site is to issue an RFP for a mixed-income development. At 16 acres, an exclusive affordable housing project would be too large, even if built in phases. As such, EPS recommends that it be developed with affordable and market-rate housing. This option is not currently permitted under code and would require a modification to the existing Ordinance. From the perspective of national housing and community development objectives, a project that blended income levels in this type of neighborhood would meet larger objectives for expanding upward mobility of children in lower/moderate income households through greater socio-economic integration (i.e. mix of incomes). Because the City was required by ordinance and did notify surrounding property owners at the time of acquisition that it would be developed eventually for affordable housing, EPS believes that the City is in a good position (i.e. to temper likely NIMBY opposition) having vested their interest in this site before the surrounding residential areas had been developed.

EPS recommends selling this site only if: a) it is the only one being sold; and b) the nearby Kechter property is selected to be developed for affordable housing. EPS believes that sale of this property, given its market appreciation, could be used to generate funds for the acquisition of a site with greater central proximities to employment, services, and transit. This option is not currently permitted under code and would require a modification to the existing Ordinance.

- East Kechter Road: **Develop**. This site also scores relatively high on the market readiness scale. EPS recommends the City issue an RFP for its development as affordable housing, according to the existing Ordinance language.

- **South College: Hold.** This site scores relatively low on the market readiness scale, but it is an attractive site for development. The primary consideration for holding at this time is to solve access and infrastructure issues to the site. When resolved, EPS believes that developing a mixed-income project on this site would be preferable, given the site's size, risks of oversaturation of affordable housing, and the general strength of the market in this part of south Fort Collins.

Additional Recommendations

This section outlines a decision protocol for the City to consider as it takes action on any of these development opportunities.

- **General Development Objectives:** The City's primary objective is to leverage the land it has acquired for affordable housing. As identified in the Ordinance, the City would sell the land to an affordable housing developer for 90 percent of its market value. Under the possibility of a mixed-income development, particularly where EPS's recommendation is to develop with affordable and market-rate housing, the City should seek to acquire 100 percent of its market value from the portion of the property which is to be used as market-rate housing.
- **Revise 10-acre limitation in Land Use Code:** EPS recognizes that the intent of the limitation on acreage of affordable housing developments within the LMN zone may have originated from the desire to avoid over-saturation of affordable housing. But because the City itself acquired properties within the LMN zones (or will zone one of its unincorporated land bank properties LMN upon annexation) and two of them are in excess of 10 acres, EPS recommends that the City eliminate the 10-acre limitation identified in the Land Use Code for the LMN zone. Such a change will facilitate the development of these sites with affordable housing.
- **Increase Maximum Gross Density of Affordable Housing Developments:** EPS also recommends that the 12-units per acre maximum gross density of affordable housing developments be increased to accommodate a greater variety of housing product types. For example, townhome developments can often achieve a density of 16 units per acre. Such a housing type appears neither invasive nor excessively dense in neighborhoods already surrounded by a mix of densities.
- **Terms of Affordability:** The Land Bank Program does not provide direction on the term of housing affordability. Some affordable housing programs require housing to be affordable for as little as 10 years, while others seek longer affordability terms. EPS recommends that the City should require housing to be permanently affordable through deed restrictions or other measures while allowing for modest appreciation growth for homeowners.
- **RFP Requirements:** The RFP should be distributed as broadly and widely as possible so as to attract the most creative project concepts. The RFP should provide all sufficient background, research and analysis that has been conducted, and make note of the City's objectives. It should be broadly written to allow creativity of response, noting the major parameters, such as desired affordability levels, minimum level of amenities, and general timeline. It should also state the City seeks proposals on whether the developer would propose a sale or lease of the property. Additionally, because some of the sites are recommended as mixed-income, EPS does not recommend that the City divide the property into two parcels and subsequently

issue two separate RFPs. EPS recommends that the City only issue one RFP for the development of the entire property.

- Mixed Income Development: EPS recommends that the City pursue an expansion of the Ordinance language to permit both mixed-income and mixed-use developments. Such would allow the City to entertain proposals from developers that are creative and could accommodate a variety of market needs. As for larger parcels, such as the Tilden and South College sites (or sites over 10 acres, for example), the City should be careful to craft revised language regarding this modification to ensure that this expansion of permissible uses does not diminish the magnitude of affordable housing units on a property.
- Request Rebates/Concessions from FCLWD for Affordable Housing: EPS recognizes that water and sanitation districts have set their prices according to quantitative analysis that identifies usage and infrastructure (capital) costs according to type of housing or use. Just as the development of affordable housing is often a qualifier for reduced or deferred fees, expedited review, increased density, or other forms of economic incentives in land use development, the City should work to encourage the water districts to recognize the provision of affordable housing as a fulfillment of community benefit and eligible for infrastructure/tap fee rebates or concessions.
- Options for Use of Sales Proceeds: Under the circumstance that the City decides to sell one of its properties, EPS recommends that a few key considerations be made. Guiding these is the notion that these investments and the properties' values be leveraged to build affordable units. As such, EPS recommends that with proceeds from a sale the City should either: a) seek to acquire a centrally-located site with at least good proximity to core services, transit, and employment; or b) that the proceeds might be used to buy down the affordability of an otherwise market-rate infill housing project that is proposed in a central location with at least good proximity to core services, transit, and employment. In the case of the latter option, the City would seek to work with a developer on an infill project that has superior proximities in a central location. The motivation being that there are no vacant or available infill properties the City could acquire within the City's core today.
- Future Acquisition/ Development: EPS advises the City to consider future purchases, north Fort Collins should be a focus area, given its current and projected market pressure. Above all, however, the City should seek to acquire and/or develop sites within the core of the City, e.g. along the Mason Corridor or where transit connections and access to a large employment center are superior.