



2015-2019
AFFORDABLE HOUSING
STRATEGIC PLAN



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October 6, 2015

This plan sets forth goals, strategies, action items, and metrics to guide the City's affordable housing policy and funding for a 5 year period. This plan is the City's fourth 5-year Affordable Housing Strategic Plan.

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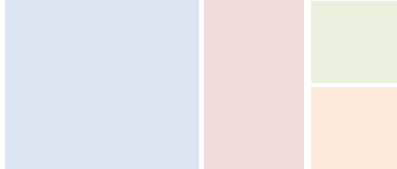
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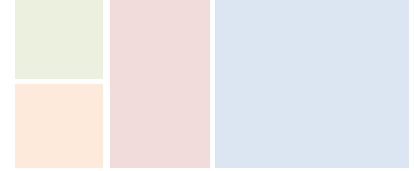
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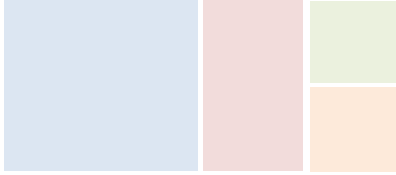
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► EXECUTIVE SUMMARY

Fort Collins envisions a housing system that provides housing options for all residents regardless of income, age or life stage. In keeping with this vision, the City of Fort Collins has produced a strategic plan related to affordable housing every five years since 1999. This 2015-2019 Affordable Housing Strategic Plan (Plan) is the third update to the original plan produced in 1999.

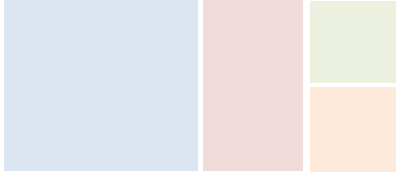
The Plan specifically targets affordable housing, which is for residents earning 80% Area Median Income (AMI) or less. The goal of this plan is to have 6% of Fort Collins' housing stock comprised of affordable housing built utilizing affordable housing programs by 2020. The City's long-term goal is for this ratio of supported, affordable housing to overall housing units increase to 10% by 2040.

The study that forms the foundation of this plan, the Housing Affordability Policy Study (HAPS), looked at Fort Collins' entire housing inventory and system. HAPS found the City has gaps in affordable housing inventory at all income levels, but the biggest need was for the lowest wage earners. HAPS also showed that many middle-income households are spending more on housing and earning less. With increasing housing costs and stagnant wage growth, households all along the affordable area median income (AMI) spectrum need help with affording housing.

The Plan proposes five strategies to achieve the short-term goal of 6% of all housing units to be affordable units built utilizing affordable housing programs. These strategies are:

- Increase the inventory of affordable rental units
- Preserve the long-term affordability and physical condition of the existing stock of housing
- Increase housing and associated supportive services for people with special needs
- Support opportunities to obtain and sustain affordable homeownership
- Refine development incentives and expand funding sources and partnerships

The Plan does not prioritize the five strategies. The five strategies target different segments of the population, ensuring that people of all incomes and life stages have access to affordable housing. Each strategy contains a specific action plan that identifies the kind of action needed for implementation. The action plans contain ongoing, short-term, medium-term and long-term items so that progress can be made in all phases of the Plan. Metrics accompany each strategy so that the City can measure the progress of each strategy and its action plan items. The metrics will provide a



baseline of data for future planning initiatives and keep the Plan focused on delivering positive outcomes for the community.

By achieving the objectives contained within this Plan, the City will expand the affordable housing options available to the community. The intended result will be an inclusive community accessible by all.

1. INTRODUCTION

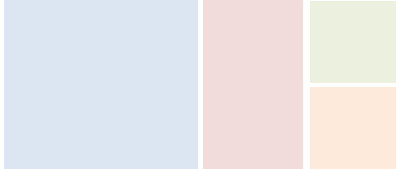
The City of Fort Collins believes one of the keys to a healthy community is the ability to house its citizens in good quality, affordable housing. The City remains committed to this ideal through the Affordable Housing Strategic Plan. The purpose of this plan is to guide resources for future funding and policy decisions for developing affordable housing. During this plan phase, the City aims to increase the stock of affordable housing built or renovated utilizing affordable housing programs to 6% of all units in Fort

Collins. By 2040, the City aspires to increase this stock of affordable housing to 10% of all units in Fort Collins. This plan provides a foundation that allows flexibility for supporting affordable housing. This plan does not contain a prioritized list of action items or a predetermined dollar amount for specific projects. The five pillars of this plan are its strategies:

- Increase the inventory of affordable rental units
- Preserve the long-term affordability and physical condition of the existing stock of housing
- Increase housing and associated supportive services for people with special needs
- Support opportunities to obtain and sustain affordable homeownership
- Refine development incentives and expand funding sources and partnerships

Affordable housing has a direct impact on the social, economic and environmental health of our community. Socially, affordable housing has an undeserved stigma. Many people think affordable housing refers to public housing projects from the 1950s and 1960s. Affordable housing in Fort Collins, however, takes many forms and is integrated within the community. Economically, the more a household has to spend on housing the less money they have for other needs. Housing costs will typically take precedence over other staples such as food, transportation and medical care. These factors lead to less individual wellness and less community prosperity. Less individual wellness leads to less stable housing conditions, which leads to less stable families and neighborhoods. From an environmental perspective, a lack of affordable housing pushes some community members that work in Fort Collins out to other communities to live. This creates congestion on our roads and increased pollution, which damages the environment that the Fort Collins community cherishes. Thus to create a healthier community, Fort Collins must actively pursue policies to ensure that people from all walks of life can find an affordable, quality place to live.





The City's role in the provision of affordable housing falls into four categories: policy, regulation, facilitation and funding. It is important to remember that the City does not build housing, but relies on development partners to produce desired units.

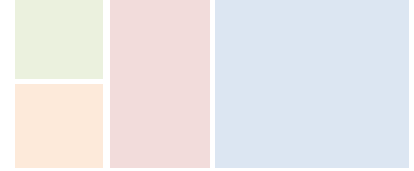
The City's affordable housing policies encourage a variety of housing throughout the community so all of its citizens can live in safe, good quality, and affordable housing. Its policies should encourage the construction of new and preservation of existing affordable housing units. Its policies, as expressed in City Plan, should also continue to evenly disperse affordable housing throughout the community to promote healthy mixed income neighborhoods. The City should also continuously monitor its affordable housing policies to ensure they are reflective of the best practices in encouraging the development of affordable housing.

The City's regulatory role is to eliminate barriers to the development of affordable housing. Many of the City's regulations add time and costs to housing projects. The City implemented these regulations to maximize the quality of development in the community. However, many developers see some of these regulations as driving up costs and over-processing projects that they could accomplish in other communities with relative ease. The City's challenge is to find the right balance between regulations that ensure quality development without discouraging affordable housing. City staff should consistently update these regulations to ensure there are as few barriers to providing high quality affordable housing as possible.

The availability of City funds can make or break an affordable housing project. The City's role in funding affordable housing is to be an early piece of the funding puzzle so affordable housing providers can leverage these funds to access private, foundation, state and federal funds. Funders often prefer to support affordable housing projects that have local support. This funding strategy allows the City to help kick start affordable housing projects that otherwise could have been difficult to fund.

The first iteration of this plan, Priority Affordable Housing Needs and Strategies, was created in 1999 to establish goals and strategies to increase the provision of affordable housing. Since then, the City has updated the plan every five years to reassess its policy goals and refine its strategies. The current update uses the Housing Affordability Policy Study (HAPS) as its foundation¹. HAPS was conducted in 2014 to provide a detailed assessment of housing affordability policy and needs for the City of Fort Collins. HAPS also investigated the efficacy of housing affordability policies used in other

¹ A copy of the Housing Affordability Policy Study can be found on the City's website at <http://www.fcgov.com/sustainability/pdf/HAPSFinalReport.pdf>



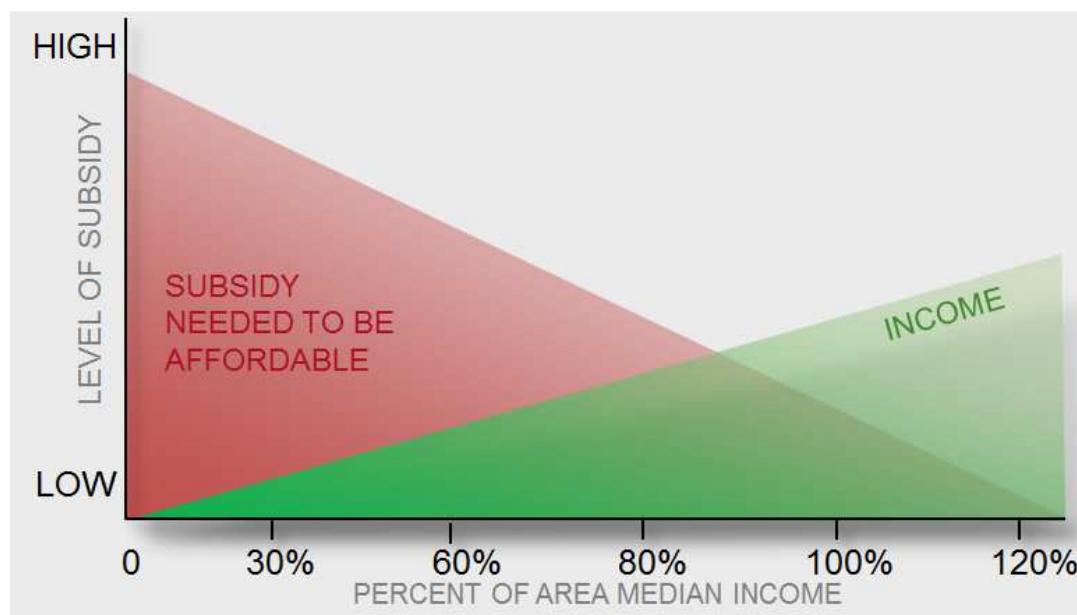
similar communities nationwide. The study made policy recommendations with a detailed analysis of current housing and socioeconomic trends to support its findings.

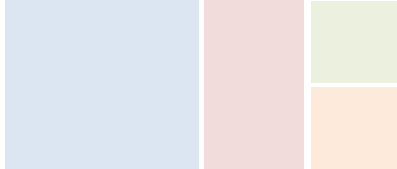
1.1 The Housing Continuum

One of the guiding principles of this plan is that members of all income and age brackets should be able to find adequate housing in Fort Collins. The provision of adequate housing to all income brackets has proven to be a challenge, however. From a developer's perspective, low-income households are not a lucrative target market since they cannot afford high rents or mortgages. As such, many developers will forego constructing affordable housing units and target higher income tenants since they can turn a profit easier. In this scenario, very few developers build affordable housing units. To combat this dilemma, many programs at the federal, state and local level offer money to subsidize the construction of affordable housing units. Cities also enact various policies to incentivize the construction of affordable housing such as density bonuses, fee waivers and in some cases, requirements for providing affordable housing as a part of certain types of development. Often times, these subsidies are sufficient to build units affordable to households earning 60% of AMI or more. This approach still leaves many households underserved. Many households that earn less than 60% of AMI cannot find affordable housing and as a result end up renting or owning a home they cannot afford. These households require a greater level of subsidy for developers to provide housing that is truly affordable to them (Figure 1).

FIGURE 1: INCOME VS. SUBSIDY NEEDED FOR HOUSING PROJECTS

Source: City of Fort Collins

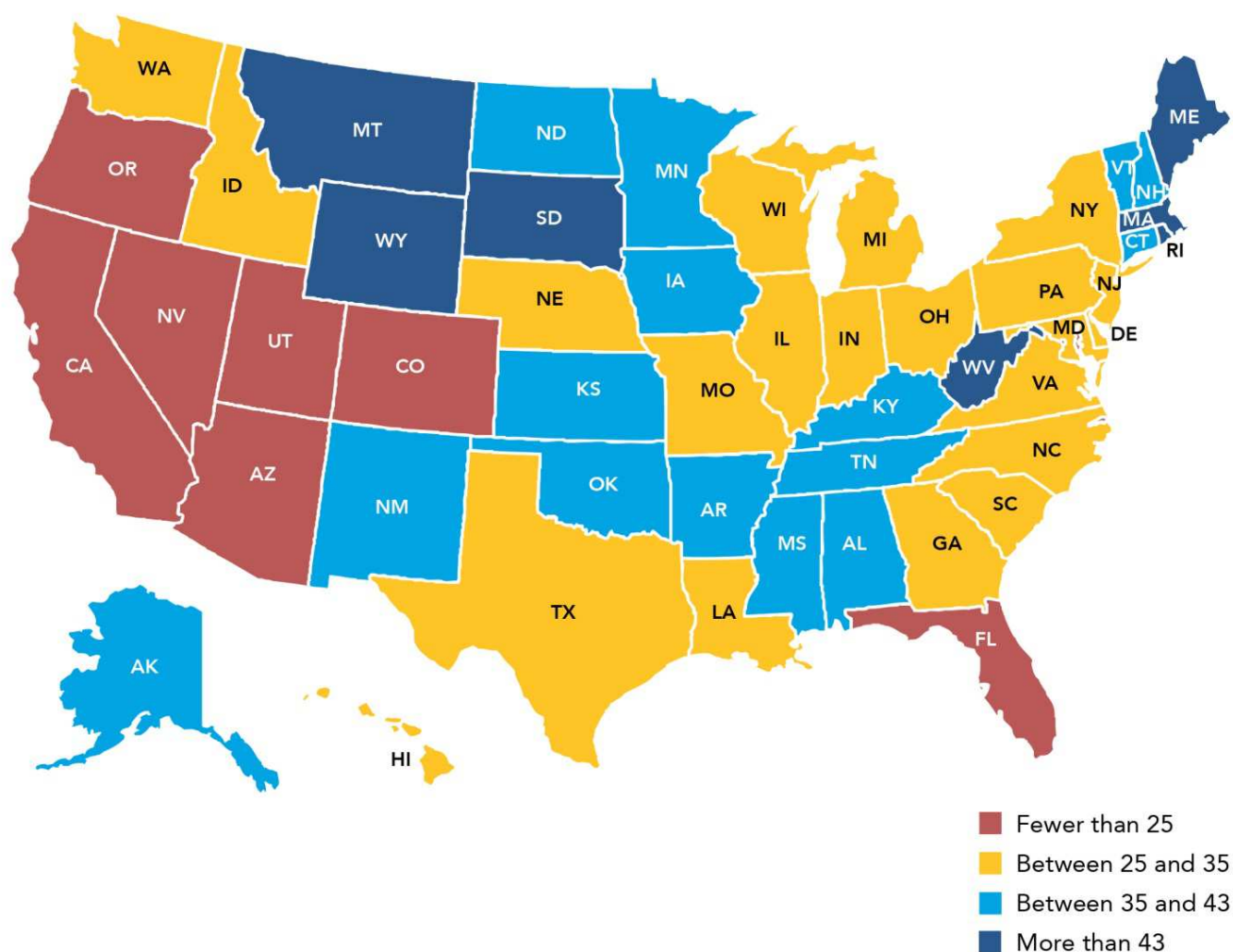




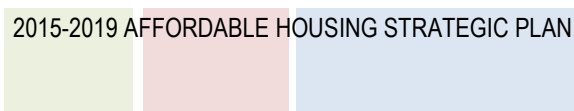
As a state, Colorado has one of the most acute affordable housing shortages. In Colorado there are less than 25 units available and affordable per 100 households earning 30% AMI and less (Figure 2). While this chart does not show how Fort Collins compares to the overall state average by this metric, it is a troubling statistic.

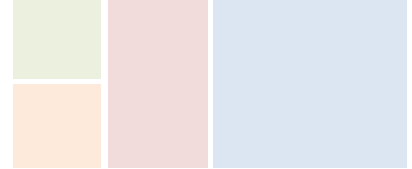
FIGURE 2: AFFORDABLE UNITS AVAILABLE PER 100 HOUSEHOLDS EARNING LESS THAN 30% AMI

Source: NLIHC Tabulations of 2013 ACS PUMS data



Another issue with affordable housing is the undeserved stigma attached. As discussed earlier, many community members equate low-income housing with run down, large-scale housing projects built in the post-World War II period. The affordable housing inventory of the City is a testament to how this has changed. Often times, community members are quick to object to affordable housing in their neighborhood. Since affordable housing in Fort Collins is defined as

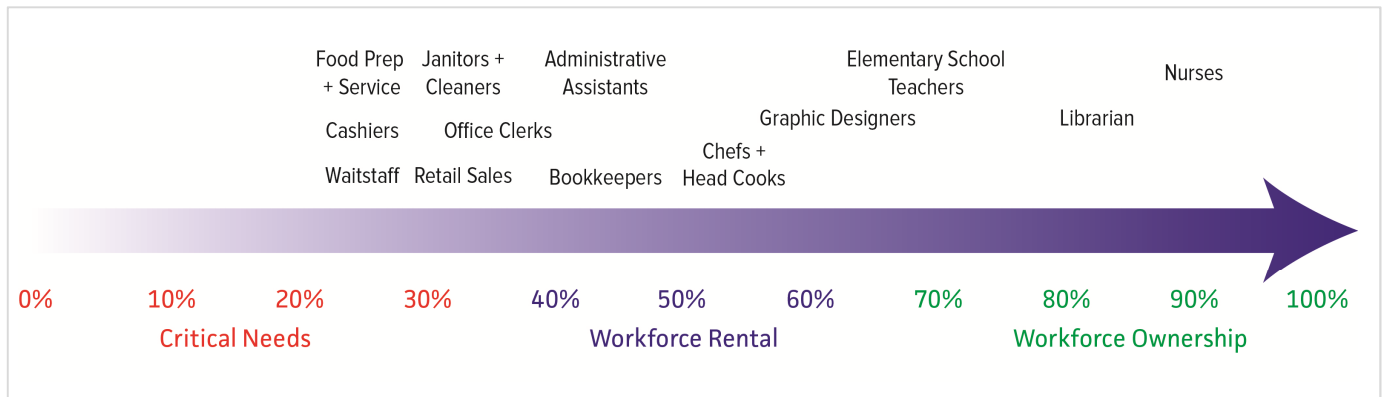




serving incomes up to 80% area median income (AMI) many of these objecting residents actually qualify for and live in affordable housing (Figure 3).

FIGURE 3: AMI LEVELS OF COMMON OCCUPATIONS IN FORT COLLINS FOR A 4-PERSON HOUSEHOLD

Source: Bureau of Labor Statistics



What this continuum shows is that many members of the Fort Collins community that provide vital services have a difficult time affording to live in Fort Collins. This is especially true if the sole income earner works in one of the professions along this continuum. This means many families in the community have difficult choices to make. Should they live closer to work at the expense of putting money away in case of a medical emergency? On the other hand, should they live further away from Fort Collins, which means spending less time with their family and spending more money on transportation? Many of these families choose to live outside of Fort Collins. This phenomenon is colloquially known as the *Drive Till You Qualify* effect. Since housing is expensive in Fort Collins, many families choose to reside in surrounding communities since rent is cheaper. The impact of this phenomenon is that more people commute in to Fort Collins, which results in more traffic congestion. Increased traffic congestion leads to more pollution, which leads to a decreased quality of life for the community. By encouraging the development of more affordable housing, Fort Collins is attempting to create an inclusive community that everyone can call home. In doing so, Fort Collins hopes to also combat the social stigma attached to affordable housing and minimize the impact of the *Drive Till You Qualify* phenomenon.

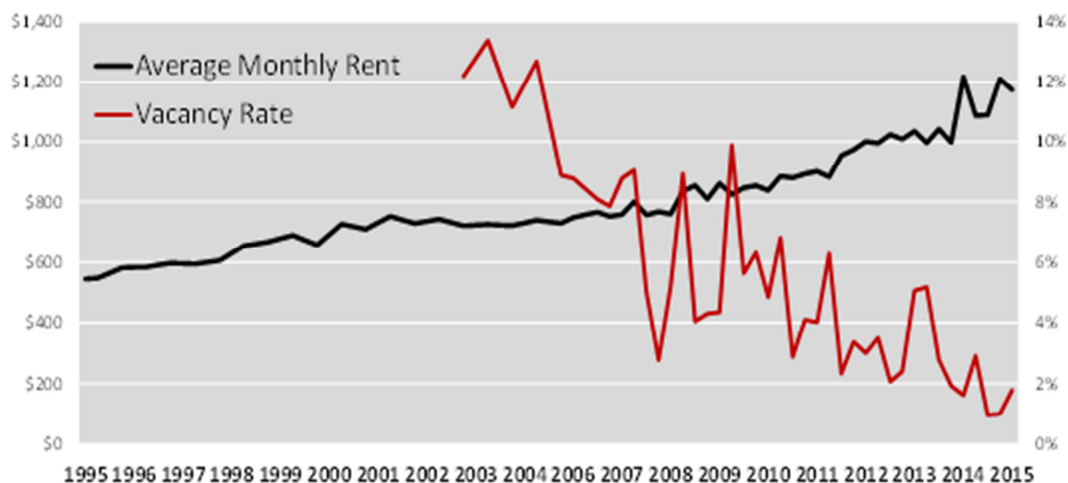
How acute is the affordable housing issue in Fort Collins? What follows is a brief discussion of various indicators that suggest the scale of the affordable housing issue in Fort Collins. Please note that in the following section the data reported from the 2009 AHSP used numbers for Larimer County as a whole, not Fort Collins only data. The other plans use data for Fort Collins only.

1.2 The Need for High Quality Affordable Housing

Affordable housing is one of the most important issues facing our community. According to the 2013 Citizen Survey, affordable housing was the number one challenge identified by respondents facing Fort Collins (City of Fort Collins, Communications and Public Involvement Office). The perception of a lack of affordable housing in Fort Collins is confirmed by looking at the socioeconomic and housing trends of the area. The following discussion provides an overview of why the need for affordable housing in Fort Collins is especially acute.

FIGURE 4: VACANCY RATE AND AVERAGE MONTHLY RENT IN FORT COLLINS, 1995-2015

Source: CDOM, Economic & Planning Systems



Rents in Fort Collins have steadily increased over the past 20 years with a current average monthly rent of \$1,173.59 as of the first quarter, 2015 (Figure 4). In comparing the trends of vacancy rate and average monthly rent, it is clear that as the vacancy rate has dropped average rents have increased. A worrying sign is that even though vacancy rates have spiked in the past decade, these spikes have not necessarily correlated to a drop in the average rent even when the vacancy rate is higher. This shows that merely increasing supply and a correspondingly higher vacancy rate may not result in an easing of rising rents. This could be due to the lingering impacts of the Great Recession. The Great Recession resulted in a decrease in housing production. As such, the Fort Collins market is catching up with the pent up demand for housing. It will take time for increased inventory to have an effect on average rental rates.

FIGURE 5: FORT COLLINS TRADE AREA AFFORDABILITY GAPS, 2000

Source: US Census, Economic Planning Systems

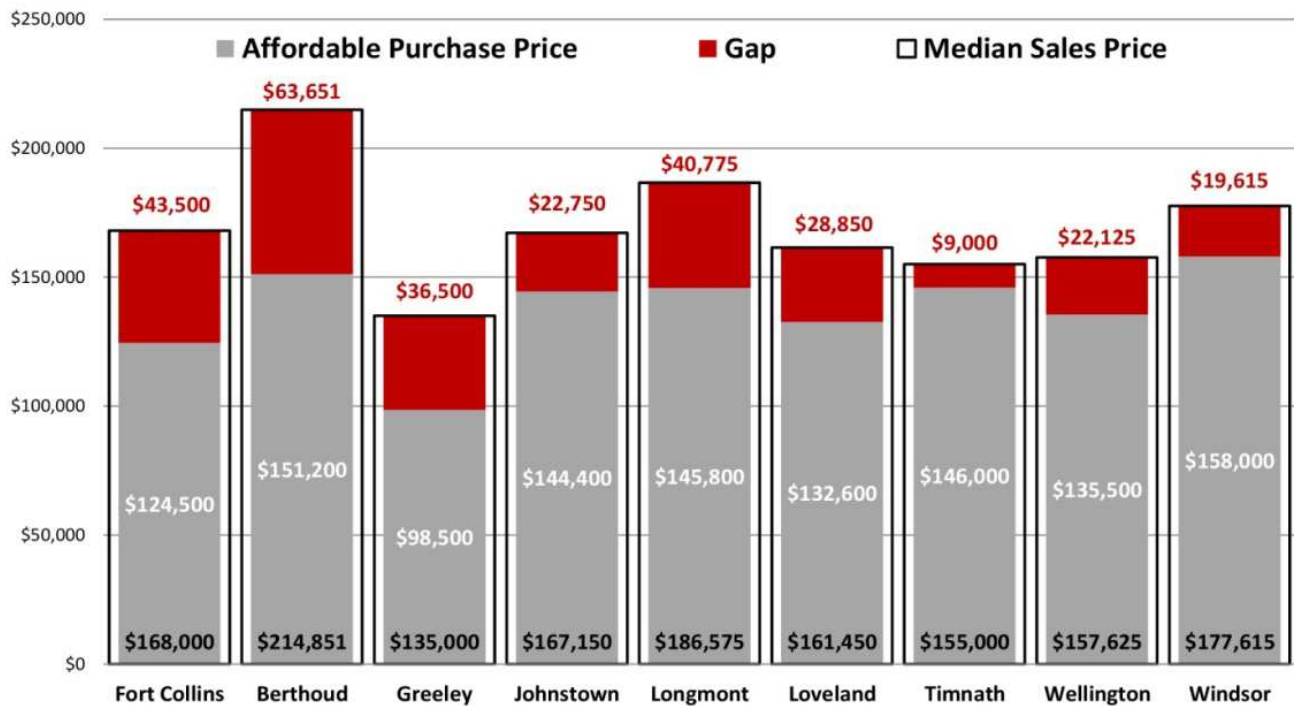
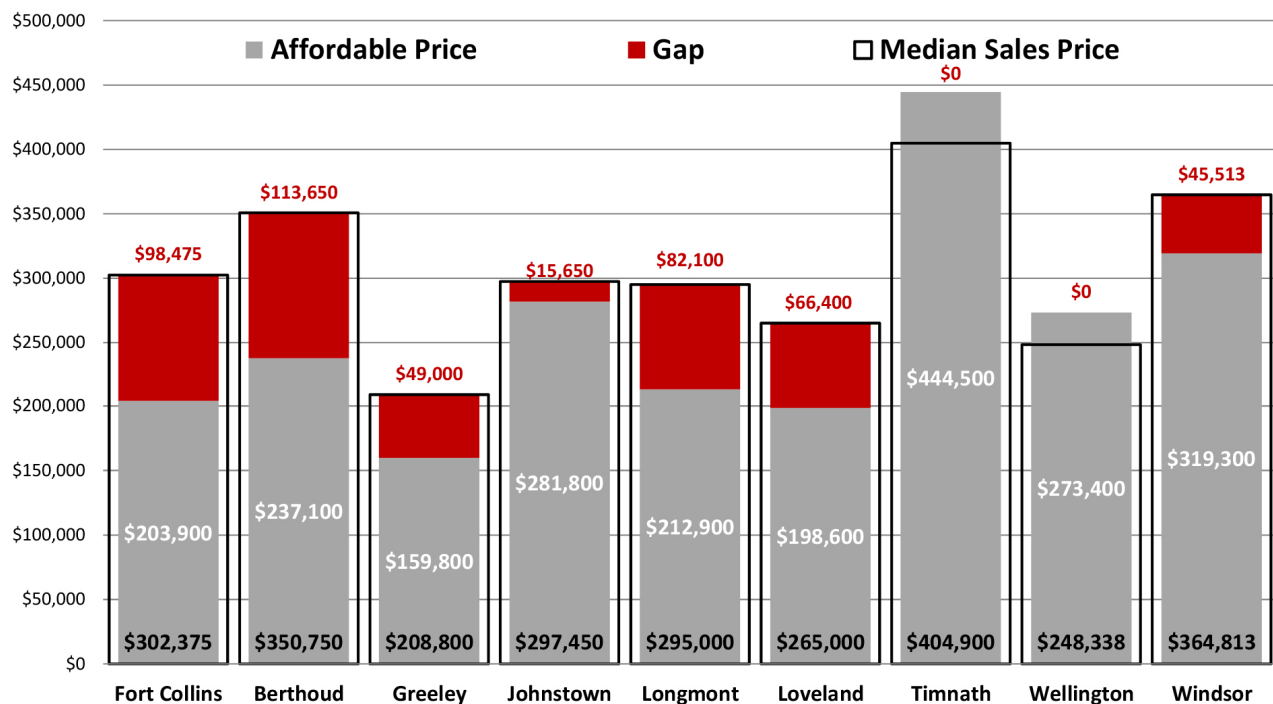


FIGURE 6: FORT COLLINS TRADE AREA AFFORDABILITY GAPS, 2015

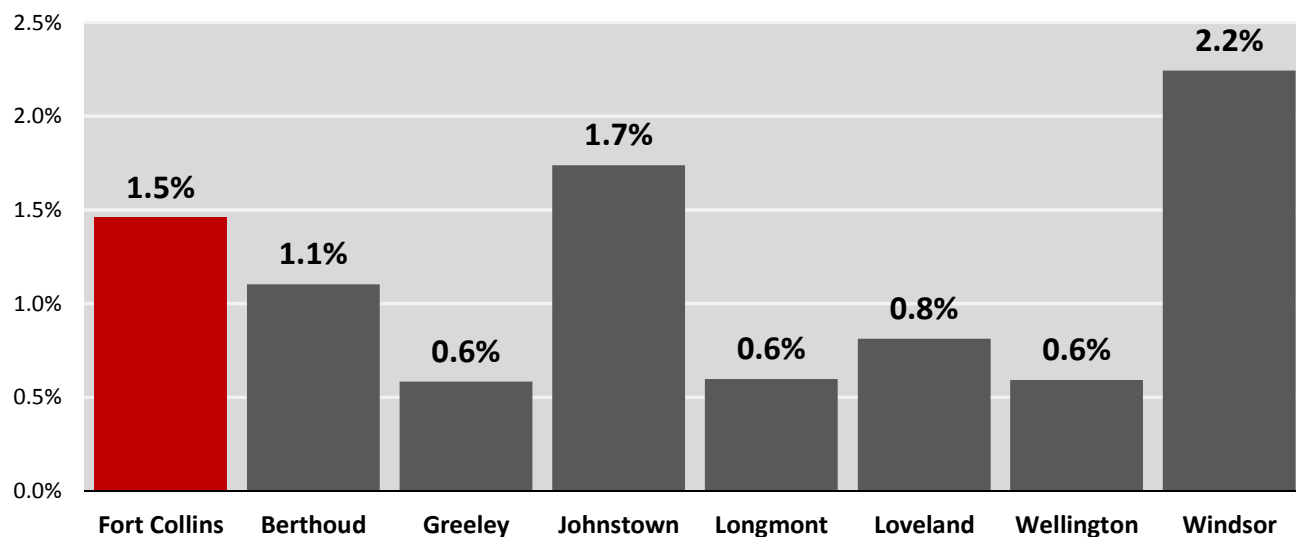
Source: US Census, Economic Planning Systems



Home ownership has also become increasingly less attainable to households earning the median income in Fort Collins. In 2000, the median sales price of homes in Fort Collins was \$168,000 but a family earning the area median income could only afford a home priced at \$124,500 (Figure 5). This means a family earning the area median income had \$43,500 gap between what they could afford and the median priced home. This affordability gap has widened in Fort Collins since 2000. In 2015, the gap between the affordable for sale price and median sales price of homes was \$98,475 in Fort Collins (Figure 6). Over the same period, many other communities in Northern Colorado also saw their affordability gap widen. This affordability gap has widened not only due to increased home prices but also flat household income growth.

FIGURE 7: ANNUAL AVERAGE CONSUMER PRICE INDEX-ADJUSTED SALES PRICE CHANGE, 2000-2015

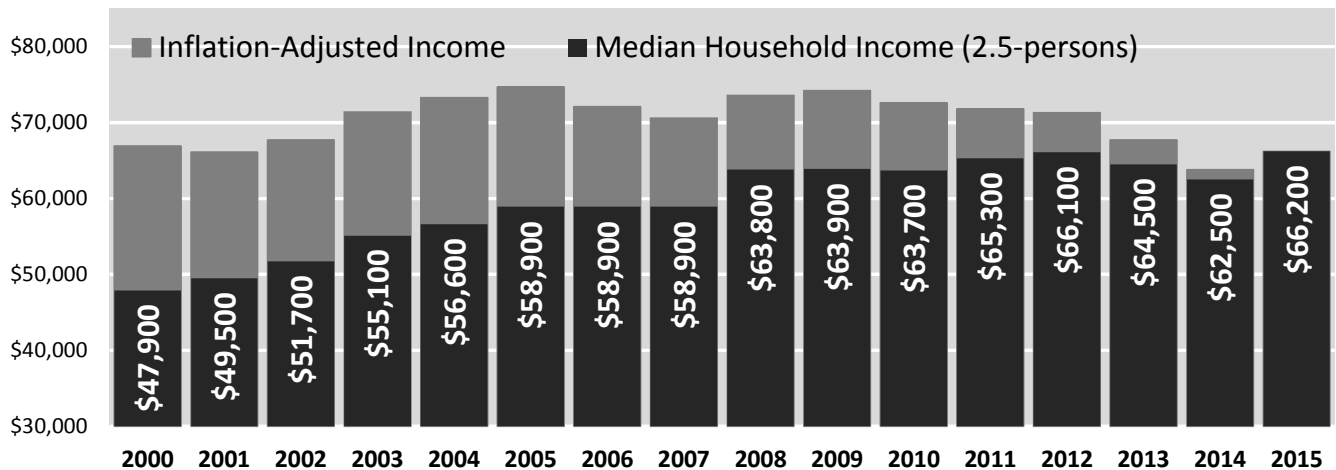
Source: Elevations Real Estate, Economic Planning Systems



From 2000 to 2015, the cost of housing has increased faster than the cost of living by 1.5% annually (Figure 7). This means that Fort Collins households have 15% less purchasing power today than they did in 2000. The downward trend of median income in recent years supports this trend of decreased purchasing power for Fort Collins households.

FIGURE 8: HUD MEDIAN HOUSEHOLD INCOME TRENDS, 2000-2015

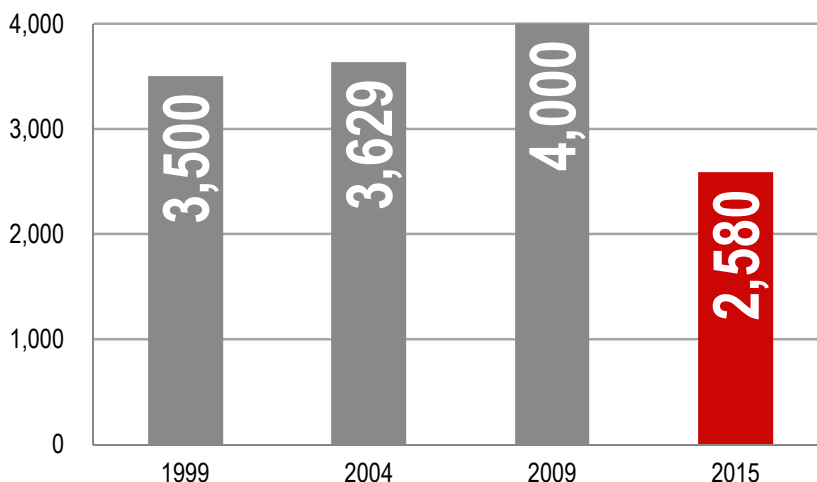
Source: U.S. Department of Housing & Urban Development, Economic Planning Systems

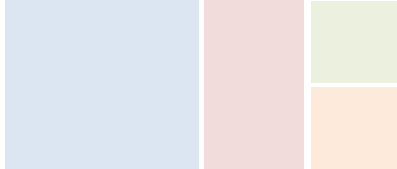


While actual median household income has increased since 2000 in Fort Collins, the area median income has decreased when adjusted for inflation (Figure 8). In the early 2000's, median income rose steadily until they reached a peak in 2005. Since 2005, median income has fluctuated but has trended downward since 2009. 2015 is the first year since 2009 where median income has risen when adjusted for inflation. While area median income has increased in 2015, the housing affordability gaps graphic shows that wages and home prices have moved in different directions. With home prices increasing and wages flat or stagnant, there has been increased strain put on families trying to afford their current housing. More families are cost-burdened as a result of these trends.

FIGURE 9: NUMBER OF COST BURDENED HOMEOWNERS

Sources: U.S. Department of Housing and Urban Development, Larimer County Housing Needs Assessment, Housing Affordability Policy Study

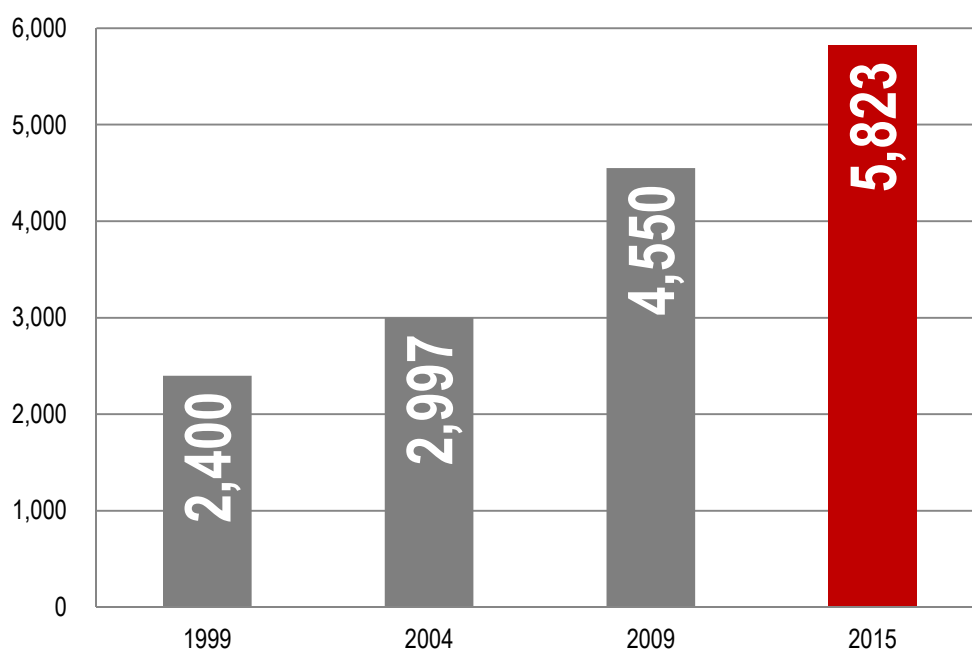




The increase in housing prices combined with flat income growth has affected the amount of money families spend on housing. Since the first Affordable Housing Strategic Plan in 1999, the number of cost-burdened homeowners has fallen from 3,500 to 2,580 now (Figure 9). A cost-burdened household is one that spends more than 30% of its income on housing. While some of these cost-burdened households are wealthy and are cost-burdened by choice, the majority of these households simply cannot afford the home they own. By spending a large percentage of their income on housing, cost-burdened households have less money to spend on other necessities like food, transportation and medical care. This lessens local consumer activity and negatively affects the local economy. This also leads to a scenario where large, unexpected expenses or bills can put households at risk of losing their home. The lower the household income, the less resilient they are in their capacity to overcome even minor financial challenges. An increase in quality, affordable housing will help households at lower income levels avoid this precarious financial scenario.

FIGURE 10: NUMBER OF RENTER HOUSEHOLDS 51-80% AMI THAT COULD BENEFIT FROM HOMEBUYERS ASSISTANCE

Sources: U.S. Department of Housing and Urban Development, Larimer County Housing Needs Assessment, Housing Affordability Policy Study



A related issue to cost-burdened homeowners is renters that are looking to move into homeownership but cannot afford a down payment. Since 1999, the number of renter households that earn 51-80% of the area median income that could benefit from homebuyers assistance has more than doubled from 2,400 to 5,823 currently (Figure 10). Many of the renters that could benefit from homebuyers assistance are currently living in housing affordable to lower income households. By assisting homebuyers, the City can help households enter homeownership while freeing up affordable rental units for low-income households.

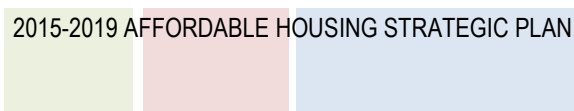
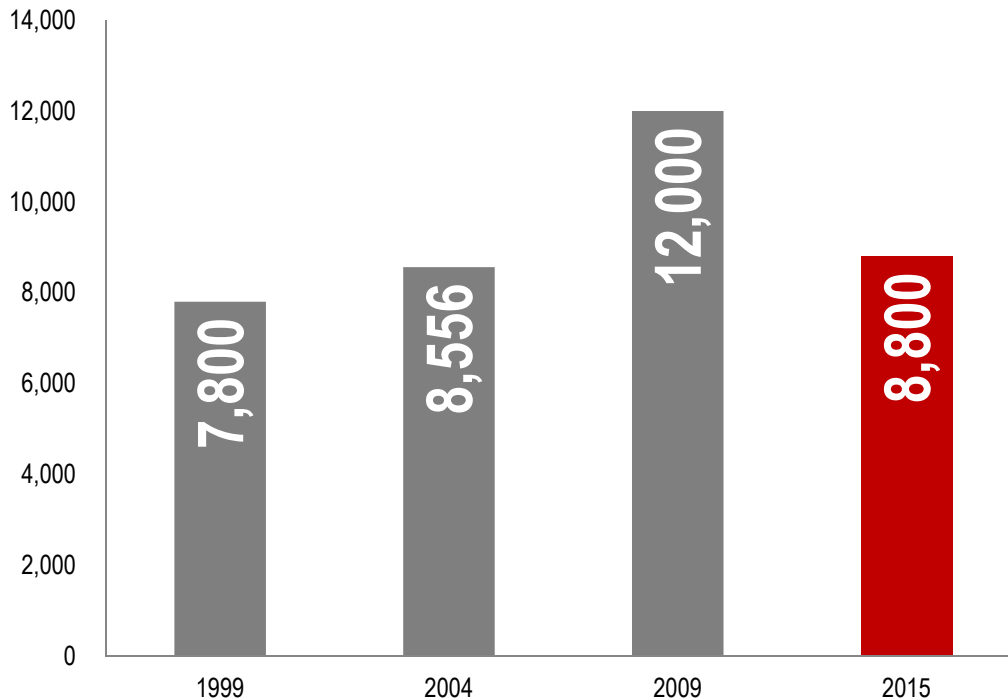


FIGURE 11: NUMBER OF COST BURDENED RENTER HOUSEHOLDS

Sources: U.S. Department of Housing and Urban Development, Larimer County Housing Needs Assessment, Housing Affordability Policy Study



Where Fort Collins has made progress regarding affordable housing is in the provision of affordable rental housing. While there are still 8,800 cost-burdened renter households in Fort Collins, this is a decrease of 3,200 when compared to 2009 (Figure 11). This may be an exaggerated difference because the 2009 data was taken from a county-wide study. Still it is important to note that cost-burdened renter households often include students and seniors living on a fixed income. Many students receive some financial support from their families and are cost-burdened in name only. Seniors living on a fixed income also appear cost-burdened but many times have a lifetime of accumulated wealth to support them. As such, the true number of cost-burdened households is a fraction of what is represented in this chart. While Fort Collins has made progress related to this metric, a sizable number of renters are still cost burdened and could benefit from more affordable rental units.

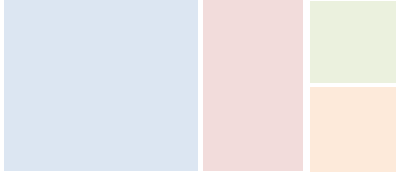


FIGURE 12: NUMBER OF AFFORDABLE RENTAL UNITS BUILT

Source: City of Fort Collins, Social Sustainability Department

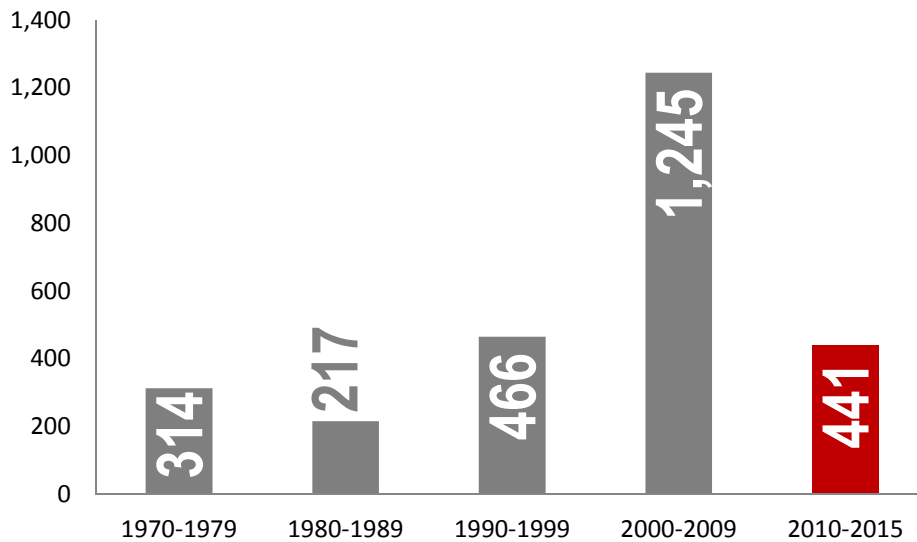
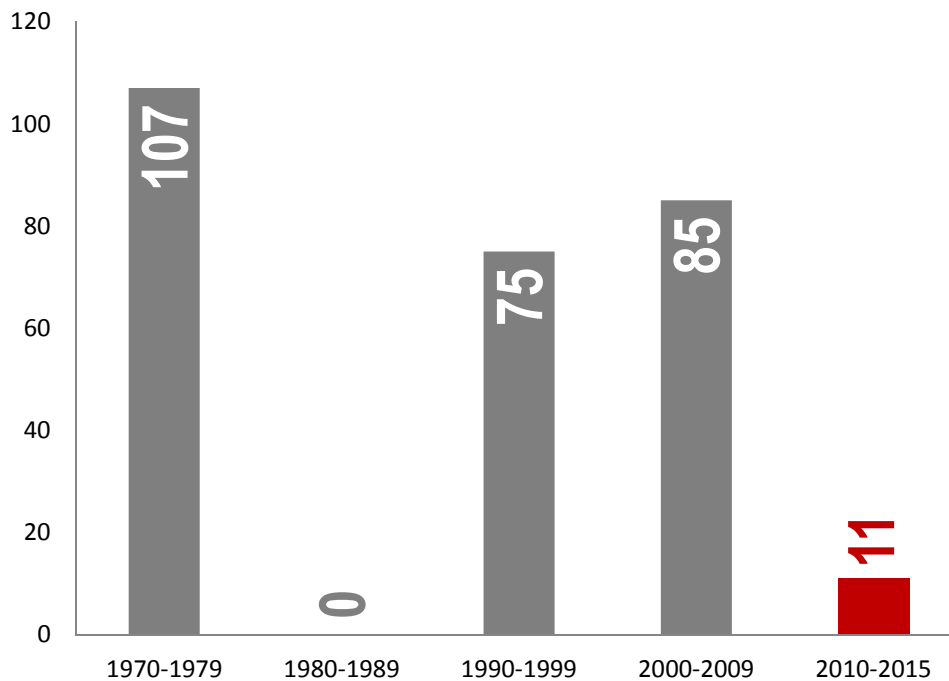
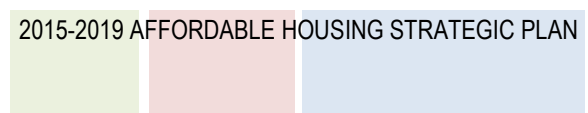


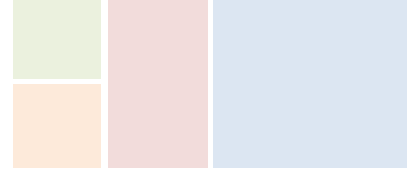
FIGURE 13: NUMBER OF AFFORDABLE OWNER UNITS BUILT

Source: City of Fort Collins, Social Sustainability Department



Fort Collins has also made significant progress in supporting affordable housing developments. Since the first Affordable Housing Strategic Plan was adopted in 1999, Fort Collins has produced more affordable housing than at any other time in its history. In the past 5 years alone, Fort Collins has helped support the development of a comparable number of

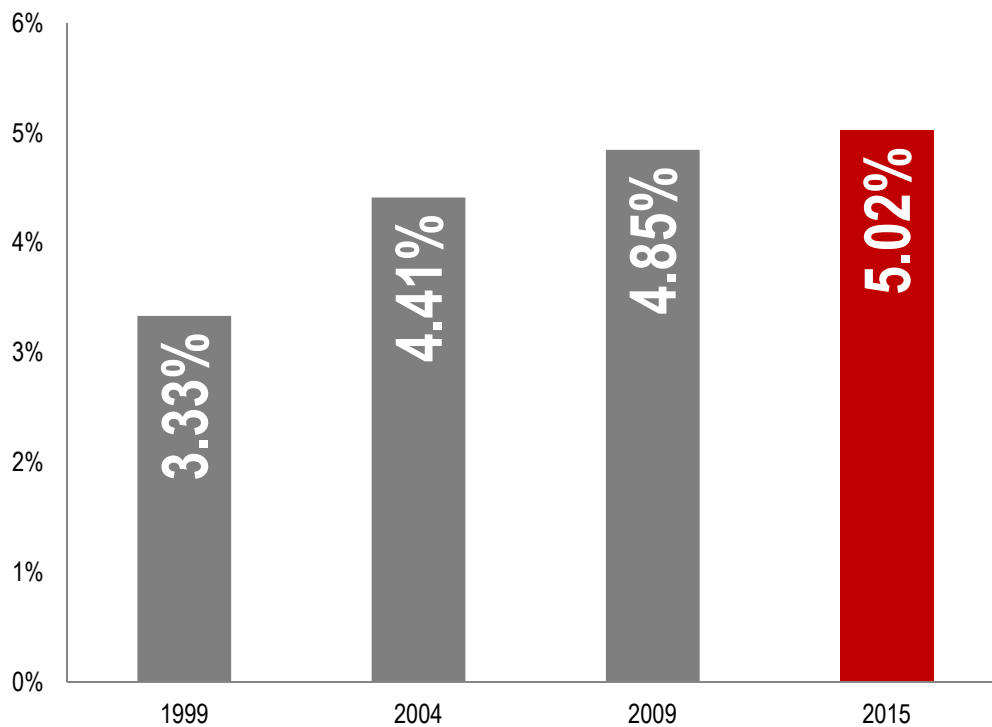




affordable rental units as the 1990s (Figure 12). This is still a slower rate than what the City helped provide from 2000-2009. There has also been less development of affordable ownership units since 2010 (Figure 13). At first glance, this development trend is troubling. However, when looking at the ratio of units that have used affordable housing programs to the overall housing stock it is clear this downturn in affordable housing production is in line with less overall development activity in Fort Collins.

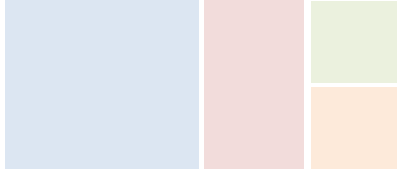
FIGURE 14: PERCENTAGE OF OVERALL HOUSING UNITS THAT ARE AFFORDABLE HOUSING BUILT UTILIZING AFFORDABLE HOUSING PROGRAMS

Sources: U.S. Department of Housing and Urban Development, Larimer County Housing Needs Assessment, Housing Affordability Policy Study



Since 1999, the ratio of affordable housing to market rate housing has improved (Figure 14). This means that affordable housing projects are making up a greater percentage of all development projects than in the past. Therefore, while the amount of affordable housing units developed has gone down since 2010, they are making up a larger percentage of development projects.

While the improved provision of affordable housing units is an encouraging trend, Fort Collins must do more to continue to encourage additional affordable housing projects in the face of rising home prices, rising rents and flat incomes. There are more cost-burdened households in Fort Collins than ever before and home prices continue to rise. It is crucial that



Fort Collins refines its affordable housing policies in light of these trends to ensure Fort Collins is a livable community for all.

1.3 Short-Term and Long-Term Goals

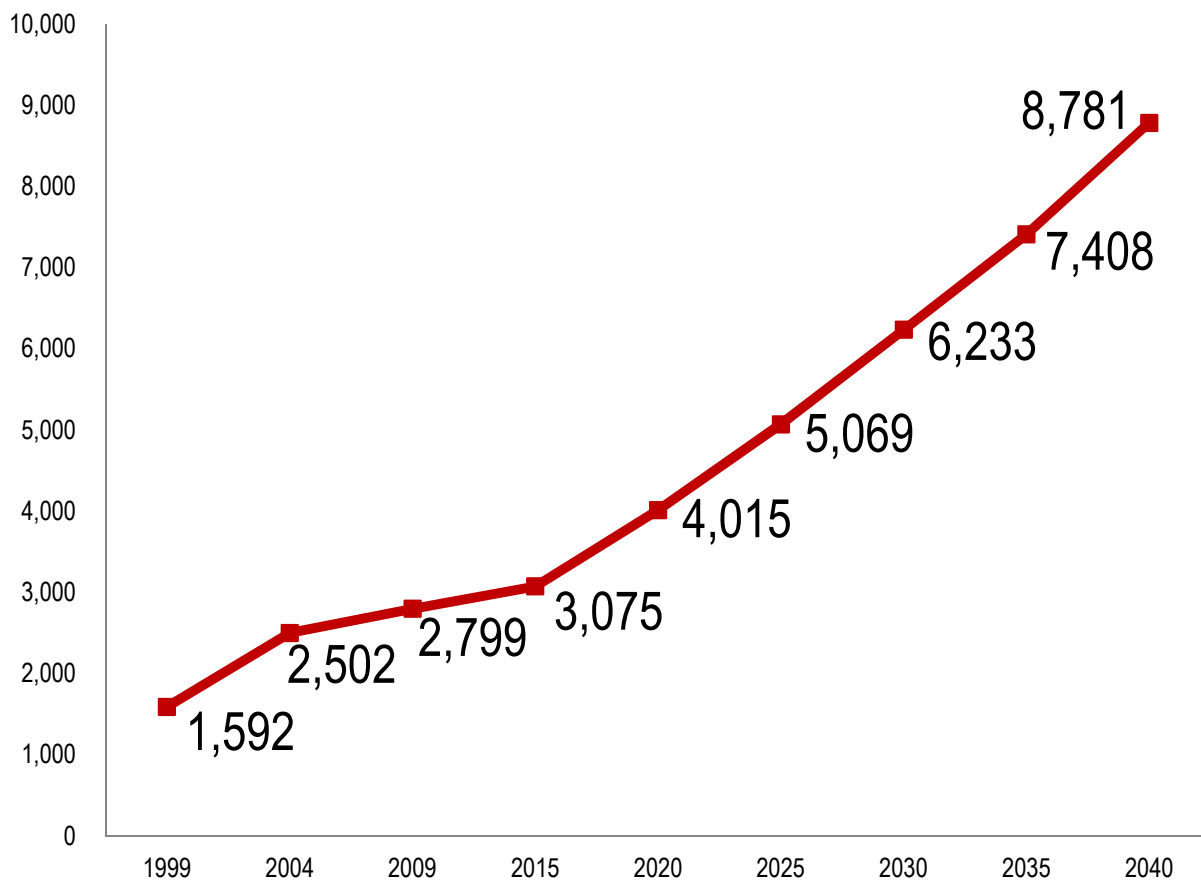
The short-term goal for this plan is to ensure that by 2020, 6% of all housing units in Fort Collins will be comprised of housing utilizing affordable housing programs. This goal represents an increase of one percentage point above the current amount of affordable housing in Fort Collins. While a 1% increase may seem small, the number of units needed to achieve this goal will require the City to bring a historic number of affordable units online in the next 5 years.

As of 2015, there are approximately 61,294 housing units in Fort Collins, of which 3,075 are affordable. On average, the City of Fort Collins issues 1,100 building permits per year for housing units. Using this average building permit issuance rate of 1,100 per year, Fort Collins will have approximately 66,915 housing units in 2020. In order to achieve the 6% goal, Fort Collins will need to have 4,015 affordable housing units in 2020. This means the City needs to bring 940 more affordable housing units online in the next 5 years, or 188 units per year to achieve the 6% goal. Given that the City saw 452 affordable housing units come online from 2010-2014, the City would need to double the rate of affordable housing production in the coming 5 years to achieve the 6% goal. This is an ambitious goal but with the tools at the City's disposal, it is an attainable goal that will require coordination between the City and its partners.

Over the course of the next 25 years, the long-term goal identified in this plan is to increase the amount of affordable housing units to 10% of the overall housing stock. That means that the amount of affordable housing units as a percentage of the overall housing stock must increase one percentage point every five years. By using the same assumptions as the short-term goal, this means that Fort Collins will have approximately 87,807 housing units by 2040. To reach the 10% goal, 8,781 of the overall housing units in Fort Collins must be affordable by 2040. This requires that 5,706 affordable housing units will need to come online by 2040, which translates to an average of 228 units per year. What this means is that for every 5-year plan between now and 2040, the City will have to increase the amount of affordable housing by one percentage point as a ratio to the overall housing stock. This would represent a historically high rate of affordable housing production (Figure 15).

FIGURE 15 - TOTAL NUMBER OF UNITS BUILT UTILIZING AFFORDABLE HOUSING PROGRAMS NEEDED TO MEET LONG-TERM GOAL

Source: City of Fort Collins, Planning Department



The 10% goal is an ambitious goal. To meet this goal, the City will likely have to implement a series of programs and policies that may not be palatable currently. But as the City approaches build out in 2040 providing affordable housing will require further incentives to reduce costs and money from the City to bridge the financial gap on affordable housing projects. By quantifying these aspirations, future iterations of this plan will be better equipped to make targeted recommendations to achieve the long-term, 10% goal.



1.4 A Note about Water Rights

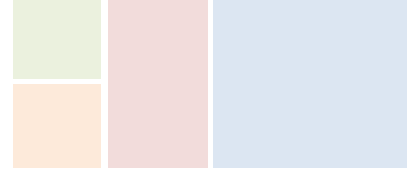
Throughout the Affordable Housing Strategic Plan outreach process, many citizens brought up water rights as a barrier to providing affordable housing. In order to build housing, developers must purchase and dedicate water rights to the water provider that serves the development or provide cash-in-lieu so that the water provider may purchase water or develop supplies through acquiring storage, etc. Developers may purchase water rights on the open market. For those water districts that accept cash-in-lieu, the price is typically set at the market value for acceptable rights.

Three water districts serve the majority of Fort Collins residents: Fort Collins Utilities, East Larimer County Water District (ELCO) and Fort Collins-Loveland Water District (FCLWD). Fort Collins Utilities has invested and planned for adequate water rights to supply its customers since the 1880s. The City acquired senior direct flow rights from the Poudre River and depended primarily on those rights to satisfy its water demands. In the late 1950s, the City began acquiring units of Colorado-Big Thompson (CBT) water. CBT water is diverted from the west slope and stored in Lake Granby, Carter Lake and Horsetooth Reservoir. Managed by Northern Water, CBT water is intended to supplement native water supplies in Colorado's northern Front Range.

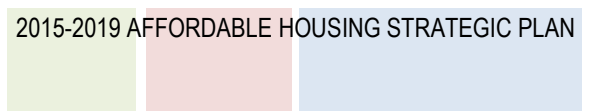
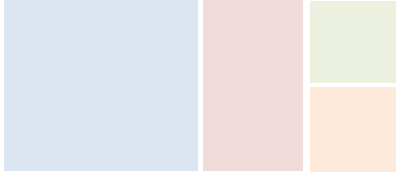
Since the 1950s, the City has acquired a diverse water right portfolio through active acquisition of water rights, purchasing water rights before they are needed, by establishing raw water requirements for new development, and through acquisition and conversion of agricultural rights for municipal use.

ELCO and FCLWD organized in the 1960s and thus were not able to capitalize on senior direct flow Poudre River rights as the City did in the early 1900s. Until 2004, both Districts relied on water from the CBT project to satisfy water demands. In 1997, recognizing that CBT water would increase in price and decrease in availability, the water districts, Fort Collins and Greeley started the process of participating in the construction of the Pleasant Valley Pipeline (PVP). The pipeline, completed in 2004, allows the participants to receive raw water from the Poudre River to their respective treatment facilities from May to October. Access to the Poudre River provides ELCO and FCLWD with a redundant water supply and has allowed a water portfolio shift from primarily CBT water to a more balanced blend of CBT and Poudre River supplies. Both districts (and the City) are also pursuing storage projects that allow carryover of supplies from year to year.

Because ELCO and FCLWD have a shorter water supply planning period, they are acquiring supplies as they need them, either through active acquisition or through raw water dedication by development. The market rate today for water is higher than it was even 10 years ago. Consequently, the Water Districts must set their cash-in-lieu price higher than the City or developers are required to seek water rights at today's market rate. The developer passes this additional cost



on to the eventual homeowner by increasing the sales price of the home. Since most of the developable land left in Fort Collins is in the ELCO and Fort Collins-Loveland Water District, these price differentials may have a negative impact on affordable housing. The City is exploring ways to a more equitable system for acquiring water rights within the Growth Management Area. More equitable pricing of water rights could potentially lead to more affordable housing in Fort Collins.

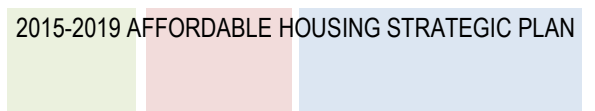
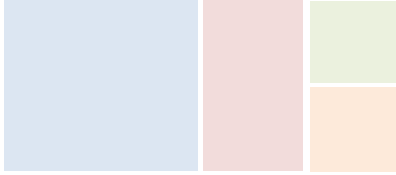


2. GUIDING PRINCIPLES

The following statements are the principles that embody the spirit of the *Affordable Housing Strategic Plan*. All of the strategies, action plans and objectives in this plan were created with the following principles in mind.

- Affordable housing supports economic development, ensures diversity and builds community
- Affordable housing is ultimately someone's home; it should be safe, attractive, and livable
- Affordable housing options should be available throughout the city, not concentrated in one area
- Affordable housing must include options for special needs and vulnerable populations
- Affordable housing supports a stable workforce at all wage levels
- Needs of all stakeholders must be considered in the development of affordable housing
- Public and private collaboration is crucial to the success of our affordable housing plan
- Successful solutions for affordable housing require community-wide investment and support
- Our affordable housing plan must be specific enough to generate real solutions and flexible enough to address the changing landscape of the community
- Limited financial resources must be targeted for housing the lowest income households. Policy should be used all along the continuum to stimulate a wide range of housing choice for residents at all ages, income levels and life stages.





3. FINANCIAL RESOURCES AND PARTNERS

Financing affordable housing is difficult at best. The availability of subsidy is limited and subject to cuts to the Federal budget. Federal funds are not likely to increase and have been trending downward. While there is a continuing need for City funding, this must be weighed against the need to fund other important projects and programs. It is important for the City to continue to seek additional dedicated funding streams specifically to fund affordable housing.



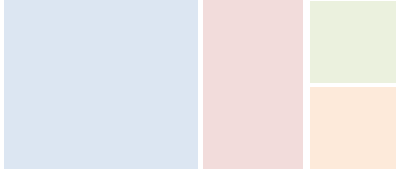
3.1. Federal Grants and City General Fund Budget

The City of Fort Collins currently has three sources of funds available to provide financial assistance to affordable housing programs and projects: the federal Community Development Block Grant (CDBG) Program Entitlement Grant, the federal Home Investment Partnership (HOME) Program Participating Jurisdiction Grant, and the City's own General Fund Budget Affordable Housing Fund (AHF). A new fund will also soon be available called the Affordable Housing Capital Fund. Traditionally, the policy for allocation of these funding sources for affordable housing has been 65% of CDBG funds, 90% of HOME funds, and 100% of the Affordable Housing Fund.

TABLE 1: ESTIMATED AVAILABLE FUNDING FOR AFFORDABLE HOUSING

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

FUNDING SOURCE	2015 ANNUAL ALLOCATION	2015-2019 TOTAL (ESTIMATED)
Federal CDBG Entitlement Grant	\$618,402	\$3,100,902
CDBG Program Income	\$55,000	\$250,000
Federal HOME Program Grant	\$467,100	\$2,447,100
HOME Program Income	\$110,000	\$250,000
City Affordable Housing Fund	\$525,000	\$2,025,000
Affordable Housing Capital Fund	\$0	\$2,000,000
ANNUAL TOTAL	\$1,775,502	\$10,073,002



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.

The amount of annual allocation from all these funding sources varies per year. HUD determines the annual allocation amounts for CDGB and HOME grant funds. The estimated five year sum is based on the average allocation for the last 5 years. Program income is generated when developments repay loan funds upon sale or refinance. While hard to predict, an annual average of \$50,000 was used for both program income estimates. City Council determines the Affordable Housing Fund through the Budgeting for Outcomes (BFO) process. In 2013 and 2014, as well as the prior two budget years, \$325,000 was allocated to this fund. That amount was increased to \$525,000 for 2015 and 2016. A minimum of \$133,000 for this fund is assured. The estimate for the AHF is also based on the average allocation for the past 5 years. It has not yet been determined when Affordable Housing Capital Fund monies will be available, nor in what manner they will be paid out. However, that fund was projected to have \$4 million in 10 years, the estimate assumes half of that fund will be available during the first five years. While the five year estimates are rough, it is important to note that these estimates show reduced allocations in both CDBG and HOME from the preceding 5-year period. This is consistent with what the City believes is a trend of reduced federal funding moving into the future. However, with local investment increasing staff anticipates an overall increase in available housing funding.

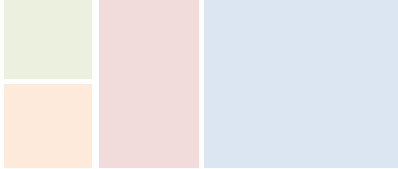
Generally, **CDBG** funds can only be used by the local government recipient, or awarded to a non-profit or governmental entity to carry out an eligible activity and to serve at least 51% low and moderate income residents. Examples of eligible activities are:

- Homeowner rehabilitation
- Home purchase activities
- Rental housing acquisition, rehabilitation, utility connection, site clearance, and public improvements

Typically, CDBG funds are not a good match for new construction and related fees. CDBG funds cannot be used for private sector development.

The **HOME** program is focused on providing housing opportunity for low and moderate-income households, under 80% area median income, with the following objectives:

- Provide affordable housing to lower-income households
- Expand the capacity of non-profit housing providers
- Strengthen the ability of state and local governments to provide housing
- Leverage private sector participation



HOME funds allow virtually any form of financial assistance or subsidy to be provided for eligible projects and eligible activities. Examples of eligible activities include:

- Home buyers assistance
- Homeowner rehabilitation
- Construction of rental housing
- Acquisition of rental housing
- Tenant based rental assistance

HOME funds also have additional requirements, such as:

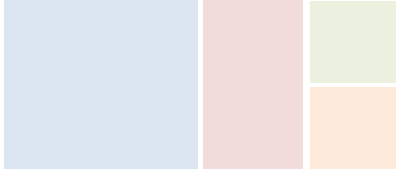
- 25% local match requirement
- Underwriting criteria and guidelines to ensure feasibility and sustainability
- Property standard guidelines
- Long-term monitoring and compliance standards for rental housing.

The **Affordable Housing Fund (AHF)** was created in 1993 to provide additional funding for ongoing affordable housing needs. Historically, the City has used AHF to fund financing gaps in affordable housing projects and to fund projects that were either ineligible for CDBG/HOME and/or were administratively cumbersome under the federal guidelines. 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. It can be used as a source for the required local match for the HOME program.

The **Affordable Housing Capital Fund (AHCF)** was created by the passage of Ballot Measure #1 in April 2015. The AHCF will be defined by Ordinance, but will likely be restricted for use in development proposals that would add new units of housing or would preserve affordable units that are at risk of becoming market rate due to pending sale or expiration of deed restrictions. The new fund would only be available for development costs associated with housing units. This fund would not cover administrative costs, staff salaries, or pay for rental assistance. These funds could be available in combination with federal funds and other city resources or alone.

3.2. Allocation of Financial Resources

The City currently allocates its financial resources through a competitive process. Annually there is a spring competitive process, with an optional fall process available if appropriate because funds are available to distribute or for other time sensitive issues. The competitive process evaluates applications for funding based on the City's priority affordable housing needs and on priorities established in this Strategic 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



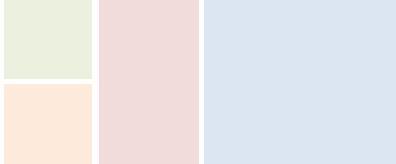
funding exceeds the level of funding available during a cycle. Thus, not every application receives funding, and some applications will not receive the full amount requested.

The following criteria guide funding allocation decisions:

1. **Impact/Benefit:** The lower the AMI of the end user the higher the benefit or impact.
2. **Need/Priority:** This will take into consideration the City priorities as defined in the current Housing Strategic Plan
3. **Feasibility:** Will the housing be built soon and how long will it remain affordable?
4. **Leveraging Resources:** How is the entire development going to be funded and who else is investing in the development? Projects should be able to demonstrate significant leverage from multiple sources other than the City of Fort Collins allocation of CDBG or HOME dollars to provide economic benefits to Fort Collins. Examples of such sources are: private capital; investor equity; owner equity; and foundation funds.
5. **Capacity and History:** This looks at the applicant's capacity to construct the development and their track record based on other projects they have developed.
6. **Sustainability:** Using a triple bottom line analysis, will the project further the sustainability goals of the City? Does it encourage use of transit? Is it near employment centers and schools? Will it be built to last and using environmentally friendly building practices?

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 \$7.6 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 well for projects affordable to households earning between 50% and 60% of AMI. 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. PAB financing is required for 4% tax credit development and can also be required for special funding such as disaster relief funds. While the local allocation was returned to the state for many years, the City has assigned its allocation to the Fort Collins Housing Authority in 2013, 2014, and 2015.



PABs are tax-exempt bonds that can be issued by eligible authorities. Annually, the state provides Fort Collins a maximum amount of PABs that the City can issue. The City can choose to assign these bonds to another eligible entity, such as the Fort Collins Housing Authority. The proceeds of the sale of the bonds may be used for projects that include a public benefit, such as affordable housing development and rehabilitation. PABs are an attractive financing mechanism since they usually have lower interest costs than typical commercial financing options since they are tax exempt.

Some cities have begun using PAB financing in “bifurcated” mixed income developments. Bifurcated structures target bond capacity to finance only the low-income units in a mixed-income development, rather than financing the entire project. This structure allows for a smaller allocation of bond capacity to be used for such mixed-income developments and the resulting bond capacity savings can be used for other projects, theoretically increasing the amount of affordable housing that can be financed each year. As financial strategies using PAB become more popular, the City can consider allocating the bond capacity to multiple development projects.

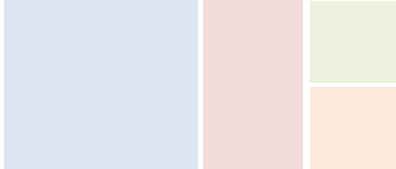
3.4. Development Incentives

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 that building permits are issued. This incentive allows developers to delay the payment of those impact fees until a certificate of occupancy is issued, or December 1 of that year, whichever happens first.
- **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.

Fee Waivers. In March of 2013, Fort Collins fee waiver policy was changed by City Council. Fee waivers are now only provided to the Fort Collins Housing Authority for developments that will house individuals making 30% or less AMI at the City Council’s discretion. All requests for fee waivers must be brought before Council for a determination. Additionally, a finding must be made that granting the fee waiver request will not jeopardize the finances of the City or stop a project that fees are designed to fund from being built.



Land Bank Program. The City owns five parcels totaling about 50 acres of land for future development. This program is designed to encourage the City to purchase land with development impediments and hold the land for between 5 and 15 years in the expectation that at least some of these impediments will be removed by market rate development. When the time is right, land will be sold or otherwise provided to a developer for the production of rental and/or for sale affordable housing. Any revenue generated from the sale of a land bank asset will be used to purchase more land bank properties.

3.5. Home Ownership

Home Buyer Assistance Program

The City of Fort Collins provides loans to income-eligible households to cover a portion of the required down payment and closing costs for buyers who have not been on title to a home for the past three years. The loan is to be paid back in full either when the house is sold, transferred out of the buyer's name, rented, or if the buyer seeks a second lien (such as a home equity loan). Eligible households can receive a loan of up to 5% of their purchase price (maximum of \$15,000) to cover down payment, closing costs or both.

3.6. Other Innovative Funding Strategies

During the course of the HAPS, stakeholders repeatedly stated that existing development incentives are not enough alone to stimulate affordable housing development. It is encouraged that the City look for additional ways to provide incentives that will stimulate the production of affordable units. What follows is a description of a number of new funding strategies the City will investigate as part of this plan.

Social Impact Bonds

Social Impact Bonds are an innovative tool for government to leverage private sector capital to finance the delivery of services that address a wide range of chronic social problems. Also known as "Pay for Success" contracts, private investors pay for and assume the risk of a program being able to deliver measurable results. The government only pays back the private investor if independent evaluators determine that the initiative or program has achieved specific outcomes that both create benefits for society and generate savings for the public sector. The City is committed to exploring the possibility of using Social Impact Bonds to finance affordable housing especially for the hardest to house residents with barriers to accessing housing.



Partner With Philanthropic Organizations

The City will explore partnering with foundations to serve vulnerable populations and families who are most in need of affordable housing. Through the use of grants and below market rate loans, philanthropy can provide flexible capital that can supplement current City programs and be the source for innovative pilots that “test” new strategies to combat homelessness, serve the elderly, and provide needed social services and job training.

Strengthen Public/Private, Public/Public and Philanthropic Partnerships

Investment in housing by the private sector is critical to the City’s housing stock, particularly in publicly sponsored projects that leverage private sector capital for affordable housing and community development. Expanding the use of those programs and strengthening private sector relationships will be imperative to maximizing the City’s ability to support these crucial goals. Working with financial institutions, pension funds, financial intermediaries and philanthropic organizations, the City will also seek to find the best ways to leverage private capital. Also, the City will work on partnering with the State and Federal government to identify new sources to fund affordable housing in the City. The City will support efforts to expand state-wide funding and investigate accessing new federal funding programs such as the National Housing Trust Fund. The City will also explore partnerships with employers looking to stimulate the development of needed work force housing.

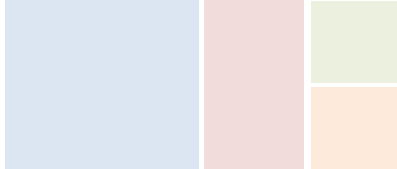
3.7 Partners in Affordable Housing

While the City of Fort Collins is an important player in addressing the affordable housing needs of its citizens, other partners are required to contribute important resources for the community to meet its needs. In fact, the City does not build or develop housing but relies on partners to build affordable housing. This section briefly discusses the other partners and their roles. The City would like to include private landlords, employers and foundations as potential partners in the future.

Private For-Profit Developers

Typically, 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, the for-profit owner may choose to sell it for a profit.

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% of AMI. Where competition for tax credits dictates, they may attempt to reach lower income households and target special populations.

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 generate revenue 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 fundraise from outside sources to cover administrative and operating costs not covered by rental revenue.

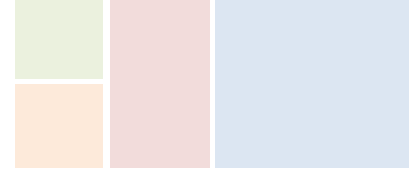
Non-profit organizations are able to access some additional financing sources that for-profits cannot use. These funding sources may be available to both, but give preference to non-profits. Non-profits tend to be more willing to mix and match different financing sources to make a project as affordable as possible. Therefore, their projects generally serve lower income households than for-profits. Unfortunately, non-profits generally do not have the staff and 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 tend to be smaller in size.

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, emergency rental assistance, life skills training, parenting skills, increased education, vocational training, health care, childcare, 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 and/or break the cycle of poverty. The City of Fort Collins allocates 15% of CDBG program funds and the City’s own Human Services Program funds to local service providers. These services are a critical component to achieving self-sufficiency and maintaining housing stability.

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 its day-to-day operations. Historically, its primary mission was to own and operate public housing units and to operate the Housing Choice Voucher Program,



which subsidizes rents in privately owned rental properties. These programs are generally the only affordable housing options available to households earning less than 30% AMI. Both programs require that the residents pay no more than 30% of their income towards rent, while the remainder of the rent is subsidized by HUD.

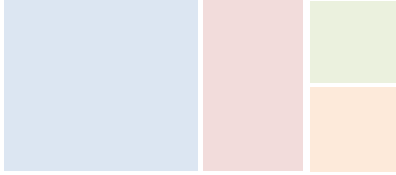
Nationally, the public housing inventory has deteriorated as the HUD subsidy has been insufficient to fund the reserves required to address the long-term capital needs of the properties. FHCA has recently received permission from HUD to participate in the Rental Assistance Demonstration (RAD) project. This will allow the residents of public housing to be relocated to other properties while retaining their rental assistance. Over the course of this plan, FCHA will reposition their public housing units and direct the funds to the development of additional affordable housing through its non-profit subsidiary, The Villages, Ltd., whose mission is to develop, acquire and preserve affordable rental housing.

Financial Institutions

Since the late 1970s, all federally insured financial institutions (commercial banks, savings banks, and savings and loan associations) have been subject to the Community Reinvestment Act (CRA). Under this law, such institutions have a continuing and affirmative obligation to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operation. The federal agencies that regulate these institutions are responsible for evaluating how well each one meets this obligation, and are required to take that record into account when the institution applies for expansion or restructuring, such as 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. Fort Collins Housing Authority and the local non-profit housing providers have good relationships with area banks that allow them to access relatively low-interest loans. However, these loans need to be as small a part of project financing as possible to keep rents as low as possible.

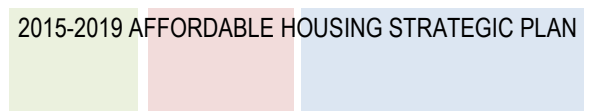


Housing Funders

It frequently takes multiple layers of funding, from many different sources, to develop an affordable housing project.

When providing funding for housing, the City frequently works with the following partners: Colorado Housing and Finance Authority (CHFA), Colorado Division of Housing (DOH), HUD, and Funding Partners for Housing Solutions.

Because all funding sources have different requirements, it is important to coordinate the resources allocated to a project in the most efficient and cost-effective manner. Frequently, the initial funding commitment by the City allows a project to leverage additional dollars from the other housing funders.



4. STRATEGIES, OBJECTIVES, AND ACTION PLANS

Based upon the demand for affordable housing, this Plan identifies five primary strategies to guide future funding and policy decisions. These strategies will provide the foundation for achieving the Plan's overarching goal of increasing the amount of affordable housing built utilizing affordable housing programs in Fort Collins to 6% of all units by 2020.

- Increase the inventory of affordable rental units
- Preserve the long-term affordability and physical condition of the existing stock of housing
- Increase housing and associated supportive services for people with special needs
- Support opportunities to obtain and sustain affordable homeownership
- Refine development incentives and expand funding sources and partnerships

These strategies are not prioritized to allow the City greater flexibility in funding potential affordable housing project.

The City defines what constitutes "affordable" based upon income. Housing for people making 80% AMI or less is considered affordable housing in Fort Collins. Each year, HUD provides annual income limits for the Fort Collins/Loveland Metropolitan Statistical Area (Table 2). Based on these income limits, the City has derived the affordable maximum monthly rent and mortgage supportable by these income levels.



**TABLE 2: 2015 AREA MEDIAN INCOME (AMI) EQUIVALENCIES
(ANNUAL INCOME FOR A HOUSEHOLD OF FOUR)**

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

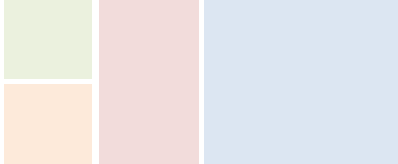
PERCENT OF AMI	AMI	HUD CLASSIFICATION	MAXIMUM AFFORDABLE MONTHLY RENT	MORTGAGE SUPPORTED BY SAME MONTHLY PAYMENT
100%	\$79,300	Moderate Income	\$1,983	\$301,153
80%	\$62,250	Low Income	\$1,556	\$203,579
60%	\$47,580	Low Income	\$1,190	\$119,669
50%	\$38,900	Very Low Income	\$973	\$70,024
30%	\$24,250	Extremely Low Income	\$606	\$0

Each section of this chapter will adhere to the following format. Section 1 will contain a justification for the highlighted strategy. This section will focus on supporting data and trends that demonstrate how addressing the particular strategy will help with the development of additional affordable housing in Fort Collins. Section 2 will provide objectives for the strategy during this plan's timeframe. These objectives will provide desired outcomes for each strategy. The objectives will provide the basis for the action plan and metrics to measure how well the City achieves each strategy. Section 3 will outline an action plan for meeting the objectives outlined in each section. The action plan is divided into four periods:

- Ongoing Actions
- Short-term strategies - completion in 2015 or 2016
- Medium-term strategies - completion in 2017 or 2018
- Long-term strategies - completion in 2019 or later

The action plan also identifies the method in which the City will accomplish these action items. The methods include:

- Ongoing City functions
- Ordinances adopted by City Council
- Resolutions adopted by City Council establishing policies or priorities
- Administrative functions by City staff



The Planning and Social Sustainability departments will incorporate the following strategies into their work programs 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. Section 4 will conclude each strategy section by identifying metrics to track the progress and success of the action plan.

4.1. Increase the Inventory of Affordable Rental Units

The first priority should be to increase the inventory of affordable rental units, which can be accomplished through two different methods. One method is to construct new, affordable rentals. A second method is 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 the housing authority and 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.

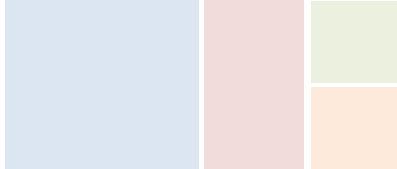
4.1.1. Justification

The Housing Affordability Policy Study identified which income categories have the greatest need for rental housing. According to HAPS, there are 7,972 cost-burdened renter households earning less than \$25,000 per year (Figure 16). Creating new units that households earning below \$25,000 per year can afford is very difficult under current market conditions for Fort Collins without substantial public subsidy.

FIGURE 16: RENTAL HOUSING GAPS, 2000–2012

Source: US Census, Economic & Planning Systems

INCOME CATEGORY	AFFORDABLE MONTHLY RENT RANGE (2012)	UNITS		RENTAL HOUSEHOLDS		GAPS	
		2000	2012	2000	2012	2000	2012
Less than \$25,000	Less than \$625	7,429	2,761	9,173	10,733	-1,744	-7,972
\$25,000 to \$49,999	\$626 to \$1,249	10,726	15,935	6,434	7,667	4,292	8,268
\$50,000 to \$74,999	\$1,250 to \$1,874	1,334	5,154	2,609	3,805	-1,275	1,349
\$75,000 or more	More than \$1,874	187	1,245	1,460	2,890	-1,273	-1,645
Total		19,676	25,096	19,676	25,095	0	0



The Fort Collins Consolidated Plan shows a large number of renter households across the AMI spectrums that are cost-burdened. There is also an increasing number of households earning 31%-80% AMI that are cost-burdened or severely cost-burdened (where housing costs are greater than 50% of income) (Table 3).

TABLE 3: NUMBER OF COST-BURDENED AND SEVERELY COST-BURDENED RENTAL HOUSEHOLDS

Source: Fort Collins Consolidated Plan

	0-30% AMI	31-50% AMI	51-80% AMI	Total
Housing cost burden greater than 30% of income	6,269	4,354	2,590	13,213
Housing cost burden greater than 50% of income	5,825	2,009	440	8,274

Both sets of data show that there is a large need for more affordable housing at low AMI levels. The data also shows households earning less than 30% of AMI are more likely to be severely cost-burdened often paying more than 50% of their income on housing. These households face more difficult budget decisions and have less of a safety net in the event of an unforeseen expense. As such, the City should continue to prioritize affordable rental housing units that serve households earning less than 30% AMI.

What the Consolidated Plan data also shows is that there is a growing need for more affordable housing towards the middle of the AMI spectrum. This growing lack of affordable housing for middle-income households is also reflected in the rising rents and average for sale prices of homes in Fort Collins. Thus, it is important Fort Collins implements policies to ensure middle-income households also have access to affordable housing in the community.

4.1.2. Objectives

► Produce as many new rental units affordable to households earning 50% and less of AMI as possible.

The largest need for rental housing remains households earning less than 50% AMI. Private developers also have a difficult time producing units for this income bracket due to the subsidy needed for these developments to be profitable. The City should continue to prioritize funding projects that serve households that earn 50% and less of AMI.

► Incentivize new rental units affordable to households earning 60-80% of AMI.

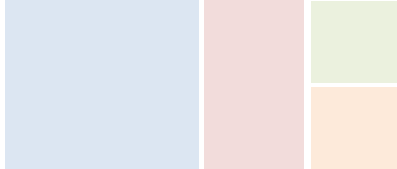
There is a growing need for affordable units for households earning up to 80% of AMI. If trends in home and rental prices continue their upward trend, more households will be cost-burdened. The City should develop incentives that promote producing units in this income range. The City should also explore a blended approach where developers can get access to incentives by producing mixed income developments. These mixed income developments could include market rate units along with units affordable to households earning less than 30% AMI all the way up to 80% AMI.

4.1.3. Five -Year Action Plan

The following strategies are presented as an action plan for the City 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 (Table 4).

TABLE 4: STRATEGY 1 FIVE-YEAR ACTION PLAN

Ongoing Actions	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
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
2015 - 2016 Actions	Action Required
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 such as reduced fees for affordable housing projects among others	Administrative
Investigate ways to remove barriers to construction of accessory dwelling units (ADUs)	Administrative
2017 - 2018 Actions	Action Required
Implement recommendations from review of City's incentive programs and regulatory barriers to ADUs	Administrative
2019 + Actions	Action Required
Evaluate success of modifications to incentive program and review potential changes to improve their effectiveness	Administrative



Throughout the duration of this plan, the City will continue to contribute a significant amount of its resources to increase the inventory of affordable rental units. The City will continue to allocate these resources based on the criteria outlined in Chapter 3 of this plan.

In the short-term, the City will review its existing incentives for developing affordable housing and barriers to constructing accessory dwelling units (ADUs). An improved incentive program will provide affordable housing developers with a wider range of tools to reduce the costs of development and pass on the savings to the end user. Removing barriers to providing ADUs will allow for more flexibility for homeowners looking to provide affordable rental units on their property or age in place. Currently, the City's Land Use Code only allows ADUs on large lots (10,000 sq. ft. +) in a limited number of zone districts. City Plan, the City's comprehensive plan, identifies ADUs as a way to provide targeted infill development and affordable housing throughout the community. By removing barriers to ADUs, the City will better realize the goals outlined in City Plan.

In the mid-term, the City will implement appropriate recommendations based on its evaluation of its existing affordable housing incentives and barriers to providing ADUs. Some of these changes may require changes to City ordinances or City codes. Long-term, the City will evaluate these ordinances and code changes and modify them as necessary to improve their effectiveness.

The desired outcome of these programs is that the affordable housing stock grows for those earning less than 80% AMI. Improved incentives will provide affordable housing developers with cost savings that will allow them to build more affordable units for low-income households. Additional

CITY PLAN ADU POLICIES

Policy LIV 6.1 – Types of Infill and Redevelopment in Residential Areas

Infill and redevelopment in residential areas may occur through:

- a. The addition of new dwellings on vacant lots and other undeveloped parcels surrounded by existing residential development.
- b. Dwelling units added to existing houses (e.g., basement or upstairs apartments).
- c. Small, detached dwellings added to lots of sufficient size with existing houses (e.g., “alley houses” or “granny flats”).
- d. Expansion or redevelopment of properties.
- e. Neighborhood-related, non-residential development.

Policy LIV 7.3 – Encourage Accessory Housing Unit Development

Recognize accessory housing units as a viable form of additional and possibly affordable housing and encourage their development provided such development is consistent with existing residential neighborhood character.

flexibility for providing ADUs will allow for more affordable units to enter the market. These ADUs can serve a number of functions from allowing seniors to age in place to providing affordable housing for graduate students.

4.1.4. Metrics

To track the action plan outlined above, the City will use the following metrics (Table 5). Over time, this data will allow future iterations of the plan to be more targeted and develop more realistic and attainable goals. The City has backfilled some of the information on the metrics below to create a baseline series of data to begin this tracking initiative.

TABLE 5: METRICS TO MEASURE OUTCOMES FOR STRATEGY 1

Metric	2010-2015	2020 Target
Number of new, affordable rental units built utilizing affordable housing programs	313	842
Percentage of units of overall building stock built utilizing affordable housing programs	5.02%	6%
Leverage rate of City money contributed to new affordable housing construction (amount of private dollars yielded per city dollar)	1:10	Sustain or increase
Number of rental households below 50% AMI that are cost-burdened	10,623	Sustain or decrease
Percentage of rental households below 50% AMI that are cost-burdened	77%	Sustain or decrease
Number of affordable units available per 100 households for households earning less than 30% AMI * Colorado Statistic (See Figure 2, page 4)	Less than 25	25-35

4.2. Preserve the Long-term Affordability and Physical Condition of Existing Stock of Housing

The City should also give priority to preserving the existing supply of affordable housing units. City policy mandates that 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. Many affordable housing units also benefit from investment in upgrades to ensure lower utility and maintenance costs. The City should continue offering programs and investigate further programs to enhance the affordability of existing housing units.



4.2.1. Justification

Attention should be given to housing projects that address the need for rehabilitation of existing housing stock and overcoming deficiencies regarding safety and sanitary conditions of existing units. Per HUD data, 41% of all housing units in Fort Collins were built before 1980 (Table 6).

TABLE 6: AGE OF HOUSING UNITS IN FORT COLLINS

Source: US Census

Year Unit Built	Owner-Occupied		Renter-Occupied		Total	
	Number	%	Number	%	Number	%
2000 or later	7,575	24%	3,624	15%	11,199	20%
1980-1999	13,339	42%	8,479	35%	21,818	39%
1950-1979	9,024	28%	10,156	41%	19,180	34%
Before 1950	1,937	6%	2,295	9%	4,232	7%
Total	31,875	100%	24,554	100%	56,429	100%

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. Often rehabilitation will extend the affordability period, helping to keep the property in the affordable housing inventory in to the future. Other housing units may have old windows, poor insulation or roofing that drive up utility costs. High utility costs contribute to the affordability of housing. Programs that reduce utility costs can result in greater long-term affordability and help the City achieve its environmental goals established in City Plan and the Climate Action Plan.

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.

Currently, there are 3,075 units that have been built utilizing affordable housing programs in Fort Collins (Table 7). The City should not only monitor their affordability status but also their condition as it relates to utility costs. The City should act to ensure as few units as possible convert to market rate.

TABLE 7: CITY OF FORT COLLINS' INVENTORY OF HOUSING UNITS THAT HAVE UTILIZED AFFORDABLE HOUSING PROGRAMS

Source: City of Fort Collins Social Sustainability Department

Affordable Unit Type	Number located in Fort Collins
Rental	2,726
Owner-Occupied	278
Assisted Living	71
Total	3,075

4.2.3. Five-Year Action Plan

TABLE 8: STRATEGY 2 FIVE-YEAR ACTION PLAN

Ongoing Actions	Action Required
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
2015 - 2016 Actions	Action Required
Investigate further incentives for owners and renters to maintain the current available stock of affordable housing including mobile home parks	Administrative
Implement selected rehabilitation programs identified in the Redevelopment Displacement Mitigation Strategy	Administrative
Create a tiered approach where greater investment by the City requires a longer affordability period	Administrative
2017 - 2018 Actions	Action Required
Explore preservation program that provides relief from full building code standards for a period of time	Administrative
2019 + Actions	Action Required
Investigate a Limited Partnership/Shared Equity ownership structure to maintain the affordability of for-sale units	Resolution or Ordinance



STRATEGY 2

ALIGNMENT WITH CITY PLAN

Policy LIV 8.4 – Retain Existing Affordable Housing

Retain affordable housing options in existing neighborhoods so that long-term residents can “age in place” and to meet the housing needs of various household types.

Policy LIV 8.5 – Integrate and Distribute Affordable Housing

Encourage the integration and distribution of affordable housing as part of individual neighborhoods and the larger community rather than creating larger concentrations of affordable units in isolated areas.

Policy LIV 8.6 – Mitigate Displacement Impacts

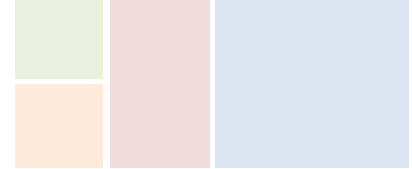
Explore ways to mitigate the impact upon residents displaced through the closure of manufactured housing parks or conversion of rental apartments, including single room occupancy units, to condominiums or other uses.

Throughout the course of this plan, the City will continue to use its affordable housing resources to preserve existing affordable units and keep them affordable. It is crucial that affordable units do not convert to market rate. It is much less resource intensive to preserve an existing unit than to build a new unit. By preserving affordable units, the City will leverage its limited affordable housing resources efficiently.

In the short-term, the City will work to maintain existing affordable housing units, including mobile home parks. In 2013, the City commissioned a study called the Affordable Housing Redevelopment Displacement Mitigation Strategy. This study provided strategies on how to mitigate for affordable housing lost to redevelopment. Many of the strategies focused on how to mitigate for the loss of mobile home parks in particular. The City will move forward with the appropriate recommendations from the Mitigation Strategy in the first two years of this plan. For example, the City may choose to invest in a manufactured home community in exchange for a 20 year affordability commitment. The City will also explore requiring a longer affordability commitment on projects that have greater investment by the City. Right now, the City requires a 20-year affordability commitment on projects that use City funds. Ideally, projects that require greater funding will provide a greater period of affordability.

In the mid-term, the City will explore a program that allows phased improvements for units that require rehabilitation. Rehabilitated units must meet the full building code currently. Many units require

significant changes to meet the current building code so some property owners decide not to rehabilitate their units. In an effort to improve the livability of these units, the City will explore a program that allows for phased improvements to units so that they can improve the property over time. This will allow for improved livability in the short-term and more units that meet the full building code over the long-term.



In the long-term, the City will look into exploring a Limited Partnership/Shared Equity ownership structure to maintain the affordability of for-sale units. When owners of an affordable unit benefit from a below market entry into homeownership, that advantage must be preserved for subsequent home buyers. In order to do that, appreciation must be divided between the exiting home owners who can add that portion to the equity they have accumulated via their mortgage payments to allow them to move up into their next, preferably market rate, home. The portion of the appreciation that stays with the home helps buy down the purchase price for the subsequent owners so that they also benefit from a below market entry into homeownership.

The desired outcome of this strategy is that the City increases its stock of affordable housing units by investing in units that need rehabilitation. The existing program has worked well for a number of years but the additional flexibility afforded by the phased rehabilitation program will keep existing affordable units on the market and improve their livability. Property owners that have been reluctant to upgrade their units will also have more of an incentive to do so. This will result in more affordable units and improved livability of existing affordable units.

4.2.4 Metrics

TABLE 9: METRICS TO MEASURE OUTCOMES FOR STRATEGY 2

Metric	2010-2015	2020 Target
Number of units preserved as affordable from deed restriction expiring	284	Preserve all expiring units
Number of units that have converted to market rate during course of plan	0	0
Number of units with substantial rehab extending the affordability term	20	Sustain or increase
Leverage rate of City money contributed to preserving affordable rental units (city dollars to private dollars)	1:20	Sustain

4.3. Increase Housing and Associated Supportive Services for People with Special Needs

The third strategy is to increase housing and associated supportive services 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 or adequately addressed by market-driven development. Many times a network of support services is needed to keep these populations stable and independent. Housing these populations often involve the use of Housing Choice Voucher Program vouchers as monthly rental subsidies.

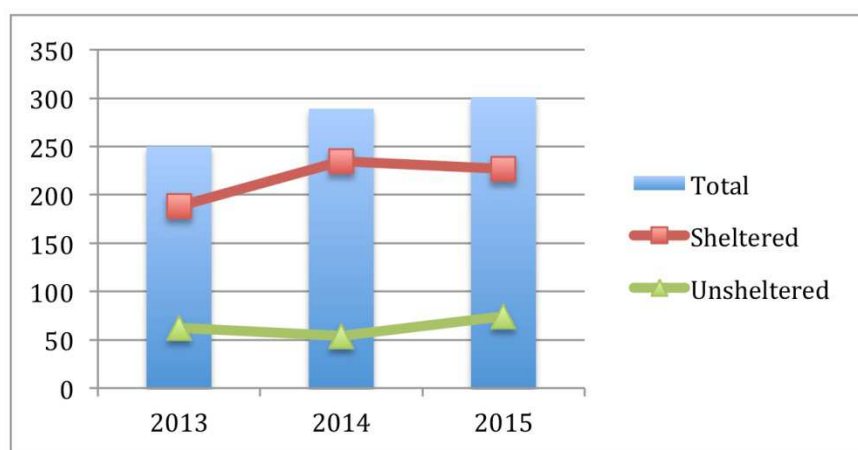
4.3.1. Justification

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

People who are homeless. A point-in-time study conducted by the Homeward 2020 project in January 2015 found 301 homeless people in Fort Collins (Figure 17). The number of homeless people in Fort Collins has been steadily increasing since 2013. An increasing number of Fort Collins' homeless population is also going unsheltered, which has a profound impact on the community at large.

FIGURE 17: NUMBER OF INDIVIDUALS EXPERIENCING HOMELESSNESS

Source: Homeward 2020, 2015 Fort Collins Point-in-Time Count

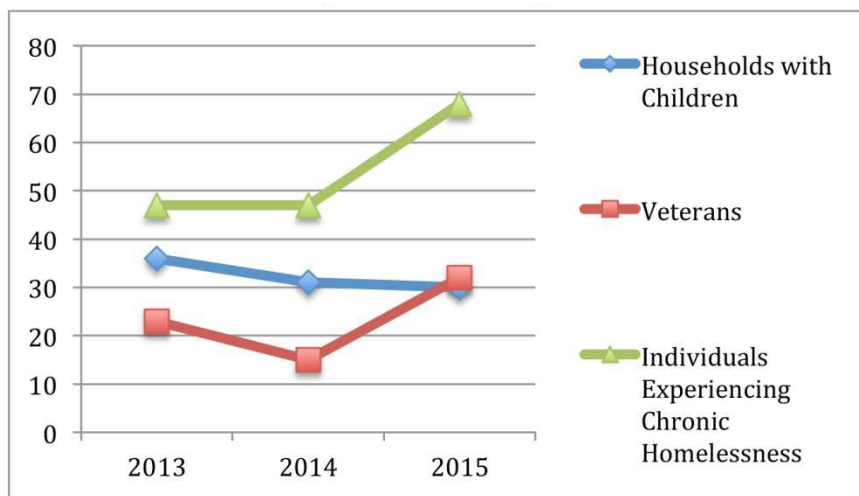


Fort Collins also has more individuals experiencing chronic homelessness (Figure 18). Chronic homelessness is where an individual or family experiences homelessness for more than a year or has at least four periods of homelessness in the past three years. The chronically homeless tend to require more services to stay housed, as they are more likely to

have mental health, substance abuse or other issues that keep them out of housing. With the rise of chronically homeless in Fort Collins, it is important to facilitate the development of housing and supportive services for this population.

FIGURE 18: TOTAL NUMBER OF INDIVIDUALS/HOUSEHOLDS EXPERIENCING HOMELESSNESS

Source: Homeward 2020, 2015 Fort Collins Point-in-Time Count



Similarly, the City commissioned 2014 Fort Collins Social Sustainability Gaps Analysis (GAPS) also identified 1,021 homeless children in the Poudre School District. This is an increase of 213 students when compared to the 2009 AHSP. Students in unstable housing conditions tend to underperform in school, which can have a life-long impact on their employability and earning potential. Underperforming students also have an impact on standardized test scores, which can ultimately affect the funding and services the school can provide. This ripple effect creates a negative feedback loop that creates a cycle of poverty that has long-term impacts on the socioeconomic composition of the community. To combat homelessness, the City has partnered with Homeward 2020 on a plan to make homelessness in Fort Collins rare, short lived and non-recurring. The policy recommendations from this plan will feed into this larger plan to reduce homelessness².

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. Fort Collins is home to thousands of individuals with disabilities (Table 10).

² Visit homeward2020.org for more information on this planning initiative

TABLE 10: PERSONS WITH DISABILITIES IN FORT COLLINS

Source: US Census

Individual's Type of Disability	Number of Persons
Hearing difficulty	3,315
Vision difficulty	1,617
Cognitive difficulty	3,765
Ambulatory difficulty	4,391
Self-care difficulty	1,667
Independent living difficulty	3,190

Informant interviews indicated that 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. According to the Highland Group's report *Need and Opportunities in Housing and Care: Next 25 Years*, there is a significant unmet demand for more age-qualified affordable rentals. Affordable assisted living is in great demand, including group home models. There is also a need for 55+ for-sale communities. The demand for age-qualified, affordable rentals is reflected in the amount of cost-burdened seniors in Fort Collins. According to HUD's Comprehensive Housing Affordability Strategy (CHAS) data, there are approximately 2,474 cost-burdened elderly households earning less than 80% AMI (Table 11).

TABLE 11: NUMBER OF COST-BURDENED SENIOR HOUSEHOLDS IN FORT COLLINS

Source: CHAS 2007-2011

	Renter AMI				Owner AMI			
	0-30%	>30-50%	>50-80%	Total	0-30%	>30-50%	>50-80%	Total
Elderly	469	395	330	1,194	475	355	450	1,280

HUD defines elderly to be a household with a head, spouse or sole member that is at least 62 years old. The number of cost-burdened seniors is likely to grow during the course of this plan. Larimer County will see a large growth in its senior population over the next 15 years. By 2030, the senior population in Larimer County will likely double according to the Fort Collins GAPS Analysis (Table 12).

TABLE 12: LARIMER COUNTY, GROWTH IN SENIOR POPULATION FOR 2025 AND 2030

Source: Fort Collins GAPS Analysis

	2012		2025		Percent Growth 2012-25	2030		Percent Growth 2012-25
	Number	% of Population	Number	% of Population		Number	% of Population	
Total Population	310,065	100%	394,234	100%	27%	424,834	100%	37%
Under 55	230,771	74%	284,327	72%	23%	304,734	72%	32%
Near Seniors (55-64 years)	39,916	13%	39,885	10%	0%	41,094	10%	3%
Seniors	39,378	13%	70,022	18%	78%	79,006	19%	101%
65 to 74 years	22,850	7%	39,551	10%	73%	39,920	9%	75%
75 to 84 years	11,372	4%	23,198	6%	104%	29,221	7%	157%
85 years and over	5,156	2%	7,273	2%	41%	9,865	2%	91%
Growth in number of seniors			30,644			39,628		

The mix of available housing inventory in the County will increasingly be a mismatch with the age and income mix of the population. The Community needs more affordable senior rentals and for-sale options, more accessible designs, and more rental multi-family and shared living opportunities³.

Victims of Domestic Violence. According to the 2014 Fort Collins Social Sustainability Gap Analysis, there are 550 people in Fort Collins in need of services on a monthly basis to assist with issues related to domestic violence. There is currently no housing designed for victims of domestic violence, which makes discharge after a temporary stay at Crossroads Safehouse, Fort Collins' domestic violence shelter, challenging. Access to services, health care and longer-term mental health care are key needs for this population. Crossroads serves both male and female victims of domestic violence. Victims of domestic violence need urgent supportive services and resources. Establishing income support and rapidly obtaining shelter and supportive housing are critical components to avoiding additional trauma.

³ Need and Opportunities in Housing and Care: Next 25 Years, Highland Group, May 4, 2015



4.3.2. Objectives

► Decrease the percentage of cost-burdened seniors

With the expected rise of the senior population over the coming years, it is crucial that seniors have access to affordable, accessible housing. While many seniors appear to be cost-burdened despite their access to savings accumulated during their working years, many seniors do not have that same luxury. Many of the regulations in this document aim to allow seniors to better age in place or find housing that will allow them to remain in the community. By accomplishing this objective, the City will continue to create a community that is accessible no matter your life stage or age.

► Continue to encourage the development of projects that meet the housing and associated supportive services needs of populations within the identified special needs categories.

By providing more housing options to the populations identified above, the City can assist in preventing the cycle of poverty in vulnerable populations. Stabilizing housing stabilizes households. When families are not cost burdened by housing costs they have more resources for the rest of their needs and have a better chance of greater personal well-being. Supportive services can be necessary for some households to achieve housing success.

► Promote the acceptance of Housing Choice Voucher Program Vouchers by private landlords

Many people who have received Housing Choice Voucher Program rental assistance vouchers cannot find landlords willing to accept this form of payment. Educating private landlords about the benefits to them from this type of partnership will help deploy these vouchers and provide housing to those who need it.

4.3.3. Five-Year Action Plan

TABLE 13: STRATEGY 3 FIVE-YEAR ACTION PLAN

Ongoing Actions	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
2015-2017 Actions	Action Required
Explore relaxing site upgrades for changes of use that serve community needs	Ordinance
Conduct landlord outreach promoting affordable housing as a community service that will benefit them in all market cycles	Administrative
Support projects producing affordable units to serve persons with disabilities	None, existing and ongoing City function
Support projects producing affordable units to serve cost-burdened senior citizens	None, existing and ongoing City function
Support projects providing help, counseling, crisis intervention services, facilities, and housing to victims of domestic violence.	None, existing and ongoing City function
2017 -2019 Actions	Action Required
Explore design standards that better allow for aging in place for new construction	Administrative
Advocate for transit needs of consumers of affordable housing	Administrative

Throughout the course of this plan, the City will monitor the housing and related needs of identified special population. Both rental and ownership opportunities will be identified. By investing in the new construction of multifamily housing, the number of accessible units will increase because at least 5% of all new construction must be built as accessible units.

In the short term, the City will work with community partners to identify and prioritize housing and related social service needs for the specified target populations. The City will continue to support projects producing affordable units designed to serve persons with disabilities, persons who were formerly homeless, low-income senior citizens, and victims of domestic violence.

STRATEGY 3

ALIGNMENT WITH CITY PLAN

Policy LIV 7.5 – Address Special Needs

Housing

Plan for and meet the housing needs of special populations within the community. Disperse residential care facilities, shelters, group homes, and senior housing throughout the Growth Management Area.

Policy LIV 7.6 – Basic Access

Support the construction of housing units with practical features that provide basic access and functionality for people of all ages and widely varying mobility and ambulatory-related abilities.

In the mid-term, the City will look at relaxing site upgrades for certain changes of use that serve community needs, especially if such uses are temporary in nature. The City will determine whether people in these specific populations have unmet transit needs and coordinate efforts aimed at providing necessary transit options.

In the long term, the City will explore using design standards that help support persons with disabilities and allow seniors to age in place, so that over time, the affordable housing inventory will become more accessible and visitable.

The desired outcome of this strategy is to provide a range of housing choices to populations with extraordinary housing needs and who often require supportive services to make independent living successful. The aim is to lower the number of people experiencing homelessness by providing housing and prevention services. By providing appropriate housing options to these

targeted populations, the City strives to reduce the number of cost-burdened households in the City.

4.3.4. Metrics

TABLE 14: METRICS TO MEASURE OUTCOMES FOR STRATEGY 3

Metric	2010-2015	2020 Target
Percentage of senior population earning 50% AML or less that is housing cost-burdened	23.36%	Sustain or decrease
Point in time counts for homeless population	301	Sustain or decrease
Number of permanent supportive housing units in Fort Collins	111 (as of 2015)	Sustain or increase

4.4. Support opportunities to obtain and sustain affordable homeownership

Fort Collins must continue to help homebuyers earning less than 80% of 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, move up the housing chain and open up rental units, thereby increasing the supply of such units.

4.4.1. Justification

The data provided in HAPS affirmed that households earning 51-80% of AMI are excellent candidates for homebuyer assistance programs. According to HUD CHAS data, there are 5,823 renter households in Fort Collins with incomes between 51-80% of AMI (Table 15). These households could benefit from homebuyer's assistance given their income level.

TABLE 15: NUMBER OF RENTER HOUSEHOLDS BY AMI, 2014

Source: CHAS 2007-2011

% of 2014 Area Median Income	Upper Income Limit	Renter occupied households	
		Number	Percent
0-30% AMI	\$22,050	8,242	30.1%
30-50% AMI	\$36,750	5,467	20.0%
50-80% AMI	\$58,800	5,823	21.3%
80-100% AMI	\$73,500	3,004	11.0%
101% and over	>\$73,500	4,831	17.7%
All Households		27,367	

Further, HAPS identified almost 2,580 cash burdened homeowners who pay so much for housing that they do not have enough income to cover the rest of their basic needs. Even if you deduct those households without mortgages, almost 1,000 home owning households are cost-burdened. Strategies to protect these vulnerable households from involuntary displacement and to protect their housing units from unsafe conditions must be continued and built upon.



4.4.2. Objectives

► Encourage and support assistance to first-time homebuyers.

The City's Homebuyer Assistance Program currently provides up to \$15,000 in down payment and closing cost assistance per rental household to become first-time homeowners. The average loan amount in 2009 was \$8,093. Surprisingly this amount has not changed much, although it has varied in the last few years. The average loan amount moved up to \$8,200 in 2013 and dipped to \$6,800 in 2012. The average loan amount in 2014 was \$8,800. With home sales prices trending upwards, this amount will likely increase. Actual allocations for the first-time homebuyer program will depend upon the number of applications that are submitted and that qualify for assistance. This program has assisted up to 70 households a year at the peak and as few as 8 households in one year. Market conditions affect the ability of this program to incentivize home ownership.

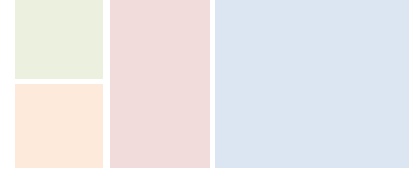
► Support the sustainability of home ownership for low-income and moderate-income homeowners.

As price escalation increases pressures on fixed income seniors and other low-income households, the City will look for ways to assist homeowners to stay in their homes. Tax assistance or other programs will be investigated to provide alternatives to involuntary displacement due to changing neighborhood conditions or for any other reason. The City will explore ways to accommodate new housing types under existing regulations to determine whether changes to the land use code are recommended. The City will also continue to support the use of accessory dwelling units for affordable housing and investigate barriers to this use.

► Assist low-income and moderate-income households to preserve the condition of the existing stock of affordable home ownership housing.

Some consumers of affordable housing have such little income that an emergency repair or a safety concern can put their housing into jeopardy. The City will continue to partner with programs like the Larimer Home Improvement Program to provide low or no cost loans to homeowners for needed home improvements. The City will explore additional ways to support struggling homeowners with keeping their homes in a safe condition.

The City will continue to work with the State legislature to remove impediments to building attached home ownership product that is a good source of affordable housing, such as construction defect litigation legislation. Since this issue was



not resolved in the 2015 Legislative Session, the City will consider what options are available for local jurisdictions to take action.

4.4.3. Five-Year Action Plan

TABLE 16: STRATEGY 4 FIVE-YEAR ACTION PLAN

Ongoing Actions	Action Required
Continue to offer the City's existing Homebuyer Assistance program.	None, existing and ongoing City function
2015-2016 Actions	Action Required
Recalibrate City fees to encourage development of smaller units and ADUs	Ordinance
Explore remedies to state-level construction defects litigation	Administrative
2017-2019 Actions	Action Required
Investigate infrastructure improvements that could make land more affordable to develop for homeownership opportunities	Ordinance
Investigate partnerships with large employers or foundations to create employer assisted housing partnership program or other work force housing programs.	Administrative

The City's existing homebuyers assistance program has been successful in bridging the funding gap for dozens of families seeking affordable homeownership. The City will continue to offer this program throughout this plan cycle.

Over the first two years of this plan, the City will investigate how to eliminate other barriers to the production of affordable homes for purchase. One method to encourage the construction of a wider variety of housing units for purchase is to recalibrate the City's fees. The current development fee structure in the City incentivizes the development of larger homes due to high baseline fees. The City is currently investigating ways to tweak its fees to encourage the development of smaller, more affordable homes. The City will also investigate barriers to providing ADUs from a fee perspective. One other avenue the City will explore in the short-term is to improve affordable home ownership opportunities is developing a remedy to the state-level construction defects law. The construction defects law allows two owners in a condominium development to file a class action lawsuit against the developer based on allegations of construction defects. This law makes it so developers need to carry additional insurance to protect themselves against potential lawsuits. This makes condo development untenable financially. As a result, there has been little condo development in Colorado. Condos provide affordable ownership opportunities to first time homebuyers. Without this unit type on the market, many potential homebuyers continue to rent. The City will explore remedies to this legislation so that Fort Collins will see more development of condos.

STRATEGY 4 ALIGNMENT WITH CITY PLAN

Policy LIV 8.1 – Support Affordable Housing Programs

Support the development and provision of affordable housing in the community by maintaining and allocating funding for affordable housing services and programs including management of a competitive process for federal and local funding, development incentives, homebuyer assistance, and the Land Bank program.

In the long-term, the City will explore two methods to improve affordable homeownership opportunities. One method is to eliminate infrastructure barriers that are preventing development. Some areas of Fort Collins are undevelopable due to inadequate roads and other infrastructure. Many of the required infrastructure improvements are too costly for the City or a developer to fund on their own. The City will explore ways to fund these improvements so that more land will be available for developing homes. The City will also investigate partnering with large employers to provide housing for their employees. This model will ensure large employers provide adequate housing for their employees and mitigate the impact of their operations on the community.

The desired outcome of this strategy is to provide more affordable housing options for potential homebuyers. The homebuyers assistance program will continue to bridge the affordability gap for households that have the income to support homeownership but need help with a down payment. Rebalanced fees will incentivize the development of smaller units, which will be more affordable and attractive to many homebuyers. Infrastructure improvements will remedy development challenges on land within the Growth Management Area, which could be used for developing housing. A dialogue on employer assisted housing could lead to a program where large employers pitch in and provide affordable housing to those in our community that need it most. At a minimum, these conversations about employer assisted housing will bring awareness to the affordable housing issue facing Fort Collins.

4.4.4. Metrics

TABLE 17: METRICS TO MEASURE OUTCOMES FOR STRATEGY 4

Metric	2010-2015	2020 Target
Housing Opportunity Index *	70.4 % Q2 2015	Sustain or increase
Median size of new for-sale construction		
Number of affordable, owner-occupied homes built	11	94
Number of households served by homebuyer's assistance program	81	Sustain or increase

* Housing opportunity is based on the percentage of all new and existing homes sold in the last quarter which were affordable to families earning the area median income.

4.5. Refine development incentives and expand funding sources and partnerships

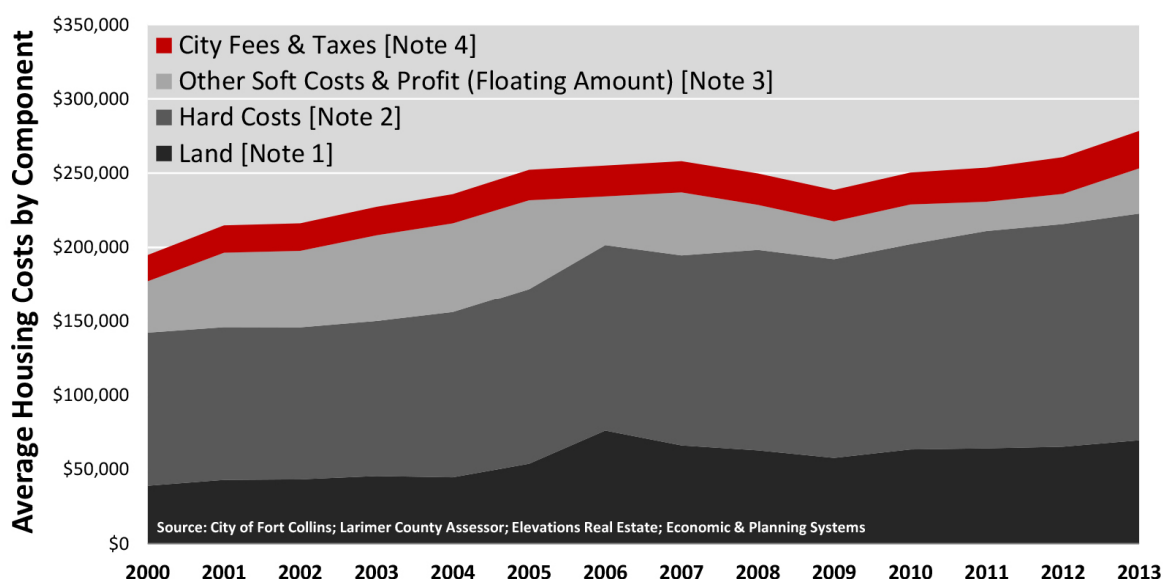
Financing affordable housing is a major challenge requiring the use of many funding sources for each development. The local development community has complained that the City's current financial and non-financial incentives do not provide enough support to encourage the development of affordable housing. Large amounts of subsidy are required for housing for the lowest wage earners. Low income housing tax credit programs require soft costs for expertise in this technical process. Federal budget cuts continue to limit funds available for subsidy. It is necessary for the City to explore creating additional dedicated funding streams specifically to fund affordable housing and to consider reworking existing incentives to provide true value to the development community.

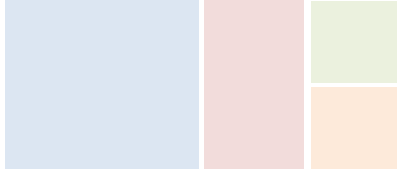
4.5.1. Justification

HAPS discussed both cost reduction strategies and alternative funding options. In order to create an environment where developers wish to produce affordable housing communities, the City must work with the industry on finding the best funding sources and true development incentives to encourage the type of housing our residents need. Currently, developers are experiencing a decline in the profitability of housing projects (Figure 19).

FIGURE 19: AVERAGE COST OF BUILDING HOUSING IN FORT COLLINS, 2000-2013

Source: *Housing Affordability Policy Study*





The light grey band shows the various soft costs associated with building housing and includes the developer's profit margin. Since 2005, the profitability of building housing in Fort Collins has decreased. Due to the overall rise in building housing in Fort Collins, developers tend to develop projects that will be profitable. These projects tend to not include an affordable housing component since the cost of building is so high. In order to incentivize more affordable housing, the City must develop a comprehensive strategy to mitigate the costs of high-quality development.

4.5.2. Objectives

► Incentivize the production of affordable housing.

Fort Collins' list of financial and non-financial incentives must be rejuvenated with funding and innovation in order to truly encourage development. In 2013, the City limited its waiver policy at a time when additional support through waivers might have been very beneficial. This could be revisited. While the HAPS conclusion was that strong regulatory programs like inclusionary housing ordinances and commercial linkage fees are not appropriate for Fort Collins' housing system at this time, the City must review this issue at least every other year to see if the housing conditions have changed or legal obstacles have been removed.

► New funding partnerships and sources identified to allow maximum subsidy investment in affordable housing.

While Fort Collins targets federal funds and City funding sources to the production of affordable housing, additional funding sources and strategies would accelerate the rate of production of needed units. The new Affordable Housing Capital Fund is a dedicated sales tax income stream for the next 10 years that will produce \$4 million for capital needs for affordable housing. These funds must be leveraged with additional funding sources to actually produce or preserve units. The State has promoted new state-wide funding strategies, such as a document recording fee, however to date these efforts have not been successful. The City will continue to advocate for state-wide funding for this issue. Regional

STRATEGY 5 ALIGNMENT WITH CITY PLAN

Policy LIV 8.3 – Offer Incentives

Support and encourage the private development of affordable housing by offering incentives, such as special assistance to offset the costs of the City's impact fees and development requirements, air rights, energy saving features, and reducing local government barriers to the construction of and the rehabilitation of affordable housing units.

Policy LIV 8.7 – Maintain a Supply of Land

Maintain an adequate supply of land for future affordable housing development by maintaining the Land Bank Program and acquiring additional properties as funding permits.

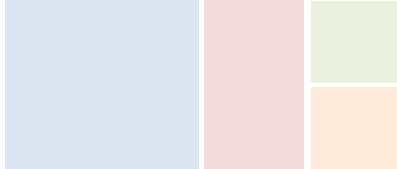
conversations might allow for greater efficiencies and collaboration amongst municipalities. The City will lead a regional dialogue to encourage regional solutions. The City will continue to advocate for increased federal funding, even though federal funding continues to trend downward. Additional federal programs such as the National Housing Trust Fund, designed to invest in rental housing for low wage earners, will be monitored to determine how they will allocate those funds.

4.5.3. Five-Year Action Plan

TABLE 18: STRATEGY 5 FIVE-YEAR ACTION PLAN

Ongoing Actions	Action Required
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 and if appropriate, sell properties	Administrative
2015-2016 Actions	Action Required
Recommend best use of Affordable Housing Capital Fund including but not limited to investing in additional land bank parcels, back filling fee waivers and investing in new housing	Administrative
Streamline City fee process and provide a comprehensive list of all City fees related to development projects	Administrative
Facilitate discussion on infill development fees and requirements	Administrative
Facilitate a regional conversation on how to best incentivize affordable housing development in Northern Colorado	Administrative
2017-2018 Actions	Action Required
Explore the use of new financial tools to incentivize development	Administrative
Review HAPS recommendations for alternative funding sources	Administrative
2019 + Actions	Action Required
Establish new private/public partnerships for the purpose of providing affordable housing.	Administrative
Invest in additional Land Bank parcels	Ordinance
Consider the appropriateness of the creation of a commercial linkage fee for affordable housing on all new commercial development in the City and/or an Inclusionary Housing Ordinance	Administrative

The City will review the Land Bank program on an ongoing basis throughout this plan cycle. Given the dynamic nature of the real estate market, the City will adjust its disposition of the parcels in the Land Bank program. If the timing is right, the City will sell parcels and re-invest the money into the Land Bank program. If the City buys additional Land Bank parcels, it will monitor those properties on an annual basis as well.



In the short-term, the City will perform a comprehensive assessment of its current incentive and funding programs. Part of this review will include developing a way to streamline City fees and processes, reviewing the Land Bank program and seeking input from developers and municipalities in the region on how to best fund affordable housing development. In conjunction with this process, the City will determine the best use of the Affordable Housing Capital Fund. This process will give the City the information necessary to make substantive changes to its funding and incentive program to get the most affordable housing units in the most efficient way.

In the mid-term, the City will continue to explore new financial tools to incentivize development. The City will also revisit recommendations from HAPS for other methods for funding affordable housing. These alternative funding sources can provide a consistent funding source for affordable housing and spread the cost throughout the community. Based on the current state of affordable housing, the City will either recommend exploring one of these funding tools or maintaining the status quo.

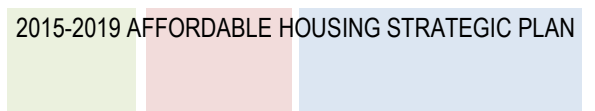
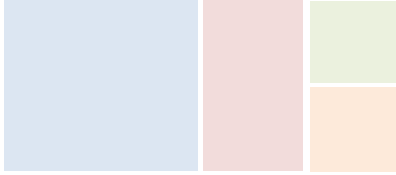
In the long-term, the City will explore a host of regulatory options to providing affordable housing. Two of the regulatory methods the City will explore at length are an Inclusionary Housing Ordinance (IHO) and a commercial linkage fee. An IHO requires that a percentage of all developments set aside a percentage of the units as affordable. A commercial linkage fee requires commercial developments to pay a fee to build housing for the people they will employ. The City will also investigate a sales tax whose proceeds would go towards the Affordable Housing Fund. Other communities have used these methods to provide affordable housing with varying degrees of success. These methods are all most effective when there is little to no market-rate housing that is affordable to households earning low incomes. The City will also invest in additional parcels as part of the Land Bank program. The Land Bank program is where the City buys property that has infrastructure deficiencies that will be solved by development in adjacent areas over time. The City will then let the property appreciate in value and sell to affordable housing developers with affordability restrictions. The City will then take those proceeds and reinvest them in other parcels with similar development potential. Over time, land banking can yield hundreds of units of affordable housing.

The desired outcome of this strategy is to have as many tools to assist with the provision of affordable housing as possible. The Land Bank program will be an evergreen program that will minimize land costs for affordable housing developers, which will then pass the savings onto their eventual tenants or owners. By reviewing its fees, incentives, and taxes, the City will ensure it takes a holistic approach to aiding the construction of affordable housing. The regional conversations on affordable housing will frame the affordable housing issue as a regional issue and improve coordination among municipalities in Northern Colorado. From these discussions, each municipality can take a more measured approach to providing affordable housing in their communities.

4.5.4. Metrics

TABLE 19: METRICS TO MEASURE OUTCOMES FOR STRATEGY 5

Metric	2010-2015	2020 Target
Leverage rate of various City managed affordable housing funds	1:10	1:10 or better
Number of City partners who produced affordable housing units	4.0	Same or increase
Number of units that used incentive programs to be constructed		
Average fees for affordable housing development projects, per unit		
Number of acres of land in Land Bank program	49.1	50 or more



5. CONCLUSION

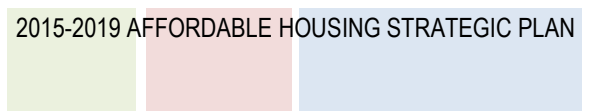
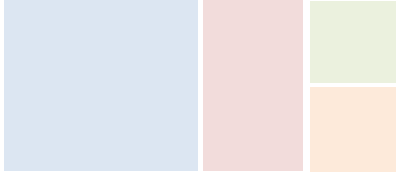
This Affordable Housing Strategic Plan is the culmination of two years of data gathering and public outreach focused on the housing needs of the most vulnerable members of our community. The purpose of this plan is to guide policy, funding, and future-decision making regarding affordable housing. This plan identifies a number of strategies to achieve the City's overall goal of having 6% of all housing units utilize affordable housing programs in the next five years and 10% by 2040.



A lack of affordable housing affects everyone in our community.

Many clerks, administrative assistants, graphic designers, chefs, and teachers, amongst others, are valuable members of the community and rely on affordable housing to live in our community. Without the contribution of these vital people, Fort Collins would not be able to function on a day-to-day basis. Affordable housing is one of the few issues that have such wide-ranging implications. A lack of affordable housing means people have to live in other communities and commute in to Fort Collins, which leads to negative environmental and social outcomes. Increased reliance on cars leads to more traffic and congestion, which leads to more pollution and diminishes the quality of the environment. Without access to affordable housing, many families cannot save money and are vulnerable in the event of an unforeseen expense. The inability to save perpetuates the cycle of poverty and prevents upward social mobility. These families also consume fewer goods, which can have a negative impact on the local economy as well.

The Fort Collins community has long supported affordable housing development. The goals and strategies outlined in this plan are ambitious but can be accomplished with the support from City Council and the community at large. Many of these proposed action items will require difficult conversations and financial resources above and beyond the City's existing resources. City Council's support of this plan shows a commitment to affordable housing and improving the quality of life in Fort Collins. By achieving the goals within this plan, Fort Collins will be a more diverse, vibrant, and accessible community for everyone.





APPENDIX A – OUTREACH SUMMARY

Throughout the creation of this plan, City staff conducted extensive public outreach. What follows is a brief summary of each event and the outcomes from each phase of public outreach.

Event	Date	Participants
Super Boards & Commissions Meeting	March 19, 2015	39
HAPS Stakeholder Meeting	May 12, 2015	16
Public Open House	May 19, 2015	25
Public Forums	July 29 & 30, 2015	19
Affordable Housing Board Public Hearing	September 3, 2015	1
Comment Form on Social Sustainability Website	May 2015 – September 2015	17

Super Boards & Commissions Meeting

The Super Boards & Commissions Meeting was the kick-off event for the Affordable Housing Strategic Plan. At this event, staff presented data on housing affordability in Fort Collins and introduced the proposed goals that would form the spine of the AHSP. After the presentation, the participants split up into smaller groups to discuss proposed goal language. In the small group discussions, most participants commented that the goals were on the right track. Most participants also thought that the goals should not be prioritized to allow the City flexibility in assessing applications. Some participants were concerned that the goals would be difficult to measure and should be more specific. To alleviate this issue, some participants asked for the plan to incorporate a series of metrics to measure the success of the plan. Participants also noted that transportation should be mentioned explicitly somewhere in the plan since many lower income households rely on transit for their transportation needs.

HAPS Stakeholder Meeting

The purpose of the HAPS stakeholder meeting was to brainstorm strategies and implementation items to include in the AHSP. The HAPS stakeholder group was comprised of developers, non-profits, City employees, and real estate professionals concerned with the affordability of Fort Collins. The dialogue took place via small group discussions about each of the five strategies of the plan with a report back to the larger group. Many of the ideas discussed at this session were included in the final plan. Examples of strategies generated at this event include a program to allow phased building improvements, streamlining City fee processes, and exploring design standards to allow for better opportunities to age in place.



Public Open House

Following the HAPS stakeholder meeting, staff incorporated feedback from the meeting and presented the refined strategies to the public. Staff gave a brief presentation introducing the strategies to the public and then had separate boards that contained the strategy language for comment. Participants were able to go to each strategy station and provide feedback on the list of strategies and propose new strategies. The outcome of the open house was to eliminate strategies that the community felt was not viable, confirmation of existing strategies, and the inclusion of new strategies.

Public Forums

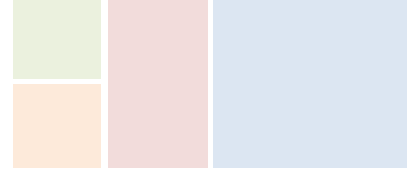
The public forums held in July were an opportunity for the public to provide feedback on the final strategies, action plan items, and metrics for the plan. Staff started each meeting with a brief presentation that provided an overview of the plan as a whole. Staff then asked the participants for feedback about the plan as a whole but with a particular focus on the action plan items and metrics. Public comment confirmed that the plan was heading in the right direction and implementing programs that would have a positive impact on the provision of affordable housing. While praising the overall direction of the plan, participants recommended refining the language of specific action plan items and the removal of metrics that would be difficult to track.

Affordable Housing Board Public Hearing

The public hearing at the Affordable Housing Board meeting in September provided an opportunity for the public to comment on the final draft of the AHSP. Staff also sought a recommendation of approval from the board to take to City Council. Staff's presentation focused on the overarching goal of the AHSP and notable action plan items that will help the City reach these goals. After the presentation, staff invited members of the public and the Affordable Housing Board to provide comment on the plan as a whole. Public focused on concerns that City policies would target homeownership opportunities for households earning 60% AMI. The member of the public that provided this testimony thought that households earning 60% AMI would not have the ability to save up money to account for unforeseen expenses related to homeownership and could be at greater risk for failing to make their mortgage payments. The Affordable Housing Board was generally in support of the plan as presented but thought the overarching goals might be too ambitious.

Comment form on Social Sustainability website

The Social Sustainability website contained a form to provide feedback on the AHSP throughout the duration of the plan. Comments provided on this form ranged widely. Numerous commenters expressed concern related to the development of the two Land Bank parcels on Kechter Road. These commenters felt that affordable housing could have a detrimental



impact on property values, school overcrowding, and compatibility with the neighborhood. Others congratulated Fort Collins for their effort in providing a plan that deals with affordable housing for low-income households. A small handful of commenters noted that Fort Collins is becoming less affordable and threatens to push many members of the community out.

