



Agenda Item No. 6
PLANNING & DEVELOPMENT SERVICE
PLANNING DIVISION
455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 728-1392

TO: Mountain Village Town Council and Design Review Board
FROM: Michelle Haynes, Planning and Development Services Director, Rachel Shindman EPS, Andrew Knudtsen EPS, Paul Wisor, Town Manager
FOR: Town Council Meeting of March 17, 2022 Continued to the April 21, 2022 Special DRB and Town Council meetings.
DATE: April 11, 2022
RE: A FIRST READING, SETTING OF A PUBLIC HEARING AND COUNCIL VOTE ON AN ORDINANCE REGARDING AMENDING CHAPTERS 16.01, 16.02, 17.3, AND 17.9 OF THE COMMUNITY DEVELOPMENT CODE CONCERNING AFFORDABLE HOUSING RESTRICTIONS AND ADOPTING HOUSING IMPACT MITIGATION REQUIREMENTS

Overview

The Town of Mountain Village, and the Telluride region as a whole, is in the midst of a housing crisis that directly threatens the quality of life of every Mountain Village resident, second homeowner, business, and visitor. From entry level restaurant workers to top level ski executives, and every other position in between, these critical roles are going unfilled, in large part, because such workers and their families lack viable housing options within or near Mountain Village. Unless this crisis is addressed, the basic services and amenities that make Mountain Village a place like no other, will be diminished or eliminated altogether.

Adoption of community housing mitigation directly addresses the impact new construction has on the associated housing need generated by new development. Housing would then be satisfied through built units, payments or within a hierarchy of approaches to satisfy the requirement acceptable to the town.

In June of 2021, the Town of Mountain Village issued a request for proposal (RFP) to hire a firm to generate a linkage study and proposed community housing mitigation formula for community housing mitigation requirements generated by new construction.

What would result is a study, a housing mitigation rate for payment in lieu, a hierarchy of desired mitigation, a housing mitigation worksheet and an update to our housing guidelines. Our primary focus as explained in the RFP, is developing the linkage and rate for commercial, lodging, and multi-family new construction. Secondly, single family new construction.

We hired Economic Planning Systems and RRC Associates which have been creating such linkage studies and reports for decades with specific expertise working with Colorado mountain communities.

The intent of this program is to create a simple methodology that is easy to understand and apply both for the developer and administration.

The ordinance is a culmination of a series of data collection, analysis and worksessions with Town Council. This item was continued from the March 17, 2022 special joint meeting between the DRB and Town Council.

HISTORY OF WORKSESSIONS

- December 16, 2021 Town Council worksession [click here to watch the worksession](#)
- January 20, 2022 Town Council worksession [click here to watch the worksession](#)
- February 17, 2022 Town Council worksession [click here to watch the worksession](#)

ATTACHMENT

1. Ordinance
2. Community Housing Mitigation PowerPoint from 3.17.22
3. Community Housing Mitigation Worksheet dated 3.10.22
4. Technical Memo from EPS dated 3.10.22
5. Attorney Memo dated 3.10.22
6. Town Council packet item from December 16, 2021
7. Public Comment Pearson received, 4.5.22

COMMUNITY HOUSING MITIGATION METHODOLOGY WORKSHEET

This program is recommended to apply to all commercial and residential development, including new construction and additions.

Employee Generation Rates

Based on the nexus analysis completed by EPS and RRC, the following employee generation rates are recommended:

General Commercial	2.0 employees per 1,000 square feet
Hotel/Accommodation	0.50 employees per room
Multifamily Residential	0.19 employees per unit
Single Family Residential	0.12 employees per 1,000 square feet

A detailed summary of this analysis is provided in the nexus study technical memo attached as exhibit #3.

Mitigation Rate

The nexus study outlines the maximum level of housing need that a developer can be required to mitigate; in practice, policies will generally require less than 100 percent of this need to be mitigated. The recommendation is to set mitigation rates to be consistent with the historic position of the region, at 40 percent for commercial development (general commercial and hotel/accommodation) and 60 percent for residential development (multifamily and single family).

Mitigation Methods

There are three recommended methods of mitigating the housing need generated: (1) provide units within the Town of Mountain Village, (2) provide units outside the Town of Mountain Village but within the region defined as the SMART transportation route, and (3) pay a fee-in-lieu of providing units.

Recognizing that the Town's goal is to increase the inventory of units, an incentive structure is recommended to prioritize the provision of units over paying a fee-in-lieu. Under this structure, developers who provide units within the Town would receive a 30 percent discount on their mitigation requirement (e.g. if a fee-in-lieu would have to be paid for 1,000 square feet of employee housing, only 700 square feet would have to be provided on site); developers who provide units outside of Town would receive a 15 percent discount (on that same 1,000 square foot requirement, they would need to provide 850 square feet of housing); those paying the fee-in-lieu would not receive a discount (would pay based on the full mitigation requirement of 1,000 square feet).

DRB RECOMMENDATION

The DRB provided a recommendation on April 21, 2022 and this will be reported out verbally at the Council meeting due to the recommendation being provided for after packet deadline.

ADDITIONAL INFORMATION

Town Council made a series of decision to inform the mitigation worksheet that are generally summarized below:

- The town proposes to adopt a 40% mitigation rate for commercial and a 60% mitigation rate for residential.
- The cost per square foot mitigation rate is established as **\$606** a square foot
- The town agrees to graduate the mitigation requirements over the next four years. We apply the worksheet and then reduce it by the following percentages:
 - Year 1: Apply 25% of the mitigation requirement
 - Year 2: Apply 50% of the mitigation requirement
 - Year 3: Apply 75% of the mitigation requirement
 - Year 4 and thereafter: Apply 100% of the mitigation requirement
- Town Council established a preferred hierarchy. Within the mitigation worksheet, there is a reduced mitigation requirement if deed restricted housing is built onsite versus a payment.
- Council gave general direction that they liked this hierarchy and the general philosophy to incentivize built onsite units and provide less incentive as you move farther down the list. The mitigation worksheet implements the following three means to satisfy the mitigation requirement.
 - 1) Build in town and/or onsite
 - 2) ~~Build offsite within the town~~
 - 3) Build ~~offsite within the region~~ out of town
 - 4) ~~Deed Restrict free market inventory~~
 - 5) 4) Payment in lieu
 - 6) ~~Conveyance of land~~
- Town Council determined the mitigation requirements would apply to mixed use development this means new commercial, new multi-family residential and new Village Center development.

- Town Council direction is needed as to whether to apply the mitigation methodology to new single-family development. This is provided for in the mitigation worksheet.
- Town Council agreed to provide a provision to allow for an independent mitigation calculation for non-profit entities or those that can otherwise demonstrate a reduced generation rate. (e.g. a grocery store has a lot of floor area mostly used for inventory and storage with a lower employee generation that could be demonstrated via an independent calculation.)-

MUNICIPAL CODE CHANGES

CDC CHANGES

SUMMARY

We have provided edits to the CDC and the Municipal code in order to adopt the mitigation methodology and conform terms.

RECOMMENDED MOTION TOWN COUNCIL

I MOVE TO APPROVE AN ORDINANCE ON FIRST READING OF THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE, COLORADO AMENDING CHAPTERS 16.01, 16.02, 17.3, AND 17.9 OF THE COMMUNITY DEVELOPMENT CODE CONCERNING AFFORDABLE HOUSING RESTRICTIONS AND ADOPTING HOUSING IMPACT MITIGATION REQUIREMENTS AND ASK THE TOWN CLERK TO SET A PUBLIC HEARING FOR MAY 19, 2022.

/mbh

ORDINANCE NO. 2022-__

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE,
COLORADO AMENDING CHAPTERS 16.01, 16.02, 17.3, AND 17.9 OF THE COMMUNITY
DEVELOPMENT CODE CONCERNING AFFORDABLE HOUSING RESTRICTIONS AND
ADOPTING HOUSING IMPACT MITIGATION REQUIREMENTS**

WHEREAS, the Town of Mountain Village (“Town”) is a home rule municipality duly organized and existing under Article XX of the Colorado Constitution and the Town of Mountain Village Home Rule Charter of 1995, as amended (“Charter”); and

WHEREAS, pursuant to Charter Section 3.6(b), the Town Council of the Town of Mountain Village (the “Town Council”) has the authority to establish land use standards to provide for the present and future needs of the Town;

WHEREAS, Chapters 16.01 and 16.02 of the Mountain Village Municipal Code provide restrictions on affordable housing, Title 17 of the Municipal Code is known as the Town of Mountain Village Community Development Code (“CDC”), Chapter 17.3 of the CDC outlines zoning and land use regulations including workforce housing requirements, and Chapter 17.9 of the CDC is the Appendix containing maps, graphs, and worksheets related to CDC regulations; and

WHEREAS, development and construction of free-market residential housing, hotels, and commercial establishments creates impacts and burdens on the Town and its citizens including, among other things, maintaining adequate levels of public facilities, funding necessary capital improvements, and providing affordable and attainable housing for workers and local residents; and

WHEREAS, the Town engaged consultants to study the impacts of development and to recommend a methodology to require mitigation of housing impacts through construction of new housing and/or to establish, collect, and use housing impact fees under certain circumstances to address such impacts and burdens, the results of which are outlined in the Housing Mitigation Linkage Fee Nexus Analysis, dated March 9, 2022; and

WHEREAS, in compliance with Section 17.1.7 of the Mountain Village Municipal Code, the Town’s Design Review Board reviewed the analysis and provided a recommendation to Town Council on _____, 2022; and

WHEREAS, based on the Design Review Board’s recommendation and public comments, the Town Council desires to amend the CDC and adopt housing impact mitigation requirements to address the demand for affordable housing created by new free-market development as set forth below.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE, COLORADO, as follows:

Section 1. Recitals. The above recitals are hereby incorporated as findings of the Town Council in support of the enactment of this Ordinance.

Section 2. Amendments to CDC. The Town Council hereby amends the CDC as follows:

A. Section 17.9.7 is hereby added to Chapter 17.9 to include Appendix 17-3, Town of Mountain Village Affordable Housing Mitigation Calculator.

B. Chapters 16.01, 16.02, and 17.3 are hereby amended as set forth in Exhibit A, attached hereto.

Section 3. Severability. If any portion of this Ordinance is found to be void or ineffective, it shall be deemed severed from this Ordinance and the remaining provisions shall remain valid and in full force and effect.

Section 4. Safety Clause. The Town Council hereby finds, determines, and declares that this Ordinance is promulgated under the general police power of the Town, that it is promulgated for the health, safety, and welfare of the public, and that this Ordinance is necessary for the preservation of health and safety and for the protection of public convenience and welfare. The Town Council further determines that the Ordinance bears a rational relation to the proper legislative object sought to be obtained.

Section 5. Effective Date. This Ordinance shall become effective on _____, 2022 and shall be recorded in the official records of the Town kept for that purpose and shall be authenticated by the signatures of the Mayor and the Town Clerk.

Section 6. Public Hearing. A public hearing on this Ordinance was held on the ___ day of _____, 2022 in the Town Council Chambers, Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado 81435.

Section 6. Publication. The Town Clerk or Deputy Town Clerk shall post and publish notice of this Ordinance as required by Article V, Section 5.8 of the Charter.

INTRODUCED, READ AND REFERRED to public hearing before the Town Council of the Town of Mountain Village, Colorado on the ___ day of _____, 2022

TOWN OF MOUNTAIN VILLAGE:

**TOWN OF MOUNTAIN VILLAGE, COLORADO,
A HOME-RULE MUNICIPALITY**

By: _____
Laila Benitez, Mayor

ATTEST:

Susan Johnston, Town Clerk

HEARD AND FINALLY ADOPTED by the Town Council of the Town of Mountain Village, Colorado this ___ day of _____, 2022

TOWN OF MOUNTAIN VILLAGE:

**TOWN OF MOUNTAIN VILLAGE, COLORADO,
A HOME-RULE MUNICIPALITY**

By: _____
Laila Benitez, Mayor

ATTEST:

Susan Johnston, Town Clerk

Approved as to Form:

David McConaughy, Town Attorney

I, Susan Johnston, the duly qualified and acting Town Clerk of the Town of Mountain Village, Colorado ("Town") do hereby certify that:

1. The attached copy of Ordinance No. 2022-__ ("Ordinance") is a true, correct, and complete copy thereof.
2. The Ordinance was introduced, read by title, approved on first reading and referred to public hearing by the Town Council the Town ("Council") at a regular meeting held at Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado, on _____, 2022, by the affirmative vote of a quorum of the Town Council as follows:

Council Member Name	"Yes"	"No"	Absent	Abstain
Laila Benitez, Mayor				
Dan Caton, Mayor Pro-Tem				
Marti Prohaska				
Harvey Mogenson				
Patrick Berry				
Peter Duprey				
Jack Gilbride				

3. After the Council's approval of the first reading of the Ordinance, notice of the public hearing, containing the date, time and location of the public hearing and a description of the subject matter of the proposed Ordinance was posted and published in the Telluride Daily Planet, a newspaper of general circulation in the Town, on _____, 2022 in accordance with Section 5.2(d) of the Town of Mountain Village Home Rule Charter.
4. A public hearing on the Ordinance was held by the Town Council at a regular meeting of the Town Council held at Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado, on _____, 2022. At the public hearing, the Ordinance was considered, read by title, and approved without amendment by the Town Council, by the affirmative vote of a quorum of the Town Council as follows:

Council Member Name	"Yes"	"No"	Absent	Abstain
Laila Benitez, Mayor				
Dan Caton, Mayor Pro-Tem				
Marti Prohaska				
Harvey Mogenson				
Patrick Berry				
Peter Duprey				
Jack Gilbride				

5. The Ordinance has been signed by the Mayor, sealed with the Town seal, attested by me as Town Clerk, and duly numbered and recorded in the official records of the Town.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Town this ___ day of _____, 2022.

 Susan Johnston, Town Clerk
 (SEAL)

Exhibit A

Chapter 16.01 1997 EMPLOYEE HOUSING RESTRICTION

16.01.010 Purpose.

This Chapter shall govern the ownership, use and occupancy of Affordable Housing in the Town, ~~including all “Employee Apartment” and “Employee Dormitory” dwelling units (defined on the Official Town Plat) which were created prior to September 8, 2006. This Chapter shall also apply to all development which has contractually agreed to abide by the regulations contained herein.~~

Chapter 16.02 2006 EMPLOYEE HOUSING RESTRICTION

16.02.010 Purpose.

B. As of ~~the~~ September 8, 2006, this Chapter shall govern the ownership, use and occupancy of Affordable Housing Units and Affordable Housing Lots ~~(as defined in Sections 11.3.a. and 3.b., respectively)~~ in the Town, which are created or purchased (with the buyer’s agreement) after September 8, 2006. This Chapter shall also apply to all development which has contractually agreed to abide by the regulations contained herein.

16.02.060 Initial Sales of Affordable Housing.

A. 1. The initial sales price of Affordable Housing Units sold by the multi unit developer ~~shall be no greater than \$250 per square foot. may be adjusted by The Town of Mountain Village Town Council may adjust this initial per square foot sales price annually by annual resolution of the Town Council.~~ at its discretion. ~~Square footage shall be measured from the interior demising walls.~~

16.02.070 Resale of Affordable Housing Including Appreciation Limits.

B. Resale of Affordable Housing Units and Affordable Housing Lots shall be to qualified buyers as governed by Sections ~~F of this Ordinance~~ 16.02.080 and 16.02.100.

C. The sales price for resale of an Affordable Housing Unit or Affordable Housing Lot ~~shall be calculated by allowing a 3% appreciation, compounded annually, may be capped to a certain percentage of appreciation~~ of the initial purchase price paid by the Owner, from the purchase date by the Owner, ~~as set by annual resolution of the Town Council, in its discretion.~~

D. ~~The 3%~~Any percentage of appreciation will be prorated to the day when the notice of intent to sell the unit is received by the Housing Authority or its designee.

Chapter 17.3 ZONING AND LAND USE REGULATIONS

17.3.9 ~~Workforce~~ Housing Impact Mitigation Requirements.

~~A. — Lots or dwelling units with employee apartment, employee condominium, employee single family or employee dorm zoning designations (collectively “workforce housing”) are restricted to occupancy exclusively by persons who are employed within the Telluride R-1 District and their spouses and children.~~

A. Purpose. The purpose of this Section is to help provide housing that is affordable and attainable for persons who are employed within the Telluride R-1 School District, the demand for which is created by new free-market development. This is accomplished through the establishment of the housing impact mitigation requirements for new development that requires the production of Affordable Workforce Housing Units in the Town, outside of the Town, or, as a less preferred alternative, cash payments.

B. Applicability. The requirements of this Section apply to all new commercial and residential development within the incorporated limits of the Town as defined below. This Section also applies to a change of use that generates new employees.

C. Definitions. For the purposes of this Section, the following definitions shall apply:

~~“Affordable housing” means residential lots and dwelling units restricted by deed to use and occupancy by persons who are employed within the Telluride R-1 School District and their spouses and children. This term is synonymous with “workforce housing” as it is used elsewhere in this Chapter and throughout the CDC.~~

~~“Affordable Housing Restriction” means the deed restriction placed on Affordable Housing Units constructed pursuant to this Section. This term includes Employee Housing Restriction or Affordable Housing Restriction as used in Chapters 16.01 and 16.02, respectively.~~

~~“Affordable Housing Units” means dwelling units with Employee Apartment, Employee Condominium, Employee Dormitory, and Employee Single Family zoning designations which are deed restricted to occupancy by persons who are employed within the Telluride R-1 School District and their spouses and children.~~

“Commercial development” means any development involving the use of premises (land and building) for the purpose of conducting business, including but not limited to retail stores, restaurants, shopping centers, business offices, gas stations, hotels, motels and other accommodation, industrial uses and all other non-residential development. This term does not include Municipal Facilities as defined in Section 17.8.1.

~~“Employee” means a person who is employed or can show intent to be employed within the Telluride R-1 School District and maintains Residence in the Town. The Housing Authority, or its designee, shall determine whether a person qualifies as an Employee based on criteria including evidence of income earned within the Telluride R-1 School District, place of voter registration, place of automobile registration, driver’s license address, income tax records and public service involvement within the Telluride R-1 School District community. A person not otherwise meeting the definition of employee may be qualified as an Employee by staff if that person is more than sixty (60) years of age and has been employed in the Telluride R-1 School District. Determination of Employee eligibility by the staff may be appealed to the Town Council.~~

“Residential development” means any development intended for primary use as a residence, including but not limited to attached and detached single-family dwellings, apartments, condominiums, townhouses, and cottages, and their associated outbuildings such as accessory dwelling units. This term does not include Affordable Workforce Housing Units.

~~“Workforce Housing” means residential lots and dwelling units restricted by deed to use and occupancy by Employees and their spouses or domestic partners and children. This term is synonymous with “affordable housing” as used in Title 16 and throughout the CDC.~~

~~“Workforce Housing Restriction” means the deed restriction placed on Workforce Housing Units constructed pursuant to this Section. This term includes Employee Housing Restriction and Affordable Housing Restriction as used in Chapters 16.01 and 16.02, respectively.~~

~~“Workforce Housing Units” means dwelling units with Employee Apartment, Employee Condominium, Employee Dormitory, or Employee Single-Family zoning designations which are deed-restricted to occupancy by Employees and their spouses or domestic partners and children.~~

D. Calculation of Housing Impact Mitigation Requirements. As of the effective date of Ordinance No 2022-x, for all new commercial and residential development within the Town, the developer shall be required to mitigate the housing impacts of said development either by providing AffordableWorkforce Housing Units or paying a fee in lieu in accordance with Appendix 17-3 Town of Mountain Village Affordable Housing Mitigation Calculator in Section 17.9.7 (“Mitigation Worksheet”).

1. With a land use application for new commercial or residential development, the developer shall provide a completed Mitigation Worksheet. The developer shall decide whether to provide the AffordableWorkforce Housing Units or make the payment-in-lieu, or some combination thereof.

a.. If the developer elects to make the payment-in-lieu, such payment is due upon submission of a building permit application.

b. If the developer elects to provide AffordableWorkforce Housing Units on the same site as the proposed commercial or residential development, the developer shall include the AffordableWorkforce Housing Units in the same building permit application as the proposed development.

c. If the developer elects to provide AffordableWorkforce Housing Units off-site, either in the Town or outside of the Town limits, the developer shall submit a separate building permit application for the AffordableWorkforce Housing Units.

i. If the developer elects to provide Workforce Housing Units off-site but “in the Town,” such units shall be located within the incorporated limits of the Town of Mountain Village.

ii. If the developer elects to provide Workforce Housing Units off-site but “outside of the Town limits,” such units shall be located within the boundaries of the San Miguel Authority for Regional Transportation (“SMART”) service areas.

2. Compliance with the requirements of this Section shall be a condition of issuance of a building permit for the proposed development.

a. The developer shall secure a certificate of occupancy for the AffordableWorkforce Housing Units prior to or concurrent with the certificate of occupancy for the proposed development.

3. Housing mitigation and fees in lieu calculated pursuant to the Mitigation Worksheet shall be phased in as follows:

a. If a land use application is submitted on or before December 31, 2022, the developer shall be required to meet 25% of the housing mitigation and/or fees in lieu.

b. If a land use application is submitted between January 1, 2023 and December 31, 2023, the developer shall be required to meet 50% of the housing mitigation and/or fees in lieu.

c. If a land use application is submitted between January 1, 2024 and December 31, 2024, the developer shall be required to meet 75% of the housing mitigation and/or fees in lieu.

d. Any land use applications submitted on or after January 1, 2025 shall be required to meet 100% of the housing mitigation and/or fees in lieu.

4. The requirements of this Section shall not apply to development projects for which building permits have been issued as of the effective date of Ordinance No. 2022-x.

5. Town Council may amend the Mitigation Worksheet, by resolution, from time to time but no more than annually.

E. Exemptions. The following development shall be exempt from the requirements of this Section:

1. Municipal Facilities as defined in Section 17.8.1;

2. Affordable Workforce Housing Units created pursuant to this Section and other pre-existing deed-restricted housing;

3. Redevelopment of pre-existing use and change in use provided such activity does not generate new employees;

4. Non-profit and volunteer-based organizations providing community benefits provided the developer can demonstrate the new development shall not generate new employees;

If any developer believes that a particular development generates fewer employees than provided for in the Mitigation Worksheet, the developer may make a request to Town Council for an exemption or reduction in the requirements and provide evidence demonstrating that the proposed development will generate fewer employees than expected pursuant to the Mitigation Worksheet. The Town Council shall have sole discretion to determine whether any exemption or reduction shall be applied based on the evidence presented on a case-by-case basis and without creating binding precedent for any future project.

B.F. Deed Restriction. ~~Workforce~~ Any Affordable Workforce Housing Units constructed pursuant to this Section shall be required to enter into an ~~Workforce Affordable Housing Restriction on agreement~~ restricting use, zoning and occupancy of the units with the Town, such as a Workforce Housing Restriction, that will constitute a covenant that runs in perpetuity as a burden thereon and shall be binding on the owner and on the heirs, personal representatives, assigns, lessees, licensees and any transferee of the owner.

1. The form and content of the ~~Workforce Affordable Housing Restriction~~ or like agreement shall be reviewed and approved by ~~the Town by resolution and may be amended by resolution from time to time. Council based~~ and may be modified based on project-specific concerns at the discretion of Council.

~~2. Each lot or development that must provide workforce housing shall be subject to the workforce housing restriction in effect at the time of submitting a development or redevelopment application.~~

3. The ~~Workforce Affordable Housing Restriction~~ or like agreement shall be executed and recorded prior to the issuance of any certificate of occupancy.

~~4. For workforce housing developed after the effective date of the CDC, the workforce housing restriction shall run with the property in perpetuity and shall not be lost in the event of foreclosure.~~

~~5. For workforce housing developed prior to the effective date of this CDC, the old duration of the workforce housing restriction and covenant ran for an initial period of fifty (50) years and, at the option of the Town Council or its designee, may be extended for an additional period of fifty (50) years after public hearing and comment on the proposed extension.~~

6.3. The ~~Workforce Affordable Housing Restriction and covenant~~ or like agreement shall be administered by the Town, or its designee, and shall be enforceable by any appropriate legal or

equitable action including, but not limited to specific performance, injunction, abatement or eviction of noncomplying owners, users or occupants or such other remedies and penalties as may be provided by Colorado law or the ordinances of the Town.

~~C.G.~~ *Density. Certain Lots that* are required to construct and provide ~~W~~workforce ~~Affordable H~~housing ~~U~~nits concurrent with the free-market development allowed on a lot. ~~Such lots with workforce housing~~ are designated on the official land use and density allocation list.

1. Workforce ~~Affordable~~ housing density assigned to a lot on the official land use and density allocation list or by an effective resolution shall be built concurrent with any free-market units on that lot, and workforce ~~affordable~~ housing density cannot be transferred to the density bank or to another lot unless the Town Council determines, in its sole discretion, that the workforce ~~affordable~~ housing density cannot be built on a site due to a practical hardship.

a. If the Town Council determines a practical hardship exists, the applicant shall be required to transfer the unbuilt workforce ~~affordable~~ housing density to the density bank pursuant to the rezoning and density transfer processes.

b. The owner of workforce ~~affordable~~ housing density shall be responsible for all dues, fees and any taxes associated with that density and zoning until such time as the density is transferred to a lot pursuant to the rezoning and density transfer process.

~~D.H.~~ *Compliance with Comprehensive Plan.* The Comprehensive Plan also identifies the need to provide workforce ~~affordable~~ housing as a part of the development of certain parcels as shown in each subarea plan's development table. Such workforce ~~affordable~~ housing shall be developed in accordance with the Comprehensive Plan policies and be subject to the ~~W~~workforce ~~Affordable H~~housing ~~R~~restriction.

~~E.I.~~ *Pre-existing Deed Restrictions.* Lots that were developed prior to the effective date of the CDC ~~shall~~ ~~bear~~ subject to the ~~workforce housing deed~~ restriction in effect on the property unless ~~a~~ ~~the~~ property owner elects to convert to a newer ~~W~~workforce ~~affordable H~~housing ~~R~~restriction.

1. Workforce ~~Affordable~~ housing developed prior to the effective date of the CDC is subject to ~~an~~ ~~employee Affordable Workforce H~~housing ~~R~~restriction that has a provision that removes the deed restriction upon foreclosure by a Public Trustee in accordance with Section 16.01.120.

2. Even if the ~~W~~workforce ~~Affordable H~~housing ~~R~~restriction is removed upon foreclosure, a rezoning is required to change the zoning designation from ~~an~~ ~~employee affordable workforce~~ housing designation to a free-market zoning designation.

3. During the review of any zoning amendment that involves a foreclosed ~~W~~workforce ~~Affordable H~~housing ~~U~~nit that has a deed restriction that is effectively removed upon foreclosure, the Town shall determine if the workforce ~~affordable~~ housing density assigned to the lot was a part of the original density in the Density Limitation or if such is considered workforce ~~affordable~~ housing bonus density that was granted after the Town's incorporation. If it is workforce ~~affordable~~ housing bonus density, the Town Council may in its sole discretion either deny a zoning amendment because the change to a free-market unit would increase the Density Limitation, or require the applicant to transfer the needed density from the density bank or another lot prior to approving the ordinance approving the zoning amendment. Any denial of a rezoning in this situation shall allow the continuation of the ~~employee affordable workforce~~ housing zoning designation as an unrestricted free-market unit since such is not encumbered by a deed restriction.

4. Free-market housing may only be allowed on active open space in the event that the ~~employee Affordable Workforce H~~housing ~~deed R~~restriction is terminated in the event of foreclosure by the

holder of the promissory note secured by a first deed of trust (other private seller financing) on an ~~an~~ ~~W~~workforce ~~Affordable-H~~ousing ~~U~~unit and subject to the issuance of a public trustee's or sheriff's deed to the holder of the promissory note or governmental agency guaranteeing, insuring, or acquiring the promissory note from the holder.

a. In the event of the foreclosure of an ~~an~~ ~~W~~workforce ~~Affordable-H~~ousing ~~U~~unit located on a lot zoned as active open space, the Town Council shall not rezone such to a non-open space zone district and/or to another non-workforce ~~affordable~~ housing zoning designation unless:

i. The applicant provides Replacement Open Space that is deed restricted in perpetuity; and,

ii. The applicant transfers density from the density bank for the unit to ensure the Density Limitation is not exceeded by the rezoning.

5. Workforce ~~Affordable-H~~ousing ~~U~~units pay half the tap fee of a free-market unit. ~~Therefore,~~ any foreclosure action that results in a rezoning development application to a free-market condominium shall only be approved by the Town if the full tap fee is paid.

COMMUNITY HOUSING MITIGATION STUDY

Design Review Board

Town Council

March 17, 2022



Economic & Planning Systems, Inc.
The Economics of Land Use

730 17th Street, Suite 630 ■ Denver, CO 80202
303.623.3557 ■ www.epsys.com

PROJECT OVERVIEW

RESIDENTIAL AND COMMERCIAL LINKAGE STUDIES

What is this effort?

- Generated linkage program components
 - Employee generation
 - Affordability gap
 - Mitigation requirements
- Created policy implementation tool
 - Interactive worksheet

Why do this type of work?

- New development generates local employment
- Many of these local employees struggle to afford housing
- Linkage programs “link” the need generated by new development to an obligation for the developer to provide an amount of housing to mitigate the new need

Who else is doing this?

- Common approach, particularly in mountain resort communities
- Telluride, CO
- Vail, CO
- Aspen, CO
- Mt. Crested Butte, CO
- Jackson, WY

PROJECT OUTCOMES

- Program components
 - Employee generation rates – commercial and residential
 - Mitigation rate
 - Mitigation methods
 - Fee-in-lieu (locally calibrated)

- Implementation worksheet

- Program was structured through consultation with Council and staff
 - Determined development that is subject to the policy, methods for mitigation, mitigation rate
 - Proposed program reflects Council direction from previous work sessions



INSTRUCTIONS

1. Input project details and size for relevant development type(s) in green boxes
2. Resultant required housing mitigation/fee-in-lieu can be found in yellow boxes (total) and blue boxes (by mitigation type) (Note that blue boxes represent mitigation required if all requirement is mitigated using that method)
3. Enter amount of housing to be mitigated/fee to be paid by mitigation type in green boxes
4. Ensure total mitigation amount, accounting for all types, totals 100% of requirement

1. PROJECT & APPLICANT

Project Title	<input type="text"/>	Project Address	<input type="text"/>
Applicant Name	<input type="text"/>	Applicant Address	<input type="text"/>
Applicant Phone	<input type="text"/>	Applicant Email	<input type="text"/>
Date	<input type="text"/>		

Net floor area of commercial space proposed:	<input type="text"/>	sq. ft.
Number of hotel/accommodation units proposed:	<input type="text"/>	units
Number of free market multifamily residential units proposed:	<input type="text"/>	units
Number of free market single family residential units proposed:	<input type="text"/>	sq. ft.

2. CALCULATION OF MINIMUM AFFORDABLE HOUSING REQUIREMENTS

For commercial/public facility uses:
 \times 2.00 employees / 1,000 sq.ft. \times 400 sq.ft./employee \times 40% mitigation = sq. ft. employee housing
net space increase (sq. ft.)

For hotel and accommodation uses:
 \times 0.50 employees / unit \times 400 sq.ft./employee \times 40% mitigation = sq. ft. employee housing
number of lodging units

For multi-family residential and mixed-use residential uses:
 \times 0.19 employees / unit \times 400 sq.ft./employee \times 60% mitigation = sq. ft. employee housing
number of dwelling units

For single family residential uses:
 \times 0.12 employees / 1,000 sq.ft. \times 400 sq.ft./employee \times 60% mitigation = sq. ft. employee housing
net space increase (sq. ft.)

TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT = sq. ft. employee housing

A TOOL IN THE TOOLBOX

In conjunction with this linkage program, and through the implementation of the Comprehensive Plan, Council will begin to consider a variety of additional tools to address housing needs. Housing tools generally fall into 3 categories:

Construction

Creating new units of local/affordable housing

Projects may include development of local sites or elsewhere in the region

Funding

Generating new revenue for housing initiatives

Revenue streams may include linkage fee-in-lieu, short term rental fee, general fund set aside, etc

Programs

Various programs to deploy funds in ways to expand the housing supply

Programs may include those considered within Community Housing Initiatives

PROGRAM OVERVIEW

PROGRAM COMPONENTS

Analysis/Data Based

- Employee generation
 - For every X square feet/units of net new development, Y employees are generated
- Mitigation requirement (100%)
 - For the Y employees generated, there is a need for Z square feet of affordable housing
 - Accounts for income levels of employees
- Fee-in-Lieu
 - Based on affordability needs, a fee of \$____ will mitigate the affordability gap generated

Policy Based

- Mitigation methods
 - How can developers mitigate the housing need generated by their development?
 - Two broad categories
 - Units (construct or acquire/buy down)
 - Resources (land or money)
- Mitigation rate
 - How much of the housing need generated is the developer's responsibility to mitigate, and how much is a community obligation?

FACTORS WITHIN POLICY

KEY COMPONENTS AND CONSIDERATIONS

1. Employee Generation Rates



Locally calibrated, and around half of those found in Telluride

2. Financial Gaps

- Demand factors
 - Wages
- Supply factors
 - Market valuation of all housing



When all financial gaps are considered, and using a market valuation approach, about ¼ higher than Telluride

3. Mitigation Rates



Benchmark at the historic Telluride mitigation rates, 40% commercial and 60% residential

4. Incentive structure to encourage construction



Reduce requirements if developers willing to 'go vertical'

MIXED USE

Description	Factor		Result
MIXED USE			
A. New Development			
Commercial	<i>square feet</i>		10,000
Hotel	<i>rooms</i>		50
Multifamily	<i>units</i>		30
B. Employees Generated			
Commercial	2.0	<i>per 1,000 sq. ft.</i>	20.0
Hotel	0.50	<i>per room</i>	25.0
Multifamily	0.19	<i>per unit</i>	5.7
Total			50.7
C. Housing Need Generated			
Commercial	400	<i>sq. ft. per employee</i>	8,000
Hotel			10,000
Multifamily			2,280
Total			20,280
D. Mitigation Rate			
Commercial	40%	<i>% of housing need</i>	3,200
Hotel	40%	<i>% of housing need</i>	4,000
Multifamily	60%	<i>% of housing need</i>	1,368
Total Housing to be Mitigated			8,568 sq. ft.
Fee	\$606	<i>per sq. ft. of housing need</i>	\$5,192,208
<i>Incentives to Encourage Construction</i>			
Units In Town	-30%	<i>of total to be mitigated</i>	5,998 sq. ft.
Units Out of Town	-15%		7,283 sq. ft.

SINGLE FAMILY

Description

Factor

Result

SINGLE FAMILY

A. New Development		<i>square feet</i>	5,000
B. Employees Generated	0.12	<i>per 1,000 sq. ft.</i>	0.6
C. Housing Need Generated	400	<i>sq. ft. per employee</i>	240
D. Mitigation Rate	60%	<i>% of housing need</i>	144
Total Housing to be Mitigated			144 sq. ft.
Fee	\$606	<i>per sq. ft. of housing need</i>	\$87,264

This fee represents approximately 2–2.5% of average single family home resale prices

Description	Mountain Village (proposed)	Peer Communities		
		Aspen	Jackson	Telluride
Commercial				
Development Size	1,000 sq. ft.	1,000 sq. ft.	1,000 sq. ft.	1,000 sq. ft.
Employee Generation Rate	2.00 /1,000 sq. ft.	4.50 /1,000 sq. ft.		4.00 /1,000 sq. ft.
Employees Generated	2.00	4.50		4.00
Housing Requirement	400 sq. ft./employee	400 sq. ft./employee		400 sq. ft./employee
Employee Housing Need Generated	800 sq. ft.	1,800 sq. ft.		1,600 sq. ft.
Mitigation Rate	40%	30%*		40%
Employee Housing to Mitigate	320 sq. ft.	540 sq. ft.	319 sq. ft.	640 sq. ft.
Fee in Lieu	\$606 per sq. ft. empl. housing	\$741 per sq. ft. empl. housing	\$301 per sq. ft. empl. housing	\$494 per sq. ft. empl. housing
Fee to be Paid	\$193,920	\$400,140	\$95,899	\$316,160
Hotel				
Development Size	50 rooms	50 rooms	50 rooms	50 rooms
Employee Generation Rate	0.50 /room	0.60 /room		0.33 /room
Employees Generated	25.00	30.00		17
Housing Requirement	400 sq. ft./employee	400 sq. ft./employee		400 sq. ft./employee
Employee Housing Need Generated	10,000 sq. ft.	12,000 sq. ft.		6,600 sq. ft.
Mitigation Rate	40%	65%		60%
Employee Housing to Mitigate	4,000 sq. ft.	7,800 sq. ft.	4,596 sq. ft.	3,960 sq. ft.
Fee in Lieu	\$606 per sq. ft. empl. housing	\$741 per sq. ft. empl. housing	\$301 per sq. ft. empl. housing	\$494 per sq. ft. empl. housing
Fee to be Paid	\$2,424,000	\$5,779,800	\$1,383,486	\$1,956,240
Residential (MF)				
Development Size	20 units	30,000 sq. ft.	30,000 sq. ft.	20 units
Employee Generation Rate	0.19 /unit	0.18 /1,000 sq. ft.		0.33 /unit
Employees Generated	3.80	5.40		6.60
Housing Requirement	400 sq. ft./employee	400 sq. ft./employee		400 sq. ft./employee
Employee Housing Need Generated	1,520 sq. ft.	2,160 sq. ft.		2,640 sq. ft.
Mitigation Rate	60%	65%		60%
Employee Housing to Mitigate	912 sq. ft.	1,404 sq. ft.	4,274 sq. ft.	1,584 sq. ft.
Fee in Lieu	\$606 per sq. ft. empl. housing	\$741 per sq. ft. empl. housing	\$301 per sq. ft. empl. housing	\$494 per sq. ft. empl. housing
Fee to be Paid	\$552,672	\$1,040,364	\$1,286,504	\$782,496
Residential (SF)				
Development Size	4,000 sq. ft.	4,000 sq. ft.	4,000 sq. ft.	4,000 sq. ft.
Employee Generation Rate	0.12 /1,000 sq. ft.	0.16 /1,000 sq. ft.**		0.23 /1,000 sq. ft.
Employees Generated	0.48	0.64		0.92
Housing Requirement	400 sq. ft./employee	400 sq. ft./employee		400 sq. ft./employee
Employee Housing Need Generated	192 sq. ft.	256 sq. ft.		368 sq. ft.
Mitigation Rate	60%	65%		60%
Employee Housing to Mitigate	115 sq. ft.	166 sq. ft.	103	221 sq. ft.
Fee in Lieu	\$606 per sq. ft. empl. housing	\$741 per sq. ft. empl. housing	\$301 per sq. ft. empl. housing	\$494 per sq. ft. empl. housing
Fee to be Paid	\$69,811	\$123,302	\$30,883	\$109,075

Peer community requirement
lower than Mountain Village

Peer community requirement
higher than Mountain Village

Note: Aspen and Jackson are both in process of updating these programs

QUESTIONS?

PROGRAM WALK-THROUGH

Mitigation Methods



AFFORDABLE HOUSING MITIGATION CALCULATOR

Development Type & Size

INSTRUCTIONS

1. Input project details and size for relevant development type(s) in green boxes
2. Resultant required housing mitigation/fee-in-lieu can be found in yellow boxes (total) and blue boxes (by mitigation type)
(Note that blue boxes represent mitigation required if all requirement is mitigated using that method)
3. Enter amount of housing to be mitigated/fee to be paid by mitigation type in green boxes
4. Ensure total mitigation amount, accounting for all types, totals 100% of requirement

1. PROJECT & APPLICANT

Project Title	<input type="text"/>	Project Address	<input type="text"/>
Applicant Name	<input type="text"/>	Applicant Address	<input type="text"/>
Applicant Phone	<input type="text"/>	Applicant Email	<input type="text"/>
Date	<input type="text"/>		

Net floor area of **commercial** space proposed: sq. ft.

Number of **hotel/accommodation** units proposed: units

Number of free market **multifamily** residential units proposed: units

Number of free market **single family** residential units proposed: sq. ft.

2. CALCULATION OF MINIMUM AFFORDABLE HOUSING REQUIREMENTS

For commercial/public facility uses:
 x 2.00 employees / 1,000 sq.ft. x 400 sq.ft./employee x 40% mitigation = sq. ft. employee housing
net space increase (sq. ft.)

For hotel and accommodation uses:
 x 0.50 employees / unit x 400 sq.ft./employee x 40% mitigation = sq. ft. employee housing
number of lodging units

For multi-family residential and mixed-use residential uses:
 x 0.18 employees / unit x 400 sq.ft./employee x 60% mitigation = sq. ft. employee housing
number of dwelling units

For single family residential uses:
 x 0.12 employees / 1,000 sq.ft. x 400 sq.ft./employee x 60% mitigation = sq. ft. employee housing
net space increase (sq. ft.)

TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT = sq. ft. employee housing

Mitigation Calculation Accounts for:

- Employee generation
- Employee housing needs
- Mitigation rate

2. MITIGATION OPTIONS AND REQUIREMENTS

Units in Town	Total Employee Housing Required	Discount	Net Required Mitigation
Commercial/public facility:	<input type="text"/> 0 sq. ft.	-30% discount	<input type="text"/> 0 sq. ft.
Hotel and accommodation:	<input type="text"/> 0 sq. ft.	-30% discount	<input type="text"/> 0 sq. ft.
Multi-family residential and mixed-use residential:	<input type="text"/> 0 sq. ft.	-30% discount	<input type="text"/> 0 sq. ft.
Single family residential:	<input type="text"/> 0 sq. ft.	-30% discount	<input type="text"/> 0 sq. ft.
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	<input type="text"/> 0 sq. ft.	-30% discount	<input type="text"/> 0 sq. ft.
Units Out of Town			
Commercial/public facility:	<input type="text"/> 0 sq. ft.	-15% discount	<input type="text"/> 0 sq. ft.
Hotel and accommodation:	<input type="text"/> 0 sq. ft.	-15% discount	<input type="text"/> 0 sq. ft.
Multi-family residential and mixed-use residential:	<input type="text"/> 0 sq. ft.	-15% discount	<input type="text"/> 0 sq. ft.
Single family residential:	<input type="text"/> 0 sq. ft.	-15% discount	<input type="text"/> 0 sq. ft.
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	<input type="text"/> 0 sq. ft.	-15% discount	<input type="text"/> 0 sq. ft.
Fee in Lieu			
For commercial/public facility uses:	<input type="text"/> 0 sq. ft.	0% discount	x \$606 /sq.ft. = <input type="text"/> \$0
For hotel and accommodation uses:	<input type="text"/> 0 sq. ft.	0% discount	x \$606 /sq.ft. = <input type="text"/> \$0
For multi-family residential and mixed-use residential uses:	<input type="text"/> 0 sq. ft.	0% discount	x \$606 /sq.ft. = <input type="text"/> \$0
For single family residential uses:	<input type="text"/> 0 sq. ft.	0% discount	x \$606 /sq.ft. = <input type="text"/> \$0
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	<input type="text"/> 0 sq. ft.	0% discount	x \$606 /sq.ft. = <input type="text"/> \$0

Mitigation Requirement

3. PROPOSED METHODS OF MEETING AFFORDABLE HOUSING MINIMUM REQUIREMENTS

Fill in all that apply:		% of Requirement
To be constructed within the Town of Mountain Village	<input type="text"/> 0 sq. ft.	0%
To be constructed within the Region	<input type="text"/> 0 sq. ft.	0%
Fees in Lieu to be paid	<input type="text"/> \$0	0%
4. Mitigation Requirement Met		0%



**AFFORDABLE HOUSING
MITIGATION CALCULATOR**

DRAFT

INSTRUCTIONS

1. Input project details and size for relevant development type(s) in green boxes
2. Resultant required housing mitigation/fee-in-lieu can be found in yellow boxes (total) and blue boxes (by mitigation type)
(Note that blue boxes represent mitigation required if all requirement is mitigated using that method)
3. Enter amount of housing to be mitigated/fee to be paid by mitigation type in green boxes
4. Ensure total mitigation amount, accounting for all types, totals 100% of requirement

1. PROJECT & APPLICANT

Project Title	<input type="text"/>	Project Address	<input type="text"/>
Applicant Name	<input type="text"/>	Applicant Address	<input type="text"/>
Applicant Phone	<input type="text"/>	Applicant Email	<input type="text"/>
Date	<input type="text"/>		

Net floor area of commercial space proposed:	<input type="text"/>	sq. ft.
Number of hotel/accommodation units proposed:	<input type="text"/>	units
Number of free market multifamily residential units proposed:	<input type="text"/>	units
Number of free market single family residential units proposed:	<input type="text"/>	sq. ft.

2. CALCULATION OF MINIMUM AFFORDABLE HOUSING REQUIREMENTS

For commercial/public facility uses:
 x 2.00 employees / 1,000 sq.ft. x 400 sq.ft./employee x 40% mitigation = sq. ft. employee housing
net space increase (sq. ft.)

For hotel and accommodation uses:
 x 0.50 employees / unit x 400 sq.ft./employee x 40% mitigation = sq. ft. employee housing
number of lodging units

For multi-family residential and mixed-use residential uses:
 x 0.19 employees / unit x 400 sq.ft./employee x 60% mitigation = sq. ft. employee housing
number of dwelling units

For single family residential uses:
 x 0.12 employees / 1,000 sq.ft. x 400 sq.ft./employee x 60% mitigation = sq. ft. employee housing
net space increase (sq. ft.)

TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT = sq. ft. employee housing

DRAFT

DRAFT

2. MITIGATION OPTIONS AND REQUIREMENTS

	Total Employee Housing Required			Net Required Mitigation
Units in Town				
Commercial/public facility:	0 sq. ft.	-30% discount		0 sq. ft.
Hotel and accommodation:	0 sq. ft.	-30% discount		0 sq. ft.
Multi-family residential and mixed-use residential:	0 sq. ft.	-30% discount		0 sq. ft.
Single family residential:	0 sq. ft.	-30% discount		0 sq. ft.
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	0 sq. ft.	-30% discount		0 sq. ft.
Units Out of Town				
Commercial/public facility:	0 sq. ft.	-15% discount		0 sq. ft.
Hotel and accommodation:	0 sq. ft.	-15% discount		0 sq. ft.
Multi-family residential and mixed-use residential:	0 sq. ft.	-15% discount		0 sq. ft.
Single family residential:	0 sq. ft.	-15% discount		0 sq. ft.
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	0 sq. ft.	-15% discount		0 sq. ft.
Fee in Lieu				
For commercial/public facility uses:	0 sq. ft.	0% discount	x \$606 /sq.ft.	\$0
For hotel and accommodation uses:	0 sq. ft.	0% discount	x \$606 /sq.ft.	\$0
For multi-family residential and mixed-use residential uses:	0 sq. ft.	0% discount	x \$606 /sq.ft.	\$0
For single family residential uses:	0 sq. ft.	0% discount	x \$606 /sq.ft.	\$0
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	0 sq. ft.	0% discount	x \$606 /sq.ft.	\$0

3. PROPOSED METHODS OF MEETING AFFORDABLE HOUSING MINIMUM REQUIREMENTS

Fill in all that apply:

To be constructed within the Town of Mountain Village
To be constructed within the Region
Fees in Lieu to be paid

sq. ft.	% of Requirement
sq. ft.	0%
	0%
	0%
	0%

Remainder to reach 100% Requirement
0 sq. ft.
0 sq. ft.
\$0

4. Mitigation Requirement Met

MEMORANDUM

To: Paul Wisor and Michelle Haynes, Town of Mountain Village

From: Andrew Knudtsen and Rachel Shindman, Economic & Planning Systems

Subject: Housing Mitigation Program Nexus Analysis;
EPS #213099

Date: March 10, 2022

The Economics of Land Use



This memo summarizes the nexus analysis completed by Economic & Planning Systems (EPS) and RRC Associates (RRC) for the creation of a housing linkage program in the Town of Mountain Village. The analysis establishes a nexus between new residential and commercial development and the demand for housing from new employees.

This work uses economic impact techniques to estimate the housing need generated from demand created by new development. This need can then be mitigated by providing units or paying a fee in lieu (linkage fee). The basis of the linkage fee is the gap between what the employees generated can afford to pay for housing and the cost to purchase the median priced condominium unit in Mountain Village.

The following sections outline the context and rationale for this program, and the methodology and results for calculating employee generation, housing need, and linkage fees for new residential and commercial development.

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Denver, CO 80202-3511
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*Denver
Los Angeles
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www.epsys.com

213099-Technical Memo 3-10-22

Context and Rationale

The Town of Mountain Village has recognized that the community housing inventory is not sufficient to meet demand and, as the community grows, the additional demand will place additional pressure on an already constrained inventory. As part of an effort to address this, the Town is looking to implement community housing mitigation requirements for new development, including commercial, lodging, multifamily, and single family uses, to be achieved through a linkage program.

The rationale for this program is as follows:

For **residential** development,

- New residential development brings in new residents with incomes that vary according to the price or rent of their home. These new households spend disposable income on things such as retail purchases, eating out, and repair and maintenance services.
- This spending generates new jobs in these industry and occupation categories (e.g., retail worker, landscaper, plumber). The number of employees generated determines the housing need created by new development, and the wages in each occupation category determine what these new employees can afford for housing.
- For some wage levels there will be a gap between what the employee can afford and the cost of housing affordable to that income range. The linkage fee is designed to mitigate this gap.

For **commercial** development,

- The jobs and wages generated are determined directly by the land use type, rather than from the indirect impacts of household spending.
- Commercial and hotel development have been evaluated to determine the number of jobs per square foot or per room, and the corresponding wage levels by the type of industry and occupation typical in these building types.
- Similar to the residential program, the number of employees generated determines the overall housing need, while the wages of these employees determines the affordability gap for these land uses.

The analysis uses development prototypes for residential and commercial development to determine employees generated, housing need, and affordability gap, following the methodologies outlined below.

Residential Methodology

The residential nexus analysis uses an economic impact model, Impact Analysis for Planning (IMPLAN), which estimates the relationships between new development and job generation. IMPLAN is widely used by state and federal agencies, academic researchers, and local economic development organizations to evaluate the economic impacts of proposed policies, new industries, and land use changes.

Analysis Steps

- **Household income** – The first step in the residential nexus analysis is calculating household income of households occupying new residential development. Household income is estimated from the value of the prototype (in this case, either a condominium or a single family home, detailed below), and the annual income needed to afford that home with 30 percent of household income devoted to housing costs (including mortgage payments, utilities, taxes, and other costs such as HOA dues).
- **Jobs generated by NAICS** – The household income associated with these new households is input to the IMPLAN model. IMPLAN applies an expenditure profile specific to different household income ranges and estimates the spending and jobs generated in the 20 major industries in the North American Industry Classification System (NAICS). IMPLAN accounts for savings in its expenditure patterns.
- **Jobs to employees (multiple job holder adjustment)** – An adjustment is made to acknowledge that many employees have more than one job, such as two part time jobs or a full time and a part time job. So as not to overestimate the number of *employees* generated, the number of jobs is reduced using a factor of 1.50 jobs per employee. This factor is specific to the region and comes from the 2018 *San Miguel County Housing Needs Assessment*.
- **Employees by NAICS to occupation and wages** – The IMPLAN model provides estimates of jobs by NAICS category but using the average wage by NAICS category would not yield enough detail on the spectrum of wages generated by each land use type to accurately portray income characteristics. The range of wages and occupations generated by new development is better represented by the 21 Standard Occupational Classifications defined by the Bureau of Labor Statistics (BLS). The National Industry by Occupation Matrix published by the BLS provides the estimated distribution of occupations for each NAICS category. The wages for each occupation in San Miguel County are estimated by indexing the national wages by occupation and industry to the average wage in that industry for San Miguel County, as the wage distribution is not available for sub-county areas.
- **Tabulation of employees by AMI Range** – The last step involves counting the number of employees generated in each income range (as a percent of Area Median Income). Given the high costs of housing in the Town of Mountain Village, this analysis includes all employees earning up to 200 percent of AMI.

Development Prototypes

Two market rate residential development prototypes were modeled for this analysis—single family detached housing and condominiums. Data inputs on unit size and price come from the San Miguel County MLS database and reflect sales of all homes in the Town of Mountain Village from 2018 through mid-2021 (the most recent data available at the onset of this study). Within the IMPLAN model, 100 units of each prototype were modeled in order to have enough significant figures for analysis and avoid small decimal figures in the results. This does not affect the housing need or fee calculation, as a per unit adjustment is made to calculate the final requirement.

- **Single Family Detached** – The single family detached prototype is modeled on a 4,850 square foot home with a value of \$3.765 million, as shown in **Table 1**. With 30 percent of income devoted to housing cost (including mortgage payments, insurance, HOA dues, and property taxes), this home would require a household income of \$788,000. For 100 units, the total household income is \$78.8 million; netting out payroll taxes (which are not accounted for in IMPLAN), \$47.4 million in new income is applied to the IMPLAN model.
- **Condominium** – Condominiums are modeled with an average unit size of 1,550 square feet and value of \$1.07 million. This requires an income of at least \$233,000 to afford. Utilizing the same approach as single family homes, total income modeled for 100 units is \$16.15 million.

Table 1. Residential Development Prototypes

Description	Factors	Condominium	
		(Multifamily)	Single Family
Program			
Units		100	100
Avg. Unit Sq. Ft.		1,486	4,850
Value			
Market Value		\$1,069,000	\$3,765,000
Target Purchase Price			
Mgt. Amt. (less downpayment)	10.0% down pmt	\$962,100	\$3,388,500
Mortgage Interest Rate	5.0% int.	5.0% int.	5.0% int.
Loan Term	30-year term	30-year term	30-year term
Monthly Costs			
Mortgage Payment (Monthly)		\$5,165	\$18,190
Insurance	\$2,500	\$208	\$208
Property Tax (mill levy, assess. ratio)	52.842 mills 7.15%	\$337	\$1,185
Miscellaneous (e.g. HOA Dues)	\$1,500	\$125	\$125
Total		\$5,835	\$19,709
HH Income per Unit	30%	\$233,387	\$788,358
Minus Payroll Tax			
Federal		\$49,876	\$253,161
FICA		\$8,854	\$8,854
Medicare		\$3,351	\$16,654
State		\$9,791	\$35,548
Total Deductions		\$71,871	\$314,216
Net Pay / Adjusted Household Income		\$161,516	\$474,142
Total Annual Household Income	100 households	\$23,338,676	\$78,835,781
Total Annual Payroll Tax	100 households	-\$7,187,120	-\$31,421,610
Total Adjusted Income		\$16,151,556	\$47,414,171

Source: MLS; Economic & Planning Systems

Job and Employee Generation

The household income generated from the new households, as noted above, is input to the IMPLAN model to estimate the jobs supported by new spending. **Table 2** summarizes the jobs generated by 100 units of each prototype. As shown, 100 condominium units generate 29.00 jobs, and 100 single family homes generate 85.13 jobs. The industries with the most jobs include real estate (including property management), accommodations and food services (restaurants and bars), retail, and health care. The pattern of job generation is consistent across each prototype. Because household incomes for both prototypes are above \$200,000 they have the same spending patterns given that the IMPLAN model does not distinguish spending patterns above this threshold. This means that job generation is directly proportional to income, so the single family development, which has a higher price and associated household income, generates a greater number of jobs than condominium development.

Table 2. Jobs by Industry Generated from Household Spending

Description	Jobs by Land Use (IMPLAN Results)	
	Condominium (Multifamily) <i>100 units</i>	Single Family <i>100 units</i>
	Household Income after Payroll Tax	\$16,151,556
Industrial Sectors		
11 Ag, Forestry, Fish & Hunting	0.14	0.41
21 Mining	0.02	0.05
22 Utilities	0.07	0.20
23 Construction	0.37	1.09
31-33 Manufacturing	0.07	0.21
42 Wholesale Trade	0.23	0.67
44-45 Retail trade	4.07	11.95
48-49 Transportation & Warehousing	0.42	1.22
51 Information	0.31	0.90
52 Finance & insurance	2.00	5.87
53 Real estate & rental	5.00	14.69
54 Professional- scientific & tech svcs	1.37	4.02
55 Management of companies	0.17	0.51
56 Administrative & waste services	1.20	3.52
61 Educational svcs	1.52	4.47
62 Health & social services	2.99	8.78
71 Arts- entertainment & recreation	1.63	4.78
72 Accommodation & food services	4.66	13.68
81 Other services	2.53	7.42
91-99 Government & non NAICs	<u>0.23</u>	<u>0.69</u>
Total	29.00	85.13

Source: IMPLAN; Economic & Planning Systems

Jobs to Employees – The next step is to adjust the number of jobs generated to the number of employees generated. In today’s economy it is common for people to hold more than one job. Without this adjustment, the analysis would potentially overestimate the housing demand created from jobs. To step down from jobs to employees, jobs are divided by a factor of 1.50 jobs per employee (the 2018 average for San Miguel County). As shown in **Table 3**, the 85.13 jobs generated by 100 units of the single family prototype results in 56.75 employees after the adjustment for multiple job holders, while the 29.00 jobs generated by 100 units of condominium development results in 19.33 employees.

Table 3. Employees by Industry Generated from Household Spending

Description	Employees by Land Use	
	Condominium (Multifamily)	Single Family
Jobs to Employee Conversion Factor	1.50	1.50
Industrial Sectors		
11 Ag, Forestry, Fish & Hunting	0.09	0.27
21 Mining	0.01	0.03
22 Utilities	0.05	0.13
23 Construction	0.25	0.73
31-33 Manufacturing	0.05	0.14
42 Wholesale Trade	0.15	0.45
44-45 Retail trade	2.71	7.97
48-49 Transportation & Warehousing	0.28	0.81
51 Information	0.21	0.60
52 Finance & insurance	1.33	3.91
53 Real estate & rental	3.33	9.79
54 Professional- scientific & tech svcs	0.91	2.68
55 Management of companies	0.11	0.34
56 Administrative & waste services	0.80	2.35
61 Educational svcs	1.01	2.98
62 Health & social services	1.99	5.85
71 Arts- entertainment & recreation	1.09	3.19
72 Accomodation & food services	3.11	9.12
81 Other services	1.69	4.95
91-99 Government & non NAICs	<u>0.15</u>	<u>0.46</u>
Total	19.33	56.75

Source: IMPLAN; Economic & Planning Systems

Employees by Occupation – The jobs by NAICS classification are converted to specific occupation categories to obtain a more detailed distribution of wage levels for the new jobs, since using the average wage for an industry masks the upper and lower wage levels. As noted previously, the BLS National Industry by Occupation Matrix provides the estimated distribution of occupations for each NAICS category. The wages for each occupation in San Miguel County are estimated by indexing the wages by occupation and industry nationally to the average wage in that industry for San Miguel County. For jobs generated by residential development, top occupations are: food preparation and serving, sales, and office and administrative support.

These new employees represent the housing need generated by new residential development. Based on this need and assuming 400 square feet of housing per employee, 100 units of single family housing (totaling 485,000 square feet of new construction) generates a total need of 22,700 square feet of employee housing (or 46.8 square feet of employee housing per 1,000 square feet of new home construction). A hundred (100) units of new condominium development generates a need of 7,732 square feet of employee housing, or 77.32 square feet per new condominium unit.

Residential Linkage Fee Calculation

To calculate a mitigation fee (in lieu of providing the housing required), the affordability gap of these new employees need to be calculated.

To do this, the employees at income levels of 200 percent of AMI or less are tabulated. For 100 units of single family development, there are 56.73 employees generated below 200 percent of AMI, and for 100 condominium units there are 19.33 employees generated below this threshold, as shown in **Table 4**.

Table 4. Employees by AMI Generated by New Household Spending

	Condominium (Multifamily)	Single Family
Total Employees Generated per 100 Units	19.33	56.75
Employees by Income Range		
30% of Median	0.00	0.00
50% of Median	3.47	10.18
80% of Median	10.95	32.14
100% of Median	2.04	6.00
120% of Median	0.71	2.10
150% of Median	1.49	4.39
200% of Median	<u>0.65</u>	<u>1.92</u>
Total - Target Income Ranges	19.33	56.73

Source: Economic & Planning Systems

To determine affordability needs, the gap across the wage spectrum is calculated based on the cost to purchase a home in the Town, estimated using the median cost for all condominiums from 2018 through mid-2021.

As shown in **Table 5**, prices affordable to employees at these AMI levels range from \$16,600 at 30 percent of AMI to \$465,100 at 200 percent AMI. With a median home cost of \$1.069 million, the gap per unit ranges from \$1.052 million at 30 percent AMI to \$603,900 at 200 percent AMI. On a per square foot basis, with a median condominium size of 1,486 square feet, the affordability gap ranges from \$406 to \$708 per square foot.

To determine an appropriate fee to mitigate this need, the weighted average gap per square foot is calculated by multiplying the number of employees generated in each AMI category by the gap per square foot per employee. This results in the total affordability gap generated by each prototype, which, divided by the number of employees generated, results in the weighted average fee per square foot (based on affordability needs).

Table 5. Affordable Price and Gap by Income Range

Description	Factor	AMI						
		30%	50%	80%	100%	120%	150%	200%
HH Income and Housing Expense								
HH Income (1.0-person household)		\$17,130	\$28,550	\$45,680	\$57,100	\$68,520	\$85,650	\$114,200
Affordable Monthly Housing Cost	30%	\$428	\$714	\$1,142	\$1,428	\$1,713	\$2,141	\$2,855
Supportable Monthly Payment								
Less: Insurance	\$2,500/year	-\$208	-\$208	-\$208	-\$208	-\$208	-\$208	-\$208
Less: Property Taxes	7.15% ass't rate 52.842 mills	-\$10	-\$30	-\$50	-\$70	-\$80	-\$110	-\$150
Less: Miscellaneous (e.g. HOA Dues)	\$1,500/year	-\$125	-\$125	-\$125	-\$125	-\$125	-\$125	-\$125
Net Supportable Mortgage Payment (Monthly)		\$85	\$350	\$759	\$1,024	\$1,300	\$1,698	\$2,372
Valuation Assumptions								
Loan Amount		\$15,800	\$65,300	\$141,300	\$190,800	\$242,100	\$316,300	\$441,800
Mortgage Interest Rate		5.0% int.	5.0% int.	5.0% int.	5.0% int.	5.0% int.	5.0% int.	5.0% int.
Loan Term		30-year term	30-year term	30-year term	30-year term	30-year term	30-year term	30-year term
Downpayment as % of Purchase Price		5.0% down pmt	5.0% down pmt	5.0% down pmt	5.0% down pmt	5.0% down pmt	5.0% down pmt	5.0% down pmt
Maximum Supportable Purchase Price		\$16,600	\$68,700	\$148,700	\$200,800	\$254,800	\$332,900	\$465,100
Cost per Unit		\$1,069,000	\$1,069,000	\$1,069,000	\$1,069,000	\$1,069,000	\$1,069,000	\$1,069,000
Gap per Unit		\$1,052,400	\$1,000,300	\$920,300	\$868,200	\$814,200	\$736,100	\$603,900
Square feet per unit		1,486	1,486	1,486	1,486	1,486	1,486	1,486
Gap per square foot		\$708	\$673	\$619	\$584	\$548	\$495	\$406

Source: Economic & Planning Systems

Based on this calculation, the gap for both single family and multifamily development is \$606 for each square foot of employee housing need generated by new market rate housing, as shown in **Table 6**.

Table 6. Residential Fee Calculation

		Condominium (Multifamily)	Single Family
Employees Generated (per 100 units)	A		
30% of Median		0.0	0.0
50% of Median		3.5	10.2
80% of Median		10.9	32.1
100% of Median		2.0	6.0
120% of Median		0.7	2.1
150% of Median		1.5	4.4
200% of Median		<u>0.7</u>	<u>1.9</u>
Total per 100 Units		19.3	56.7
Per 1.0 Units		0.19	0.57
Gap per Square Foot per Employee by AMI Range	B		
30% of Median		\$708	\$708
50% of Median		\$673	\$673
80% of Median		\$619	\$619
100% of Median		\$584	\$584
120% of Median		\$548	\$548
150% of Median		\$495	\$495
200% of Median		\$406	\$406
Total Gap			
30% of Median	A X B	\$0	\$0
50% of Median		\$2,338	\$6,855
80% of Median		\$6,780	\$19,907
100% of Median		\$1,194	\$3,505
120% of Median		\$391	\$1,150
150% of Median		\$740	\$2,174
200% of Median		<u>\$265</u>	<u>\$779</u>
Total	C	\$11,709	\$34,370
Employees Generated	D	19	57
Gap (Max. Fee) per Employee	C / D	\$606	\$606

Source: Economic & Planning Systems

Commercial Methodology

The commercial linkage analysis is based on estimates of direct jobs generated by new development, rather than the jobs generated by household spending. This analysis was done for two categories of development – hotel and general commercial (e.g., retail, government, office) – to account for the differing patterns of job generation between hotel/accommodation and other commercial uses.

Job Generation Calculation

Total Jobs – The first step in the commercial nexus analysis is determining the total number of jobs in Mountain Village, by space type (hotel or general commercial). For this analysis, businesses located in residential spaces (i.e., home-based businesses) were excluded. This data is drawn from QCEW employer address files for San Miguel County, covering the period of January 2019 through June 2021. Average annual employment for the Town of Mountain Village for the 2019 calendar year was ultimately used in the employment generation calculations, as being more representative of employment conditions than Covid-impacted 2020 and 2021.

Total Commercial Square Footage and Hotel Rooms – The second step is to determine the total commercial square footage in the town, by type of business occupying the space (hotel or general commercial). For hotels, space is calculated based on number of lodging rooms, rather than square footage. The source of the commercial square footage data was a commercial building space database created by EPS in support of the Mountain Village Comprehensive Plan. EPS identified commercial square footage in Mountain Village by building and tenant as part of that planning effort. Various types of space were included in the non-hotel category, including retail, restaurant, office, quasi-industrial, etc.

Job Generation Rate – To calculate the employment generation rate for general commercial space, the aggregate employment in Mountain Village is divided by the aggregate commercial square footage; for hotels, the aggregate hotel employment is divided by aggregate lodging rooms. This results in a generation rate of employees per 1,000 square feet of general commercial space or employees per hotel room. For the Town of Mountain Village, job generation rates are 3.0 employees per 1,000 square feet of general commercial space, and 0.75 employees per hotel room.

Analysis Notes

- **Geographic identification** – GIS address matching, along with manual checks, was used to geo-locate San Miguel County QCEW employers that were based in nonresidential properties within Mountain Village.
- **TSG** – The Telluride Ski and Golf Company is a large employer with multiple different operations in Mountain Village. Since the employment focus of this analysis is employment associated with the occupancy of building space, the analysis excluded TSG mountain operations employment (and modest square footage) from the analysis. However, TSG-owned hotel and restaurant operations (and the corresponding square footage) were included in the calculations.

- Hotel-Located Commercial** – Employment in hotel-run restaurants, retail outlets and conference spaces was assigned to the hotel employment generation category. This is because hotel employment was typically reported for the hotel as a whole, not broken out by function within the hotel. However, restaurant/retail/office establishments located in but NOT operated by the hotels (e.g., separate businesses that lease space in hotels and show up as separate QCEW employers) were assigned to non-hotel employment. The implications are, at time of building permit, for the Town of Mountain Village staff to delineate the range of uses considered part of the hotel operations from those that operate externally from the hotel and apply the appropriate mitigation factors accordingly.

Employee Generation and Housing Need

For analysis purposes, commercial impacts are calculated for 5,000 square feet of general commercial space and 50 rooms of hotel space. From these aggregate figures, the analysis provides specific ‘per square foot’ and ‘per room’ factors that can be applied to future development proposals. As shown in **Table 7**, and based on the analysis outlined above, general commercial space generates 3.0 jobs per 1,000 square feet of space (15.0 jobs for the 5,000 square foot prototype), and hotel space generates 0.75 jobs per room (37.5 jobs for the 50 room prototype).

Table 7. Commercial Development Prototypes

Description	Building Sq. Ft.	Job Generation	Jobs										
General Commercial Hotel	<table border="1"> <tr> <td>5,000</td> <td>sq. ft.</td> </tr> <tr> <td>50</td> <td>rooms</td> </tr> </table>	5,000	sq. ft.	50	rooms	<table border="1"> <tr> <td>333</td> <td>sqft/empl</td> </tr> <tr> <td>0.75</td> <td>emp/room</td> </tr> </table>	333	sqft/empl	0.75	emp/room	<table border="1"> <tr> <td>15.0</td> </tr> <tr> <td>37.5</td> </tr> </table>	15.0	37.5
5,000	sq. ft.												
50	rooms												
333	sqft/empl												
0.75	emp/room												
15.0													
37.5													

Source: RRC; Economic & Planning Systems

With total job generation determined, the next step is to assign each land use to a mix of industries to estimate the wage characteristics of the employees generated. While hotels fall solely in the accommodations and food services sector, general commercial falls more broadly across multiple industries including retail, accommodations, real estate, and government, as shown in **Table 8**.

Table 8. Land Use to Industry Category Conversion

Description	Land Use to NAICS Conversion	
	General Commercial	Hotel
Industrial Sectors		
11 Ag, Forestry, Fish & Hunting	0%	0%
21 Mining	0%	0%
22 Utilities	0%	0%
23 Construction	0%	0%
31-33 Manufacturing	0%	0%
42 Wholesale Trade	0%	0%
44-45 Retail trade	18%	0%
48-49 Transportation & Warehousing	0%	0%
51 Information	1%	0%
52 Finance & insurance	2%	0%
53 Real estate & rental	10%	0%
54 Professional- scientific & tech svcs	7%	0%
55 Management of companies	1%	0%
56 Administrative & waste services	0%	0%
61 Educational svcs	0%	0%
62 Health & social services	0%	0%
71 Arts- entertainment & recreation	0%	0%
72 Accommodation & food services	46%	100%
81 Other services	0%	0%
91-99 Government & non NAICs	<u>16%</u>	<u>0%</u>
Total	100%	100%

Source: RRC Associates; LEHD; Economic & Planning Systems

Similar to residential job generation, the jobs generated by commercial development are reduced to account for multiple job holders. In Mountain Village, evaluation of the local economic conditions indicates a figure of 1.5 jobs per employee, reducing the 15 general commercial jobs to 10 employees (an *employee* generation rate of 2.0 per 1,000 square feet) and the 37.50 hotel jobs to 25 employees (an *employee* generation rate of 0.5 per room), as shown in **Table 9**.

Table 9. Jobs and Employees Generated by New Commercial Development

Description	Jobs by Land Use		Employees by Land Use	
	General Commercial	Hotel	General Commercial	Hotel
Industrial Sectors				
11 Ag, Forestry, Fish & Hunting	0.00	0.00	0.00	0.00
21 Mining	0.00	0.00	0.00	0.00
22 Utilities	0.00	0.00	0.00	0.00
23 Construction	0.00	0.00	0.00	0.00
31-33 Manufacturing	0.00	0.00	0.00	0.00
42 Wholesale Trade	0.00	0.00	0.00	0.00
44-45 Retail trade	2.66	0.00	1.77	0.00
48-49 Transportation & Warehousing	0.00	0.00	0.00	0.00
51 Information	0.19	0.00	0.13	0.00
52 Finance & insurance	0.33	0.00	0.22	0.00
53 Real estate & rental	1.50	0.00	1.00	0.00
54 Professional- scientific & tech svcs	0.98	0.00	0.66	0.00
55 Management of companies	0.08	0.00	0.05	0.00
56 Administrative & waste services	0.00	0.00	0.00	0.00
61 Educational svcs	0.00	0.00	0.00	0.00
62 Health & social services	0.00	0.00	0.00	0.00
71 Arts- entertainment & recreation	0.00	0.00	0.00	0.00
72 Accomodation & food services	6.87	37.50	4.58	25.00
81 Other services	0.00	0.00	0.00	0.00
91-99 Government & non NAICs	<u>2.40</u>	<u>0.00</u>	<u>1.60</u>	<u>0.00</u>
Total	15.00	37.50	10.00	25.00

Source: RRC Associates; LEHD; Economic & Planning Systems

These new employees represent the housing need generated by new commercial development. Assuming 400 square feet of housing per employee, 5,000 square feet of general commercial development generates a total need of 4,000 square feet of employee housing (or 800 square feet of employee housing per 1,000 square feet of new construction). A 50-room hotel generates a need of 10,000 square feet of employee housing, or 200 square feet per new hotel room.

Commercial Linkage Fee Calculation

To estimate the income of these employees, the same process is used for commercial development as residential development. The distribution of occupations within each industry is determined from the National Industry–Occupation Matrix, and the wages for each occupation are applied to the new employees.

The number of employees by occupation and wage category are then tabulated by AMI level at or below 200 percent of AMI. As shown in **Table 10**, 5,000 square feet of general commercial development generates 10 employees at 200 percent AMI or less, while 50 new hotel rooms generate 25 employees earning 200 percent AMI or below.

Table 10. Employees Generated in Target Income Ranges

	General Commercial	Hotel
Total Employees Generated	10.0	25.0
Employees by Income Range		
30% of Median	0.0	0.0
50% of Median	0.4	0.0
80% of Median	7.2	22.4
100% of Median	1.1	1.5
120% of Median	0.6	0.3
150% of Median	0.4	0.2
200% of Median	<u>0.3</u>	<u>0.7</u>
Total - Target Income Ranges	10.0	25.0

Source: Economic & Planning Systems

The affordability gap analysis for these employees follows the same methodology as residential linkage. As shown previously, the per-unit affordability gap per employee and AMI level ranges from \$603,900 at 200 percent of AMI to \$1.052 million at 30 percent of AMI, a per square foot gap of between \$406 and \$708.

To calculate the fee-in-lieu for commercial development, the weighted average affordability gap is determined by multiplying the number of employees generated in each AMI category by the gap per square foot, then dividing by the employment generated. As shown in **Table 11**, this results in a gap for general commercial development of \$603 per square foot of employee housing need generated. For hotel development, the gap is \$610 per square foot of employee housing need generated.

Based on these fee calculations and the \$606 per square foot residential fee, an overall fee (for all development types) of \$606 per square foot is recommended.

Table 11. Commercial Linkage Fee Calculation

		General Commercial	Hotel (50 Rooms)
Square Feet or Rooms		5,000	50
Employees by Income Range	A		
30% of Median		0.00	0.00
50% of Median		0.45	0.00
80% of Median		7.21	22.41
100% of Median		1.11	1.48
120% of Median		0.57	0.25
150% of Median		0.37	0.17
200% of Median		<u>0.29</u>	<u>0.69</u>
Total per 5,000sf / 50 Rooms		10.00	25.00
Gap per Square Foot per Employee by AMI Range	B		
30% of Median		\$708	\$708
50% of Median		\$673	\$673
80% of Median		\$619	\$619
100% of Median		\$584	\$584
120% of Median		\$548	\$548
150% of Median		\$495	\$495
200% of Median		\$406	\$406
Total Gap	A X B		
30% of Median		\$0	\$0
50% of Median		\$303	\$0
80% of Median		\$4,464	\$13,877
100% of Median		\$650	\$863
120% of Median		\$311	\$139
150% of Median		\$184	\$85
200% of Median		\$117	\$280
Total	C	\$6,029	\$15,244
Employees Generated		10	25
Gap (Max. Fee) per Employee Generated		-\$603	-\$610

Source: Economic & Planning Systems

Linkage Program Summary

Based on this analysis and Town standards for employee housing, the following program components are recommended:

	Employee Generation	Housing Requirement	Fee in Lieu
<i>Residential – Multifamily</i>	0.19 employees per unit	400 sq. ft. per employee	\$606 per sq. ft. of employee housing
<i>Residential – Single Family</i>	0.12 employees per 1,000 sq. ft.	400 sq. ft. per employee	\$606 per sq. ft. of employee housing
<i>Commercial – General Commercial</i>	2.0 employees per 1,000 sq. ft.	400 sq. ft. per employee	\$606 per sq. ft. of employee housing
<i>Commercial – Hotel/Accommodation</i>	0.50 employees per room	400 sq. ft. per employee	\$606 per sq. ft. of employee housing

Application of Findings

This nexus study provides a basis for the Town to move forward with new standards within the Town’s Land Use Regulations. For a clearer understanding of the ways these will be incorporated into the code, as well as how they will be summarized with a user-friendly worksheet for developers to complete, please see the accompanying material provided by staff.

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MEMORANDUM

TO: Town of Mountain Village
FROM: David McConaughy
Christine Gazda
RE: Housing Impact Mitigation Ordinance – Version 2
DATE: April 12, 2022

This memorandum is intended to explain changes to the second version of the Ordinance Amending Chapters 16.01, 16.02, 17.3, and 17.9 of the Community Development Code Concerning Affordable Housing Restrictions and Adopting Housing Impact Mitigation Requirements.

This second version includes the following changes:

- “Affordable” and “employee” housing changed to “workforce” housing;
- Eliminated substantive changes to Chapters 16.01 and 16.02, saving for future ordinance;
- Allows Town Council to adjust initial sales price and appreciation cap by annual resolution;
- Staff’s recommendation that “outside the Town limits” be defined as “within the boundaries of the San Miguel Authority for Regional Transportation service areas”;
- Allows Town Council to amend Mitigation Worksheet, by resolution, from time to time but no more than annually; and
- Deed restriction requirement changed to broader “agreement restricting use,” etc.

Other considerations include:

1. Should the definition of “commercial development” in Section 17.3.9(C) exclude “municipal facilities” as defined in Section 17.8.1? As written, the ordinance would exempt Town-owned facilities but not necessarily facilities owned by other local governments such as the Fire District, School District, Post Office, etc. Keep in mind that some local governments, such as the school district, may claim to be exempt from local land use regulations regardless.
2. What developments should be exempt from these requirements? *See* proposed new subsection 17.3.9(E).
 - Should all “municipal facilities” be exempt? For example, the Fire District constructing a new fire station within the Town would generate new employees.
 - Should non-profit and volunteer-based organization be exempt? Arguably, nobody is going to move to Mountain Village to take a volunteer position – such positions would more likely be recruited from existing residents. Should non-profits be required to demonstrate some local community benefit to qualify for an exemption? For example, should a charitable organization working on alleviating world hunger be treated the same as a local church or a non-profit dance studio for local children?
3. What should be the process for request for an exemption or reduced requirements? *See* proposed new subsection 17.3.9(E). Should requests for exemptions or reductions be determined by Town Staff with an appeal right to Council, or should all such requests require Council action?

From: [Scott Pearson](#)
To: [Michelle Haynes](#)
Subject: Public comment on housing mitigation
Date: Monday, April 4, 2022 6:08:35 AM

April 4, 2022

To the Town Council,

I write to submit public comment on the proposed housing impact mitigation requirements for Mountain Village.

I am concerned that the proposed requirements are severely inadequate to address the housing impact of proposed development.

1. Hotels can generate far more than 0.5 FTEs per room. A common rule of thumb for luxury hotels, for example, is 2 FTE per room.
2. The 400 square feet per employee does not take into account the fact that many employees have families.
3. The 400 square foot per employee also does not consider the multiplier effect of a new employee. That person needs municipal and medical services, their children go to school, and the family shops for groceries and engages in other economic and social activity that itself requires new workers.
4. The mitigation factor of just 40% and the incentives to build locally - such as the 30% reduction for building in town - further reduces the new housing that will be built.

To provide an example, suppose the proposed luxury hotel by the gondola has 100 rooms. They will probably employ 200 people. If 40% of those employees have families of 2 additional people, that implies housing needs for 360. Even a modest estimate of an economic multiplier would add 40 additional teachers, police, healthcare workers, retail workers etc. to serve that added 360. So new housing will be needed for 400 individuals.

According to the ordinance, if housing were built in town, the new hotel would need to provide housing for just 14 people. (100 rooms time 0.5 workers per room times the 40% mitigation factor less the 30% incentive for building in town). This mitigation is just 3.5% if the actual housing impact of this hotel.

I urge the Council to consider the actual housing impact of developments and ensure that our mitigation requirements are sufficient to address this. Otherwise the critical housing issues we are facing now will only worsen.

Respectfully,
Scott Pearson
225 Touchdown Drive
Mountain Village

SDPearson@aol.com
202-495-8722