



MEMORANDUM

P.O. BOX 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: KATIE KENT, COMMUNITY DEVELOPMENT DIRECTOR
**RE: WORK SESSION RE. PUBLIC REQUEST FOR CODE AMENDMENT INITIATION FOR
NEW BONUS DENSITY INCENTIVE**
DATE: NOVEMBER 12, 2024

Summary:

Before the Town Council at the November 12, 2024, work session is a request by a public citizen (Paul Schiff) for the Town Council to consider initiating a code amendment that would allow a development to exceed the maximum density, provided that 100% of the bonus units are restricted with the deed restriction that the Town is currently utilizing under the Housing Helps program. The Housing Helps deed restriction requires occupants to work a minimum of 30 hours per week in Summit County but has no Area Median Income ("AMI") limitation. Public correspondence received by Paul Schiff is included as Attachment 1.

This request was previously brought forward in 2022 by housing staff and was not supported at that time by Planning Commission or Town Council. Minutes from the Planning Commission meeting minutes reflect that it was questioned how removing an income cap makes it more affordable and noted that there is a lot that can be done with a housing helps deed restriction and it is not appropriate for it to go above and beyond density.

At the November 12, 2024, work session, staff requests the Town Council review the information provided by Mr. Schiff along with information outlined below, and inform Community Development staff which of the following they would like staff to proceed with:

- 1) Follow the process for a Town Council initiated Code Amendment to allow a development that uses the Housing Helps funding assistance program to be exempt from density; or,
- 2) Follow the process for a Town Council initiated Code Amendment to allow a development that uses Housing Helps live/work deed restriction (without participating in the Town's Housing Help funding assistance program) to be exempt from density; or
- 3) Make no changes to the Town Code on this matter at this time.

Background:

Code Text Amendment Initiation

Frisco Town Code, 180-2.4.3 states that an amendment to the text of this Chapter may be initiated by the Director, the Planning Commission, or the Council whenever the public necessity, safety, general welfare, or good zoning practice justifies such action. The Council may approve an amendment after consideration and recommendation by the Planning Commission.

When staff initially discussed this topic with Paul Schiff this year, it made sense to bring it forward as a code amendment. However, when beginning to work on a staff report and research the background of bonus density, it was discovered that this same amendment was proposed by former housing staff in 2022. After learning this this was brought before the Town two years ago by housing staff, and it was not supported at that time by the Planning Commission or Town Council, it does not seem appropriate for the Community Development Director to initiate this request.

Bonus Density

Creating more affordable housing is not a new pursuit for the Town of Frisco. Over the past few decades, Frisco has implemented various different strategies to increase both the availability and affordability of housing. Among them is the bonus density incentive. In general terms, a density bonus is an incentive-based tool that permits a developer to exceed the maximum allowable density on a site in exchange for building workforce housing. The Town has approved twelve ordinances in the past which have been pertaining to bonus density. A summary of each amendment is summarized in Attachment 2 for Council review.

Housing Strategic Action Plan

Allowing flexibility in the current affordable housing bonus density standards is not an identified strategy in the recently adopted Housing Strategic Action Plan.

Analysis:

The request as outlined in the correspondence from Paul Schiff proposes to allow a development to exceed the maximum density, provided that 100% of the bonus units are restricted with the deed restriction that the Town is currently utilizing under the Housing Helps program, which requires occupants to work a minimum of 30 hours per week in Summit County but has no AMI limitation. This would create an option that is financially feasible for a developer and would require no subsidy from the Town unless an applicant was also requesting the Town contribute Housing Helps money to their project.

Staff has assembled the following items for the Town Council to consider as they consider the options staff has proposed.

- 1) Follow the process for a Town Council initiated Code Amendment to allow a development that uses the Housing Helps program to be exempt from density.
 - If the Council supported units being built with money from the Housing Helps budget to be exempt from density on a property, they would need to justify why it is not

allowed for private developers willing to invest their own money. This suggested action is not supported by Town Staff or the Town Attorney.

2) Follow the process for a Town Council initiated Code Amendment to allow a development that uses Housing Helps live/work deed restriction (without participating in the Town's Housing Help program) to be exempt from density.

- If this was permitted, it may encourage developers to build live/work units as the numbers in their pro-forma may work out in situations where an income capped unit does not pencil out financially.
- If this was permitted, Staff would request it follow all other requirements of bonus density including being limited to the Central Core, Gateway, Mixed-Use and Residential High zone districts.
- If this was permitted, the Town would likely not see any bonus units proposed with an income cap since a developer would presumably always choose to put a live/work restriction on a bonus unit rather than an income capped unit.
- This modification was proposed and supported by prior Community Development housing staff but was not supported by the Planning Commission and Town Council in 2022. Specific Planning Commission comments are reflected in the meeting minutes from August 18, 2022, and included as Attachment 2.

3) Make no changes to the Town Code on this matter at this time

- If the Council chooses to not initiate a code amendment at this time, then bonus density will continue to be permitted for units that are income restricted. Staff plans on upcoming discussions at Planning Commission and Town Council meetings in 2025 related to affordable housing and action items noted in the recently adopted Strategic Housing Action Plan. This topic can be incorporated into those conversations if the Council chooses.

Staff requests the Town Council review the information provided and inform Community Development Staff which of the following they would like Staff to proceed with:

- 1) Follow the process for a Town Council initiated Code Amendment to allow a development that uses the Housing Helps program to be exempt from density; or,
- 2) Follow the process for a Town Council initiated Code Amendment to allow a development that uses Housing Helps live/work deed restriction (without participating in the Town's Housing Help program) to be exempt from density; or
- 3) Make no changes to the Town Code on this matter at this time.

Financial Impact: Since 1998, the bonus density incentive was always intended to inspire developers to construct workforce housing units with zero financial contribution from the Town. If the Town were to subsidize deed-restricted units that were generated by the bonus density

incentive, then then the Town would be contributing monetary value to the developer in two ways: density and dollars.

The Town of Frisco's annual budget includes funds for workforce housing. The 2025 budget allocates over \$8M in the Housing Fund. \$1,545,000 has been allocated to Housing Helps specifically in the 2025 budget. Zero dollars were budgeted in 2025 for bonus density subsidies.

Staff Recommendation: Staff recommends that the Town Council make a decision as to if they choose to initiate a code amendment as requested in the public correspondence received by Paul Schiff.

Reviews and Approvals: This report has been reviewed and approved by:

Diane McBride, Assistant Town Manager
Tom Fisher, Town Manager

Attachments:

Attachment 1 – Public Correspondence, Paul Schiff
Attachment 2 – Bonus Density, summary of code amendments
Attachment 3 – August 18, 2022 Planning Commission minutes