



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: KATIE KENT, COMMUNITY DEVELOPMENT DIRECTOR
RE: 2ND READING: ORDINANCE 24-03, AN ORDINANCE AMENDING CHAPTER 180 OF THE CODE OF ORDINANCES OF THE TOWN OF FRISCO, CONCERNING THE UNIFIED DEVELOPMENT CODE, BY AMENDING SECTION 180-5.5, CONCERNING AFFORDABLE HOUSING.

DATE: FEBRUARY 27, 2024

Summary and Background:

On February 13, 2024, the Town Council reviewed and approved the first reading of Ordinance 24-03. Before the Council on February 27th is the second reading of Ordinance 24-03. Staff notes that after the first reading the Town Attorney noted that there was one proposed modification that could have been written clearer for future understanding and this has been modified in Ordinance 24-03. Section 180-5.5.1.C.3. has been clarified to state:

Each of the dwelling units within the development is restricted as permanently affordable through the Town of Frisco standard covenant. ~~The units shall be restricted for occupancy for purchase to households earning up to a maximum 140 percent Area Median Income (AMI), or maximum 120 percent AMI for rental, with an average AMI not to exceed 100 percent.~~ The units shall be restricted for occupancy by households earning, on average, a maximum of 120 percent of the Area Median Income (120% AMI) The draft deed restriction will be reviewed and approved as part of the Site Plan review; and

The intent is the same as originally proposed.

On January 9, 2024, the Town Council reviewed a new business item proposing amendments to 180-5.5, Affordable Housing. After discussing this item, Council requested Staff bring forward amendments to a future work session to discuss further.

Due to ongoing changes to state financing requirements, and project developments within the Town, Staff is proposing the Town Council review a modified amendment than what was originally brought forward on January 9th.

Analysis:

Definitions

A review of terms relevant to this code amendment, as defined/explained with the existing Town Code, include:

Affordable Housing. A dwelling unit that is deed restricted in perpetuity to occupancy by individuals meeting the income limitations and occupancy standards as established from time to time by the Town or the Summit Combined Housing Authority. Occupancy standards include requirements for primary residency and local employment.

Exception: A Low-Income Housing Tax Credit (LIHTC) or similar approved program that does not allow for local employment restrictions; the local employment requirement may be waived if approved by Town Council. A LIHTC development deed restriction shall be recorded at certificate of occupancy for the project, with effective date deferred until the end of the LIHTC period if approved by Town Council.

Staff notes that the definition of affordable housing in Frisco Town Code, Section 180-9.3, general definitions, does not state an Area Median Income (AMI) that defines affordable housing.

Affordable Housing Incentives: The Affordable Housing Development Incentive Program encourages the voluntary preservation or development of new housing units, or preservation of existing dwelling units, for the local workforce through residential development incentives, in exchange for deed restriction of all of the housing units in the property.

Staff notes that development incentives may only be requested for projects that have all of the housing units deed restricted. Incentives may not be requested, or granted, for developments which contain market-rate units.

Area Median Income (AMI). The median annual income for Summit County, Colorado (or such next larger statistical area calculated by the U.S. Department of Housing and Urban Development (HUD) that includes Frisco, Colorado, if HUD does not calculate the area median income for Summit County, Colorado, on a distinct basis from other areas), as adjusted for household size, that is calculated and published annually by HUD (or any successor index acceptable to the Town).

When referencing the AMI for income qualifications, rental prices, and sale prices, Frisco refers to the SCHA 2023 Area Median Income (AMI) spreadsheet attached to this staff report. This spreadsheet is revised on an annual basis after HUD releases their numbers; usually occurring in March or April of the calendar year.

Density Bonus. A density bonus is an increase in the allowable number of dwelling units over the base density.

Workforce Housing. A dwelling unit that is deed restricted in perpetuity to occupancy by individuals meeting the employment and occupancy standards as established from time to time by the Town. Occupancy standards shall include requirements for primary residency and local employment.

Staff notes that the definition of workforce housing in Frisco Town Code, Section 180-9.3, general definitions, does not require an Area Median Income (AMI) to be utilized. Workforce housing by definition only includes residency and local employment requirements.

Proposed Modifications

1. Frisco Town Code, Section 180-5.5.1.B. Density Bonus.

Existing language in the code allows a project to request density bonus in certain zone districts if the average AMI for half of the bonus units is 100% AMI (the other half of bonus units do not have an AMI restriction and are usually market rate).

Staff requests that the Council consider an amendment inserting a new paragraph under 180-5.5.1B.1.b. stating that if a project is being developed with all units being affordable and/or workforce restricted, then the average AMI may be up to 120% AMI. This modification would allow developments that are not proposing any market rate units, to have a slightly higher AMI for the bonus units.

Proposed Insertion, 180-5.5.1B.1.b.:

For projects that are being developed with all residential units restricted to affordable and/or workforce housing, bonus units shall be provided as affordable deed-restricted housing being available for purchase or rent to households earning, on average, an income up to 120 percent of the Area Median Income (AMI), at a rate established by the Summit Combined Housing Authority for that income level, and pursuant to the other criteria as established from time to time by the Town or the Summit Combined Housing Authority; or

2. Frisco Town Code, Section 180-5.5.1.B.2.b., sale of density bonus units.

Existing language in the Town Code requires bonus density units to be sold through the Summit Combined Housing Authority (SCHA). As of fall 2023, the SCHA does not have a real estate branch anymore and so Staff proposes removing this requirement since it is not feasible.

Proposed modification: 180-5.5.1.B.2.b.:

Every owner of an affordable housing unit shall ensure that each potential buyer of the unit is qualified for the purchase through the Summit Combined Housing Authority, ~~and any affordable housing unit established pursuant to any density bonus provision of this Chapter shall be marketed and offered solely through the Summit Combined Housing Authority.~~

3. Frisco Town Code, Section 180-5.5.1.B.2.c.3.a., criteria for designating properties as Affordable Housing Development.

Existing language in the Town Code states that an applicant may only apply for incentives (deviations from specifically stated code requirements) if all of the dwelling units within the development are restricted to households earning an average of 100% AMI. As the Town pursues affordable housing projects with AMIs that are not funded through the Lower Income Housing Tax Credit (LIHTC), it is difficult to fill the gap funding to make the financial models work. This has led the Town to recognize that a slightly higher AMI would allow applicants to be able to fund and move forward with development, meeting the goal of providing more housing units for locals. Staff suggests that the Council discuss an amendment to state that an applicant may request incentives if all dwelling units within the

development are restricted to households earning an average of 120% AMI (as opposed to the existing 100% AMI).

Affordable Housing Incentives are outlined in the Code and specific detail of requests can be read fully under 180-5.5.1.C.4. These include:

- a. Zoning Requirements
 - i. Density
 - ii. Lot Coverage
 - iii. Setbacks
 - iv. Maximum building height
- b. Development Standards
 - i. Landscaping and revegetation
 - ii. Nonresidential development standards
 - iii. Residential development standards
 - iv. Bulk Plane
- c. Parking

Proposed modification: 180-5.5.1.C.3.a:

Each of the dwelling units within the development is restricted as permanently affordable through the Town of Frisco standard covenant. ~~The units shall be restricted for occupancy for purchase to households earning up to a maximum 140 percent Area Median Income (AMI), or maximum 120 percent AMI for rental, with an average AMI not to exceed 100 percent.~~ The units shall be restricted for occupancy by households earning, on average, a maximum of 120 percent of the Area Median Income (120% AMI). The draft deed restriction will be reviewed and approved as part of the Site Plan review; and

Financial Impact: There is no direct financial impact related to these code amendments.

Environmental Sustainability: No direct significant impacts to environmental sustainability are anticipated.

Alignment with Strategic Plan: The 2023-2026 Frisco Strategic Plan was adopted on July 25, 2023, and includes the strategic objective, “We enhance Community Inclusivity.” Within this objective, the Town of Frisco is committed to making decisions and policies which welcome and support all, so they can pursue their full potential in our unique mountain town.

The proposed modifications are consistent with the Strategic Plan and the Town Council’s project goals. Additionally, Frisco Town Council aspires to double the amount of deed restricted workforce housing units within the next 5 years. The proposed Code Amendments provide incentives to developers, which also could be applied to Town projects, which will assist in achieving these goals.

These proposed code text amendments are also consistent with the Frisco Community Plan, including the guiding principles:

Guiding Principle 1: Inclusive Community,

- *1.5B. Stimulate the creation of workforce housing through town policies, incentives, and regulatory procedures.*

Guiding Principle 2: Thriving Economy

- *2.1B Provide opportunities for a balanced mix of housing and services to support local businesses, employees, residents, and visitors.*
- *2.1C As development and infill occurs, ensure that the Town's overall mix of land uses remains aligned with community goals.*
- *2.1E Support the creation of home-based businesses and remote workers.*
- *2.3C Expand workforce housing options to support small businesses, and local employees.*

Staff Recommendation: Staff recommends that the Town Council approve the second reading of Ordinance 24-03 regarding the proposed Code Amendments to Chapter 180, Section 5.5 regarding Affordable Housing.

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

Diane McBride, Assistant Town Manager
Tom Fisher, Town Manager
Leslie Edwards, Finance Director

Attachments:

Attachment 1 – Ordinance 24-03
Attachment 2 – SCHA 2023 Area Median Income (AMI)