TOWN COUNCIL AND PLANNING COMMISSION WORK SESSION

TUESDAY, MAY 23, 2023

As indicated in the Frisco Community Plan, the Town of Frisco uses Guiding Principle 1: Inclusive Community as a way to prioritize housing goals. Among those goals, promoting a balanced community by supporting diverse and equitable housing options encourages the Town to work towards creating workforce housing through development partnerships, policies, incentives, and regulatory procedures.

Examples of incentives that the Town already has in place include bonus densities for deed restricted housing and affordable housing incentives in the Unified Development Code. While these incentives have been successful in providing a number of units for the local workforce, there are additional tools and policies that the Town may use in order to obtain a more balanced housing mix throughout the community.

Addressing workforce housing policies can be viewed in two different ways, "catch up" and "keep up" policies. Catch up policies are intended to reduce current and past housing deficiencies and are seen in projects where the local municipality physically builds new workforce housing units. The Town of Frisco has worked with various partners to create units as seen with the 619 Granite Street and 602 Galena Street projects that are in the works. In contrast, keep up policies are intended to maintain a certain level of workforce housing as the community grows and redevelops and are aimed at ensuring a sustainable housing blend moving forward. A commonly used policy that would fall under this idea is the adoption of an inclusionary housing ordinance.

Inclusionary housing ordinances (IHO), as defined by the Colorado Division of Housing, are "locally implemented zoning policies that mandate a certain number or percentage of affordable housing units to be added into new market rate developments." IHO programs can vary in structure but ultimately the goal is to encourage developers to increase the stock of housing while requiring additional affordable units within the development. A variety of Colorado communities have already implemented IHOs including but not limited to Crested Butte, Telluride, Longmont, Boulder, and Denver. Examples from some communities are below:

- Telluride, Colorado's land use code requires the development of affordable housing units with all new housing development in the area based on a mitigation rate formula.
- Longmont implemented an IHO that mandates 12 percent of units within a new development must be affordable to households at 80 percent AMI or below.
- Boulder's IHO requires that 25 percent of units in a new development be reserved for affordable housing. Further, there are requirements specifying that of the

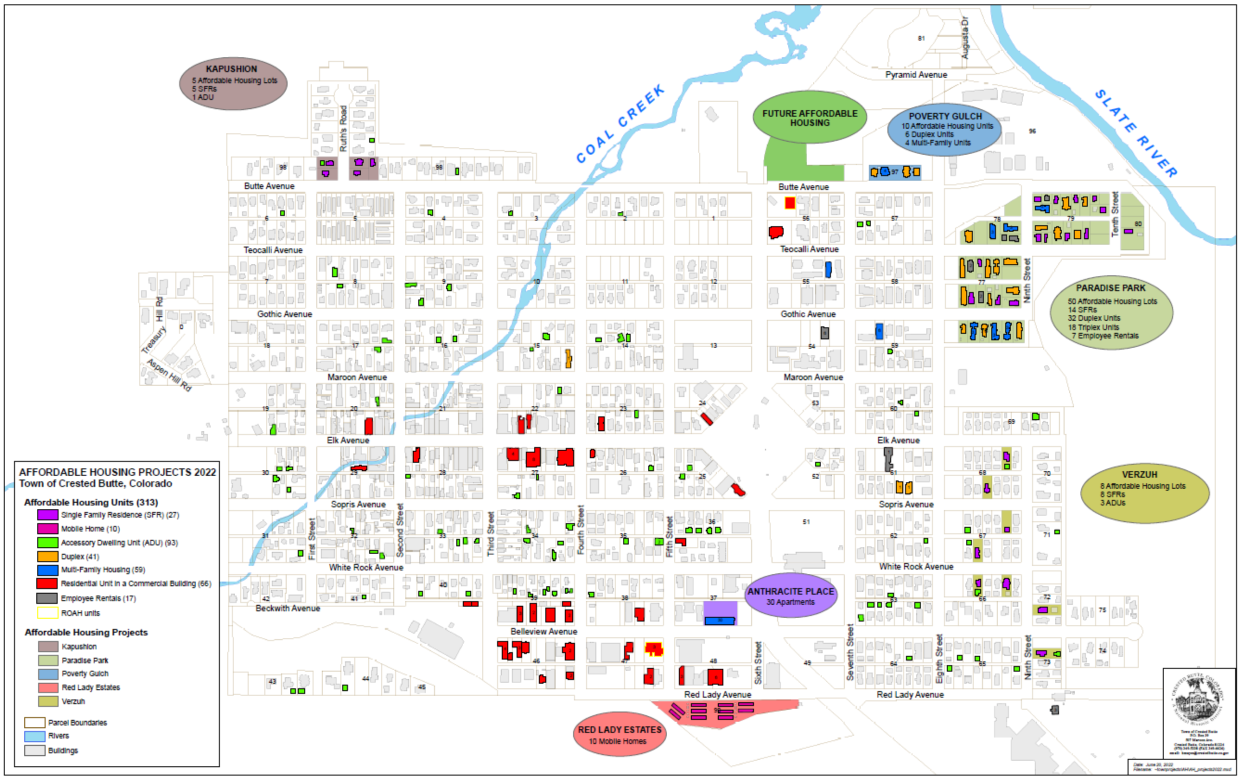
affordable units, 80 percent are for low- and moderate-income, and 20 percent are for middle-income households.
- Denver requires an inclusionary housing component for all new residential development of 10 units or more. The Denver policy is not a blanket approach and provides different requirements for different market areas.

These examples are just snapshots of the policies for each community and are intended to show that there is no "one size fits all" when it comes to how to implement inclusionary housing ordinances. Common elements of IHOs include eligibility criteria, residency requirements, and resale and transfer restrictions.

While there are challenges to implementing IHOs, the State of Colorado House Bill 21-1117 clarifies that the existing authority of municipalities to plan and regulate the use of lands includes the authority to regulate development or redevelopment in order to promote the construction of new affordable housing units. This authority can only be justified if the local government has taken one or more actions, from a list of specified actions in the act, to increase the number of affordable housing units. Examples of the actions include increasing allowable density through up-zoning, promoting mixed-use developments, and allowing surplus lands owned by the government to be available for the development of housing, among others.

Crested Butte:

The Town of Crested Butte adopted a Resident Occupied Affordable Housing (ROAH) policy in 2013 that requires developers/builders to address the workforce housing demand that is generated by certain new residential, nonresidential, and lodging development. The Town of Crested Butte currently has 313 deed restricted units, which accounts for 25% of their housing stock. The Town of Crested Butte tracks their affordable housing and has an updated map for recent projects, shown below.



Crested Butte's ROAH policy uses a formula to determine the number of ROAH units that will be required for residential, nonresidential, and lodging developments based on the square footage of the development changes. This includes new construction and additions. The table below shows the formula for ROAH units.

Residential ROAH Formula for Whole Finished Residential Units
With Each Job Generation Rate and Associated Mitigation Rates

Unit Range	***Size of Unit (Square Feet)***		***Job Generation Rate***	***÷ Employees per Household***	***x Mitigation Rate***	***= ROAH Units Required***
	Minimum	***Maximum***				
A	1	499	0.096	1.71	3%	0.0017
B	500	999	0.112	1.71	11%	0.0072
C	1,000	1,499	0.130	1.71	17%	0.0129
D	1,500	1,999	0.151	1.71	23%	0.0203
E	2,000	2,499	0.175	1.71	29%	0.0297
F	2,500	2,999	0.204	1.71	35%	0.0418
G	3,000	3,499	0.237	1.71	41%	0.0568
H	3,500	3,999	0.275	1.71	47%	0.0756
I	4,000	4,499	0.320	1.71	53%	0.0992
J	4,500 or more		0.371	1.71	58%	0.1258

Methods for complying with requirements include construction of new ROAH units, construction of new ROAH units on Town-owned property, conveyance of land, accessory dwellings, placing a restrictive covenant on existing residential units, and payment in lieu of construction.

Telluride:

The Town of Telluride requires that all new single-family, duplex, multifamily, commercial, and other nonresidential new developments provide affordable housing with their development. The requirements also apply when there is a change of use at an existing property. Their requirements are based on the number of employees generated by the development multiplied by 400 square feet multiplied by the required percentage mitigation. This formula is broken down into steps.

Step 1 – Determine the number of employees generated by the development using the table below.

Land Use	Generation Rate
Commercial/Public Facility Uses	4.5 employees per 1,000 s.f. of net floor area
Hotels and Accommodations Uses	0.33 employees per unit
Multifamily Dwelling and Mixed-Use Residential	0.33 employees per dwelling unit
One- and Two-Family Dwellings	Generation Rate = $0.070174(e)^{(0.000322 \text{ X Proposed, New Gross Floor Area})}$ + 0.11 employees per 1,000 s.f. of gross floor area

*Accommodations Uses – a building containing condominium-hotel rooms, hotels, lodges, rooming houses, boarding houses, or short-term dwelling units.

Step 2 – Determine the appropriate Required Percentage Mitigation. For this step, use the table below.

Use	Required Percentage Mitigation
Commercial	40%
Multifamily, Accommodations Uses (except hotels)	90%
Hotels	40%

Step 3 – Complete the formula.

Employees generated X 400 square feet X Required Percentage Mitigation = Gross Floor Area of affordable housing mitigation requirement

*Note: affordable housing mitigation credits can be applied given certain circumstances.

As is typical with inclusionary housing ordinances, the Town of Telluride has various allowed methods of providing affordable housing. This can be in the form of actual construction of units on-site or off-site, deed restricting existing market rate units, payment in lieu of construction, and conveyance of land. Each of these options have further standards on how the affordable housing requirements are satisfied.

Longmont:

Rather than using a formula to determine the number of affordable housing units required, the City of Longmont requires 12% of units in new residential development be affordable to low- and moderate-income buyers. Longmont's definition of affordable housing is defined as homes sold at a price that is affordable to households at or below 80 percent of the AMI and units rented to households at or below 50 percent of the AMI.

Each development is required to enter into an affordable housing agreement with the city laying out how the requirements were met. Affordable housing requirements can be met with on site location, fee in lieu, off-site location, and land dedication. Combinations are allowed and developers may also propose an alternative solution to meet the affordable housing requirements, which have to be approved by the City Council. Credits are also provided to developments that provide more than the minimum number of affordable units and can be used to offset affordable units required in another development. The credits can be transferred or sold.