

MEMORANDUM

To: Brandon Howes, Housing Planner

From: Brian Duffany, Principal

Subject: Update to Lake Hill Impact Study

Date: January 17, 2023

This memorandum provides an update to the Lake Hill Workforce Housing Development Impact Study prepared in 2018 by Economic & Planning Systems (EPS). The study was based on a development program of 436 dwelling units. The County is proposing a revised development program of 900 dwelling units, therefore an update to the Impact Study is needed.

The increase in housing density in the project is due to the significant increase in the demand for affordable housing since the original Master Plan was completed in 2017. The 2018 Housing Needs Assessment found that by 2023 the Ten Mile Basin will have a gap of 1,035 units under 120% AMI and Countywide there will be a gap of 3,066 units under 120% AMI. Since the Needs Assessment was completed, the Summit County staff has noticed the housing situation has gotten significantly worse, due to the COVID-19 pandemic with more people working remotely for employers outside Summit County. Due to these factors and the shortage of developable land for workforce housing, the Board of County Commissioners decided to increase the proposed density on the Lake Hill parcel.

This memorandum provides a concise update to the fiscal impact figures in the previous study and contains detailed explanations of the methodology and descriptions of the service providers.

The Economics of Land Use



*Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax*

*Denver
Los Angeles
Oakland
Sacramento*

www.epsys.com

This memorandum is divided into the following sections:

- **Development Program** – Summarizes the revised development program, estimated rents and sale prices, and project population.
- **Fiscal Impact Definitions** – An explanation of fiscal impact analysis, and its use and limitations.
- **Offsite Capital Costs** – Summarizes the capital cost impacts outside the development site that the County or developer may be responsible for.
- **Emergency Service Provider Impacts** – Estimates increases in calls and net fiscal impacts to emergency service providers.
- **School District and Childcare Impacts** – Estimates school children generated by the development and demand for childcare.
- **County Fiscal Impacts** – Estimates the net fiscal impact to the County General Fund.
- **Other Fiscal Impacts** – Summarizes effects on the Town of Frisco, Library Fund, and Road and Bridge Fund.

Development Program

The development program is currently proposed to contain 900 units. For property tax estimating purposes, we have assumed that the project will be divided approximately equally between rental and for-sale as the market values and tax revenues would vary. Approximately 463 ownership units and 438 rental units are evaluated in this updated analysis (**Table 1**). The ownership units would be priced to be affordable at 100% of AMI, on average. Some units may be above 100% AMI and some below, but the average would be approximately 100% AMI. For rental units, the average pricing would be set at 80% of AMI. This is subject to change as the County periodically updates its income and pricing and rent policies.

The population of Lake Hill would approximately double, and is estimated at 1,983 residents compared to 984 in the 2018 study (**Table 2**). However, not all of the residents in Lake Hill would be new to the County. Most are likely to move to Lake Hill from unaffordable housing situations elsewhere in the county. All of the operational and fiscal impacts presented in this summary would therefore decrease proportionally according to the percentage of people moving to Lake Hill from other areas of Summit County.

Table 1. Lake Hill 2022 Development Program

| | Units | Avg. Bedrooms per Unit[1] | Avg. AMI | Monthly Rent | Sale Price and Unit Value [2] |
|---|--------------|------------------------------|-----------------|--------------|----------------------------------|
| 2022 AMI and Pricing - Subject to Change | | | | | |
| Ownership Units | | | <u>100% AMI</u> | | |
| SFD | 0.0 | N/A | N/A | N/A | \$0 |
| TH/Duplex | 25.0 | 3.00 | \$99,800 | N/A | \$475,512 |
| MF/Condo | <u>437.5</u> | 1.90 | \$83,800 | N/A | \$307,855 |
| Subtotal | 462.5 | | | | |
| Rental Units | | | <u>80% AMI</u> | | |
| SFD | 0.0 | N/A | N/A | N/A | \$0 |
| TH/Duplex | 0.0 | 3.00 | \$79,840 | N/A | \$0 |
| MF/Condo | <u>437.5</u> | 1.90 | \$67,040 | \$1,886 | \$226,320 |
| Subtotal | 437.5 | | | | |
| Total | 900.0 | | | | |

[1] Townhomes and duplexes are currently proposed with 3 bedrooms. Multifamily condominiums and apartments include studios, 1-, 2-, and 3-bedroom units averaging 1.9 bedrooms/unit.

[2] Sale prices and unit values used for property tax estimates in fiscal impact analysis

Source: Lake Hill Master Plan; Economic & Planning Systems

Table 2. Project Population

| Unit Type | Units | Bedrooms | Household Size [1] | Population |
|---------------------------|--------------|----------|-----------------------|----------------|
| Ownership | | | | |
| SFD | 0.0 | --- | --- | 0.0 |
| TH/Duplex | 25.0 | 3.0 | 2.33 | 58.3 |
| MF/Condo | <u>437.5</u> | 1.9 | 2.20 | <u>962.5</u> |
| Total | 462.5 | | | 1,020.8 |
| Rental | | | | |
| SFD | 0.0 | --- | --- | 0.0 |
| TH/Duplex | 0.0 | 3.0 | 2.33 | 0.0 |
| MF/Condo | <u>437.5</u> | 1.9 | 2.20 | <u>962.5</u> |
| Total | 437.5 | | | 962.5 |
| Total Population | | | | 1,983.3 |
| Population with 436 Units | | | | 984.0 |

[1] EPS analysis of US Census Public Use Micro Sample data on household size by type of housing unit.

Source: Lake Hill Master Plan; Economic & Planning Systems

Fiscal Impact Definitions

The Impact Study uses fiscal impact analysis (FIA) techniques to estimate the impacts on service providers and the County. FIA is a planning and decision support tool that compares the revenues generated by new development to the costs of public services required to serve new development to estimate the annual net fiscal impact. Revenues and costs are estimated using the County and special district budgets for major departments, and an assessment of relationships between each service on that department's revenues and costs.

Development projects or land use changes that have a positive fiscal impact will increase revenues above the costs, allowing the governing entity to improve its level of service through the increase in funding. Since governments generally aim to balance their budget, a project with a negative fiscal impact will require continual reallocations of funds to balance the budget, potentially resulting in a decline in the level of service.

The fiscal impact analysis only estimates the direct impacts of the development on service providers. It does not account for broader economic impacts or the community benefits of additional workforce housing. Evaluating those impacts are beyond the scope of what is required in the County Code regarding impact studies. This update also uses the same fiscal impact model and budget and level of service data from the 2018 study.

Offsite Capital Costs

Offsite impacts are impacts to capital facilities that the Lake Hill development creates outside of the property boundary and may be required to pay for the cost of mitigation. In the 2018 study, the County was proposing to use the Town of Frisco for water service and the Frisco Sanitation District for sewer service for which there were capital cost impacts associated with each connection. Due to the high costs of connecting to those service providers, the County is currently examining the feasibility of having a County-owned water and sewer treatment facility on the adjacent USFS site.

Other offsite capital improvements identified in the 2018 study are also applicable to the 900 dwelling unit development program. These include: a new transit route on the Dam Road and the associated two new transit stops for Lake Hill, an improved bicycle and pedestrian connector from the Dillon Reservoir Rec path to Summit Boulevard, and a pedestrian and bicycle crossing (a bridge) from Lake Hill over the Dam Road to the existing Rec Path.

Fox Tuttle prepared a Traffic Impact Analysis (TIA) in September 2022. The TIA found that growth in background traffic will warrant a traffic signal at Dillon Dam Road and North 10 Mile Road. The traffic signal need is not related to the Lake Hill Development, but instead is generated from growth in existing background traffic. However, the Lake Hill development may increase northbound queuing at this intersection and a right turn lane may be needed. The County should monitor conditions and make that determination when the project is complete. There were no other recommended improvements identified by the Fox Tuttle Traffic Impact Analysis that would be needed at 900 units.

Emergency Service Provider Impacts

This section summarizes the estimated impacts to the major emergency service providers in Summit County. The estimated call increases and net fiscal impact to each provider are summarized in **Table 3**. Emergency service providers could experience a 1 to 2 percent increase in call volume, which is about twice what they were estimated to experience in the 2018 Study under the 436-unit scenario.

Each service provider is also estimated to have a positive fiscal impact however due to the property taxes paid from the development. The Town of Frisco, for example, is estimated to receive \$372,000 in annual sales tax from spending by Lake Hill residents in the town. Summit Fire and EMS would receive \$225,000 in annual property tax. However, if a housing authority or other tax-exempt partner has ownership of some of the project, the property revenues would decrease.

Table 3. Emergency Service Provider Impacts

| Description | 900 Units | | | 436 Units |
|---------------------------------|------------|-----------|---------------|---------------|
| | 2018 Calls | New Calls | Cost per Unit | Increase |
| Communications Operations/E911 | | | | |
| Call Volume | 55,000 | 654.5 | | 0.6% |
| Net Fiscal Impact | | \$37,094 | \$41.22/unit | -\$12.11/unit |
| Summit County Ambulance Service | | | | |
| Call Volume | 3,413 | 40.5 | | 0.6% |
| Net Fiscal Impact | | \$4,409 | \$4.90/unit | \$15.95/unit |
| Summit Fire and EMS | | | | |
| Call Volume | 2,905 | 66.5 | | 1.1% |
| Net Fiscal Impact | | \$65,315 | \$72.57/unit | -\$23.24/unit |
| Summit County Sheriff | | | | |
| Call Volume | 19,784 | 234.7 | | 0.6% |
| Operating Cost Impact* | | \$47,536 | \$52.82/unit | \$54.10/unit |
| Frisco Police Department | | | | |
| Call Volume | 5,919 | 70.8 | | 0.6% |
| Operating Cost Impact | | \$29,208 | \$32.45/unit | \$23.32/unit |

*Gross expenditure increase only; related revenue increases are captured within the General Fund net fiscal impact.
Source: Summit County 911 Dispatch; Summit County Budget; Economic & Planning Systems

School District and Childcare Impacts

Student generation rates were derived from case study research on student enrollment in several neighborhoods known locally in 2018 to have a higher proportion of full-time residents than the County as a whole. A range of student generation rates were estimated from the case studies shown in **bold** in **Table 4** judged to be potentially most representative of the proposed Lake Hill development. A range of 0.10 to 0.20 students per unit was selected. These student generation rates translate to an estimate of 90 to 180 students from the Lake Hill neighborhood (**Table 5**). As noted previously, these students may not be net new to the Summit School District if they are from households already living in Summit County.

Table 4. Student Generation Case Studies, 2018

| Subdivision | Unit Type | Units | Students in 2018 | Students Per Unit in 2018 |
|----------------------------|---------------------|--------------|------------------|---------------------------|
| Peak One | SFD | 69 | 28 | 0.41 |
| Wellington | SFD | 204 | 144 | 0.71 |
| Dillon Valley | Condo | 578 | 197 | 0.34 |
| Dillon Valley | Multi-family | 21 | 2 | 0.10 |
| Dillon Valley | SFD | 335 | 234 | 0.70 |
| Wilderness | SFD/TH/Condo | 1,263 | 205 | 0.16 |
| Pinewood Village I | Multi-family | 74 | 7 | 0.09 |
| Pinewood Village II | Multi-family | <u>45</u> | <u>2</u> | <u>0.04</u> |
| Total/Weighted Avg. | | 2,589 | 819 | 0.32 |
| Selected Range | | | | |
| Low | | | | 0.10 |
| High | | | | 0.20 |

Source: Summit County Assessor; Summit School District; Economic & Planning Systems

Table 5. Summit School District Student Generation

| Description | Units | Generation Rate | | Est. Students | |
|-------------|------------|-----------------|------|---------------|------------|
| | | Low | High | Low | High |
| Unit Type | | | | | |
| SFD | 0 | 0.10 | 0.20 | 0 | 0 |
| TH | 25 | 0.10 | 0.20 | 2.5 | 5 |
| MF/Condo | <u>875</u> | 0.10 | 0.20 | <u>87.5</u> | <u>175</u> |
| Total | 900 | | | 90 | 180 |

2018 Study 75

Source: Economic & Planning Systems

Lake Hill could also generate demand for preschool and other childcare, estimated at 11.5 children per age year in ages 0 through 6 (**Table 6**). Lake Hill zoning is proposed to allow in-home childcare businesses, which could meet some of this need.

Table 6. Preschool/Childcare Demand Estimate

| Description | Calculation | Notes |
|---|---|--------------------------|
| 2021 Population | 31,556 | State Demographer (DOLA) |
| Licensed childcare enrollment (under 6) | 726 | Root Policy 2022 |
| Unduplicated waitlist | 559 | Root Policy 2022 |
| Total demand | 1,285 | |
| Preschool generation rate per capita | 0.041 | |
| Lake Hill Population | 1,983 | |
| Preschool generation rate | 0.041 | |
| Estimated childcare demand | 81.3 | Ages 0-6 |
| | Approx. 11.5 children per age year | |
| 2018 Study | 5 - 6 children per year | |

Source: Economic & Planning Systems; Root Policy Summit County Childcare & After School Care Needs Assessment (2022)

County Fiscal Impacts

The General Fund is the County's primary operating fund. Many County services are paid for out of the General Fund including Public Safety (and Sheriff), Human Services, Elections, and Administration. Lake Hill is estimated to have an essentially neutral fiscal impact on the County, estimated at \$31,359 per year or \$35 per housing unit. The 2018 Study estimated a neutral to slightly negative direct fiscal impact. The increase in density under the new development program generates enough property and sales tax to offset the cost of services.

If any of the development becomes tax-exempt the property tax revenues would be lower potentially shifting the annual fiscal impact into the negative. This would occur if a local government or housing authority has an ownership share (partnership) in the development to help reduce the operating costs for rental housing.

Table 7. General Fund Net Fiscal Impact

| Description | General Fund Impact | 2018 Study 436 Units |
|--|---------------------|-------------------------|
| Revenues | | |
| Existing General Fund (2017-2019 Avg.) | \$35,350,791 | \$35,350,791 |
| Lake Hill Property Tax | \$303,238 | \$95,769 |
| Lake Hill Other Revenue | <u>\$120,623</u> | <u>\$58,710</u> |
| Total Lake Hill Revenue A | \$423,860 | \$154,479 |
| Total Revenues | \$35,774,651 | \$35,505,270 |
| Pct. Change | 1.20% | 0.44% |
| Expenditures | | |
| Existing General Fund (2017-2019 Avg.) | \$33,799,785 | \$33,799,785 |
| Lake Hill Expenditures B | \$392,502 | \$172,244 |
| Total | \$34,192,287 | \$33,972,029 |
| Pct. Change | 1.16% | 0.51% |
| Net Fiscal Impact = A - B | \$31,359 | -\$17,765 |
| Per Unit | \$34.84 | -\$40.75 |

Source: Summit County Budget; Economic & Planning Systems

Other Fiscal Impacts

- **Town of Frisco** – Lake Hill residents would likely make retail purchases in the Town of Frisco. The new population is estimated to generate \$372,000 in annual sales tax to the Town. (\$176,000 in 2018 study) The only additional expense expected for the Town of Frisco compared to the 2018 study is an estimated 71 additional calls to the Frisco Police Department with an additional cost of \$29,200 per year.
- **County Library Fund** – The Library Fund supports the main library at the County Commons in Frisco and two branch libraries located in Breckenridge and Silverthorne. Summit County staff indicated that library staffing needs have not been increasing with population growth and therefore no impact—or a negligible impact—is expected from Lake Hill.
- **Road and Bridge Fund** – All streets within the Lake Hill development will be owned and managed by a homeowners' association (HOA) or a metropolitan district. This fund was therefore not included as part of the Fiscal Impact Analysis. The Road and Bridge Fund would experience a property tax revenue increase of approximately \$20,000 annually. (\$6,600 in 2018 study)