



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: DON REIMER, COMMUNITY DEVELOPMENT DIRECTOR
RE: DISCUSSION OF STRATEGIC PLAN GOAL – 50% RESIDENTIAL OCCUPANCY
DATE: NOVEMBER 10, 2020

Summary and Background: Town Council recently established a Strategic Plan Goal of increasing the proportion of full-time residents of Frisco from the current level up to 50 percent. This work session discussion is intended to further define the goal, and provide potential options that could be utilized to achieve this goal.

Analysis: As this is the beginning of the development of this Strategic Plan Goal and defining the potential outcomes, this staff report includes sections with current data on population and housing, suggestions to assist in further defining the outcomes that could be pursued under this goal, and options that could be considered to meet the goal.

Baseline Housing Data. The United States Census Bureau performs a census every 10 years that gathers data on all residents of the United States. As part of the census, basic demographic information is gathered which can be used to inform public policy decisions at the national, state and local levels. The most recent available census data is from the 2010 census – the 2020 census data has not yet been made available; when the data from the 2020 census is available the below statistical information will be updated. The Census Bureau also provides regular estimates in the intervening years through the American Community Survey.

The 2019 Housing Needs Assessment completed in March 2020 for the Summit Combined Housing Authority is the most recent report prepared for local use that includes information on occupancy of residential properties within the Town. The Needs Assessment presents data based on the four planning basins in Summit County. Frisco is within the Ten Mile basin, which also includes unincorporated areas such as Copper Mountain and Bill's Ranch. The housing data presented in the Needs Assessment was based on data from the American Community Survey and State Demography office. The report (pg. 25) includes the following for the Ten Mile Basin:

	Number of Units	Percent of Total
Housing Units	4666	100
Occupied	1395	30
Vacant	3271	70
Occupied Units	1374	100
Owner Occupied	854	62
Renter Occupied	521	38

It should be noted while the 2019 Housing Needs Assessment estimates a 30 percent occupancy for the residential units in the Ten Mile Basin, that number has limited relevancy to Frisco due to the inclusion of Copper Mountain into these totals – a large percentage of which are vacant.

The Colorado State Demography Office also provides an annual estimate using birth and death data, net migration and changes in the number of housing units, which may be helpful to provide insight into changes in a community. The most recent available data is from July 2019:

	Number of Units	Percent of Total
Housing Units	3607	100
Occupied	1528	42.4
Vacant	2079	57.6

This information may not reflect some of our current occupancy assumptions based on observed changes in the community based on the increase in the short-term rental options such as AirBnb, as these are estimates based on original data. Both the Housing Needs Assessment and the Office of State Demography estimate current statistics based on the most recent (2010) census, which means errors in the estimates would exponentially increase with each additional year from the original data point. Staff anticipates that the 2020 census information will provide a more accurate baseline of occupancy of the residential units within the Town.

Based on the above, if no additional dwelling units are created, increasing full-time occupancy to 50% would be equivalent to converting approximately 275 vacant units to full-time residency. Using the estimate of 2.07 occupants per household, this would result in an increase of 570 residents.

The Housing Needs Assessment notes that 190 ownership units between 80% and 120% AMI, and 950 rental units at up to 80% AMI are needed in the Ten Mile basin by the year 2023. Based on these figures, even increasing to 50% occupancy by full-time residents will not fully satisfy the identified need. However, the Ten Mile basin includes many areas outside of Town limits, such as Copper Mountain and the County Commons, which greatly contribute to the housing needs in the area.

What is a Vacant Unit?

Both the census and State Demography Office classify a vacant unit as a property which is not occupied as a primary residence, and thus includes second homes and short-term rental units. In our community, a “vacant” property could include a number of different iterations, each of which have differing implications on a range of community impacts. Examples of types of residential use that are classified as vacant can include:

- a residence that is occupied 6 months per year by the owner, where the owner identifies a primary residence elsewhere
- a second homeowner that occupies the residence one or two weeks per year
- a short term rental, regardless of whether it is rented once per year or for multiple periods of less than 30 days, 365 days per year
- a property that is rented out on a month to month or seasonal basis (even if to a resident)

At the same time, a property owner that identifies a residence in Frisco as their primary residence, but lives in it only six months per year and leaves it vacant or short-term rents it the remainder of the year is still classified as a full-time resident using these methods. As the Town pursues the goal of increasing the proportion of residences occupied on a full-time basis, it will be important to understand and be able to define the different types of residential use, and the means to measure and quantify the various types of occupancy. Population statistics are based on the census results and where the respondent declares their residence, which will not necessarily track exactly with the housing occupancy statistics.

Population and Demographic Information

Another consideration when discussing housing policy and social equity is the demographic characteristics of the community. As the 2020 census results have not been published, the best available information is from the State Demography Office, from July 2019. A Community Profile may be generated from the Demography Office website, and is included as Attachment 1. A few statistics from that report and other sources on the Demography Office website include:

- Town Population (2018): 3135
- Population increase 2010 – 2018: 441
- Median Age: 48.8 (and increasing)
- Population under age 5: 1.3%
- Population 18-65: 85.7%
- Population 65+: 13.4%
- Households that speak Spanish at home: 8%
- Percentage White: 90.1; Hispanic: 5.2; Black: 0.3

The 2019 Housing Needs Assessment includes additional information related to employment, housing, commuting, and related factors that should also be reviewed when considering policies related increasing the proportion of full-time residents in Frisco. Because the median age in Frisco is increasing, housing options for seniors may also be considered.

Existing Workforce Housing

There are currently 154 privately owned residential units that are deed restricted to occupancy only by local employees. These deed restrictions vary in requirements, but many also include limitations on income of the occupants, and may also include an appreciation cap on the sale value of the property. The Town of Frisco also manages 16 residential units that are not deed restricted. 12 are reserved for Town employees, and the other 4 are available for persons employed within the Ten Mile Basin. These 170 units combined represent approximately 5% of the dwelling units within the Town.

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Short-term Rentals (STR)

The Town adopted regulations on short-term rental of residential properties in 2019. Since that time, the Town has been working with owners and managers of STRs to license their properties and ensure that they are operating in accordance with the regulations, including limitations on occupancy, compliance with parking requirements, and payment of lodging and sales taxes.

Currently, there are 577 STR licenses active within the Town. Many are concentrated in condominium developments, although there are STRs located in most other residential areas of Town. A map showing locations of STRs is included as Attachment 2.

The following data may be helpful:

- Number of licenses: 581 (approximately 16% of the dwelling units in Town)
- Unit types:
 - Studio: 12 (3%)
 - 1 bedroom: 65 (11%)
 - 2 bedroom: 269 (47%)
 - 3 bedroom: 164 (28%)
 - 4 bedroom+: 67 (11%)
- Minimum night stay: 97% 1-7 nights (the other 3% has blocked calendars for stay minimum 30 days)
- Total number of bedrooms: 1,393
- Total maximum occupancy: 4,698
- Average occupancy: 8%
- Estimated average annual Lodging tax per STR: \$382
- Estimated average annual sales tax per STR: \$326

Beginning in June 2020, Town staff began contacting property owners that had recently purchased property in Frisco to inform them about STR regulations and the requirement to obtain an STR license. Since that time, out of 149 new property owners, 53 have obtained an STR license (36%).

Potential Options to increase Full Time Residency

The Town continues to pursue collaborations to develop additional deed restricted residential dwelling units within the Town, utilizing 5A funds. There are currently a total of 170 deed restricted or Town managed employee units. As noted above, increasing the proportion of dwelling units occupied by full-time residents would require approximately 275 additional units based on current statistics. It is unlikely that building of new residential units using 5A funds alone would be sufficient to achieve this goal, so other options may need to be considered.

There are several regulatory options or other programs which could be employed to increase the proportion of full-time residents in Frisco. As this is a preliminary discussion, the various options presented below is intended to stimulate discussion. With each, there are potential benefits and potential impacts which are not fully detailed or analyzed in this report.

Regulatory programs. Regulatory programs are policies which could be incorporated into Town Code and apply to properties through regulations such as short-term rental regulations, or the Unified Development Code.

- Short-term Rental (STR) Regulations. Changes to the STR regulations may make additional properties available to full-time residents.
 - Place limitations on the number of STR licenses
 - Significantly increase the STR license fee
 - Amend STR occupancy limitations to decrease the maximum permitted occupancy
- Inclusionary zoning. Require residential developments of a certain size to include a percentage of deed restricted units as part of the development approval process
- Commercial linkage. Require commercial developments to create workforce housing units to offset housing required for a portion of the generated employees.
- Density Bonus. Adjustments to the existing density bonus regulations to require additional deed restricted units in exchange for market rate bonus units
- Amendments to the Accessory Unit regulations to encourage creation of additional units
- Require that lock-off units are deed restricted for occupancy by a local employee
- Reduce floor area, parking, and other code regulations related to workforce housing units.
- Change deed restriction provisions to allow remote workers to qualify as occupants.
- Change deed restriction provisions to require a minimum number of occupants or give priority to larger households.

Any of these Code changes could result in a net increase in the number of full-time residents; however, there may be associated impacts to each that should be evaluated to assure that the proposed change is consistent with Strategic Plan and other adopted plans and goals.

Incentive Programs. The following programs may incentivize property owners to create new deed restricted units, rent long-term rather than short term, or place an occupancy deed restriction on an existing residence.

- Housing Helps program. Adjust criteria that will encourage more participation in the program.
- Utilize Housing Helps funds in a program to subsidize rents for short-term rentals that are being made available for long-term rental
- Consider partnerships within the Frisco area with large employers to convert STR into long-term rental units, even outside of Town limits (e.g. Copper Mountain)
- Offset water and / or sewer tap fees and building permit fees when a deed restricted property is being built
- Reduce water rates for full-time residents

Marketing and Facilities. The following suggestions may encourage more people to make Frisco their primary residence.

- Improve broadband and cellular service to make it easier to live here and work remotely
- Resident rates at Town facilities such as the marina and Nordic center
- Partner with school districts and childcare facilities to improve education opportunities, or consider funding to families to improve access to child care or alternative education opportunities
- Continue development of recreational facilities, parks and trails that could further promote Frisco as a great place to live
- Consider economic development opportunities that attract more diverse businesses that are not necessarily driven by tourism

Financial Impact: Several of the programs identified above would require the use of financial resources (housing funds) or reduce Town revenues from fee waivers or reduced fees.

Alignment with Strategic Plan: The goal of increasing the proportion of residences occupied on a full-time basis is part of the Inclusive Community goal in the Strategic Plan. Achieving the goal could also have impacts on the Thriving Economy, Sustainable Environment and Vibrant Recreation goals in the Strategic Plan.

Environmental Sustainability: An increase in the number of residents that live and work in Frisco may have some positive Environmental impact, such as a reduction in vehicle emissions resulting in fewer vehicle miles traveled by those residents. Depending on the options pursued, there may be other environmental impacts that will be evaluated with those strategies.

Staff Recommendation: Consider the information presented above, and direct staff to further investigate one or more of the options to achieve the Strategic Plan Goal of increasing the proportion of full-time residents to 50%.

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

Nancy Kerry, Town Manager

Attachments:

Attachment 1: Community Profile from Colorado Demography Office

Attachment 2: Map of Active STR licenses

Attachment 1 Community Profile

Attachment 2

STR Location Map

