



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL
FROM: BILL GIBSON, ASSISTANT COMMUNITY DEVELOPMENT DIRECTOR
EVA HENSON, HOUSING MANAGER
RE: WORKFORCE HOUSING DISCUSSION FOLLOW-UP
DATE: SEPTEMBER 28, 2021

Summary and Background: On September 14, 2021, Town Council held a work session to discuss various housing strategies that focused on specific projects and programs, which staff believes will have the most impact in Frisco and should be the focus of our efforts. The purpose of this staff memorandum is to summarize and confirm the Council's direction from that meeting.

Analysis:

DEVELOPMENT OPPORTUNITIES AND PARTNERSHIPS

Short-Term Actions (1 – 3 years)

- 619 Granite Street: Council expressed its continued support for this housing project and directed staff to continue working with Colorado Department of Transportation (CDOT) on the operational agreement details. Council also directed staff to explore alternative funding opportunities for this project, including soliciting an independent developer. Potential timeline to completion is by mid to late 2023.
- 602 Galena Street: Council directed staff to pursue this opportunity and a potential partnership with the State of Colorado Division of Employment (CDLE) and Summit County.
- Lake Hill: During its joint work session with the Summit County Commissioners, Council expressed general support for the construction of workforce housing and the County proceeding forward with a rezoning of the Lake Hill property. Council also made a commitment to negotiating a water agreement, to include provisions that protect Frisco's community character and allow for Town input on the details of the project. Council directed Staff to continue working with the County, with regular updates on progress.
- 275 Granite Street: Council expressed interest in selling this property, with further consideration needed to determine what encumbrances, such as workforce housing requirements, would be placed on the property through a covenant or as part of a purchase and sale agreement.

Mid-Term Actions (1 - 5 years)

- First & Main Building, 113 Granite Street, and the Granite Street Alley: A variety of options were discussed including selling some properties, redeveloping properties for housing and/or commercial uses, expanding the historic park and park green spaces, and creating a historic park campus with opportunities for creative arts uses. Further discussion and consideration is needed; this item is currently scheduled for further discussion at the October 12, 2021 meeting.

Long-Term Actions

- Peak One School: A public private partnership or acquisition of the Peak School's Main Street property is dependent upon the outcome of a public vote on a proposal to relocate the school to the Peninsula Recreation Area (PRA). A discussion about housing development opportunities on this site is premature at this time.
- Sale of Other Town Owned Properties: Some Council members expressed interest in reevaluating the Town's ownership of certain units within its employee housing portfolio. There was also an interest expressed in reevaluating the Town's ownership of other properties such as the Bailey Mining Claims.

POLICY AND REGULATORY MEASURES

Short-Term Actions (1 - 3 years)

- Parking Requirements: Council desires a paradigm shift in parking policy that includes reducing the amount of parking required for workforce housing projects. This will involve drafting proposed code amendments, a Planning Commission public hearing, and Council adoption of an ordinance.
- Incentivize STRs to LTRs: A program to incentivize conversion of short-term rentals to long-term rentals is a high priority.
- Housing Assistance Programs: In addition to current efforts such as Housing Helps 2.0, Council directed Staff to also pursue opportunities for long-term rentals, such as master leasing existing apartments.
- Adaptive Re-use of Hotels: Council identified this as a high priority.
- Workforce Housing Overlay District: Council supported the establishment of a zoning overlay district to incentivize workforce housing projects. This will involve drafting proposed code amendments, a Planning Commission public hearing, and Council adoption of an ordinance.

Mid-Term Actions (1 - 5 years)

- Inclusionary Zoning: Council directed Staff to amend the Town's zoning regulations after further research into the success and failures of the programs in other communities. Next steps include hiring a qualified consultant to prepare a nexus and feasibility study, followed by the drafting regulations, a Planning Commission public hearing, and Council adoption of an ordinance.
- Commercial Linkage: Commercial linkage is of lessor priority than Inclusionary Zoning; however, a nexus and feasibility study for both programs could be addressed concurrently.

- Small Lot Development: Council identified a need to revise the Cabin Housing regulations to better incentive the construction of smaller sized homes and workforce housing. Code amendments will require a Planning Commission public hearing and Council adoption of an ordinance.

Long-Term Actions

- Density Bonus: Amendments to these regulations are an option but not a high priority at this time.
- Accessory Dwelling Units: Amendments to these regulations are an option but not a high priority at this time.
- Short-Term Rentals: Council expressed interest in stronger short-term rental regulations, such as capping the number of licenses and/or location of licenses. Council did not identify this as a high priority at this time.
- Development Standards Tiny Homes: New regulations to accommodate tiny homes are a low priority and Council did not support new regulations to promote van or RV living.
- Land Banking: Council acknowledged low inventory and high prices as a challenge to future land banking. Council did not identify this as a priority action item.
- Reduce Density: Amendments to these regulations are an option but not a high priority at this time.

FUNDING AND FINANCE

Short-Term Actions (1 - 2 years)

- SCHA 5A Tax: Council has previously expressed its support for a ballot initiative this November to extend the 5A Tax.
- Real Estate Investment Fee: Council has the opportunity to adopt a policy to allocate a certain amount or percentage of the REIF revenues toward housing related expenditures. Adoption of such a policy can be discussed further during the Council's upcoming budget review process. Some Council members expressed interest in reevaluating the Town's "Locals Exemption" from part or all of the REIF for Qualified Purchasers.
- Short-Term Rental Excise Tax: Council supported establishing an STR excise tax of 7.5% as a high priority. Such a tax will require a public vote at the April 5, 2022 election. In order to place this item on the ballot, Council would have to Notify the County of intent for an April 5, 2022 coordinated election by December 26, 2021, and certify the ballot content to the County by January 25, 2022.

Mid-Term Actions

- Affordable Housing Development Impact Fees: Time did not allow for Council discussion on this topic at its work session.
- Housing Impact Fee: Time did not allow for Council discussion on this topic at its work session.

- Short-Term Rental or Second Home Tax: Time did not allow for Council discussion on this topic at its work session.

Long-Term Actions

- State of Colorado Legislative Affordable Housing Grants: Staff will continue to monitor the roll out of these state programs and will pursue funding opportunities as they become available.
- Federal Infrastructure Bill: Staff will continue to monitor federal legislation and will pursue funding opportunities as they become available. Council approved a contract with Squire Patton Boggs to expand their advocacy services on behalf of the Town at the federal level.
- Low Income Housing Credits: Currently there are no Town housing projects eligible for these programs. These credits could be explored with future projects.

Financial Impact: As noted in the housing work session memorandum, financial analysis will be ongoing, depending on the extent of participation in each program. Each of the programs or initiatives listed above will have a budget impact. Additionally, there are a number of funding sources becoming available at the State and Federal levels, as mentioned above, which could be used to offset some of these costs.

Alignment with Strategic Plan: As noted in the housing work session memorandum, workforce housing is specifically identified in the *Inclusive Community* priority of the Strategic Plan. However, as mentioned at the outset of this report, having an adequate supply of workforce housing in the community are critical to each of the Strategic Plan Priorities. Workforce housing is directly related to the *Thriving Economy, Vibrant Culture and Recreation, and Quality Core Services* priorities, as having skilled employees is vital for both the private and public sector of our community. Additionally, having an adequate supply of workforce housing within the community has a positive impact on the *Environmental Sustainability* priority, demonstrated through a reduction in vehicle miles travelled by commuting employees, and therefore, vehicle emissions.

Environmental Sustainability: Ensuring availability of workforce housing has indirect benefits to the environment.

Staff Recommendation: Staff is seeking Town Council's input and confirmation of the aforementioned housing strategies that staff should focus on as action items moving forward.

Approved By: This report has been reviewed and approved by:

Don Reimer, Community Development Director
Bonnie Moinet, Finance Director
Tony O'Rourke, Town Manager

Attachments:

Attachment 1 – Staff Memo 9.14.21