



Memorandum

TO: Town Council

FROM: Community Development Department

DATE: September 6, 2016

SUBJECT: Ordinance No. 23, Series 2016, an Ordinance to amend Section 12-13-5, Employee Housing; Employee Housing Unit Deed Restriction Exchange Program (Exchange Program), Section 12-23-6, Commercial Linkage; Methods of Mitigation, and Section 12-24-6, Inclusionary Zoning; Methods of Mitigation, Vail Town Code, concerning the payment of Fees in Lieu of providing Employee Housing and setting forth details in regard thereto.

I. SUMMARY

This change in policy is proposed to better define the circumstances under which a fee in lieu payment may be accepted by the Vail Town Council for mitigation of employee housing obligations. Currently, fees in lieu may be proposed to satisfy these obligations largely at the discretion of an applicant. The proposed policy would change the circumstances under which fees in lieu may be accepted. As proposed, fees in lieu will only be accepted for fractional requirements, i.e., less than one employee, or less than 438 square feet (partial or remainder obligations) with the only exception being for participation in the Exchange Program involving Employee Housing Units with deed restrictions approved prior to July 22, 1994.

The purpose of the amendment is to define the acceptance of fees in lieu for employee housing mitigation requirements under:

- The Exchange Program involving Employee Housing Units as:
 - Mitigation for any fractional portion of the required square footage not provided by a proposed EHU, or
 - Mitigation in full only for Employee Housing Units with deed restrictions approved prior to July 22, 1994. These deed restrictions contained the following language: *"if the unit is rented, it shall be rented only to tenants who are full time employees..."*;
- The Commercial Linkage Program for fractional requirements (partial or remainder obligations) less than one employee;
- The Inclusionary Zoning Program for fractional requirements (partial or remainder obligations) less than 438 square feet.

II. BACKGROUND

In February of 2016, the Town Council requested background information and began discussions on how the Town of Vail calculates its annual fee in lieu for mitigation of employee housing impacts (Vail Town Code Sections 12-23, 12-24) and the Employee Housing Unit (EHU) Exchange Program (Section 12-13-5). Several work sessions have been held since then, including a joint work session with the Vail Local Housing Authority (VLHA) to determine if the fees charged are adequate, are achieving their goals, and what changes could be made to improve performance towards meeting those goals.

The VLHA has been tasked with making recommendations to the Council on options for changes to the fee in lieu policy. On June 27, 2016 staff presented to the Planning and Environmental Commission (PEC) the options under consideration by the VLHA for feedback. The VLHA has considered this feedback and at their July 26, 2016 voted to forward their proposed changes to the PEC for their recommendation to the Town Council.

III. PLANNING AND ENVIRONMENTAL COMMISSION RECOMMENDATION

On August 8, 2016 the Planning and Environmental Commission (PEC) recommended that the Vail Town Council **approve**, Ordinance No. 23, Series of 2016, upon first reading, with a vote of 5-0.

This recommendation was based upon the review of the criteria outlined in Section VI of the August 8, 2016 memorandum to the Planning and Environmental Commission, and the evidence and testimony presented.

- I. That the amendment is consistent with the applicable elements of the adopted goals, objectives and policies outlined in the Vail comprehensive plan and is compatible with the development objectives of the town; and
- II. That the amendment furthers the general and specific purposes of the zoning regulations; and
- III. That the amendment promotes the health, safety, morals, and general welfare of the town and promotes the coordinated and harmonious development of the town in a manner that conserves and enhances its natural environment and its established character as a resort and residential community of the highest quality.

IV. ACTION REQUESTED OF THE TOWN COUNCIL

Should the Vail Town Council choose to approve Ordinance No. 23, Series of 2016 upon first reading, the Planning and Environmental Commission recommends that the Council passes the following **motion**:

“The Vail Town Council approves Ordinance No. 23, Series of 2016, an ordinance amending Section 12-13-5, Employee Housing; Employee Housing Unit Deed Restriction Exchange Program (Exchange Program), Section 12-23-6, Commercial Linkage; Methods of Mitigation, and Section 12-24-6, Inclusionary Zoning; Methods of Mitigation, Vail Town Code, concerning the payment of Fees in Lieu of providing Employee Housing and setting forth details in regard thereto.”

Should the Vail Town Council choose to approve Ordinance No. 23, Series of 2016 the Planning and Environmental Commission recommends the Council makes the following **findings**:

1. That the amendment is consistent with the applicable elements of the adopted goals, objectives and policies outlined in the Vail comprehensive plan and is compatible with the development objectives of the town; and
2. That the amendment furthers the general and specific purposes of the zoning regulations; and
3. That the amendment promotes the health, safety, morals, and general welfare of the town and promotes the coordinated and harmonious development of the town in a manner that conserves and enhances its natural environment and its established character as a resort and residential community of the highest quality.

V. ATTACHMENTS

- A. Ordinance No. 23, Series of 2016
- B. PEC Memorandum, dated August 8, 2016, with attachments
- C. August 8, 2016 PEC meeting results