



Memorandum

To: Vail Town Council
From: Vail Local Housing Authority
Date: April 7, 2020
Subject: Recommendation for Out of Town Housing Mitigation Policy Amendment

1. SUMMARY

The purpose of this memorandum is to forward the recommendation of the Vail Local Housing Authority on possible amendments to the Town's adopted out of town housing mitigation policy. This request is in specific reference to a policy amendment proposed which would allow developers to propose to meet inclusionary zoning and commercial linkage obligations out of the town for consideration.

On February 11, 2020, the Vail Local Housing Authority heard a request by representatives of Vail Health proposing possible amendments to the Town adopted out of town housing mitigation policy. The Vail Local Housing Authority voted unanimously 4-0 to forward a recommendation of support for further consideration of the policy amendments.

2. BACKGROUND

The Vail Town Council adopted inclusionary zoning and commercial linkage as two primary means of mitigating the increased need for workforce housing resulting from new residential and commercial development in Vail. In doing so, three methods of mitigation were adopted and include:

- 1) deed restricting dwellings units, both on-site and off-site
- 2) remitting a fee in lieu payment, and
- 3) conveyance of vacant property into a land bank.

More specifically, however, when providing deed-restricted dwelling units off-site, said units *"may be provided off site within the Town of Vail."* This adopted code provision prohibits an applicant from proposing mitigation of their workforce housing obligation outside the Town of Vail municipal boundaries.

The Vail Town Council is the policy making body of the Town of Vail. The applicant's request to expand the methods of mitigation to include out of town deed-restricted homes is a change in policy. As such, proposed changes in policy should first be considered by the Vail Town Council. If the Town Council determines a change in policy warrants further consideration, policy making direction can be provided and the town staff will prepare options for policy implementation to be presented to the Town's Planning and Environmental Commission for

evaluation. The Planning and Environmental Commission will then be charged with forwarding a policy implementation recommendation to the Vail Town Council for consideration and adoption.

3. RECOMMENDATIONS

The Vail Local Housing Authority, acting in an advisory role to the Vail Town Council, has reviewed the applicant's request to amend the out of town method of mitigation policy. As a result, the Vail Local Housing Authority unanimously recommends that the Vail Town Council directs the town staff to prepare policy implement options which expand methods of mitigation for inclusionary zoning and commercial linkage to include out of town options.

In forwarding a recommendation of approval, the Vail Local Housing Authority recommends the following factors be included in policy implementation options:

- 1) Discretion for allowing out of town mitigation shall remain with the decision-making board, subject to demonstrated compliance with prescribed criteria for review,
- 2) Considerations should be included to address the unintended consequence of increased need for transportation to get employees Vail,
- 3) Increased mitigation rates (1.5 or 2x) should be included for out of town mitigation, and
- 4) Measures should be included to respond to non-compliance and enforcement issues outside the Town's jurisdiction.
- 5) Terms of the deed restriction should be amended to ensure the town's desired objectives are achieved.

4. NEXT STEPS

If instructed to do so, the town staff will collaborate with representatives from Vail Health and similar stakeholders and potentially affected parties to develop policy implementation options and land use regulation amendments. Said options and amendments will be presented to the Planning and Environmental Commission and the Vail Local Housing Authority for feedback and comment. In the end, the town staff will return to the Vail Town Council for final decision making on this policy matter. It is estimated this process will require approximately 90 days to complete.

5. ACTION REQUESTED

Does the Vail Town Council support the recommendation of the Vail Local Housing Authority to further explore options for expanding the methods of mitigation for inclusionary zoning and commercial linkage to include out of town mitigation?

If yes, what, if any, specific policy direction does the Vail Town Council have for the town staff and the Planning and Environmental Commission as they develop policy implementation options and land use regulation amendments for further consideration and adoption?



February 5, 2020

Mr. George Ruther, Director
Town of Vail Housing Department
75 South Frontage Road
Vail, CO 81657

Vail Local Housing Authority
Town of Vail
75 South Frontage Road
Vail, CO 81657

RE: Town of Vail Housing Regulations

Good Day:

The purpose of this letter is to outline an upcoming conversation with the Housing Department staff and the Vail Local Housing Authority regarding potential amendments to the Town's commercial linkage and inclusionary zoning regulations. This letter has been prepared on behalf of Vail Health. Amendments to be discussed pertain specifically to the methods of mitigating housing requirements. We look forward to initiating this conversation at the Authority's meeting on February 11th.

The Need for these Amendments

Over the past many years, the Town's efforts to address our housing issues have been robust. By the development of projects like Vail Commons, Buzzard Park and Chamonix, or by the Vail InDeed program, or by the Inclusionary Zoning and Commercial Linkage housing regulations, the Town's efforts have dramatically increased the Vail's inventory of attainable/workforce housing. In addition to providing housing for our local workforce, these housing units have had a very direct impact on the Town's goal of increasing local population in Vail and in doing so strengthen our sense of "community".

Notwithstanding the success of these initiatives, land available for the development of new housing in Vail is severely limited and ultimately there is a limit to the number of units that can be realized by the Vail InDeed program. Currently Town regulations require housing mitigation to be provided within the Town boundaries. The reality is that it is increasingly difficult, and is expected to become more difficult, to provide housing mitigation within the Town of Vail.

The purpose of proposed amendments to the Town's housing regulations is to allow for housing mitigation to be provided outside of Town boundaries.

The idea of providing housing down valley is not a new concept. In the 1990's Vail owned the 5th Filing of Berry Creek Subdivision in Edwards and prior to selling the land to Eagle County, the Town actively considered the development of a workforce housing project on this land. This past year the Town acquired deed restrictions on rental units in the 6 West Apartments in Edwards. Resolution No. 30 of 2018 outlines the Town's housing policies and includes Policy #2 "we use public/private partnerships and actively pursue local and regional solutions to increase the supply of deed-restricted homes". Finally, the 2018 community survey found that 70% of respondents were very supportive or supportive of "allowing developers to meet their deed-restricted housing requirements outside of town boundaries". The idea of providing housing mitigation outside of town boundaries is clearly supported these considerations.

The Proposal

The Town's Inclusionary Zoning and Commercial Linkage ordinances generally stipulate that a minimum of 50% of required housing mitigation be provided "on-site" with the balance being provided either by payment of cash-in-lieu or by providing deed restrictions on off-site units "within the town". The idea behind this amendment proposal is to modify these regulations to allow for required housing mitigation to be provided down-valley, or outside of Town boundaries.

While in concept this is a simple change, there are many nuances that would need further evaluation. Examples of these include considerations such as:

Location – Allowing for mitigation outside of Town boundaries will need to be defined. While mitigation outside of town boundaries presumes down valley within Eagle County (and not Summit County), further limitations on where mitigation may be appropriate. For example, mitigation in Minturn, Avon or Edwards may be acceptable, while housing in Bond or McCoy may not.

Transportation and Parking – A consequence of providing housing mitigation down valley could be worsening traffic and parking conditions within Vail. In evaluating the suitability of down valley locations, consideration should be given to a site's proximity to regional transit and/or the potential for employee shuttles to provide transport to and from Vail.

For Sale or Rental Units – Should down valley mitigation be allowed for both rental unit and for-sale housing units?

Mitigation Ratio – Would providing housing mitigation down valley prompt a need to change or increase mitigation rates?

Discretionary or By-Right – Parameters or standards specific to down valley mitigation will certainly be necessary. Once such parameters or standards are established, a question to be addressed is whether down valley mitigation requires review and approval by the Town or whether down valley mitigation is permissible "by-right" subject to a proposal conforming with such standards.

If it is decided to pursue the idea of allowing down valley mitigation, these and other considerations would be evaluated during the process of drafting amendments to existing regulations.

Benefits of Proposed Amendments

It is acknowledged that for many reasons housing mitigation provided within the Town is the preferred option. That said, providing mitigation within the Town is fraught with challenges and there are a number of benefits that would be realized by down valley housing:

- Proposed amendments are a direct response to the reality of Vail's limited land resources and the finite availability of homes for the Vail Indeed program.
- Allowing for down valley mitigation may result in the construction of new workforce housing, increasing the inventory of restricted housing units is a positive outcome.
- The shortage of workforce housing is a problem for Vail, it is also a problem for all of Eagle County. The creation of new housing stock, be it in Vail or outside of Vail, is a benefit toward addressing what is a regional problem.
- Down valley housing units can provide housing for employees who work in Vail, and in doing so help address the acute employee shortages that currently affect many Vail employers.
- The amendments directly address elements of the Town's 2018 Housing Policies and are supported by the 2018 Town Survey.
- Down valley units provide an alternative for those who want to work in Vail but may not want to live in Vail.

We look forward to our upcoming discussion on February 11th.

Regards

Thomas A. Braun

CC: Craig Cohn, Vail Health