



Memorandum

To: Vail Town Council

From: George Ruther, Housing Director

Date: January 5, 2021

Subject: Lot 3, Middle Creek Deed-Restricted Housing Development – Update on Due Diligence

1. SUMMARY

The purpose of this agenda item is to provide an update on the due diligence work completed for a potential deed-restricted housing development on Lot 3, Middle Creek Subdivision.

The potential for developing deed-restricted homes on Lot 3, Middle Creek supports the Vail Town Council's goals, initiatives, and priorities outlined in the Vail Town Council Action Plan 2018 – 2020. Specifically, accommodating the need for housing within the community as the Town Council has determined housing is critical infrastructure.

Based upon the findings of the due diligence work, the Vail Town Council is being asked to provide further instruction to the Town staff in anticipation of preparing a development application for deed-restricted housing on Lot 3, Middle Creek.

2. BACKGROUND

On October 6, 2020, the Vail Town Council instructed the Town staff to enter into a professional services agreement with Triumph Development to complete due diligence work for Lot 3, Middle Creek Subdivision. A project budget in an amount not to exceed \$25,000 was authorized. The due diligence work was to be completed in anticipation of the Town pursuing a potential public/private partnership to develop deed-restricted housing on the site. To that end, the Town staff prepared and executed an agreement with Triumph Development. The contracted scope of work included:

Contractor's Duties

During the term of the Agreement, Contractor shall perform the following due diligence duties for Lot 3, Middle Creek Subdivision, as directed and authorized by the Town:

- Project management of due diligence work for Lot 3, Middle Creek Subdivision.
- Prepare development schedule, including due diligence, design, entitlement, contracting and construction activities that outlines the required and logical sequence of work and predevelopment costs.
- Arrange and coordinate required sketch design and development consultants including, but not limited to, geotechnical engineer, civil engineer, as-built topographic survey, wildlife experts, and traffic consultant to provide soil testing

reports, geological hazard analysis and reports, environmental impact reports, and traffic studies.

- Prepare project-level development budget including a reasonable estimate of construction hard costs, all soft costs, entitlement costs, impact fees, design/consultant costs, insurance costs, financing costs and all other soft costs to execute the project.
- Prepare preliminary sketch site plan and building designs for review and evaluation.
- Develop a preliminary construction cost model of schematic site plan and building design.
- Coordinate with the Town's Community Development staff for feedback on the sketch design and compliance with Town Code.

Contractor's Deliverables

In performance of the duties described above, Contractor shall deliver the following items to the Town, during the timeframes established by the Town:

- Development schedule highlighting sequence of activities and critical path elements
- Probable estimate of predevelopment cost
- Preliminary site analysis detailing the constructability and feasibility of Lot 3, Middle Creek Subdivision, to include commissioning the below consultant's reports needed for development:
 - Geotechnical Soils Report
 - Civil Engineering due diligence and preliminary utility and grading plans
 - As-built topographic survey, including all easements and utility locations
 - Site Specific Geologic Hazards Analysis (slope stability)
 - Preliminary Environmental Assessment Report
 - Traffic Study

3. INITIAL FINDINGS OF DUE DILIGENCE

The following initial findings are the result of the due diligence work completed on Lot 3, Middle Creek Subdivision by Triumph Development

Current Title and Survey

Peak Land Consultants has completed an updated ALTA survey with topography
- <https://www.dropbox.com/s/gfbr6gdd7amrotl/MC%20Lot%203%20ALTA.pdf?dl=0>.

This survey was completed using Land Title Guarantee Company's title commitment prepared at the beginning of December
- <https://www.dropbox.com/s/hrqamcy3umekmw4/MC%20Lot%203%20Title%20110220.pdf?dl=0>.

The most notable finding from this work is a Platted Building Envelope Line that transects the property east to west. This line appears to be drawn on the north/uphill side of the current Middle Creek Apartments and CGL improvements. Residential development on the site requires this building envelope line can be amended and moved to the north to accommodate

an appropriately sized building envelope. An amendment can be considered concurrently during the entitlement process.

There is also a sewer easement accommodating the existing CGL building that likely needs to be amended and relocated. Confirmation from Eagle River Water & Sanitation District is pending.

Civil Engineering Due Diligence

Alpine Engineering has completed an initial civil engineering sketch plan for the site - https://www.dropbox.com/s/fa8wz7ek5xalbzn/Middle%20Creek-%20Civil-SD_11-20-20.pdf?dl=0

The most notable challenge of the site is the steeply sloping topography above the current retaining walls - with grades exceeding 40% in most places. Due to this condition, the improvements are recommended to be moved to the south side of the site as much as possible. This will allow for minimal excavation and cuts into the hillside, and the use of the new building foundation as retaining walls for the hill to the north.

It is recommended that vehicular access to the site utilizes the existing curb-cut, mimicking the CGL access and double-loaded parking configuration. However - in order to provide the required emergency vehicle access, minimize retaining walls, and cuts into the hillside with the building to the north – it is advised that the surface parking lot be shifted to the south and into the 20' front setback. Given the substantial width of the right of way in front of the site, as well as the added benefit of minimizing the height of retaining walls and excavation - there appears to be ample justification for this site planning option.

The remaining on-site parking should tuck under the building in order to keep the improvements to the front of the site.

Emergency vehicle access can be provided along the entirety of the south side of the building with a minimum, 26' wide drive lane, as well as an emergency vehicle turnaround and staging area at the east end of the building. A series of stepped retaining walls at the east end could be accommodated to allow for building access.

Architect Due Diligence

359 Design was selected to prepare conceptual building designs and floor plans. The most recent draft of the architectural drawings can be found at - https://www.dropbox.com/s/94a810i00t5xaoq/Children%27s%20Garden%20Site_Concept%20123020.pdf?dl=0.

The prominent location of the development site adjacent to the main Vail Roundabout is of importance. In response, an architectural plan should include a level of tuck under parking on the ground floor with an elevator lobby near the center of the building and stair towers on both ends to accommodate required egress. To amenitize the homes, ground level storage is recommended for the residents on this level at the front end of the parking spaces.

Given cost considerations and the steep topography of the site, a half level of units facing south on the 2nd floor of the building is recommended. The north wall of the second level could then function as a foundation/retaining wall for the hillside to the north.

At the third level of the building, the site allows for a double loaded corridor and a full floor-plate of units, with a community outdoor gathering space at the rear that is accessed from the indoor community gathering area at the center of the floor.

The fourth and fifth levels of the building are also full floor-plates of units with community amenities and services such as laundry rooms and vending located at the center of each floor.

A total of 50 to 70 units can be accommodated within the building mass as drawn. As drawn, a combination of 49 two-bedroom units and 7 one-bedroom units are recommended. The units are designed to easily accommodate households comprised of roommates with two residents per bedroom with individual lockable closets and bathrooms that are roommate friendly. At double occupancy for each bedroom, the building would accommodate 210 residents.

The site configuration and topography dictate the maximum amount of vehicles that can be reasonably accommodated on the site. As drawn, with approximately 56 total parking spaces, the new building is parked at a ratio of one parking space per unit. Based on prior parking studies performed at recent apartment developments in Vail, and discussions with rental property managers, this amount of parking is likely adequate for the site - particularly at this location given that it is within convenient walking distance to Vail Village and Lionshead and on the West Vail bus route. A parking study is currently underway of the Middle Creek Village Apartments and the Lionsridge Apartments to further understand the transportation needs of apartment residents. The recently amended parking policies and adopted revisions to the Vail Town Code were directly intended to accommodate the proposed type of development in these types of locations.

Consultants Reports

The Town Planning Department was able to find several consultants reports from the development of Middle Creek Village Apartments that aided in the due diligence planning process. Links to said reports are provided below:

Geotech and Geohazards-

<https://www.dropbox.com/s/0739at5xeilhwxp/MIDDLE%20CREEK%20VILLAGE%20PEC%20SUBMITTALS%202002%20PART%204%20LEGAL%281%29%20-%20Geo%20%26%20Hazard.pdf?dl=0> - The site is mapped within geologically sensitive area of moderate rockfall hazard. However, prior geohazard investigations did not identify substantial rockfall risk or a significant rock outcropping that would create substantial permanent risk. According to the Vail Town Code, risk can be mitigated with grading and upgraded foundations to deal with any surface rocks that are dislodged in the future. The primary geohazard, which is the debris flow risk from Middle Creek, does not appear to affect the Lot 3 Site.

EIR -

<https://www.dropbox.com/s/cnyggvjpe6y5ss0/MIDDLE%20CREEK%20VILLAGE%20PEC%20SUBMITTALS%202002%20PART%204%20LEGAL%282%29%20-%20EIR.pdf?dl=0> - An EIR has been performed for the site. There are no substantial environmental impacts identified related to Lot 3 or residential development.

Traffic - A traffic study is underway with traffic counts being performed during Christmas week. The prior traffic study can be found at

- <https://www.dropbox.com/s/usrcrb8leqog3xh/MIDDLE%20CREEK%20VILLAGE%20PEC%20SUBMITTALS%202002%20PART%204%20LEGAL%283%29%20-%20traffic%20Study.pdf?dl=0>

Entitlement/Development Schedule

An occupancy goal of November, 2022 has been established. To achieve this goal, development on the site must begin by no later than mid-September, 2021. A schedule has been prepared that identifies the steps required to commence construction by mid- September 2021. <https://www.dropbox.com/s/xq6acyqqd4paknj/MC%20Lot%203%20Milestone%20Schedule%20122320.pdf?dl=0>

The proposed schedule is ambitious. While this schedule is ambitious and assumes dual tracking PEC and DRB approvals in back-to-back meetings, the prior precedent of prioritizing housing developments in Town indicates this schedule is very much achievable. To do so effectively requires a co-applicant approach along with commitment to the schedule and skilled project management.

The next steps in the proposed schedule are pre-application meetings with the Town's Planning Department and Fire Department; construction due diligence and preliminary cost estimates; and negotiation and approval of the Pre-Development Agreement that will allow the entitlement process and planning to continue.

Based upon comparable development projects in Vail and similar mountain communities, the estimated cost of the design and entitlement process is \$600,000 to \$700,000.