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## Memorandum

TO: Planning and Environmental Commission

FROM: Community Development Department

DATE: March 14, 2022

SUBJECT: A request for a recommendation to the Vail Town Council on a major amendment to Special Development District No. 36, Four Seasons, pursuant to Section 12-9A-10, Amendment Procedures, Vail Town Code, to allow for reconfiguration of existing accommodation units, fractional fee units and dwelling units, and to amend the Employee Housing Plan to relocate a portion of the existing onsite employee housing offsite, located at 1 Vail Road/Lots A-C, Vail Village Filing 2, and setting forth details in regard thereto. (PEC21-0059)

Applicant: Four Seasons Resort, represented by Andrew Sellnau  
Planner: Jonathan Spence

### I. SUMMARY

The Four Seasons Resort is requesting a recommendation to the Vail Town Council for a major amendment to Special Development District (SDD) No. 36, Four Seasons, pursuant to Section 12-9A-10, Amendment Procedures, Vail Town Code, to allow for reconfiguration of existing accommodation units and dwelling units, and to amend the Employee Housing Plan to locate a portion of the existing onsite employee housing offsite and outside the municipal limits of the Town of Vail.

Due to inconsistencies between the proposal and adopted policies, staff recommends that the application be continued at this time to allow additional work on a more comprehensive approach to the Four Season's housing mitigation requirements. Please see Section VIII of this report for specific staff recommendations.

### II. DESCRIPTION OF REQUEST

The applicant, Four Seasons Resort, is requesting a major amendment to SDD No. 36, Four Seasons (Ord. No. 21, Series of 2017), in order to change the unit mix within the resort and to relocate a portion of the existing on-site employee housing to down-valley communities.

Following the 2017 approval, the Four Seasons completed some of the proposed conversions, opted not to move forward with others and moved forward with other conversions that were not part of the approval. The following chart shows the approved, actual, and proposed unit mixes:

<b>Approved Unit Mix 2017</b>	<b>Actual Unit Mix 2021</b>	<b>Proposed Unit Mix 2022</b>	<b>Net Change from 2017 approval</b>
130 AUs	117 AUs	123 AUs	-7 AUs
28 Dwelling Units (with 18 AAUs)	28 Dwelling Units (with 15 AAUs)	32 Dwelling Units (with 15 AAUs)	+4 DUs - 3 AAUs
6 FFUs	6 FFUs	6 FFUs	-
28 EHU	28 EHU	12 EHUs	-16 EHUs

The current proposal includes the following components:

- Replacing up to 16 underutilized onsite deed-restricted employee housing units (EHUs) with offsite deed-restricted employee housing,
- Reconfiguring the underutilized dorm-style employee housing units into 13 additional hotel accommodation units (AUs), and
- Reclassifying seven existing accommodation units into four dwelling units.

As all the conversions occur within the existing structure, with the exception of the existing EHU balconies that will be converted to AU square footage; there are no changes to development standards such as setbacks, building height, site coverage, and landscaping.

### **Parking:**

The existing SDD (Ord. No. 21, Series of 2017) demonstrated a total parking capacity of 230 spaces serviced via a 24 hour valet service. The staff analysis of the approved, completed, and proposed work indicates that the net effect on parking is negligible with an overall effect of a reduction in the requirement of 1.4 spaces. Please see page 12 of the applicant's narrative.

### **Commercial Linkage and Inclusionary Zoning:**

The amendments to the unit mix accomplished through the 2017 amendments resulted in an increase in the employee mitigation requirements which was addressed with a housing deed restriction for at least one two-bedroom dwelling unit of with a minimum of 788 square feet, located within the Town of Vail.

Staff analysis of the approved, completed, and proposed work, not including the repurposing of 16 dorm rooms (EHUs) to Accommodation Units, has a relatively negligible effect on the overall employee mitigation requirement for the Four Seasons Resort. As shown on pages 13 and 14 of the applicant's narrative, the net increase in employees is 1.6 with a mitigation requirement of 20% or .32 employees. **With the inclusion of the repurposing of the existing EHUs, the total mitigation requirement for the proposed amendments to SDD No. 36 is 32.32 employees.**

### **Existing On-Site Employee Housing Program**

The existing dormitory style EHUs, comprised of 28 rooms for an occupancy of 56 employees, make up the bulk of the required mitigation measures. The Town has consistently received notarized annual verification forms from the Four Seasons indicating compliance with the deed restrictions. Town of Vail deed restrictions require that units are continuously occupied by qualified residents. Accompanying the signed verification has been lists of employees utilizing the on-site EHUs. Staff has learned from the applicant's team that the intention of providing the list of names was not only to demonstrate that the occupants were qualified residents, as required, but also to demonstrate that the units were not being occupied at 100% capacity. As this intention is contrary to the verification form (a copy of which has been included as Attachment C.), town staff has not been aware of the ongoing noncompliance with the requirements of the deed restriction. Staff is concerned that the remaining dormitory style rooms will continue to function with less than 100% occupancy, as required by the deed restriction.

### **Proposed Mitigation**

The applicant is proposing to meet the mitigation requirement through the purchase of deed restrictions on existing homes in down-valley communities. Please see the applicant's narrative for details on this approach. The proposal will result in a net increase in restricted square footage in comparison to the existing dorm rooms but equates to the same number of employees mitigated per the code requirements outlined in Table 23-2 and shown below:

TABLE 23-2

#### SIZE OF EMPLOYEE HOUSING UNITS

Type Of Unit		Minimum Size (GRFA)			Number Of Employee s Housed
Dormitory		250			1
Studio		438			1.25
1 bedroom		613			1.75
2 bedroom		788			2.25

3 or more bedroom		1,225				3.5
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The applicant's provided slide, Attachment B to the applicant's narrative, shows the potential estimated square footages achieved through this approach. The proposed receiving areas for the new deed restrictions includes the communities of Eagle Vail, Avon, and Edwards with the western terminus of the area being generally the Lake Creek Apartments area, as shown on the provided map included as Attachment B.

### **Deed Restriction Exchange Program**

The applicant is intending to accomplish the off site deed restrictions through the Special Development District amendment process. Section 12-3-5 of the Vail Town Code provides a mechanism for the removal of a deed restriction on a property. (Please see Section IV, Applicable Planning Documents for this section of the Vail town Code.) As the applicant is proposing an Amendment to the SDD, this section shall only serve as a guide. Per this section, the relocation of a deed restriction is subject to a ratchet effect determined by the location of the existing restriction and the location of the proposed restriction. In this case, the Four Seasons is located within the Commercial Job Core, as defined, and the proposed down valley receiving areas are located outside of the Commercial Job Core. Per Section 12-13-5 D.3.b. of the Vail Town Code, the exchange rate would be three (3) times the GRFA requirement of the existing EHUs. It should be noted that at this time exchanging in town restrictions for out of town restrictions is not permissible under the exchange program.

### **III. BACKGROUND**

The subject property was once occupied by a 120 room Holiday Inn hotel and a gas station. Ordinance No. 14, Series of 2001 established SDD No. 36, Four Seasons. SDD No. 36, Four Seasons, was subsequently amended to alter the unit mix in 2003 (Ord. No. 9, Series of 2003), 2005 (Ord. No. 20, Series of 2005) and 2017 Ord. No. 21, Series of 2017. The changes that occurred throughout this process are as follows:

	<b>2001</b>	<b>2003</b>	<b>2005</b>	<b>2017</b>
<b>AUs</b>	116	118	122	130
<b>DUs</b>	15	18	16	28 (+ 18 AAUs)
<b>FFUs</b>	40	22	19	6
<b>EHUs*</b>	4,971 SF	34	28	28
<b>Total Units</b>	171 + EHUs	192	185	210

\* The property was developed prior to the Town of Vail codifying EHU requirements.

Though approved in 2001, construction did not begin until 2006 and the project did not open as the Four Seasons until 2010. While there have been changes to the internal programming of the building, no other significant changes have been made to the resort since its opening.

#### **IV. APPLICABLE PLANNING DOCUMENTS**

Staff finds that the following provisions of the Vail Town Code are relevant to the review of this proposal:

##### **Title 12, Zoning Regulations, Vail Town Code**

###### *Chapter 9, Article A. Special Development (SDD) District (in part)*

###### *12-9A-1-A: PURPOSE:*

*The purpose of the special development district is to encourage flexibility and creativity in the development of land in order to promote its most appropriate use; to improve the design character and quality of the new development with the town; to facilitate the adequate and economical provision of streets and utilities; to preserve the natural and scenic features of open space areas; and to further the overall goals of the community as stated in the Vail comprehensive plan. An approved development plan for a special development district, in conjunction with the property's underlying zone district, shall establish the requirements for guiding development and uses of property included in the special development district.*

###### *12-9A-4: DEVELOPMENT REVIEW PROCEDURES:*

- A. Approval Of Plan Required: Prior to site preparation, building construction, or other improvements to land within a special development district, there shall be an approved development plan for said district. The approved development plan shall establish requirements regulating development, uses and activity within a special development district.*
- B. Preapplication Conference: Prior to submittal of a formal application for a special development district, the applicant shall hold a preapplication conference with the department of community development. The purpose of this meeting shall be to discuss the goals of the proposed special development district, the relationship of the proposal to applicable elements of the town's comprehensive plan, and the review procedure that will be followed for the application.*
- C. PEC Conducts Initial Review: The initial review of a proposed special development district shall be held by the planning and environmental commission at a regularly scheduled meeting. Prior to this meeting, and at the discretion of the administrator, a work session may be held with the applicant, staff and the planning and environmental commission to discuss special development district. A report of the department of community development staff's findings and recommendations shall be made at the initial formal hearing before the planning and environmental commission. Within twenty (20) days of the closing of a public hearing on a proposed amendment,*

*the planning and environmental commission shall act on the petition or proposal. The commission may recommend approval of the petition or proposal as initiated, may recommend approval with such modifications as it deems necessary to accomplish the purposes of this title, or may recommend denial of the petition or rejection of the proposal. The commission shall transmit its recommendation, together with a report on the public hearing and its deliberations and findings, to the town council.*

- D. Town Council Review: A report of the planning and environmental commission stating its findings and recommendations, and the staff report shall then be transmitted to the town council. Upon receipt of the report and recommendation of the planning and environmental commission, the town council shall set a date for hearing within the following thirty (30) days. Within twenty (20) days of the closing of a public hearing on a proposed SDD, the town council shall act on the petition or proposal. The town council shall consider but shall not be bound by the recommendation of the planning and environmental commission. The town council may cause an ordinance to be introduced to create or amend a special development district, either in accordance with the recommendation of the planning and environmental commission or in modified form, or the council may deny the petition. If the council elects to proceed with an ordinance adopting an SDD, the ordinance shall be considered as prescribed by the Vail town charter.*

#### **12-9A-8: DESIGN CRITERIA AND NECESSARY FINDINGS:**

- A. Criteria: The following design criteria shall be used as the principal criteria in evaluating the merits of the proposed special development district. It shall be the burden of the applicant to demonstrate that submittal material and the proposed development plan comply with each of the following standards, or demonstrate that one or more of them is not applicable, or that a practical solution consistent with the public interest has been achieved:*
- 1. Compatibility: Design compatibility and sensitivity to the immediate environment, neighborhood and adjacent properties relative to architectural design, scale, bulk, building height, buffer zones, identity, character, visual integrity and orientation.*
  - 2. Relationship: Uses, activity and density which provide a compatible, efficient and workable relationship with surrounding uses and activity.*
  - 3. Parking And Loading: Compliance with parking and loading requirements as outlined in chapter 10 of this title.*
  - 4. Comprehensive Plan: Conformity with applicable elements of the Vail comprehensive plan, town policies and urban design plans.*



5. *Natural And/Or Geologic Hazard: Identification and mitigation of natural and/or geologic hazards that affect the property on which the special development district is proposed.*
  6. *Design Features: Site plan, building design and location and open space provisions designed to produce a functional development responsive and sensitive to natural features, vegetation and overall aesthetic quality of the community.*
  7. *Traffic: A circulation system designed for both vehicles and pedestrians addressing on and off site traffic circulation.*
  8. *Landscaping: Functional and aesthetic landscaping and open space in order to optimize and preserve natural features, recreation, views and function.*
  9. *Workable Plan: Phasing plan or subdivision plan that will maintain a workable, functional and efficient relationship throughout the development of the special development district.*
- B. Necessary Findings: Before recommending and/or granting an approval of an application for a special development district, the planning and environmental commission and the town council shall make the following findings with respect to the proposed SDD:*
1. *That the SDD complies with the standards listed in subsection A of this section, unless the applicant can demonstrate that one or more of the standards is not applicable, or that a practical solution consistent with the public interest has been achieved.*
  2. *That the SDD is consistent with the adopted goals, objectives and policies outlined in the Vail comprehensive plan and compatible with the development objectives of the town; and*
  3. *That the SDD is compatible with and suitable to adjacent uses and appropriate for the surrounding areas; and*
  4. *That the SDD 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.*

#### **12-9A-9: DEVELOPMENT STANDARDS:**

*Development standards including lot area, site dimensions, setbacks, height, density control, site coverage, landscaping and parking shall be determined by the town council as part of the approved development plan with consideration of the recommendations of the planning and environmental commission. Before the town council approves development standards that deviate from the underlying zone district, it should be determined that such deviation provides benefits to the town that outweigh the adverse effects of such deviation. This determination is to be made based on evaluation of the proposed special development district's compliance with the design criteria outlined in section 12-9A-8 of this article.*

#### **12-9A-10: AMENDMENT PROCEDURES:**

##### **B. Major Amendments:**

- 1. Requests for major amendments to an approved special development district shall be reviewed in accordance with the procedures described in section 12-9A-4 of this article.*
- 2. Owners of all property requesting the amendment, or their agents or authorized representatives, shall sign the application. Notification of the proposed amendment shall be made to owners of all property adjacent to the property requesting the proposed amendment, owners of all property adjacent to the special development district, and owners of all property within the special development district that may be affected by the proposed amendment (as determined by the department of community development). Notification procedures shall be as outlined in subsection 12-3-6C of this title.*

#### **12-13-5 Employee Housing Unit Deed Restriction Exchange Program**

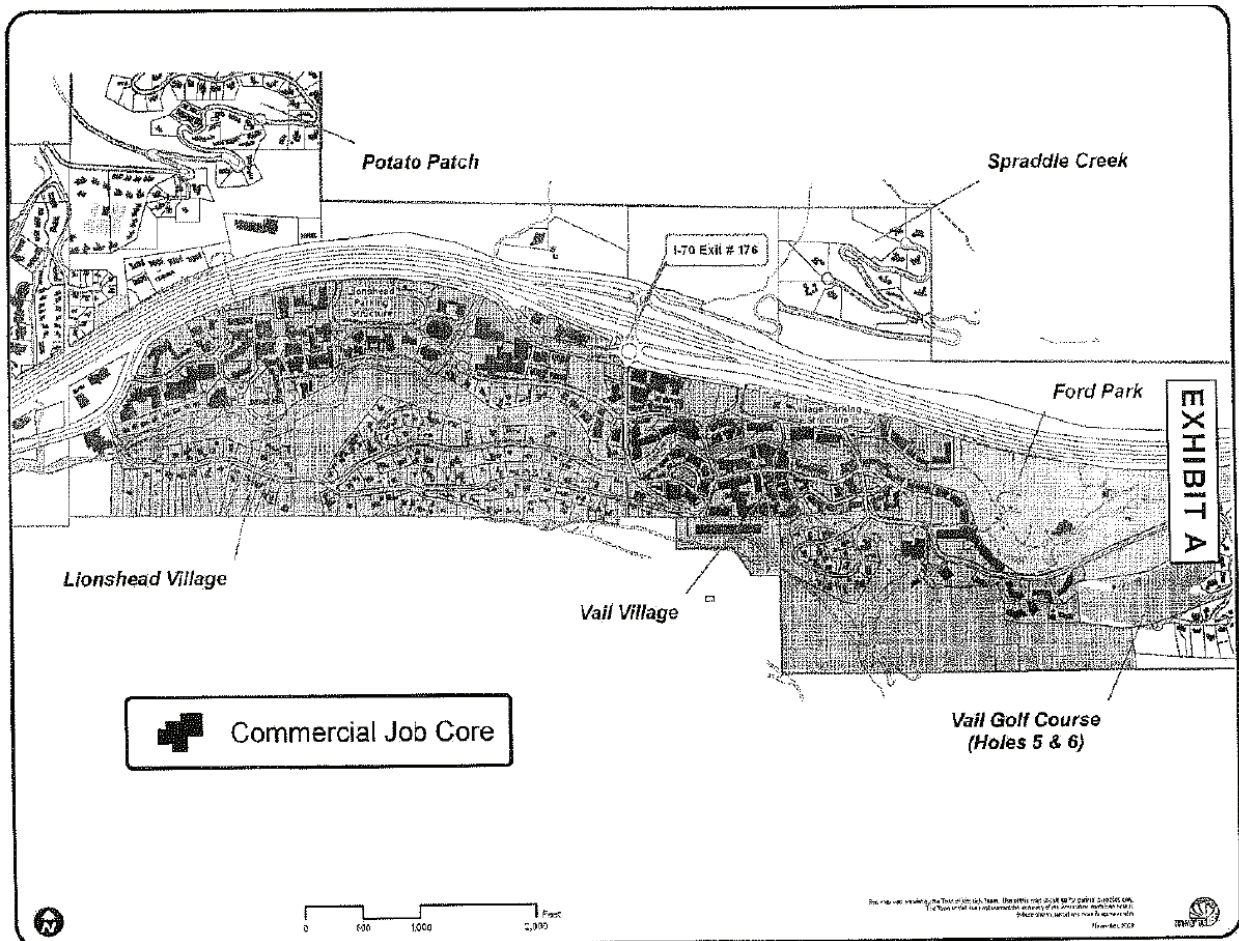
*A. Purpose: The purpose of this section is to provide occupied livable, affordable employee housing units within the town of Vail through the establishment of an employee housing unit deed restriction exchange program. The exchange program allows the town council to release a deed restriction from an existing employee housing unit in exchange for the placement of an employee housing deed restriction on another dwelling unit and/or a fee in lieu payment made to the town of Vail.*

*B. Applicability: The program established under this section applies to existing employee housing units. This shall not apply to any existing employee housing unit that is already price appreciation capped or any employee housing unit established to meet the on site employee mitigation requirements of chapter 23, "Commercial Linkage", or chapter 24, "Inclusionary Zoning", of this title or as part of an approved development plan.*

*C. Definitions: For the purpose of this section:*

*COMMERCIAL JOB CORE: Those areas located south of Interstate 70, east of the intersection of Forest Road and South Frontage Road, north of Vail Mountain, and west of the town of Vail soccer fields on Vail Valley Road, as further defined by exhibit A of this section.*





**EXCHANGE EHU:** The existing nonprice appreciation capped employee housing unit or other unit with an employee housing deed restriction that is being proposed to have the deed restriction released as part of this program.

**PROPOSED EHU:** The existing, non-deed restricted dwelling unit that is being proposed to receive an employee housing deed restriction as part of this program.

**D. General Requirements:** The town council may approve the removal of an employee housing deed restriction from an existing employee housing unit in exchange for the placement of an employee housing deed restriction, and/or the payment of a fee in lieu, as described in subsection D5 of this section.

**1. Exchange EHU Requirements:**

a. The exchange EHU shall not be part of any employee housing project developed or deed restricted (in part or in whole) by the town of Vail.

b. The exchange EHU shall not be part of any on site employee housing mitigation required by inclusionary zoning, commercial linkage, or as part of an approved development plan.

c. The property that includes the exchange EHU shall comply with the prescribed development standards (density controls including GRFA and number of units, site coverage, landscaping and parking requirements, etc.), as outlined in the applicable zone district section of this title, upon exchange of the deed restrictions.

2. Proposed EHU Requirements:

a. The proposed EHU(s) shall be located within the town of Vail.

b. The proposed EHU(s) shall be within a homeowners' association that does not preclude deed restricted units, does not have a right of first refusal, does not have right to approve the sale or the sale contract, or have any other requirements deemed to be similarly restrictive by the administrator.

c. The proposed EHU shall comply with the minimum size requirements shown in table 13-2 of this section.

TABLE 13-2

MINIMUM SIZE OF PROPOSED EHUs

Type Of Unit	Minimum Size (GRFA)
Studio	438 square feet
1 bedroom	613 square feet
2 bedroom	788 square feet
3+ bedrooms	1,225 square feet

d. The proposed EHU shall contain a kitchen facility or kitchenette and a bathroom.

e. The property on which the proposed EHU is located shall comply with chapter 10, "Off Street Parking And Loading", of this title.

f. The proposed EHU shall have its own entrance. There shall be no interior access from the proposed EHU to any dwelling unit to which it may be attached.

3. Exchange Rate For Proposed EHUs:

a. If the exchange EHU(s) is within the commercial job core and the proposed EHU(s) is also within the commercial job core, the gross residential floor area (GRFA) of the proposed EHU(s) shall be a minimum of two (2) times the gross residential floor area (GRFA) of the exchange EHU.

b. If the exchange EHU is within the commercial job core and the proposed EHU(s) is outside of the commercial job core, the gross residential floor area (GRFA) of the proposed EHU(s) shall be a minimum of three (3) times the gross residential floor area (GRFA) of the exchange EHU.

c. If the exchange EHU is outside of the commercial job core and the proposed EHU(s) is inside of the commercial job core, the gross residential floor area (GRFA) of the proposed

*EHU(s) shall be a minimum of one and one-half (1.5) times the gross residential floor area (GRFA) of the exchange EHU.*

*d. If the exchange EHU is outside of the commercial job core and the proposed EHU(s) is outside of the commercial job core, the gross residential floor area (GRFA) of the proposed EHU(s) shall be a minimum of two (2) times the gross residential floor area (GRFA) of the exchange EHU.*

*4. No Credit Given: If the gross residential floor area (GRFA) of the proposed EHU(s) is in excess of the minimum required gross residential floor area (GRFA) as set forth in subsection D3 of this section, the additional gross residential floor area (GRFA) shall not be eligible for use as any form of future credit or for the commercial linkage or inclusionary zoning employee housing mitigation banks established by sections 12-23-7 and 12-24-7 of this title.*

*5. Fee In Lieu: The applicant may provide a fee in lieu payment to the town of Vail for any fractional portion of the required square footage less than four hundred thirty eight (438) square feet not provided by a proposed EHU, if the proposed EHU does not fulfill the required amount of calculated square footage.*

*a. The town council at its sole discretion may accept fee in lieu payment for the full required square footage only if the exchange EHU was approved prior to July 22, 1994, and has a deed restriction that includes the language stating, "if the unit is rented, it shall be rented only to tenants who are full time employees..."*

*b. The fee in lieu calculated amount shall be paid after approval of the application by the town council, but prior to recording of the deed restriction release. The fee shall be based upon the current fee structure in place at the time of approval. Early payment of the fee in lieu shall not be accepted prior to approval. The approval for deed restriction release shall sunset one year from the date of approval and any fees paid are nonrefundable.*

*c. The town shall use monies collected from fees in lieu to provide incremental new employee housing units.*

*Existing EHU square feet x inclusionary zoning fee = fee in lieu payment*

*E. Fees: The town council shall set an application fee schedule sufficient to cover the cost of town staff time and other expenses incidental to the review of the application. The fee shall be paid at the time of the application and shall not be refundable.*

*F. Review Process:*

*1. Submittal Requirements: The administrator shall establish the submittal requirements for an employee housing deed restriction exchange application. A complete list of the submittal requirements shall be maintained by the administrator and filed in the community development department. Certain submittal requirements may be waived and/or modified by the administrator and/or the reviewing body if it is demonstrated by the applicant that the information and materials required are not relevant to the proposed exchange. The administrator and/or the reviewing body may require the submission of additional materials if deemed necessary to properly evaluate the application.*

*2. Review Procedures:*

*a. Administrator Review: The administrator shall review the application for completeness and compliance with this section, and shall make a determination of completeness and*

*compliance with this section within fourteen (14) days of application submittal. Should the administrator deem that the application is incomplete or not in compliance with this section, the administrator shall deny the application. Should the administrator deem the application is both complete and in compliance with this section, the administrator shall forward the application for review by the Vail local housing authority.*

*b. Vail Local Housing Authority Review: The review of a proposed employee housing deed restriction exchange application shall be held by the Vail local housing authority at a regularly scheduled meeting. A report of the community development department staff's findings and recommendations shall be made at the formal hearing before the Vail local housing authority. Within twenty (20) days of the closing of a public hearing on a proposed amendment, the Vail local housing authority shall act on the application. The Vail local housing authority may recommend approval of the application as initiated, may recommend approval with such modifications as it deems necessary to accomplish the purposes of this title, or may recommend denial of the application. The Vail local housing authority shall transmit its recommendation, together with a report on the public hearing and its deliberations and findings, to the town council.*

*c. Town Council Review: Upon receipt of the report and recommendation of the Vail local housing authority, the town council shall set a date for hearing within the following thirty (30) days. Within twenty (20) days of the closing of a public hearing on the application, the town council shall act on the application. The town council shall consider but shall not be bound by the recommendation of the Vail local housing authority. The town council may approve, either in accordance with the recommendation of the Vail local housing authority or in modified form, or the town council may deny the application.*

*d. Appeal: Administrator and town council decisions may be appealed in accordance with the provisions in section [12-3-3](#), "Appeals", of this title.*

### *3. Criteria And Findings:*

*a. Criteria: Before acting on an employee housing deed restriction exchange application, the Vail local housing authority and Vail town council shall consider the following criteria with respect to the application:*

*(1) The proximity and accessibility of the proposed EHU(s) to the commercial job core and public transportation; and*

*(2) The size of the proposed EHU(s) in relation to the minimum employee housing unit sizes established for commercial linkage mitigation in section [12-23-3](#) of this title; and*

*(3) The effect of any homeowners' association dues or maintenance fees imposed upon the proposed EHU(s) on the affordability of the proposed unit for an employee; and*

*(4) The correlation between any homeowners' association fees imposed upon the proposed EHU(s) and the services and amenities provided by the homeowners' association; and*

*(5) The extent to which the exchange 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*

*(6) The extent to which the exchange presents a harmonious, convenient, workable relationship among land uses consistent with municipal development objectives; and*



(7) *The extent to which the exchange provides for the growth of an orderly viable community and serves the best interests of the community as a whole.*

*b. Necessary Findings: Before recommending and/or granting an approval of an employee housing deed restriction exchange application, the Vail local housing authority and the Vail town council shall make the following findings with respect to the application:*

*(1) The application meets the general requirements of subsection D of this section; and*

*(2) The application 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*

*(3) The application furthers the general and specific purposes of the zoning regulations, section [12-1-2](#) of this title, and the employee housing regulations, section [12-13-1](#) of this chapter; and*

*(4) The application 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. ZONING AND SDD NO. 36, FOUR SEASONS RESORT & RESIDENCES ANALYSIS

Address:	1 Vail Road
Legal Description:	Vail Village Filing 2, Lot A - C
Existing Zoning:	Public Accommodation (PA)
Existing Land Use Designation:	Resort Accommodations and Services
Mapped Geological Hazards:	Steep Slope > 40% (Man-Made)
View Corridor:	None

Development Standard	Allowed / Required	Existing	Proposed	Change
Site Area	10,000 SF	2.32 acres (101,140 SF)		No Change
Setbacks	As set forth in the Approved Development Plan referenced in Section 4 of Ord. No. 20, Series of 2005, Four Seasons SDD			No Change
Building Height	89'	N/A		No Change
Density	AUs: 130 DUs: 28 (+15 AAUs) FFUs: 6 EHUs: 28	AUs: 123 DUs: 32 (with 15 AAUs) FFUs: 6 EHUs: 12	<b>AUs: +7</b> <b>DUs: +4</b> FFUs No Change <b>EHUs: -16</b>	
GRFA	177,609 SF			No Change
Retail SF	2,386 SF			No Change
Restaurant SF	5,946 SF			No Change
Conference SF	11,139 SF			No Change
Health Club	18,577 SF			No Change
Site Coverage	85,091 SF (71%) (Below Grade) 70,150 SF (59%) (Above Grade)			No Change
Landscaping	35,268 SF (30%)			No Change
Parking & Loading	230 Spaces	235 Spaces	235 Spaces	No Change

## VI. SURROUNDING LAND USES AND ZONING

	<u>Existing Land Use:</u>	<u>Zoning District:</u>
North:	Public / Semi-Public	General Use (GU)
South:	Medium Density Residential Transition Area	Two-Family Residential (R) High Density Multiple-Family (HDMF) General Use (GU) Public Accommodation (PA)
East:	Village Master Plan	Public Accommodation (PA) Commercial Service Center (CSC)
West:	Resort Accommod. and Services Transition Area	High Density Multiple-Family (HDMF)

## VII. SDD REVIEW CRITERIA

Before acting on an SDD application, the PEC and Town Council shall consider the following factors with respect to the proposed SDD:

**1. Compatibility: Design compatibility and sensitivity to the immediate environment, neighborhood and adjacent properties relative to architectural design, scale, bulk, building height, buffer zones, identity, character, visual integrity and orientation.**

With the exception of the conversion of the existing EHU balconies, the proposed major amendment involves only the reconfiguration of existing interior space and will not impact the immediate environment or neighborhood or adjacent properties relative to architectural design, scale, bulk, building height, buffer zones, identity, character, or visual integrity and orientation.

Staff finds the proposal **complies** with this criterion.

**2. Relationship: Uses, activity and density which provide a compatible, efficient and workable relationship with surrounding uses and activity.**

The proposed major amendment involves primarily the reallocation of existing front line worker housing down-valley. While fully cognizant of the challenges with the existing on site employee program, the proposed relocation of the units outside of the Commercial Job Core and outside of the municipal boundaries is inconsistent with the requirement (12-24-6) that a minimum of half of the employee housing required is accomplished with on site units.

In addition, the proposed amendment is inconsistent with the guidance of the Town of Vail Deed Restriction Exchange Program. With no consideration of a multiplier or intown



units, the proposal is not fair nor equitable in relation to what is required of similar properties in similar situations, desiring to exchange deed restrictions.

Staff finds the proposal, at this time, **does not comply** with this criterion.

**3. Parking and Loading: Compliance with parking and loading requirements as outlined in Title 12, Chapter 10, Off Street Parking and Loading, Vail Town Code.**

The proposed major amendment does not result in a net increase in required parking. The parking improvements completed as part of the 2017 Major SDD Amendment are sufficient.

Staff finds the proposal **complies** with this criterion.

**4. Comprehensive Plan: Conformity with applicable elements of the Vail comprehensive plan, town policies and urban design plans.**

The proposed major amendment conforms to the following elements of the Vail comprehensive plan, town policies:

Vail Land Use Plan

*Chapter II – Land Use Plan Goals / Policies (in part)*

*1.1 Vail should continue to grow in a controlled environment, maintaining a balance between residential, commercial and recreational uses to serve both the visitor and the permanent resident.*

*1.3 The quality of development should be maintained and upgraded whenever possible.*

*1.12 Vail should accommodate most of the additional growth in existing developed areas (infill areas).*

*3.1 The hotel bed base should be preserved and use more efficiently.*

*5.4 Residential growth should keep pace with the market place demands for a full range of housing types.*

At this time, the proposed major amendment is inconsistent with the following:

Vail Land Use Plan

*Chapter II – Land Use Plan Goals / Policies (in part)*

5.3. *Affordable employee housing should be made available through private efforts, assisted by limited incentives, provided by the Town of Vail, with appropriate restrictions.*

5.5. *The existing employee housing base should be preserved and upgraded. Additional employee housing needs should be accommodated at varied sites throughout the community.*

### *Vail Housing 2027 - A Strategic Plan for Maintaining and Sustaining Community through to the Creation and Support of Resident Housing in Vail*

*Mission: “We create, provide, and retain high quality, affordable, and diverse housing opportunities for Vail residents to support a sustainable year round economy and build a vibrant, inclusive and resilient community. We do this through acquiring deed restrictions on homes so that our residents have a place to live in Vail.”*

*Policy Statement. Resident Housing as Infrastructure “We acknowledge that the acquisition of deed restrictions on homes for Vail residents is critical to maintaining community. Therefore, we ensure an adequate supply and availability of homes for residents and recognize housing as infrastructure in the Town of Vail; a community support system not unlike roads, bridges, water and sewer systems, fire, police, and other services of the municipal government.”*

### *Economic Value and Community Benefits of Resident Housing Investment*

*For each unit of resident housing, an estimated 400 hours of time and 950 gallons of gasoline are saved from shorter commutes every year—equating to greater business productivity and an opportunity for residents to give back to their community.*

*It is generally assumed that in-commuters living in closer proximity to Vail will account for larger shares of new occupants of resident housing. As such, it was assumed that the average distance traveled by new occupants of resident housing would have traveled 30 miles. Over the course of a year, this reduction in commute time totals more than 2.2 million miles and represents more than 2 percent of all vehicle miles traveled by in-commuters. As a result, overall carbon emissions are reduced in the Vail Valley by 845 metric tons (2 percent of total estimated Vail in-commuter carbon emissions). It means that in-commuters save more than 95,000 gallons of gasoline per year. This annual savings means that enough energy is saved to charge more than 107 million iPhones and is equivalent to the air-scrubbing benefits of nearly 14,000 tree seedlings grown for more than 10 years.*

*Expansion of the Economy due to Filled Positions The availability of additional homes for residents and the workforce translates to a greater jobs market and fewer unfilled positions. It is estimated that approximately 123 full- and part-time positions would be filled as a result of Vail’s resident housing investment (100 units), thereby expanding Vail’s economy by an estimated \$18.1 million annually (1.2 percent increase).*

*Quality of Guest Experience There is direct linkage between the quality of the guest experience and the supply of local employees*

Staff finds the proposal, at this time, **does not comply** with this criterion.

**5. Natural and/or Geologic Hazard: Identification and mitigation of natural and/or geologic hazards that affect the property on which the special development district is proposed.**

The subject property is not located within any natural or geologic hazard.

Staff finds the proposal **complies** with this criterion.

**6. Design Features: Site plan, building design and location and open space provisions designed to produce a functional development responsive and sensitive to natural features, vegetation and overall aesthetic quality of the community.**

The proposal, with the exception of the conversion of the existing EHU balconies, does include any changes to the site plan, building design or location, or open space provisions.

Staff finds the proposal **complies** with this criterion

**7. Traffic: A circulation system designed for both vehicles and pedestrians addressing on and off site traffic circulation.**

The proposed major amendment results in the movement of housing mitigation for 32.32 employees from within the municipal boundaries to areas west of Dowd Junction. This relocation will result in possible increases to traffic in addition to exacerbating existing parking challenges.

Staff finds the proposal **may not comply** with this criterion.

**8. Landscaping: Functional and aesthetic landscaping and open space in order to optimize and preserve natural features, recreation, views and function.**

The proposed major amendment does not include any changes to the landscaping or open space on the site.

Staff finds the proposal **complies** with this criterion.

**9. Workable Plan: Phasing plan or subdivision plan that will maintain a workable, functional and efficient relationship throughout the development of the special development district.**

The proposed major amendment only pertains to interior changes to a limited number of the overall units located within the resort. No phasing or subdivision plan is necessary.

Staff finds the proposal **complies** with this criterion.

## VIII. STAFF RECOMMENDATION

At this time and due to inconsistencies between the proposal and adopted policies, staff recommends that the application be continued to allow additional work on a more comprehensive approach to the Four Season's housing mitigation requirements.

Staff understands the applicant's position in regard to the undesirability of the existing units. As opposed to moving more than half of the existing obligation down-valley, staff would encourage a more holistic approach that would include improvements to the existing EHUs and meeting a portion of the obligation with off-site, within town limits. In order to maintain equity and fairness with the town's land use regulations, reference to the Deed Restriction Exchange Program is necessary.

Should the PEC choose to forward a recommendation of **approval, with conditions**, for this request, the Community Development Department recommends the Commission pass the following **motion**:

*"The Planning and Environmental Commission forwards a recommendation of approval, with conditions, to the Town Council for a major amendment to Special Development District No. 36, Four Seasons, pursuant to Section 12-9A-10, Amendment Procedures, Vail Town Code, to allow for reconfiguration of existing accommodation units, fractional fee units and dwelling units, and to amend the Employee Housing Plan to locate a portion of the existing onsite employee housing offsite, located at 1 Vail Road/Lots A-C, Vail Village Filing 2, and setting forth details in regard thereto."*

Should the PEC choose to forward a recommendation of **approval, with conditions**, for this request, the Community Development Department recommends the following **conditions**:

- 1. The exterior building changes associated with this major amendment to SDD No. 36, Four Seasons, are contingent upon the applicant obtaining Town of Vail approval of an associated design review board application for all exterior changes to the property;*
- 2. Prior to issuance of a certificate of occupancy for the conversion of any of the existing dorm rooms in the subject property, the applicant shall record with the Eagle County Clerk and Recorder a Town of Vail employee housing deed restriction corresponding to square footages per Table 23-2 for each employee.*

*Each dormitory room repurposed equated to two employees for the purposes of mitigation.*

Should the PEC choose to forward a recommendation of **approval, with conditions**, for this request, the Community Development Department recommends the PEC makes the following **findings**:

*“Based upon the review of the criteria outlined in Section VII of the Staff Memorandum to the Planning and Environmental Commission dated March 14, 2022, and the evidence and testimony presented, the Planning and Environmental Commission finds:*

- 1. That the SDD complies with the standards listed in Section 12-9A-8-A, Vail Town Code, or the applicant has demonstrated that one or more of the standards is not applicable, or that a practical solution consistent with the public interest has been achieved;*
- 2. That the SDD is consistent with the adopted goals, objectives, and policies outlined in the Vail comprehensive plan and compatible with the development objectives of the town;*
- 3. That the SDD is compatible with and suitable to adjacent uses and appropriate for the surrounding areas; and*
- 4. That the SDD 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.”*

## **IX. ATTACHMENTS**

- A. Project Narrative, March 2022
- B. Applicant’s map of the westernmost terminus of receiving area
- C. Annual Verification for EHU

**Proposed Amendments to SDD No. 36, Series 2005,  
as previously amended by Ordinance No. 20, Series 2005 & Ordinance No. 21, Series of 2017**

**Four Seasons Resort and Residences Vail  
March 2022**

The purpose of this report is to provide a comprehensive description of amendments proposed to the Four Seasons Resort and Residences Vail (Four Seasons) Special Development District No. 36, as previously amended by Ordinance #20, Series 2005 and as further amended by Ordinance No. 21, Series of 2017. Information provided herein and under separate cover have been prepared in accordance with Section 12-9A-4: Development Review Procedures for Special Development Districts as outlined in the Town of Vail Zoning Regulations.

Amendments to SDD #36 are intended to allow for the reconfiguration of the Four Seasons that will include, among other things,

1. replacing up to 16 underutilized onsite deed-restricted employee housing units (EHU's) with offsite deed-restricted employee housing,
2. reconfiguring the underutilized dorm-style employee housing units into up to 13 additional hotel accommodation units (AU's), and
3. reclassifying seven existing accommodation units into four dwelling units.

Proposed amendments will not increase the overall footprint or existing floor plates (site coverage) of the building; existing covered balconies on the 4<sup>th</sup> floor will be enclosed as part of the conversion to accommodation units. In addition, there will be architectural enhancements such as new windows and sidewall flues for new fireplaces (none of these improvements would require amendments to the existing SDD).

This application is submitted on behalf of Ex Vail LLC (Ex Vail), an affiliate of Extell Development Company. Ex Vail acquired the property in November of 2016. Property acquired and still owned by Ex Vail includes the hotel and all resort amenity areas (spa, conference facilities, restaurant/lounge, etc.). Twenty-eight Dwelling Units (DU's) and six FFU's have previously been sold to other parties. These sold units are not a part of this SDD amendment.

Ex Vail fully recognizes and embraces the housing mitigation requirement it inherited when it acquired the property. Our proposal in no way is seeking to diminish that requirement. In fact, our proposal is driven by a desire to find real solutions to correct existing flaws and to meet the demands of our valued year-round employees - in other words, Ex Vail needs to replace underutilized dorm-style units with fully-performing housing - and it meets the needs of the Town of Vail's housing goals and identified solutions. Knowing now what we know, Ex Vail



would not propose to develop what was approved in 2003; we are appreciative of the SDD amendment process allowing the ideas in our proposal to come forward to demonstrate, as required by the Vail Town Code, how we meet criteria and goals - again, in other words, we think what we are proposing today, knowing what we know now, would have been the preferred employee housing solution and approved in 2003 in lieu of the housing approach that was actually approved nearly 20 years ago.

Information provided below includes:

1. Background on the Four Seasons Resort and Residences Vail
2. Vail's Changing Landscape
3. Ex Vail's Goals for Property
4. Proposed SDD amendments
5. SDD Review Criteria

## **Background on Four Seasons Resort and Residences Vail**

A Holiday Inn hotel and gas station existed on the subject site prior to the Town of Vail granting approvals for the redevelopment of the property. The Holiday Inn included 120 hotel rooms (Accommodation Units, or AU's), along with a restaurant, a small amount of meeting space and other accessory uses. The property was previously zoned Public Accommodation (PA) and with the SDD approval the underlying zoning of the property remains PA.

Development approvals for the Four Seasons were originally established by Ordinance #14, Series 2001. Ordinance #14 established SDD No. 36 that allowed for the development of the following:

- 116 AU's
- 15 DU's
- 40 FFU's
- Retail, restaurant, conference and health club/spa space, and
- 4,971sf of employee housing

Ordinance #9, Series 2003 amended SDD No. 36 and allowed for the development of the following:

- 118 AU's
- 18 DU's
- 22 FFU's
- Retail, restaurant, conference and health club/spa space, and
- 34 employee housing units

Ordinance #20, Series 2005 amended SDD No. 36 and allowed for the development of the following:

- 122 AU's
- 16 DU's
- 19 FFU's
- Retail, restaurant, conference facilities and health club/spa space, and
- 28 employee housing units

The approved plans for the original owner/developer and the 28 employee housing units were configured and approved as double-occupancy, dorm room-style rooms that are approximately 182 usable square feet each (excluding hallway, closets, cabinets and bathrooms) and share a bathroom with the adjacent dorm room; these were placed on the western side of the building with only external access into each dorm room. They are recessed into the building with a ~6 foot overhang from the above floor; accordingly, they receive little natural light, which is further restricted by the small 3 foot wide window and the solid steel entry door.

Construction of the project began in 2006 and after resolution of many issues during the construction process the Four Seasons opened in December of 2010. Barclays Bank, lender on the project, assumed ownership of the property from the original developers in 2009. Ex Vail acquired the property in November of 2016. Four Seasons Hotels has an 80-year agreement with Ex Vail to manage the hotel.

At the time of Ex Vail's acquisition, the fractional ownership scheme was a failed endeavor in which nearly 70% of the FFU's remained unsold after six years of the resort being open. In addition, given the decade-long development/construction process that took place from the 2001 SDD approval to the resort opening in 2010, the luxury lodging industry changed significantly during that period, particularly consumer's preference for interior design and unit size. In many respects, the project's design and the mix of hotel and related residential uses were obsolete the day the hotel opened.

Shortly after Ex Vail's acquisition, it began collaborative efforts with the Town of Vail to amend the SDD to, among other things, change the approved mix of AU's, DU's and FFU's that were permitted on the property. Ordinance #21, Series 2017 amended SDD No. 36 and allowed for a maximum density of:

- 130 AU's
- 28 DU's
- 6 FFU's
- 18 Attached AU's
- Retail, restaurant, conference facilities and health club/spa space, and
- 28 employee housing units

In addition, the 2017 amendment resulted in Ex Vail (i) funding an offsite deed restriction on an 874 sf two-bedroom unit and (ii) purchasing and deed restricting a 1,221 sf three-bedroom unit.

Converting the unsold FFU's to DU's was the necessary catalyst that intrigued residential purchasers; the 12 new DU's all sold to third party owners over the course of 2018 through 2021 and 11 of them joined a rental program that keeps the units available as hotel inventory through Four Seasons. In addition, those sales provided the "economic engine" necessary to implement a full renovation of the resort's common areas, amenities and hotel rooms. The comprehensive renovation was completed in two phases—phase I in 2019 and phase II in 2021.

### **Vail's Changing Landscape**

Over the course of the 20 years between the initial SDD approval and now, Vail has transformed as a destination. Vail is no longer just a ski destination; in addition to very strong

summer tourism, Vail now receives significant shoulder season tourism as well. According to DestiMetrics, July occupancy grew from 54% in 2007 to up to 71% in 2017 (albeit, with additional hotel supply during that time, including the Four Seasons). May saw growth from 19% to 25% over that time, and September grew from 43% to 51%. Meanwhile, winter occupancy actually fell from 60% in 2006/2007 to 51% in 2017/2018. This change has also resulted in a significant increase in average nightly room rate; July rates grew 65% between 2008 and 2017. With this increase in rates (particularly for a hotel provider such as Four Seasons), the customer expectations for amenities offered, level of service and consistency of product increases significantly as well.

As a result of this changing landscape, Vail has become a year-round destination and the services/product provided throughout the entirety of the year lend themselves to year-round employees, including those seeking to reside in Eagle County on a long-term basis. It is no longer feasible to staff and run a luxury hotel with predominantly seasonal visa workers. In 2018, we employed 333<sup>1</sup> employees for some period of time; of that amount, 15% of the employees were visa employees. Of the visa employees, 25 of them worked at the property for less than 4 months before departing. Conversely, (i) we hired 112 new non-visa employees in 2018, which subsequently remained employed at the property for an average of 1.2 years, and (ii) we had 146 non-Visa employees that were hired at some point prior to 2018, worked at the resort during 2018 and ultimately had an average length of employment of 3.5 years. From 2017 through 2019, we typically had about 16 to 24 visa employees working onsite at the same time; over that time period, our labor needs were approximately 220 “full time equivalents,” so the visa employees only satisfied about 8% of our workforce assuming they worked full time. The workforce at this point is very heavily skewed towards Eagle County residents that intend to work for a preeminent multinational employer like Four Seasons for several consecutive years.

### **Ex Vail’s Goals for the Property**

Prior to 2019 and throughout the global pandemic impacts of the past two years, Extell has been closely evaluating the Resort’s onsite employee housing program. With our expectation for strong demand in the coming years, we need to maintain a consistent and well-trained work force. As widely known at this point, the pandemic severely constrained visa work programs and the labor market has seen substantial shortages in most U.S. markets.

While employer-provided housing should be a tool to attract talent to a remote resort town like Vail, and as originally and creatively conceived in 2001 that fulfilling the employee housing requirement entirely onsite would be not only an employee draw but a public benefit as well,

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<sup>1</sup> This includes all employees that received a paycheck at some point during 2019; this includes employee turnover, as the business does not simultaneously employ that many people.

we have found the occupancy of our onsite housing to be *less than 45 percent* most years since we acquired the Resort due to the changing trends described above. Accordingly, to better compete in the current labor market and to meet the Town of Vail's pre-pandemic employee housing goals, we need to prioritize a reimagined employee housing program for the Four Seasons Vail. Securing affordable and stable housing for our employees is the greatest challenge facing the Resort today. In other words, we want to secure off-site deed-restricted employee housing units that we know will be fully occupied.

Extell and our redevelopment team have created a revised housing program that aligns with community housing goals and is in compliance with Vail policy. Moreover, this is a win for all three stakeholders— (i) the new program will increase employee housing utilization and further meet the Town's goals, (ii) employees will have a more desirable and stable housing product, and (iii) Four Seasons expects less employee turnover due to housing challenges and our business should have greater ability to attract new employees to the valley.

While we could continue operating the hotel as we are today, we want to implement solutions so that not only are we meeting our 56-bed SDD requirement, but we are actually housing employees and not leaving dozens of empty and underutilized employee beds. Peak occupancy in 2019 was 37 tenants; 2018 was 32; 2017 was 38; and 2016 was 30. See attached Exhibit A showing historical utilization.

The onsite housing product is very heavily skewed towards temporary accommodations for temporary visa workers notwithstanding that they are only a very small portion of our workforce. The remainder of our 200+ employees have foregone the onsite dorm rooms and instead have elected to find their own offsite market rate housing; the feedback from these employees on our dorm rooms is:

- A lack of kitchen facilities requires all meals to occur via our employee cafeteria.
- There are no living rooms or adequate space for lounge furniture; a twin-size bed has to serve multiple purposes throughout the day.
- Shared bathrooms and layouts lack reasonable privacy and are not conducive to couples or families.
- Living where they work causes uneasiness about a lack of separation between work and personal lives.

Thus, the units do not offer long-term housing to help retain talented employees, nor do they address housing needs of Colorado residents looking to work and raise a family in the Vail Valley. In addition, the units' location within the Resort and the lack of independent facilities does not allow for the flexibility to assist other employers by renting to non-Four Seasons employees.

Meanwhile, we have heard from employees living in their own offsite housing that they have

tremendous uncertainty on future rent increases and that many landlords are only offering them leases on short- or month-to-month terms; upon a sale or a changing view of their landlord, they are forced to pack their belongings and move again. This ultimately creates friction that in many instances results in them terminating their employment and leaving the region. In the absence of fully performing employee housing units, Four Seasons employees are competing with other employees for an already low supply of rental opportunities in the region.

### **Proposed SDD Amendments**

While we explored design ideas to renovate some of the onsite units to resolve the above-mentioned challenges, the existing site conditions (the dorm rooms are sandwiched between an HOA-owned hallway and a single exterior wall) prevented us from creating bedrooms and living rooms that would comply with building code regulations for light and air in occupied spaces. Accordingly, any attempt to create living rooms or larger bedrooms would result in a substantial reduction in the quantity of dorm/bedrooms; we did not feel it was in the spirit of the Town's housing goals nor to the benefit of anyone to propose an outright 50%+ reduction in the quantity of employee housing beds. Moreover, several of the challenges mentioned above would have remained.

We are proposing to use Off-Site Mitigation to satisfy up to and including 32 of the 56 employees by:

1. Recording with the Eagle County Clerk and Recorder a Town of Vail employee housing deed restriction on dwelling unit(s) located within the Mitigation Region (including but not limited to Vail, Eagle-Vail, Avon and Edwards). Any such deed restriction(s) shall immediately and permanently reduce the on-site dormitory requirement based upon the occupancy (as set forth in Town of Vail code Table 23-2) of the off-site deed restricted dwelling unit(s). For example, deed restricting an off-site two-bedroom dwelling (1.75 employees housed, per Table 23-2) and a three-bedroom dwelling (2.25 employees housed, per Table 23-2) would immediately reduce the onsite requirement by four employees (ie, reduce the on-site requirements by two double-occupancy dormitory rooms).

We intend to initially approach employees that already own a home within the Mitigation Region; in exchange for a deed restriction payment, they would receive enhanced financial stability while ensuring the Town another desirable home reserved exclusively for employee use in perpetuity. In addition, we think that the deed restriction payment may help some employees migrate from renters to acquiring their own home. In addition to procuring deed restrictions from employees, we may need to procure some deed restrictions from third parties; during that process we expect that the property owner would offer us priority access to rent the deed restricted dwelling. We would in turn then sublet such dwelling(s) to employees; this would afford them (i) certainty with respect to the stability of their housing, (ii) significantly larger and more desirable housing, and (iii) flexibility for couples and families to have housing



that aligns with their needs.

Ultimately, this mechanism will significantly upgrade the housing from small 294<sup>2</sup> square foot deed restricted dorm rooms to deed restricted homes/condos/townhouses. The upgraded housing will have living rooms, kitchens and other aspects customary to homes, so the total deed restricted square footage per bedroom should increase from the 294 square feet we have today to ~397 square feet assuming we are able to deed restrict a combination of ~788 square foot two-bedroom dwellings and ~1,200 square foot three-bedroom dwellings. See Exhibit B for a comparison of current EHU units/square footage and proposed.

Similar to the 2017 amendment, the luxury hotel market and consumer demand has continued to migrate further towards hotel run rental programs and some of the remaining large hotel suites continue to be a drain on the overall performance of the property. In addition, much like the 2017 amendment created the economic engine to finance the cost of all the other changes, converting a few underperforming hotel rooms to four new condominium units would generate the proceeds to (i) acquire the offsite deed restrictions contemplated above and (ii) convert the vacant and underutilized dorm rooms into hotel rooms to be occupied year-round and generating additional hotel occupancy tax. See the included floor plans marked to show the specific locations and sizes of the converted hotel rooms.

As we offset the onsite dorm rooms with the Off-Site Mitigation, we intend to renovate, reconfigure and repurpose the area into new hotel guestrooms.

The fundamental objective of these amendments is to improve the employee housing situation for the benefit of the employees, the Town of Vail's overall housing objectives, the community at large and Four Seasons as employer. Between 2016 and 2018, on average housing for 30 people has sat vacant while our employees instead chose to pursue more desirable housing elsewhere in the Vail Valley; this in turn is putting further upward pressure on the overall rents within the region and Four Seasons' employees are taking housing away from the rest of the community. Ultimately, the employee housing product that was contemplated and approved 20 years ago has been deemed undesirable by most of our employees in recent years notwithstanding that their cost would be less than \$600/month (including all utilities and meals) and that we have not increased the cost in over 5 years.

Amendments proposed to SDD No. 36 will allow for Off-Site Mitigation, as detailed herein and as proposed on the redlined ordinance, as well as change the approved mix of AU's and DU's that are currently permitted on the property. These changes and zoning considerations are addressed below. As the enclosed balconies were part of the original construction, relevant zoning considerations are limited to parking and employee housing.

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<sup>2</sup> The total dorm room area is comprised of: (i) approximately 182 sf of bedroom/living area, (ii) 35 sf of hallway/circulation space, (iii) 20 sf of closets, (iv) 15 sf of cabinets, and (v) 50% of an 83 sf bathroom shared with the adjacent double occupancy dorm room.

An overview of how these amendments will benefit not just Ex Vail, but also the broader community is provided below.

### APPROACH TO PROJECT

The Four Seasons has been in operation for 11 years and has offered dorm rooms to employees during that time and were Ex Vail to make no changes to the property the hotel can continue to check the box on its SDD employee housing requirement and likely continue to operate for another eleven years and beyond with 50% or more of the employee beds remaining empty month in and month out. However, to make no changes would do nothing to improve the overall utilization of employee housing and would continue to put pressure on the region's rental market. This would continue to cause further issues for employees in the region and likely continue to cause employees and community residents to ultimately leave the region for other communities with more affordable housing. In essence, the changes below reflect what would be done differently (working within the physical limitations of the existing building) if the hotel were being built for today's market:

### Off-site deed restrictions

Allowing the employee housing obligation for up to 32 of the 56 employees to be met with off-site deed restrictions will result in an improved deed restricted housing product compared to onsite undesirable dorm rooms. Two- and three-bedroom dwellings would allow for flexibility for families or roommates; the dwellings would also contain more than double the amount of livable space per employee compared to the current situation and would offer housing amenities that are expected by most contemporary employees—including living rooms and kitchens. These would ultimately result in approximately 27 new deed restricted bedrooms for the community in perpetuity. This housing would be desirable for the 92% of our employees that are not temporarily in Vail on a visa program.

### Reclassify seven hotel rooms to DU's

Since our amendment in 2017, demand for residential for-sale product and hotel run rental programs for such units has continued to grow. For the 2019/2020 ski season, we found residential rental demand to be 39% greater than its demand for the 2017/2018 ski season, but typical hotel guestrooms were only 6% higher over that same period of time. Moreover, the pandemic has increased consumer focus on vacation product that offers an enhanced element of safety, which hotel run rental units offer. Based upon our prior sales, we expect near 100% participation in the rental program by the proposed four additional DU's. The reclassification to for sale condominiums can provide the economic engine to fund the deed restrictions and guestroom conversions. As several competing destinations have all recently announced major new developments from luxury operators (Montage Big Sky, Four Seasons Telluride and the Mayflower development in Deer Valley), the market continues to evolve, consumer tastes continue to gravitate to residential rental product and ultimately Vail needs to adapt to the ever-changing market to remain the premiere North America destination.

### Re-purpose unused dorm rooms

Once replaced with off-site deed restricted housing, the underutilized dorm rooms shall be

converted to additional hotel guestrooms. As previously detailed in 2017, the hotel's standard, entry level (non-suites) rooms have historically been the best performing rooms and while there is some seasonal variation these rooms perform well throughout the year. Re-purposing the empty dorm rooms into hotel rooms will offset the larger inefficient hotel rooms that were now and previously reclassified as DU's; in addition, increasing the quantity of standard hotel rooms from the quantity that exists today (117) will generate additional business throughout the year, which will benefit the community as a whole with increased occupancy taxes and increased restaurant and retail business for other business owners in the community. In addition, these new rooms will be particularly appealing during the shoulder and summer seasons, which will continue to provide full time employment to employees instead of the highly seasonal and predominantly ski season focused experiences of Vail's past.

#### PROJECT AND DESIGN PARAMETERS

Given the objectives above, Ex Vail spent many months studying the existing facility to define a plan that would most efficiently and effectively implement these changes. Considerations, or parameters listed below influenced final renovation plans that are reflected by this SDD Amendment. These included:

##### Carrying capacity of hotel amenities

Maintaining the appropriate balance between the number of hotel guests and hotel amenities is critical, particularly at a high-end resort hotel. The Four Seasons common areas and amenities (lobby space, restaurants and bars, spa and health club, conference facilities, pool, etc.) all have a finite capacity. These amenities were originally sized for the current hotel and in most cases, it is not feasible to increase the size of these facilities. As such, existing common areas and amenities establish a limitation of sorts on the type and extent of changes to the overall unit mix.

##### Layout of the existing building/code requirements

As a renovation, the design of the existing building directly affects where changes can be made and the nature of changes that may be feasible. An example of this is the limitations created by existing hallways. In most cases hallways cannot be changed and they relate directly to each unit's building code egress requirements. In many cases options for unit conversions were directly impacted by such considerations.

##### Unit locations and views

History has shown the quality of views from hotel rooms does not directly impact guest revenue (while a mountain view room rents for more than a room with a highway view, a good mountain view room does not rent for more than a great mountain view room). The opposite is true of for-sale real estate. View considerations were a factor in determining the location of new for-sale units and new hotel rooms.

##### Parking

The existing parking structure cannot be expanded. As such, parking requirements are a significant consideration in the type of changes proposed to the properties overall unit mix.

#### Four Seasons standards

Four Seasons Hotels have explicit standards for the size, quality and features of their hotel rooms. These standards directly influenced decisions on where new or renovated hotel rooms could be created.

#### Cost and efficiency

The costs necessary to complete renovations along with projected returns were considered in making final decisions on future improvements.

#### PROPOSED CHANGES TO UNIT MIX

Ordinance #21, Series 2017 amended SDD No. 36 and allowed for the following maximum density:

- 130 AU's
- 28 DU's
- 6 FFU's
- 18 Attached AU's
- Retail, restaurant, conference facilities and health club/spa space, and
- 28 employee housing units

Proposed amendments to SDD No. 36 would result in the following:

- 123 AU's
- 32 DU's
- 6 FFU's
- 18 Attached AU's
- Retail, restaurant, conference facilities and health club/spa space, and
- 28 employee housing units (but up to 16 of these can be satisfied with Off-Site Mitigation)

A floor-by-floor comparison of existing units and proposed unit changes has been provided under separate cover. Below is a summary of how the proposed unit mix will be accomplished:

#### Convert underutilized EHU's to AU's

The 13 dorm rooms on the 4<sup>th</sup> floor and the three dorm rooms on the 7<sup>th</sup> floor will be demolished and rebuilt as 11 AU's; the off-site deed restrictions will be in place before a certificate of occupancy for the new AU's.

#### Re-classification of two large suites to two DU's

These hotel suites range in size from 1,700sf to 3,500sf. The suites do not perform well outside of peak ski season due to their size; demand for a 4-bedroom hotel suite is limited to peak periods. These suites already have full kitchens, which is also atypical for hotel suites, so reclassifying them as DU's is a more suitable status. The sale of these units will provide some of the capital necessary to purchase off-site deed restrictions and create the new hotel rooms.

### Re-classification of four hotel rooms to two DU's

These hotel rooms consist of (i) three suites range in size from 825sf to 1,100sf, and (ii) an adjacent connecting room. The suites are awkwardly shaped due to their location in the building; however, if they are merged together and reconfigured as two separate DUs, they can be more appropriately shaped by incorporating some of the hallway that is currently required by their classifications as four separate hotel rooms. The sale of these units would also provide some of the capital necessary to purchase off-site deed restrictions and create the new hotel rooms.

### Convert accounting office to AU's

The accounting office can be consolidated with other departments/offices throughout the hotel, which will allow for the accounting office to be demolished and rebuilt as 2 AU's. This change does not require an SDD amendment; however, the construction work is intended to occur at the same time as the above changes.

### ZONING CONSIDERATIONS

Proposed amendments will not materially increase the gross square footage of the building nor materially affect the exterior of the building. The overall footprint and existing floor plates/envelope of the building will remain as is; existing covered balconies on the 4th floor will be enclosed as part of the conversion to guestrooms. As such, the only relevant zoning considerations are parking and employee housing (commercial linkage requirements).

### Parking

The 2017 amendment to SDD No. 36 establishes the parking requirement for the Four Seasons to be 230 spaces. The existing SDD also acknowledges that "235 spaces provided". All parking at the hotel is managed by 24/7 concierge services which includes valet spaces. Below is a summary of the new parking demand from the proposed amendments:

#### **Four Seasons SDD Amendment**

##### **Parking Analysis**

2/3/2022

	<u>2017 SDD</u>	<u>2017 Parking</u>	<u>Current</u>	<u>Current</u>	<u>Proposed</u>	<u>Parking Req.</u>	<u>Net Parking</u>
<u>Land Use</u>	<u>Amendment</u>	<u>Req.</u>	<u>Condition</u>	<u>Parking Req.</u>	<u>Condition</u>	<u>For Proposed</u>	<u>Compared to 2017</u>
AUs	130	91.0	117	81.9	123	86.1	-4.9
DUs	28	39.2	28	39.2	32	44.8	5.6
FFUs	6	4.2	6	4.2	6	4.2	0
Lockoffs	18	12.6	15	10.5	15	10.5	-2.1
		147.0		135.8		145.6	
						<b>New Parking</b>	
						<b>Req.</b>	<b>-1.4</b>

Based on the matrix above the proposed amendments will not increase the number of required

parking spaces.

### Employee Housing

The Four Seasons was developed prior to the Town codifying employee housing requirements. Notwithstanding the fact that there was no formal employee housing requirement (commercial linkage/inclusionary zoning) at that time, in accordance with SDD No. 36 the project includes 28 on-site employee housing units. These units were approved as dormitory style and allowed to provide housing for two employees.

The town's housing ordinances for Inclusionary Zoning and Commercial Linkage address re-developments as follows:

#### Inclusionary Zoning

Employee housing need only be provided for the increase in the GRFA of a redevelopment; provided however, that if any existing EHUs are to be removed, an equal amount of EHUs shall be replaced in addition to other requirements of this chapter.

#### Commercial Linkage

Employee housing impacts need only be mitigated for a redevelopment that results in a greater number of employees generated from an increase in net floor area, or an increase in the number of accommodation units or in net floor area, or an increase in the number of accommodation units or limited service lodge units in the redevelopment; provided however, that if any existing EHUs are to be removed, an equal amount of EHUs shall be replaced in addition to the other requirements of this chapter.

Below are the three proposed changes and how they affect employee generation:

Conversion of 2 hotel suites to 2 Condominiums — this change increases GRFA and it *decreases* the number of AU's; given the relatively larger size of the AU's in question, this conversion slightly *increases* the number of employees generated.

Conversion of 5 hotel rooms to 2 Condominiums — this change increases GRFA and it *decreases* the number of AU's, given the relatively small size of the AU's in question, this conversion slightly *decreases* the number of employees generated.

AU Changes – in the 2017 Amendment, Ex Vail was approved for a maximum density of 130 AU's and provided additional offsite deed restrictions at the time to offset the incremental employees associated with the increase from 122 AU's in the 2005 Amendment. Ex Vail is now proposing to *reduce* this permitted density to 123<sup>3</sup> AU's

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<sup>3</sup> 117 AU's currently, less the 7 AU's converting to the 4 new DU's, plus the 13 new AU's to be created from the underutilized dorm rooms and the accounting office.



(which is inclusive of the AU's to be created from the underutilized dorm rooms), as such the changes *reduces* the number of employees generated.

A summation of the changes is set forth below:

#### Four Seasons SDD Amendment

##### Employee Generation Analysis

2/3/2022

<u>Land Use</u>	<u>2017 SDD</u>	<u>2017 Employee</u>	<u>Current</u>	<u>Current Condition</u>	<u>Proposed</u>	<u>Proposed Condition</u>	<u>Net Employee</u>
	<u>Amendment</u>	<u>Generation</u>		<u>Employee</u>	<u>Condition</u>	<u>Employee</u>	
			<u>Condition</u>	<u>Generation</u>		<u>Generation</u>	<u>Generation Compared</u>
							<u>to 2017 Amendment</u>
AUs	130	78.0	117	70.2	123	73.8	-4.2
DUs (sf)	86,377	34.6	89,174	35.7	99,779	39.9	5.4
FFUs (sf)	14,659	5.9	15,786	6.3	15,786	6.3	0.5
Lockoffs	18	0.0	15	0.0	15	0.0	0.0
		118.4		112.2		120.0	
						New Employee Generation	1.6

#### BENEFITS FROM PROPOSED AMENDMENTS

Ex Vail's fundamental goal with this amendment is to correct and/or improve upon the assumptions from 20 years ago in which the idea of employees living onsite was ultimately much better received in theory than in practice. For 10+ years, the Resort has checked the box and "provided" the required employee housing; however, that housing was predominately empty due to most employees having no desire to live in onsite dorm rooms and Vail as a destination growing to a point that staffing largely with visa employees is not a viable business model. Much like Vail has evolved as a community since 2001, Ex Vail aims to reinvent the antiquated employee housing with the assistance and cooperation of PEC and Town Council. Once the employee housing is addressed, converting the dorm rooms to hotel rooms will improve the Resort's financial performance and in doing so create a viable resort property that is sustainable over the long-term. An underlying premise of this effort is that improvements which benefit Ex Vail and the Four Seasons will also benefit the Town of Vail through utilized employee housing units created by Ex Vail; increased occupancy at Four Seasons; increased sales tax revenue; and increased RETT revenues.

#### STANDARDS FOR EVALUATION OF PROPOSED AMENDMENTS

Nine criteria prescribed by the SDD section of the zoning code will be used to review these proposed amendments and criteria that we are showing we meet. These criteria are geared primarily towards the design of a project and they focus on topics such as compatibility with the neighborhood, building scale and massing, architecture, landscape design, density, etc. Proposed amendments are exclusive to changing the existing mix of units and increasing employee housing utilization and SDD criteria provide little guidance or direction with respect to how to determine the appropriate mix of units for a property such as this.

## **SDD Review Criteria**

The SDD chapter of the Town Zoning Code prescribed nine criteria to be used to evaluate the merits of a proposed Special Development District. The SDD sections states: The following design criteria shall be used as the principal criteria in evaluating the merits of the proposed special development district. It shall be the burden of the applicant to demonstrate that submittal material and the proposed development plan comply with each of the following standards, or demonstrate that one or more of them is not applicable, or that a practical solution consistent with the public interest has been achieved.

These criteria and response to each are outlined below.

1. Compatibility: Design compatibility and sensitivity to the immediate environment, neighborhood and adjacent properties relative to architectural design, scale, bulk, building height, buffer zones, identity, character, visual integrity and orientation.

**Response:**

*There are no changes proposed to the property that would have any effect on the considerations outlined above.*

2. Relationship: Uses, activity and density which provide a compatible, efficient and workable relationship with surrounding uses and activity.

**Response:**

*There are no new uses proposed by these amendments. While changes are proposed to the mix of units, and since dwelling units may be rented on a nightly basis, there is not a significant change to density or the intensity of development on the site. Proposed amendments do not affect the compatible, workable relationship that has been established between the Four Seasons and surrounding uses and activities.*

3. Parking and Loading: Compliance with parking and loading requirements as outlined in chapter 10 of this title.

**Response:**

*Proposed amendments are in compliance with parking requirements.*

4. Comprehensive Plan: Conformity with applicable elements of the Vail comprehensive plan, town policies and urban design plans.

**Response:**

*Ex Vail's fundamental goal with this amendment is to correct the underutilized nature of its employee housing and to replace dorm rooms with off-site deed restricted dwellings; making this change will ensure that the deed restricted beds are actually occupied by Vail workforce instead of sitting empty year after year due to an ill-conceived type of housing product.*

*These goals are consistent with many aspects of the Town's Comprehensive Plan and town policies and address head on one of the greatest challenges currently facing the*

*Town of Vail.*

5. Natural and/or Geologic Hazard: Identification and mitigation of natural and/or geologic hazards that affect the property on which the special development district is proposed.

*Response:*

*This criterion is not applicable to the proposed amendments.*

6. Design Features: Site plan, building design and location and open space provisions designed to produce a functional development responsive and sensitive to natural features, vegetation and overall aesthetic quality of the community.

*Response:*

*This criterion is not applicable to the proposed amendments.*

7. Traffic: A circulation system designed for both vehicles and pedestrians addressing on and off site traffic circulation.

*Response:*

*The proposed amendments will have no appreciable effect on traffic considerations; given the low utilization and desirability of the onsite employee housing, the employees that were supposed to be housed onsite are already commuting to the resort from off-site housing and have been doing so for 10+ years.*

8. Landscaping: Functional and aesthetic landscaping and open space in order to optimize and preserve natural features, recreation, views and function.

*Response:*

*This criterion is not applicable to the proposed amendments.*

9. Workable Plan: Phasing plan or subdivision plan that will maintain a workable, functional and efficient relationship throughout the development of the special development district.

*Response:*

*This criterion is not applicable to the proposed amendments.*

## **EXHIBIT A**