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MEMORANDUM

To: Vail Town Council

From: George Ruther, Housing Director
Steve Lindstrom, Chair, Vail Local Housing Authority

Date: August 2, 2022

Subject: Vail Home Partners – Delivering Housing Solutions Strategic Planning Joint Worksession

I. Purpose

The purpose of this memorandum is to provide questions to spawn discussion during a strategic planning worksession of Vail Home Partners, a collaboration of the Vail Town Council and the Vail Local Housing Authority. A key component of the presentation will be a strategic look forward into 2022/23 and beyond for delivering on housing solutions in the Vail community.

II. Topics for Discussion

The Vail Local Housing Authority and the Vail Town Council, collaborating as Vail Home Partners, have realized substantial success in delivering housing results in the Vail community. Much of the success is attributed to thoughtful and strategic planning on behalf of the partners. Since adoption of the 2027 Vail Housing Strategic Plan and inception of the Town's Housing Department, the Vail community has realized a 49% increase in the total number of deed-restricted homes available for year-round and seasonal residents. Today, more than 1,025 deed restricted homes are built or under construction in Vail.

Looking forward into 2022 and beyond, four themes are likely to drive housing successes into the coming years. Those themes include a focus on the following:

- 1) Sustainability and Resiliency
- 2) Opportunity and Solutions,
- 3) Tools and Resources, &
- 4) Funding

1). Sustainability and Resiliency

The availability and attainability of housing impacts many aspects of sustainability and resiliency of the Vail community, including environment, economy, and the community. As noted by the Vail Town Council, housing is infrastructure in Vail. As infrastructure, the availability of homes becomes the common thread that ties each of these aspects of sustainability and resiliency together.

In addressing sustainability and resiliency of community character, the environment, and the economy, density of development, when done right, becomes a valuable ally. Density done right creates community, ensures critical mass, improves public transit operations, reduces the cost of delivery of services, optimizes already scarce land resources, lessens vehicle miles travelled, creates economies of scale for development, maintains community character and scale, etc.

2). Opportunities and Solutions

The Vail community and region is filled with new opportunities to advance the Town's adopted housing goal. Consistent with Vail's "*all of the above*" approaches to delivering homes, which includes developments, programs, and initiatives, the following opportunities and solutions exist to increase the supply of deed-restricted homes in the coming years:

Developments

In town:

- East Vail CDOT parcel (10 to 15 homes)
- Public Works facility (130 to 150 homes)
- West Middle Creek (TBD)
- Civic Area (TBD)
- Cascade tennis court site (TBD)
- Timber Ridge Village Apartments (200 homes min.)
- West Vail neighborhoods (TBD)
- West Vail Commercial (TBD)

Out of town:

- Eagle-Vail State Land Board parcel (Phase 1 +200 to 250 homes)
- Swift Gulch site (40 to 45 homes)
- Traer Creek parcel (TBD)
- Tract Y, Metcalf Road (+/- 54 homes)

Programs

- Vail InDEED Deed Restriction Purchase Program

- Vail InDEED Homebuyer Cash Offer Assistance Program
- Vail InDEED Buydown Program
- Town of Vail Internal Housing Program
- Long-term Rental Property Owner Incentives
- EHU Exchange amendments

Initiatives

- Amend commercial linkage, inclusionary zoning, and residential linkage
- Utilization of deed-restricted assets as collateral for issuance of debt
- Vail Housing 2027 Plan update
- Vail Home Partners Housing Subcommittee
- Remote working policy deed restriction qualifications
- No Net Loss of Rental Homes

3). Tools and Resources

- 2018 Town of Vail Housing Policy Statements
- Knowledgeable and experienced staff with years of institutional knowledge
- Well-established relationships with local, regional, and private-sector partners
- Proven and demonstrated track record of delivering on housing successes
- Vail Local Housing Authority

4). Funding

In 2018, the Vail Town Council, in collaboration with the Vail Local Housing Authority, adopted 10 Housing Statements. Each of these statements is intended to articulate the measures the Vail Town Council will take towards achieving the adopted housing goal. Of significance, Housing Policy Statements #4 and #10 state, “#4 Leverage Financial Strength – We will use our financial strength and acumen to acquire deed-restrictions”, and “#10 Funding is Policy – The Vail Town Council will fund housing opportunities and solutions.”

Sources of funding for housing opportunities and solutions include the following:

- 0.5% dedicated sales tax
- Bonding/Issuance of debt
- Fund balance reserves
- Private equity participation
- Housing mitigation fees
- Federal/state grants

III. Questions for Vail Town Council/Vail Local Housing Authority Discussion

The Vail Town Council is preparing to adopt an updated action plan for the years 2022 through 2026. The adoption of an updated plan is anticipated to occur in the coming weeks. The action plan is likely to include specific recommendations for actions and priorities for implementation to achieve community objectives, including housing. According to the 2022 Vail Community Survey of Vail residents and business owners, increasing the supply and availability of homes for year-round and seasonal residents was identified as the #1 most critical issue facing the Vail community.

To better articulate a vision and further inform the 2022 Action Plan, the Vail Local Housing Authority recommends the Vail Town Council considers providing responses to the following questions:

1. How should the estimated \$3.5M to \$4M funds collected annually from the 0.5% housing fund sales tax increase be invested to increase the supply of deed-restricted homes? \$3.5M to \$4M can service the debt on \$20M to \$30M, subject to terms.
2. How would the Vail Town Council invest \$8M - \$10M towards housing solutions if the funds were immediately available? What new opportunities would this investment in housing create?
3. What role, if any, does land banking play in the Town's long-term strategic plan for housing? Historically, the availability of land has been a limiting factor in the Town's ability to deliver housing results. Land banking could be in town or down valley.
4. What is the Vail Town Council's vision for the future of housing in Vail? What role does partnering in housing solutions down valley play and how is it best to address the unintended consequences? What does a down valley partnership look like?
5. How best can the Vail Local Housing Authority participate in the redevelopment of the Timber Ridge Village Apartments? The leadership role of the VLHA in development of Middle Creek at Vail Apartments may be a worthwhile model to repeat. Whatever it is, the role should extend beyond accepting a fraction of an ownership interest in the development entity for the sole purpose of gaining property tax exemptions.
6. How can the Vail Local Housing Authority better assist the Vail Town Council in achieving its adopted housing goal? Are there additional actions the Authority should be taking or possibly pursuing differently?
7. What are the Vail Town Council's preferred strategies for achieving its adopted housing goal? New development? Public partnerships? Private sector incentives? Deed restriction purchase? In-town or down valley? All of the above?
8. From a visioning perspective, what if housing became integral to Vail's secret sauce to success? If housing is in fact infrastructure in the eyes of town leaders,

how do we leverage the availability and attainability of housing to give Vail a competitive edge amongst its peers and serve to provide the core for ongoing sustainability and stewardship efforts? The importance of delivering significant housing solutions appears foundational in the drafting of the Steward Vail Plan.

9. From a housing perspective, what is going to be different 5 to 7 years from now? What progress has the Town made towards achieving the housing goal? How have the conditions changed

10. What role, if any, does zoning reform and development review process amendments play in the Vail Town Council's strategies for achieving the Town's adopted housing goal? As a growing trend, more communities are looking to the zoning reform and change in process to help secure much needed housing in their respective communities.