



# Vail Local Housing Authority Agenda

February 8, 2022

3:00 PM

Virtual Meeting  
75 S. Frontage Road - Vail, Colorado, 81657

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1. **Call to Order**
  - 1.1. Zoom Meeting 1 (call to order pre-executive session)
  - 1.2. Call to Order
  
2. **Citizen Participation**
  - 2.1. Citizen Participation 5 Min.
  
3. **Approval of Minutes**
  - 3.1. VLHA December 14, 2021 Minutes 5 Min.
  - 3.2. VLHA January 11, 2022 Minutes 5 Min.
  
4. **Main Agenda**
  - 4.1. Housing Policy Legislative Initiatives. 20 Min.  
Presenter: Scott Robson, Town Manager
  - 4.2. Request for a recommendation of a proposed amendment to the Gillett Residence deed restriction. 15 Min.  
Presenter: Dominic Mauriello, MPG Principal
  - 4.3. Request for recommendation of a proposed amendment to the Four Seasons SDD. 30 Min.  
Presenter: Kristin Williams, Applicant's Representative
  
5. **Matters from the Chairman and Authority Members**
  - 5.1. Matters from the Chairman and Authority Members 15 Min.  
Presenter: Steve Lindstrom, Chairman
  
6. **Adjournment**
  - 6.1. Adjournment 5:00PM (estimate)
  
7. **Future Agenda Items**
  - 7.1.
    - Land Banking (sale of GRFA)
    - Investment Banker Discussion
  
8. **Next Meeting Date**

## 8.1. Next Meeting Date February 22, 2022

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Housing Department



VAIL LOCAL HOUSING AUTHORITY AGENDA MEMO

**ITEM/TOPIC:** VLHA December 14, 2021 Minutes

**ATTACHMENTS:**

**Description**

**VLHA December 14, 2021 Minutes**



## Vail Local Housing Authority Minutes

December 14, 2021

3:00 PM

Virtual Meeting

75 S. Frontage Road - Vail, Colorado, 81657

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### **PRESENT**

Steve Lindstrom  
Mary McDougall  
Greg Moffet  
James Wilkins

### **ABSENT**

Molly Morales

### **STAFF**

George Ruther, Housing Director  
Lynne Campbell, Senior Housing Coordinator  
Martha Anderson, Housing Coordinator

## **1. Call to Order**

1.1. Zoom Meeting 1 (call to order pre-executive session)

1.2. Zoom Meeting 2 (post executive session)

1.3. Call to Order

A quorum is present, Morales is absent. Lindstrom called the meeting to order at 3:04 PM.

1.4. Introduction: Martha Anderson, Housing Coordinator Introduction

- Ruther introduced the housing department's new member. Anderson provided a summary of her background.

## **2. Citizen Participation**

2.1. Citizen Participation

There are no comments.

## **3. Approval of Minutes**

3.1. VLHA November 9, 2021 Minutes

**MOTION: MOFFET**

**SECOND: WILKINS**

**VOTE: 4-0AP**

## **4. Main Agenda**

4.1. Resolution No. 16, Series of 2021, A Resolution Adopting a Budget and Making

Appropriations to Pay the Costs, Expenses and Liabilities of the Vail Local Housing Authority, for its Fiscal Year January 1, 2022 through December 31, 2022.

Presenter: Lynne Campbell, Town of Vail Senior Housing Coordinator

**MOTION: MOFFET                      SECOND: WILKINS                      VOTE: 4-0AP**

- 4.2. Resolution No. 17, Series of 2021, A Resolution Approving an Exemption from Audit for the Fiscal Year 2021, for the Vail Local Housing Authority in the State of Colorado.

Presenter: Lynne Campbell, Town of Vail Senior Housing Coordinator

**MOTION: MOFFET                      SECOND: WILKINS                      VOTE: 4-0AP**

## **5. Matters from the Chairman and Authority Members**

- 5.1. Matters from the Chairman and Authority Members

Presenter: Steve Lindstrom, Chairman

An update was given on the Eagle Vail CDOT parcel. Dylan Roberts has been working with the governor to get CDOT to move and take advantage of that site for Housing. The goal is to move the CDOT facility to another landlord parcel to free up the parcel for the Town's housing efforts. CDOT's work is underway to finalize a state appraisal and environmental assessment, as soon as the request for bids is received from CDOT, involvement from VLHA is anticipated as the Town of Vail puts together an offer to acquire the property. The Housing department will provide regular updates to the Vail Local Housing Authority and will get the authority fully involved.

Town Council will discuss the various subcommittee assignments and board appointments on the upcoming meeting on December 21, 2021, Authority members are encouraged to attend or listen to the meeting for updates on this matter.

Also, on the Town Council meeting on December 21, 2021, the West Vail Master plan (WVMP) team will provide an update on the WVMP and a series of next steps, Authority members are encouraged to attend. It is important to stay updated on the WVMP revamping of zoning for the outline subdivisions to ensure we don't lose housing in grandfathered parts of the Town.

Ballot initiative 2A authorizing an increase of 0.5% in the town's existing sales tax passed. Discussion ensued regarding if the Town will take an administrative fee out of the sales tax revenue collected for Housing, Town staff is advised to monitor the budget process and housing revenues.

Authority members would like to hold one on one lunches with Council members after first of year to give them an update on Housing initiatives.

The Town Council will consider in second reading Ordinance No. 24, which is an ordinance proposed to establish a \$250 administrative penalty for those deed restricted owners that fail to comply with the Feb 1 annual deadline. The hope is that this fee is viewed as an incentive not a penalty. The administrative fee is not in

place of submitting the documentation on time nor does it replace the obligation to comply with all other terms of the deed restriction.

The Authority will be given an update of the proposed abatements to the Town's commercial linkage and residential linkage and inclusionary zoning ordinances and development impact obligations on the first meeting in January 2022 so a recommendation from VLHA can be drafted to Town Council and presented the first quarter of 2022.

The short-term rental (STR) study is underway, Town Council asked staff to put together and present some additional study and data on STR and the impact within the Town of Vail. Economic and Planning Systems has been working with staff on this and a preliminary update from Town staff will be provided on the January 4, 2022 Town Council meeting. It is anticipated that the VLHA will have an opportunity to provide recommendations on policy adoption, regulation, or no action as it related to STR's.

The annual compliance verification process is underway, the first round of letters was sent reminding owners of the Feb 1 obligation.

The Housing department is working with communications on a marketing video about Vail InDEED in cooperation with lenders, brokers and Vail InDEED property owners to explain the how to and why the community should consider Vail InDEED.

Moffet made a motion to the regular meeting and enter executive session.

**MOTION: MOFFET**

**SECOND: WILKINS**

**VOTE: 4-0 AP**

## **6. Executive Session**

- 6.1. Executive Session per C.R.S. §24-6-402(4)(a)(e) - to discuss the purchase, acquisition, lease, transfer or sale of real, personal or other property interests and to determine positions relative to matters that may be subject to negotiations regarding: Vail InDEED applications and deed restrictions.

Presenter: Lynne Campbell, Senior Housing Coordinator

VLHA reentered the regular meeting at 3:38PM with Moffet, McDougall, Wilkins, Lindstrom, Ruther, Anderson and Campbell present.

## **7. Any Action as a Result of Executive Session**

- 7.1. Any Action as a Result of Executive Session

Moffet moved to direct staff to continue with Vail InDEED negotiations as discussed in executive session.

**MOTION: MOFFET**

**SECOND: MCDUGALL**

**VOTE: 4-0 AP**

**8. Adjournment**

8.1. Adjournment 3:58 PM

**MOTION: MOFFET**

**SECOND: WILKINS**

**VOTE: 4-0AP**

**9. Future Agenda Items**

9.1. Land Banking (sale of GRFA)  
Investment Banker Discussion  
Long Term Housing Funding

**10. Next Meeting Date**

10.1. Next Meeting Date January 11, 2021, December 28, 2021 has been cancelled

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**Housing Department**



VAIL LOCAL HOUSING AUTHORITY AGENDA MEMO

**ITEM/TOPIC:** VLHA January 11, 2022 Minutes

**ATTACHMENTS:**

**Description**

**VLHA January 11, 2022 Minutes**





## Vail Local Housing Authority Minutes

January 11, 2022

2:30 PM

Virtual Meeting

75 S. Frontage Road - Vail, Colorado, 81657

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### **PRESENT**

Steve Lindstrom  
Mary McDougall  
Molly Morales  
Greg Moffet

### **ABSENT**

James Wilkins

### **STAFF**

George Ruther, Housing Director

#### **1. Call to Order**

1.1. Zoom Meeting 1 (call to order pre-executive session)

1.2. Call to Order

A quorum is present, Wilkins is absent. Lindstrom called the meeting to order at 3:01 PM.

#### **2. Citizen Participation**

2.1. Citizen Participation

There are no comments.

#### **3. Approval of Minutes**

3.1. VLHA December 14, 2021 Minutes

Approval motion was not done.

#### **4. Main Agenda**

4.1. Work session in preparation of the proposed 2022 work plan and amended Vail Town Council action plan.

Presenter: George Ruther, Housing Director and Steve Lindstrom, Chairman

Discussion ensued around the items that will be presented to Town Council on the semi-annual update. Items to be discussed include presenting statistics on housing initiatives performance in 2021, describing current community issues, discussion on sustainability as it related to housing and presenting current housing opportunities.

The housing opportunities to be discussed with Town Council include the CDOT parcel, the public works facility, the middle creek west parcel, the civic area plan, the cascade tennis court site, timber ridge and the commercial district development. Ruther provided highlights of the timber ridge update presented to Town Council.

Discussion ensued around housing programs, including, Vail Indeed, the home buyer assistance program, the Town of Vail internal housing program, long term rental property owner incentives and EHU Exchanges.

There was discussion on housing initiatives, particularly, a discussion on Fannie Mae rejecting our deed restriction because our deed restriction places an occupancy obligation on businesses within the community versus placing it on just ourselves; this issue impacts any county that uses deed restricted properties to protect and preserve housing for local residents. There is opportunity for the Town of Vail to partner with other affected communities on this issue.

Moffet discussed the possibility that the Housing Authority may be able to issue tax exempt bonds backed by mortgages on deed restricted properties.

**5. Matters from the Chairman and Authority Members**

5.1. Matters from the Chairman and Authority Members

Presenter: Steve Lindstrom, Chairman

There are no other matters discussed.

**6. Adjournment**

6.1. Adjournment 4:55 PM

**MOTION: MOFFET                      SECOND: MCDOUGALL      VOTE: 3-0AP**

**7. Future Agenda Items**

- 7.1. Land Banking (sale of GRFA)
- Investment Banker Discussion
- Inclusionary Zoning, Commercial Linkage and Residential Linkage

**8. Next Meeting Date**

- 8.1. Next Meeting Date January 25, 2022

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**Housing Department**



VAIL LOCAL HOUSING AUTHORITY AGENDA MEMO

**ITEM/TOPIC:** Housing Policy Legislative Initiatives.

**ATTACHMENTS:**

**Description**

**Future of Housing\_YVHA**

**HousingMatters\_GunnisonValley**

**LeaseToLocals\_Summit**

**ShortTermFix\_WinterPark**



# THE FUTURE OF HOUSING

Jason Peasley

Yampa Valley Housing Authority



# A HOUSING CRISIS



> NEW LISTING  
COMING SOON!

List Price: \$299,900



## A BUSINESS PROBLEM





## A SOLID FOUNDATION

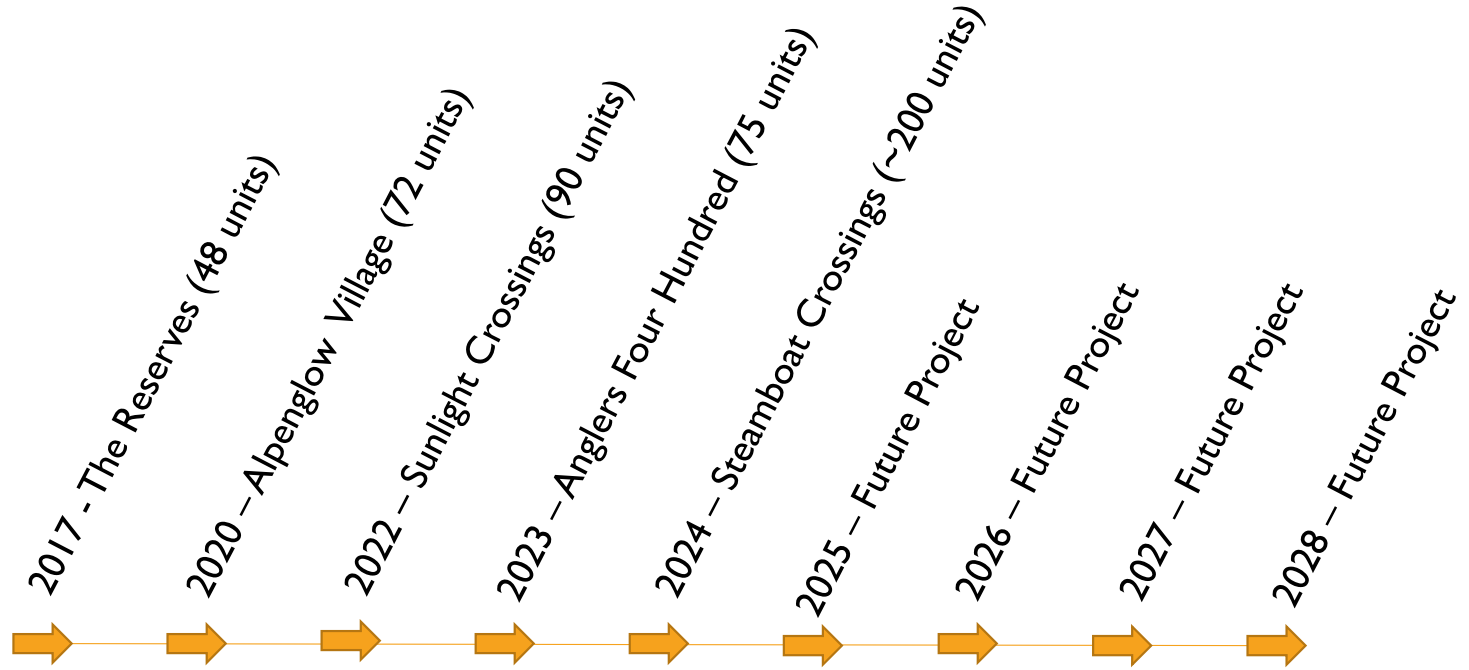


Stability – Affordability – Mobility





# A PIPELINE OF WORKFORCE HOUSING





A BIG OPPORTUNITY





## A COMMUNITY OF SOLUTION

- Brown Ranch Steering Committee
- Brown Ranch Focus Teams
  - Housing Demand
  - Infrastructure
  - Urban Design
  - Sustainability and Stewardship
  - Project Economics
  - Stakeholder Engagement
  - Targeted Outreach
- Political Leadership
- Business Leadership

# **Housing Matters Program 2022**

Mt. Crested Butte & Gunnison Valley  
Regional Housing Authority

**Purpose of the Program:** Increase the supply of local workforce housing through conversion of STRs to LTRs

**Basics of Process:** GVRHA master-leases properties from owners; subleases to qualified tenant households; minimum one-year lease terms

**Financial Commitment:** Fiscal sponsor allocates surety fund \$\$ to support any losses GVRHA may incur in uncovered rents or “over-used” security deposits; pay low annual admin fee to GVRHA

## **Tenants Benefits:**

- Provides free education on improving rental worthiness
- Creates increased access to decent, affordable living spaces
- Offers a lower up-front cost to get into a rental unit
- Provides longer-term stability in housing

## **Owner Benefits:**

- Provides guaranteed rental income
- Lease agreement with local agency, GVRHA, who has the experience and financial capacity to perform
- Reduced property management fees compared to STR management companies
- Stable tenants educated to be rent-worthy
- Scheduled property inspections reduce wear and tear costs or large repair expenditures on properties





# Lease to Locals

Program  
Overview





# Summit County Housing Overview







# Program Overview

Lease to Locals is a pilot program created and funded by Summit County and Town of Breckenridge

Our goal is to unlock new rental housing for the local workforce across the county by providing property owners and property managers cash incentives to convert short-term rentals to long-term rental leases.

Our program is administered by Landing Locals, a Truckee, CA based housing startup focused on locals housing, as well as the Summit County and Town of Breckenridge Housing Departments.



# Program Details



The Pilot program runs Oct 15, 2021 – April 15, 2022



Our goal is 100 bedrooms converted



We budgeted \$1,000,000 for incentives



# Program Guidelines



Tenants must be locally employed in Summit County



Properties must be an active short-term rental



Leases can be seasonal (5+ mo) or long-term (12+mo)



# Current Incentives

Property Owner Incentive:

<b>Unit Size</b>	<b>Seasonal</b>	<b>Long-Term</b>
Bedroom	\$3,000	\$5,000
Studio	\$5,500	\$9,000
1 Bedroom	\$6,000	\$10,000
2 Bedroom	\$12,000	\$22,000
3 Bedroom +	\$13,000	\$24,000



# Current Incentives

## Property Manager Incentives:

Unit Size	Seasonal	Long-Term
2 Bedrooms or smaller	\$1,000	\$1,200
2 Bedrooms +	\$2,500	\$2,700

## Property Manager Competition:

First PM to Convert	Incentive
5 Units	\$5,000
10 Units	\$15,000
15 Units	\$20,000



# Results

## Program Totals

Participating Properties:	29
Total Bedrooms:	53
Workforce Housed:	56
% of 12 Month Rentals:	66%
Average Rent per Bedroom:	\$1,163
Total Incentives:	\$430,200
Average Incentive Cost per Bedroom:	\$8,100





# Results

## Unincorporated Summit County Breakdown

Participating Properties:	18
Total Bedrooms:	34
Workforce Housed:	35
% of 12 Month Rentals:	72%
Average Rent per Bedroom:	\$1,140





# Results

## Town of Breckenridge Breakdown

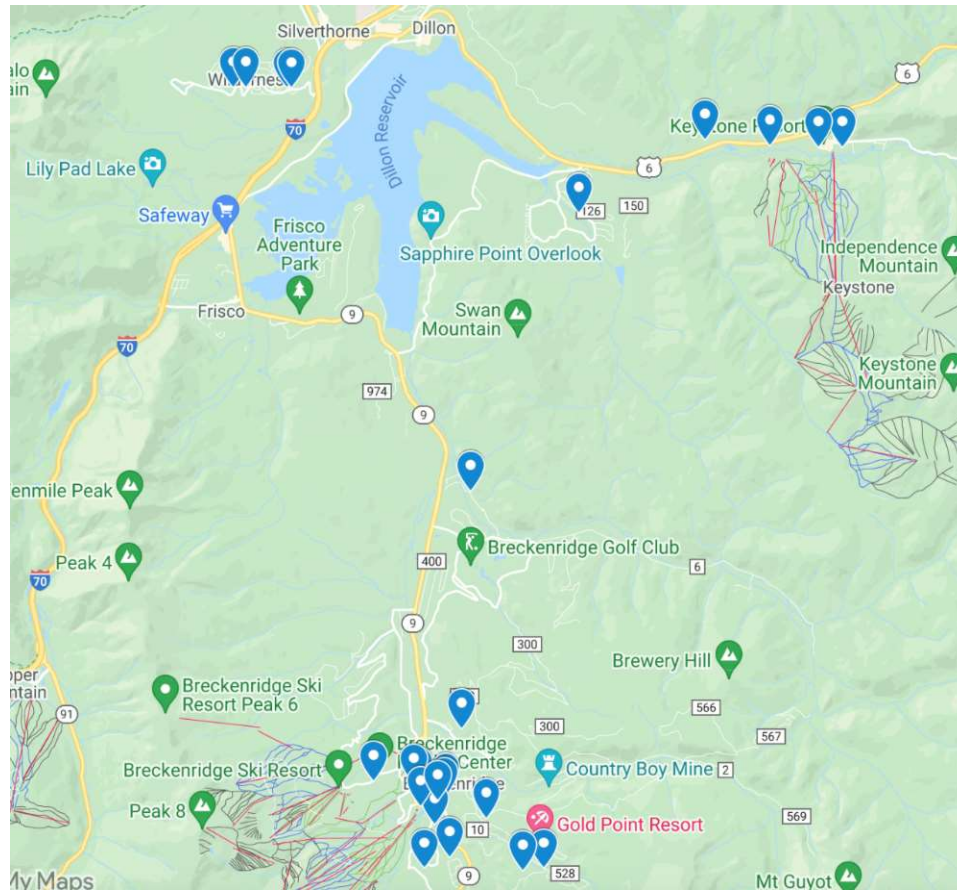
Participating Properties:	11
Total Bedrooms:	19
Workforce Housed:	21
% of 12 Month Rentals:	54%
Average Rent per Bedroom:	\$1,318





# Results

## Map of Participating Properties



# Results

## Map of Workforce's Business Locations





# Short-Term Fix

Lessons Learned from Incentivizing Long-Term Rentals



# Short-Term Fix Program Origin



**East Troublesome Fire Housing Donations**

**Landing Locals**

**Workforce Housing Committee**

**Proposed Bed & Breakfast Renovation**

**40 Bedroom Goal**



# Short-Term Fix Program



## Offered Cash Incentives

1-Bedroom / Studio:

\$5,000 for 6-month lease

\$10,000 for 1-year lease

2-Bedroom +

\$10,000 for 6-month lease

\$20,000 for 1-year lease

## Master Lease with Local Business

- Located in Winter Park
- 50 or fewer employees
- Cannot lease to yourself

## Application Process

- Registration forms for employers and property owners
- Verified property address/size/and ownership on County Assessor's Site
- Property Owners turned in executed lease, notarized program affidavit, & W-9





## Lessons Learned: Short-Term Fix



- Quick Launch
- Working with Local Businesses
- No Rent Ceiling
- Housing Included in the Cost of Doing Business
- Short-Term Renting is No Panacea
- Match with Local Housing Stock





VAIL LOCAL HOUSING AUTHORITY AGENDA MEMO

**ITEM/TOPIC:** Request for a recommendation of a proposed amendment to the Gillett Residence deed restriction.

**ATTACHMENTS:**

**Description**

**Letter to TOV on Sunlight Deed Restriction**



January 31, 2022

Vail Local Housing Authority  
% George Ruther, AICP  
Housing Director  
Town of Vail

Re: Deed restriction on Sunlight North Condominium Unit 8

Dear Members of the Vail Local Housing Authority:

I am representing The Rose Gillett Revocable Trust (the Trust) which is the current owner of Unit 8 in the Sunlight North Condominiums. Unit 8 has been owned by the Trust since 2000 when it was purchased and deed restricted with the attached deed restriction. The deed restriction is "attached" to Lot 12, in Spraddle Creek Estates and causes the unit to be a rental unit as it cannot be sold separately from Lot 12.

The Trust would like to be able to sell the dwelling unit to a local employee rather than operating the dwelling unit as a rental. Most other deed restrictions that the Town imposes allows units to be sold. Given the policies around local housing in place today, versus the policies in place in 2000, we don't see a reason why this condominium unit should not be sold and allowed to be occupied or rented to a local resident meeting the normal requirements of a modern deed restriction.

We request that the Town allow this deed restriction to be substituted for a standard deed restriction typically imposed by the Town (Type 3 or Type 4). I have attached the Town's current deed restriction.

A little background on Unit 8. It is a 565 sq. ft. unit with two bedrooms and two baths. It also has a 562 sq. ft. attached, two-car garage. The Sunlight North Condominiums were constructed in 1995.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Mauriello', written in a cursive style.

Dominic F. Mauriello, AICP  
Principal



Restrictive Covenants

WHEREAS, The Rose F. Gillett Revocable Trust is the owner of property described as:

Lot 12, Spraddle Creek Estates and  
Sunlight North Condominiums Unit Number 8

WHEREAS, the owner wishes to replace certain restrictions on lot 12, Spraddle Creek Estates with a restriction on the use of Sunlight North Condominium Unit Number 8 for the benefit of the owner and the Town of Vail, Colorado ("the Town"). This restrictive covenant hereby replaces the deed restriction on Lot 12, Spraddle Creek Estates recorded at Eagle County Book 642, Page 435, June 9, 1994.

NOW, THEREFORE, the owner does hereby impose, establish, acknowledge, declare, for the benefit of all persons who may hereinafter purchase, or lease, or hold the subject land, the following restrictions, covenants, and conditions, all of which shall be deemed to run with the land and inure to the benefit and be binding upon the owner, its respective grantees, successors, and assigns.

1. Sunlight North Condominium Unit Number 8 ("the unit") on the subject property shall not be sold, transferred, or conveyed separately from lot 12, Spraddle Creek Estates.
2. Sunlight North Condominium Unit Number 8 shall not be leased or rented for any period of less than thirty (30) consecutive days; and it shall be rented only to tenants who are full-time employees of businesses licensed in Eagle County. A full-time employee is a person who works an average of thirty (30) hours or more per work, year-round.
3. Sunlight North Condominium Unit Number 8 shall not be divided into any form of time shares, interval ownership, or fractional fee ownership.
4. The provisions hereof may be enforced by the owner or the Town.
5. The conditions, restrictions, stipulations, and agreements contained herein shall not be waived, abandoned, terminated, or amended, except by the written consent of both the Town of Vail and the owner of the subject property.

TOWN OF VAIL, COLORADO

By: [Signature]  
Robert W. McLaurin, Town Manager

ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 30 day of May, 2000 by Robert W. McLaurin.

**Elizabeth M. Salter, Notary Public**  
State of Colorado  
My Commission Expires 2/14/2004

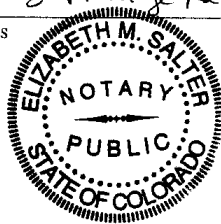
[Signature]  
Notary Public

75 S. Frontage Rd., Vail, Co 81657  
Address

My commission expires:

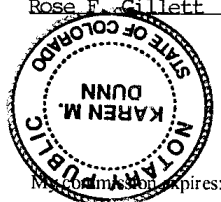
PROPERTY OWNER

By: [Signature]  
The Rose F. Gillett Revocable Trust by Rose F. Gillett its Trustee



ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 22nd day of May, 2000 by Rose F. Gillett.



[Signature]  
Notary Public

\_\_\_\_\_  
Address

My commission expires:

732701 06/21/2000 02:13P Sara Fisher  
1 of 2 R 10.00 D 0.00 N 0.00 Eagle CO

7701



**DEED RESTRICTION AGREEMENT**  
**(Type \_\_ EHU)**

THIS DEED RESTRICTION AGREEMENT (the "Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Effective Date") by and between the Town of Vail, Colorado, a Colorado home rule municipality with an address of 75 South Frontage Road, Vail, Colorado 81657 (the "Town"), and \_\_\_\_\_ with an address of \_\_\_\_\_, Vail, Colorado 81657 (collectively "Owner") (each a "Party" and collectively the "Parties").

WHEREAS, Owner owns the real property described as \_\_\_\_\_, Vail, Colorado 81657 (the "Property"); and

WHEREAS, upon recordation of this Agreement, the Property will constitute a Type IV employee housing unit ("EHU") pursuant to Chapter 13 of Title 12 of the Vail Town Code (the "Code").

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the sufficiency of which is mutually acknowledged, the Parties agree as follows:

1. Property. The Property is hereby burdened with the covenants and restrictions specified in this Agreement. The provisions of this Agreement shall supersede any conflicting provisions of Code § 12-13-3.

2. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

a. *Person* means a natural person, and excludes any type of entity.

b. *Principal Place of Residence* means the home or place in which one's habitation is fixed and to which one has a present intention of returning after a departure or absence therefrom. To determine a person's Principal Place of Residence, the criteria set forth in C.R.S. § 31-10-201(3) shall apply.

c. *Qualified Household* means one Qualified Resident or a group of persons that contains at least one Qualified Resident. A Qualified Household may have occupants that are not Qualified Residents as long as at least one occupant is a Qualified Resident.

d. *Qualified Resident* means a natural person who works an average of 30 hours or more per week at a business in Eagle County, Colorado that holds a valid and current business license, or pays sales taxes, or is otherwise generally recognized as a legitimate business, and earns at least 75% of their income from such business. A Qualified Resident also includes an individual who: is retired; was 60 years of age or older at the time of retirement; for the 5 years immediately prior to retirement, worked an average of 30 hours or more per week at a business in Eagle County that held a valid and current business license, or paid sales taxes, or was otherwise generally recognized as a legitimate business; and earned at least 75% of their income from such business during such 5-year period. To determine that a person is a Qualified Resident, the

Guidelines set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, shall apply.

3. Occupancy Restrictions.

a. At least one Qualified Resident shall continuously occupy the Property as his or her principal place of residence.

b. Owner shall not rent the Property to any person or persons for a term shorter than 30 days.

c. A Qualified Resident may lease a room or rooms in the Property to one or more persons, provided that the Qualified Resident still continuously occupies the Property as his or her principal place of residence. The term of all leases shall be no less than 30 days in duration and no greater than 12 months in duration, provided that unlimited renewals to Qualified Households are permitted.

d. No business activity shall occur on or in the Property other than as permitted within the zone district applicable to the Property.

4. Annual Verification. No later than February 1<sup>st</sup> of each year, beginning in the year following the first year of occupancy of the Property, Owner shall submit a written statement to the Town including the following information and stating that such information is true and correct to the best of Owner's knowledge and belief:

a. Evidence to establish that the Property was occupied by a Qualified Household during all of the prior calendar year;

b. If applicable, a copy of the lease form currently used for the Property; and

c. If applicable, a list of tenants who occupied the Property in the prior calendar year and the evidence submitted by each tenant to establish that they were a Qualified Resident, as set forth in the Qualification Guidelines.

5. Consensual Lien; Right to Redeem. For the purpose of securing Owner's performance under this Agreement and creating in favor of the Town a right to redeem in accordance with Part 3 of Article 38 of Title 38, C.R.S., as amended, Owner hereby grants to Town a consensual lien on the Property. Such lien shall not have a lien amount.

6. Town's Option. Owner shall first notify the Town if Owner wishes to sell the Property. The Town shall have the first option to purchase the Property.

7. Breach.

a. It is a breach of this Agreement for Owner to violate any provision of this Agreement, or to default in payment or other obligations due to be performed under a promissory note secured by a first deed of trust encumbering the Property. Owner shall notify the Town, in writing, of any notification received from any lender of past due payments or defaults in payments or other obligations within 5 days of receipt.

b. If the Town has reasonable cause to believe Owner is violating this Agreement, the Town may inspect the Property between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing Owner with 24 hours written notice. This Agreement shall constitute Owner's permission to enter the Property during such times upon such notice.

c. If Owner is more than one individual, each shall be jointly and severally liable for compliance with this Agreement and any breach of this Agreement.

8. Remedies.

a. The Town shall have any and all remedies provided by law and in equity for a violation of this Deed Restriction, including without limitation: (i) damages; (ii) specific performance; and (iii) injunctions, including without limitation an injunction requiring eviction of the occupant(s) and an injunction to prohibit the occupancy of the Property in violation of this Deed Restriction. All remedies shall be cumulative.

b. The cost to the Town of any activity taken in response to any violation of this Deed Restriction, including reasonable attorney fees, shall be paid promptly by Owner.

9. Foreclosure.

a. In the event of a foreclosure, acceptance of a deed-in-lieu of foreclosure, or assignment, this Agreement shall remain in full force and effect.

b. Owner shall give immediate notice to the Town: of any notice of foreclosure under the first deed of trust or any other subordinate security interest in the Property; or when any payment on any indebtedness encumbering the Property is required to avoid foreclosure of the first deed of trust or other subordinate security interest in the Property.

c. Within 60 days after receipt of any notice described herein, the Town may (but shall not be obligated to) proceed to make any payment required to avoid foreclosure. Upon making any such payment, the Town may place a lien on the Property in the amount paid to cure the default and avoid foreclosure, including all fees and costs resulting from such foreclosure.

d. The Town shall have 30 days after issuance of the public trustee's deed or the acceptance of a deed in lieu of foreclosure by the holder in which to purchase by tendering to the holder, in cash or certified funds, an amount equal to the redemption price which would have been required of the borrower or any person who might be liable upon a deficiency on the last day of the statutory redemption period(s) and any additional reasonable costs incurred by the holder related to the foreclosure.

10. Consensual Lien; Right to Redeem. Under C.R.S. § 38-38-305, Town, as the holder of the deed restriction established by this Agreement, is considered as a lienor, but without any lien amount, with a right to redeem upon the foreclosure of a superior lien, in accordance with Article 38 of Title 38, C.R.S., as amended.

11. Miscellaneous.

a. *Modification.* This Agreement may only be modified by subsequent written agreement of the Parties.

b. *Integration.* This Agreement and any attached exhibits constitute the entire agreement between Owner and the Town, superseding all prior oral or written communications.

c. *Runs with the Land.* The benefits and obligations of the Parties under this Agreement shall run with the land, and Owner's obligations hereunder shall be binding on any subsequent holder of any ownership interest in the Property.

d. *Severability.* If any provision of this Agreement is determined to be void by a court of competent jurisdiction, such determination shall not affect any other provision hereof, and all of the other provisions shall remain in full force and effect.

e. *Governing Law and Venue.* This Agreement shall be governed by the laws of the State of Colorado, and any legal action concerning the provisions hereof shall be brought in Eagle County, Colorado.

f. *Agreement Binding; Assignment.* This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of the Parties.

g. *Third Parties.* There are no intended third-party beneficiaries to this Agreement.

h. *No Joint Venture.* Notwithstanding any provision hereof, the Town shall never be a joint venture in any private entity or activity which participates in this Agreement, and the Town shall never be liable or responsible for any debt or obligation of any participant in this Agreement.

i. *Notice.* Any notice under this Agreement shall be in writing, and shall be deemed sufficient when directly presented or sent pre-paid, first class United States Mail to the Party at the address set forth on the first page of this Agreement.

j. *Recording.* This Agreement shall be recorded with the Eagle County Clerk and Recorder.

k. *Savings Clause.* If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options created by this Agreement are held to be unlawful or void for violation of: the rule against perpetuities or some analogous statutory provision; the rule restricting restraints on alienation; or any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for the period of the lives of the current duly elected and seated members of the Vail Town Council, their now living descendants, if any, and the survivor of them, plus 21 years.



## **EXHIBIT A GUIDELINES**

1. Purpose. The purpose of these Guidelines is to set forth the occupancy requirements for the Property pursuant to the Deed Restriction Agreement.
2. Definitions. All capitalized terms herein shall have the meanings set forth in the Deed Restriction Agreement.
3. Application. To become a Qualified Resident, a person must provide the following information:
  - a. Verification (e.g., wage stubs, employer name, address, telephone number and other appropriate documentation) of the person's current employment with a business in Eagle County that holds a valid and current business license, or pays sales taxes, or is otherwise generally recognized as a legitimate business;
  - b. Evidence that the applicant has worked, or will work, an average of 30 hours per week or more per year and earns at least 75% of their income from one or more of such businesses;
  - c. Evidence that the applicant is an individual who is retired, was 60 years of age or older at the time of retirement, and for the 5 years immediately prior to retirement, worked an average of 30 hours or more per week at such a business and earned at least 75% of their income from such a business;
  - d. A valid form of identification, such as a driver's license, state-issued identification, passport or military identification; and
  - e. A signed statement certifying and acknowledging that all information submitted in such application is true to applicant's best knowledge and authorizing verification of all information submitted.





VAIL LOCAL HOUSING AUTHORITY AGENDA MEMO

**ITEM/TOPIC:** Request for recommendation of a proposed amendment to the Four Seasons SDD.

**ATTACHMENTS:**

**Description**

**Project Narrative**

**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  
February 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, replacing underutilized onsite deed-restricted employee housing units with offsite employee housing deed restrictions (as opposed to previously contemplated master leases), reconfiguring the underutilized dorm-style employee housing units into hotel accommodation units (AU's), and reclassifying certain accommodation units into dwelling units. Proposed amendments will not increase the overall footprint or existing floor plates of the building; existing covered balconies on the 4<sup>th</sup> floor will be enclosed as part of the conversion to guestrooms. In addition, there will be minor refinements 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 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 prior flaws and to meet the demands of our valued year-round employees - in other words, Ex Vail needs this housing - and it meets the needs of the Town of Vail's housing goals and identified solutions. What was approved in 2003 would likely not be approved today; we are appreciative of the SDD amendment process allowing the ideas in our proposal to come forward to prove 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 utilization 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 utilized.

Extell and our redevelopment team have created a revised housing program that we believe aligns with community housing goals and is in compliance with Vail policy. Moreover, we believe 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 should see 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 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.

### **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 at a 1:1 bedroom ratio. For example, leasing an off-site three-bedroom dwelling would immediately reduce the onsite requirement by three dormitory rooms.

We intend to initially approach employees that already own a home within the Mitigation Region; in exchange for the deed restriction, they would receive enhanced financial stability while ensuring the Town another desirable home reserved 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.

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 meanwhile 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.

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

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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.

## 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 approximately 35% more livable space per employee and offer housing amenities that are expected by most contemporary employees—including living rooms and kitchens. These would ultimately result in 16 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 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.

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>Land Use</u>	<u>2017 SDD Amendment</u>	<u>2017 Parking Req.</u>	<u>Current Condition</u>	<u>Current Condition Parking Req.</u>	<u>Proposed Condition</u>	<u>Parking Req. For Proposed Condition</u>	<u>Net Parking Compared to 2017 Amendment</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 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 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 people.

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 employee generation rate.

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 employee generation rate.

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

A summation of the changes is set forth below:

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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.

## 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>Condition</u>	<u>Employee</u>	<u>Condition</u>	<u>Employee</u>	<u>Generation Compared</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	
						<b>New Employee</b>	
						<b>Generation</b>	<b>1.6</b>

### 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, 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.

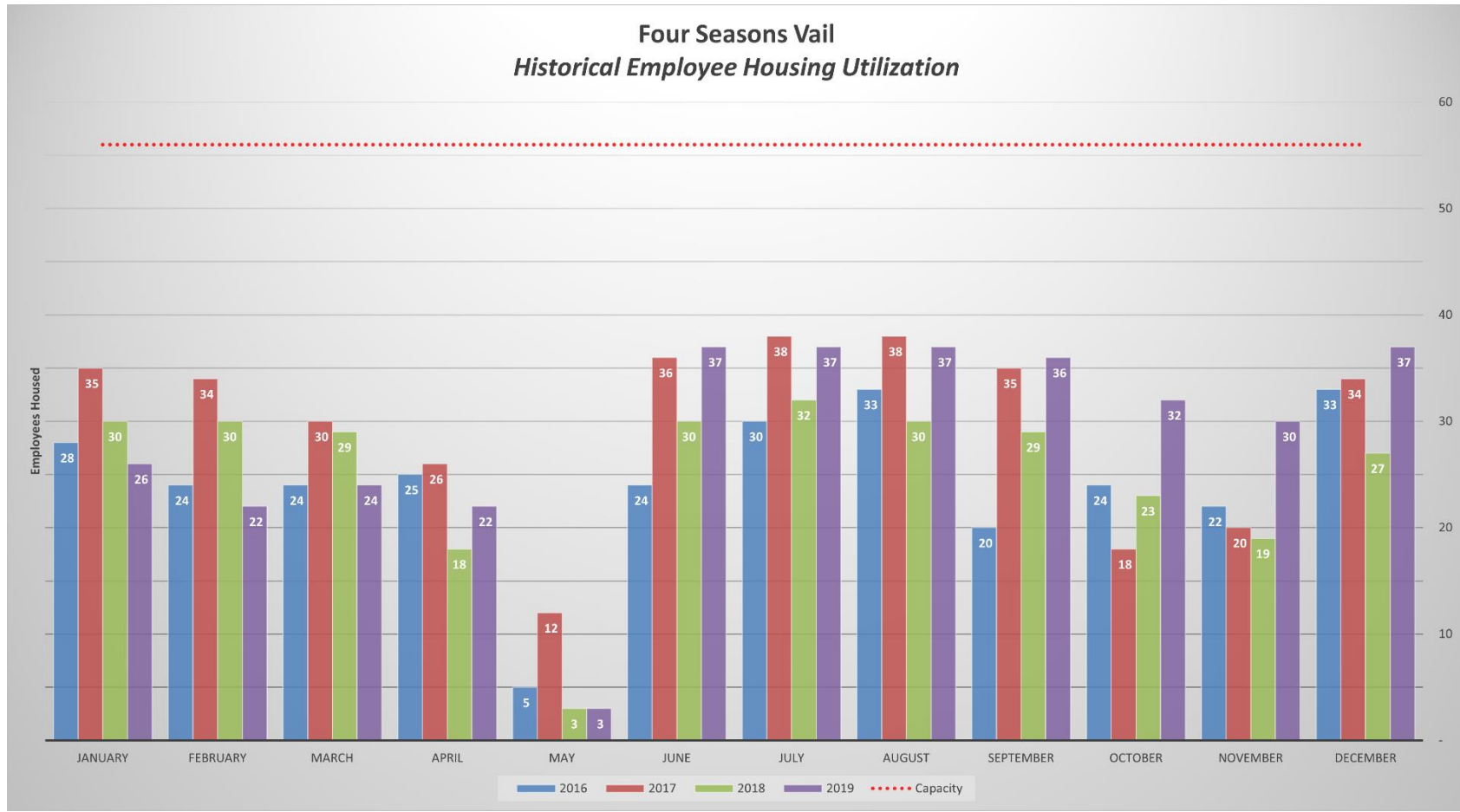
Response:

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

**EXHIBIT A**



**Exhibit A**



**EXTELL DEVELOPMENT COMPANY**

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