Town Council
WORK SESSION
Tuesday, November 1, 2022
Public Meeting Room / Eagle Town Hall
200 Broadway Eagle, CO

This agenda and the meetings can be viewed at www.Townofeagle.org.
Times listed are approximate and are subject to change.

TOWN COUNCIL WORK SESSION ACCESS INFORMATION AND PUBLIC PARTICIPATION *This will be an in-person work session. Work sessions of the Town Council are not meetings requiring public comment. The public is allowed to attend, however, public comment will not be scheduled and will only be taken at the discretion of the Mayor. The Council shall take no final or official action, vote, nor make any motions.*

1. Microsoft Teams meeting

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PRESENTATION - 4:00 PM - 5:45 PM

1. EPS: Comprehensive Affordable Housing Assessment

I hereby certify that the above Notice of Meeting was posted by me in the designated location at least 24 hours prior to said meeting.

Jenny Rakow, CMC
Town Clerk

PUBLIC WIFI – Eagle Guest

To: Mayor Turnipseed and Town Council

From: Community Development Department

Date: November 1, 2022

Agenda Item: Affordable Housing Strategies and Recommendation Work Session with Economic Planning Systems (EPS)

REQUEST:
For Town Council to continue discussing the findings from the Comprehensive Affordable Housing Assessment (CAHA) and provide feedback on affordable housing strategies and recommendations for EPS to include in their final report.

INTRODUCTION:
During the August 9, 2022, Town Council meeting, EPS presented their initial findings for housing and demographic data in the community. The PowerPoint presentation from this meeting can be accessed through this LINK. On September 6, 2022, Town Council held a work session to discuss housing targets, the definition of affordable housing, and various housing strategies. Materials form this meeting can be accessed through this LINK. A second work session was requested to follow up on unanswered questions and to further investigate the strategies proposed.

Tonight's discussion is an opportunity for Town Council to provide EPS with continued direction by responding to questions outlined in EPS's presentation (the slide deck) considered essential to the production of the final report. The final report is intended to serve as an affordable housing toolkit for future implementation by the Town.

ANALYSIS:
Not applicable.

COMMUNITY INPUT:
No additional input received since the September 6th work session.

BUDGET / STAFF IMPACT:
This work session and the subsequent final report is covered under the scope of work in the existing Professional Services Agreement (PSA). If Council would like to request additional work sessions and data collection, an amendment to the PSA may be required.

STRATEGIC PLAN ALIGNMENT/STANDARDS ACHIEVED:
This work aligns with the Strategic Plan's goal to develop a strategy for housing.

RECOMMENDED ACTION OR PROPOSED MOTION:
No action or motion needed. Town Council feedback from this work session will be incorporated into the final report that is being prepared by EPS.

ATTACHMENTS:

- Work Session Agenda
- Slide Deck from EPS

Eagle Town Council Work Session – Affordable Housing Targets & Strategies

Tuesday, November 1st, 4:00 – 6:00 pm

1. **Peer Community Review (Case Studies) – 10 minutes**
    a. Summary of affordable housing targets and strategies implemented in peer communities
        i. Aspen, Avon, Basalt, Breckenridge, Carbondale, Crested Butte, Durango, Fruita, Glenwood Springs, and Vail
        ii. Summary graphic compared to Eagle
    b. Discussion – What could be replicated in Eagle?

2. **Buildout Analysis of Developable Land Available in Eagle – 10 minutes**
    a. Identification of developable parcels from Avon Workforce Housing Study and EPS analysis. Discuss the role of vacant land in the overall strategy, and presence of utilities.
    b. Highlight potential contribution from Eagle County School District.
    c. Future affordable housing development on County and Forest Service site

3. **Discussion – What are the Town's vision and goals for affordable housing in Eagle? – 10 minutes**
    a. Review definition of affordable housing in Eagle
    b. Affordable housing inventory by AMI
    c. Discussion – Affordable housing vision and goals for toolkit rubric
        i. How to serve locals and employees
        ii. How can Eagle manage and influence growth, ensure it has housing for its locals in the future, and learn from the experience of other communities?
        iii. Note current housing targets and process for updating them

4. **Review of Recommended Housing Strategies – 60 minutes**
    a. Toolkit framework
        i. Eagle County, Town of Eagle, Regional
        ii. Town-specific tools for near-term, mid-term, and long-term
    b. Define affordability specific to LERP and program updates
    c. Residential and commercial linkage fees
    d. Comparison of LERP and linkage program, with discussion of credits attributed to previous projects, and standards applicable to future projects
    e. Additional tools for inclusion, including among other ideas the use of Certificates of Participation (COPs) for housing project with ECSD
    f. Discussion of recommended tiers, and implications for future implementation

5. Next Steps and Questions

a. Finalize toolkit with recommended tiers
b. Draft report
c. Final thoughts and questions

COMPREHENSIVE AFFORDABLE HOUSING ASSESSMENT

Eagle Town Council Work Session
November 1, 2022

Economic & Planning Systems, Inc.
The Economics of Land Use

730 17th Street, Suite 630 ▪ Denver, CO 80202
303.623.3557 ▪ www.epsys.com

OVERVIEW

- Peer Community Review of Affordable Housing Strategies
  - What are other communities doing and what could be replicated in Eagle?
- Land Capacity Analysis for Housing
  - Workforce Housing sites from Avon Study
  - Vacant land inventory
  - Multijurisdictional opportunity sites
- Affordable Housing in Eagle
  - Recommended definition of affordable housing
  - Housing Inventory by AMI
  - Affordable housing vision and goals for toolkit rubric
  - Housing target
- Recommended Housing Strategies
  - Toolkit Framework
  - Eagle County programs
  - LERP program updates
  - Mitigation fees
  - Certificate of Participation (ECSD site)
  - Additional tools
- Discussion & Next Steps

PEER COMMUNITIES

- Communities will identify a housing target based on existing and future need
- This target identifies a specific goal to works towards and influences the implementation of various policies and programs

- Breckenridge: 1,171 units by 2023
  - 841 for-sale units
  - 330 rental units
- Durango: 1,000 units by 2040
- Vail: 1,000 deed restricted units by 2027
- Crested Butte: 30% deed restricted to locals by 2022
  - 75 units away from goal

Community	IHO	STR Fee/Tax	STR Cap	Fee Waiver	Buy-Down/ DR Acq.	Land Bank
Eagle	10% of 10+ units	X	X	Yes	X	X
Avon	X	$150-$500 annual fee; 2% tax	15% cap in overlay district	Yes	Yes	X
Basalt	20% of 2+ units	$150 annual fee	Restricted by type	X	X	X
Breckenridge	X	$400/br annual fee	Caps by zone	Yes	Yes	Yes
Carbondale	20% of all units	Annual fee based on bedrooms	Primary res. and ADUs	X	X	X
Crested Butte	X	$750 annual fee; 7.5% tax	Caps by zoning and type	X	Yes	X
Durango	16% of 4+ units	$750 annual fee	Zoning restrictions	X	X	X
Fruita	X	$25 annual fee	Cap in DT	X	X	X
Glenwood Springs	20% of 10+ units	$250 annual fee	Zoning restrictions	Yes	X	X
Vail	X	$260 annual fee	X	X	Yes	X

LAND CAPACITY

- Eagle is unique with:
  - Vacant and developable land available
  - Sites for annexation
  - 1,510 units entitled
- Avon study identified approximately 41 acres (8 parcels) of public owned property that could be prime for workforce housing
- There is approximately 188 acres (263 parcels) of private property that is currently vacant within the Town
- There are 40 vacant acres are owned by the Eagle County School District
  - Potential for a multijurisdictional affordable housing development for local workforce
- Another 8 acres are owned by Forest Service and Eagle County
  - Potential for affordable housing project
- Large-scale approved developments
  - Haymeadow: 837 units
  - Reserve at Hockett Gulch: 500 units

PROPOSED AFFORDABLE HOUSING DEFINITION

- The Town of Eagle is committed to increasing the supply of affordable housing in the community to expand the **economic vitality** that is derived from having a **range of housing types, costs, and household incomes**.
- In addition, Eagle will benefit with an enhanced **community vibrancy** generated by the inclusion of inventory for housing the **local workforce** that earns **120 percent of the Area Median Income or less** (in 2022 $108,000 for a 3-person household).

HOUSING COSTS BY AMI

Ownership units in Eagle are not affordable to households earning the area median income, while most rental units are affordable to households at or below the area median income.

- Nearly 66% of ownership units are affordable between 201% to 400% AMI
- Rental units are more affordable for a range of AMI levels with 83% of rental units affordable between 31% to 100% AMI
- 75% of survey respondents either have struggled or know someone who has struggled to find housing in Eagle (2021 Community Survey)

Description	2019 Total	2019 % Total
Owner		
Less than 30% AMI	0	0.0%
31% to 60% AMI	0	0.0%
61% to 80% AMI	0	0.0%
81% to 100% AMI	0	0.0%
101% to 120% AMI	0	0.0%
121% to 150% AMI	35	2.8%
151% to 200% AMI	101	8.0%
201% to 300% AMI	482	38.0%
301% to 400% AMI	352	27.7%
401% to 500% AMI	177	14.0%
Greater than 500% AMI	121	9.5%
Subtotal	**1,269**	**100.0%**
Renter		
Less than 30% AMI	39	6.1%
31% to 60% AMI	93	14.6%
61% to 80% AMI	334	52.5%
81% to 100% AMI	100	15.8%
101% to 120% AMI	13	2.0%
121% to 150% AMI	19	2.9%
151% to 200% AMI	31	4.9%
201% to 300% AMI	8	1.3%
301% to 400% AMI	0	0.0%
401% to 500% AMI	0	0.0%
Greater than 500% AMI	0	0.0%
No cash rent	0	0.0%
Subtotal	**637**	**100.0%**
Total	**1,906**	

Source: U.S. Census ACS 5-yr.; HUD; Economic & Planning Systems

AFFORDABLE HOUSING VISION AND GOALS

- How to serve locals and employees
- How can Eagle manage and influence growth to ensure it has housing for its locals in the future?
- In what ways can Eagle learn from the experiences of other communities?
- Solutions can be applied at different geographic levels:
  1. **Local: Town of Eagle**
  2. **Regional: Eagle County**

HOUSING TARGETS, 2040

- 20% goal of workers living in Eagle
  - Currently 16% of workers are also residents
  - Commuting is less of an issue as workers move up and down I-70 corridor
- Goal to reduce cost burdened households by 50%
  - Realistic target
  - Focus local programs on low- to mid-AMI households (60% to 120%)
  - State and Federal programs for lower AMI households (30% to 60%)
- Housing target of 530 units or 29 units annually
- EPS will update these targets as additional data is available about unfilled jobs and commuting patterns

Description	Catch Up	Keep Up	Total	% Total
Assumptions				
Jobs per Employee	---	1.2		
Jobs per Household	1.7	1.7		
% of Workers to House Locally	20%	20%		
% of Cost Burdened HHs to Support	50%	---		
Need by AMI				
Less than 30% AMI	41	10	50	9.5%
30% to 60% AMI	160	38	198	37.3%
60% to 80% AMI	36	53	89	16.7%
80% to 100% AMI	42	68	109	20.7%
100% to 120% AMI	50	34	84	15.8%
Total	**328**	**201**	**530**	**100.0%**

Source: Economic & Planning Systems

Housing Strategies

HOUSING STRATEGY FRAMEWORK

Affordable Housing Tools

- Existing County Programs
- Inclusionary Housing (LERP)
- Residential and Commercial Mitigation Fee
- Certificate of Participation (COP)
- Short Term Rental Fees and Caps
- Fee Waivers or Deferrals
- Density Increase and Bonus
- Community Land Trust and Land Bank
- Gap Financing and Grants

Prioritization

- What tools are top priority?
- What is the timeline or tiers for implementation?
  - Near-term
  - Mid-term
  - Long-term
- What issues to do you foresee for implementation?

EAGLE COUNTY AFFORDABLE HOUSING PROGRAMS & TOOLS

- **Aid for ADUs – Eagle County**
  - Loan program to support the creation of new units that rent at 100% AMI rent limit or less
  - Loans for up to $100,000 for the construction or conversion of an existing space into an ADU
- **Rent for Locals Program – Eagle County**
  - Assist qualified local renters with the first month's or first and last month's rent payment to property owner
  - Positions renters in a more attractive and competitive position in the rental market
  - Must be full-time, year-round residents
  - 120% AMI or less only repay last month's rent
  - 120% AMI or more repay both first and last month's rent
  - Revolving program fund of $125,000
- **Eagle County Loan Fund**
  - 160% AMI or less
  - No income limit for purchasers of deed restricted housing
  - Can be used for down payment, closing costs, and prepaid expenses
  - Limit to 5% of purchase price with maximum purchase price of $850,000
- **Locals First Program – Eagle County**
  - A cash buy program for local residents in exchange for a price capped deed restriction placed on property
- **Good Deeds Program – Eagle County**
  - County makes contribution towards purchase price in exchange for deed restriction

INCLUSIONARY HOUSING/LERP

- Existing programs in Eagle and Eagle Ranch
  - Local Employee Residency Program (LERP)
  - Eagle Ranch Locals Housing Program Restrictive Covenant
- Both programs require housing projects with 10 or more units to have a minimum 10% of units affordable to lower to moderate income households
  - Deed restricted units with priority given to full-time employees and residents in Eagle
  - No household income restrictions
  - Sale price must be affordable to 90% to 100% of AMI and there is an appreciation cap of 3% annually
- About 102 deed-restricted units in Eagle

Recommended Updates –

- Combine into a single program that applies townwide
- Increase from 10% to 20% affordable units
  - 1,510 units entitled
  - Where are Eagle's opportunities to expand the inventory?
- Priority given to local employees at lower AMI levels or specific employment groups, such as teachers, police, local government employees, etc.
- Explicitly identify guidelines for rental units and tie to an AMI cap

RESIDENTIAL AND COMMERCIAL MITIGATION FEE

- Housing mitigation is a common strategy used in Colorado resort communities to address the impact a particular development has on a community's overall housing supply
  - Mountain Village, Aspen, Telluride, and currently under review in Vail
- The developer is responsible for fulfilling the housing need generated by the new development
- A fee is levied per square foot or unit of new development based on employment generation from nexus study
  - Nexus study shows the linkage of how new development causes increased employment need, which increases demand for housing
- Fee is applied at time of building permit
- Developers are encouraged to build units on-site but can also pay the fee
- Revenue can be used to fund affordable housing programs and developments
- Would replace inclusionary housing
- Special consideration should be made for future annexations

MOUNTAIN VILLAGE MITIGATION FEE EXAMPLE

- Fee calculated based on –
  - Size of development – square feet or units
  - Land use
  - Employment generation by land use
  - Mitigation rate
- Mitigation Options –
  - Build required workforce housing in Town: 30% discount
  - Build required workforce housing outside of Town: 15% discount
  - Fee in Lieu: 0% discount
    - $606/sq. ft.

2. CALCULATION OF MINIMUM AFFORDABLE HOUSING REQUIREMENTS

For commercial uses:

0	x 2.00 employees / 1,000 sq.ft.	x 400 sq.ft./employee	x 40% mitigation =	0	sq. ft. employee housing
net floor area or increase (sq. ft.)					

For hotel and accommodation uses:

0	x 0.50 employees / unit	x 400 sq.ft./employee	x 40% mitigation =	0	sq. ft. employee housing
number of units					

For multi-family residential and mixed-use residential uses:

0	x 0.19 employees / unit	x 400 sq.ft./employee	x 60% mitigation =	0	sq. ft. employee housing
number of units					

For single family residential uses:

0	x 0.12 employees / 1,000 sq.ft.	x 400 sq.ft./employee	x 60% mitigation =	0	sq. ft. employee housing
net floor area or increase (sq. ft.)					

TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT = 0 sq. ft. employee housing

INCLUSIONARY HOUSING VS. MITIGATION FEE

- New development proposed with 50 multifamily units and 20,000 square feet of commercial

Inclusionary Housing with a 20% requirement

- Results in 10 affordable units built on-site
  - Approximately 8,000 sq. ft.
- Considerations
  - Doesn't include new commercial development
  - Units encouraged to be built on-site

Mitigation Fee

- Requires about 9,000 sq. ft. of workforce housing
- Considerations
  - Captures both residential and commercial development
  - Units encouraged to be built on-site by offering a discounted rate
  - More options for developers

CERTIFICATE OF PARTICIPATION (COP)

- Primary goal of COPs is to broaden the bonding potential of a given municipality
- COPs provide a ‘market recognized’ bonding tool that generates proceeds to be used for a public purpose and reduces the cost of the funds, given the pledge required by the sponsoring entity.
- The pledge provides bond investors with recourse a municipal asset, such that there is collateral that supports the bond. Examples include:
  - Municipal buildings and land
  - Vehicles of substantial value (i.e., busses)
  - Water rights
- Terms require the asset to have a monetizable value.
- The understanding is that the Town can service the debt without exposing risk to the asset
- The debt service often takes the form of a general fund set-aside.
- In some cases, the cash flow for debt service can include revenues from affordable housing tenants and/or home buyers.
- In the event that the project revenues from the affordable housing are insufficient to cover the full debt service, the sponsoring entity can supplement with General Fund allocations.

SHORT TERM RENTAL (STR) FEE, TAX, AND/OR CAP

- Different communities have considered a fee or tax on short term rentals
- Fee – requires a nexus study that supports the impacts of STRs on the availability of affordable housing
- Tax – requires an election (no nexus study required)
- Annual revenue stream that must be used to fund affordable housing programs and projects
- Also, communities are placing a cap on STR activity which could be an important housing policy action for Eagle
- About 36 STRs in Eagle

- Breckenridge, CO
  - Short term rental fee of $400 per bedroom per year
  - Revenue used to support workforce housing policies and programs including –
    - Buy downs
    - Lease to locals
    - Acquisition of deed restricted units
    - Construction of new units
- Avon, CO
  - 2% Short Term Rental Tax for Community Housing
  - Applied to the price paid for the rental accommodations (in addition to sales and lodging taxes)
  - Projected to generate $1.5 million for Avon's Community Housing Fund

FEE WAIVERS OR DEFERRALS

- Fee Waiver – waiver of development fees such as impact fees, water/sewer tap fees, building permit, etc.
- General fund or other source is needed to cover cost of impact fees waived
- Eagle currently offers a 50% reduction in water tap fees for deed restricted affordable housing or local employee residence per unit
- Examples –
  - Breckenridge
  - Crested Butte

- Fee Deferral – development fees are deferred until specific point in development process, usually when CO issued
- Town still receives revenue and the risk for the developer is lessened by delaying the payment of fees

DENSITY INCREASE & BONUS

Single Family Zone Districts

- Expand uses in lower density residential zone districts to allow two-family dwelling units and/or multiple family dwelling units as a use by right
- Accessory Dwelling Units (ADUs)
  - Successful implementation in Eagle
    - About 192 ADUs
  - Currently permitted in any residential district
  - 1 ADU allowed per lot with a single family unit
  - Requires a separate entrance
  - Owners must occupy at least one unit on the premises as a full-time resident
  - ADU can not exceed 850 sq. ft. of living space

Mixed Use Zone Districts

- Offer a density bonus in urban activity centers
- Create incentives for mixed use/mixed income development on corridors and nodes where the Town would like to see investment
- Offer additional development rights conditional upon deed restricted affordable housing units being constructed
  - Applies to rental and ownership units

COMMUNITY LAND TRUST AND LAND BANK

Community Land Trust

- Land is held in perpetuity and allows the affordability of homes to be maintained over time
- Can be merged with land banking and other programs to acquire and develop land for housing
- Chaffee Housing Trust – Chaffee County
  - Established in 2007
  - Local nonprofit to develop homeownership and rental opportunities for lower income workers and residents
  - Successfully completed developments in Salida and Buena Vista

Land Bank

- Purchasing and holding of land for future affordable housing developments
- Breckenridge
  - Town owns land and either acts as developer or works with a private developer (P3) to develop affordable housing developments
  - Block 11 is currently under construction and will include 27 deed restricted units

Geographic consideration

- Works best at a regional scale
- An organization focused on the I-70 corridor is needed

GAP FINANCING & GRANTS

- Town can use revenue from affordable housing funding programs and policies (linkage fee, STR fee/tax) to provide gap financing for new affordable housing projects
- Establish public private partnerships (P3) with developers to provide project gap financing for additional affordability requirements, such as more affordable units or units affordable to lower AMI levels

DOLA Grants

- Affordable Housing Development Incentives Grant Program (HB21-1271)
  - $40M total funds; awards capped at $3M
  - Require 25% local match
- Revolving Loan Fund Invest Affordable Housing (SB22-159)
  - $150M
- State Grants Investments Local Affordable Housing (HB22-1304)
  - $138M

NEXT STEPS & DISCUSSION

Discussion Questions

- What are the highest priority strategies for Eagle to implement in the near term?
- What tools offer an ease to implementation that appeals to you?
- What are long-term strategies that can be implemented in the future?

Next Steps

- Finalize toolkit based on direction from Council and Staff
- Draft report late November/early December