ORDINANCE NO. 2022-04

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE, COLORADO AMENDING CHAPTERS 16.01, 16.02, 17.3, AND 17.9 OF THE COMMUNITY DEVELOMPENT CODE CONCERNING AFFORDABLE HOUSING RESTRICTIONS AND ADOPTING HOUSING IMPACT MITIGATION REQUIREMENTS

WHEREAS, the Town of Mountain Village ("Town") is a home rule municipality duly organized and existing under Article XX of the Colorado Constitution and the Town of Mountain Village Home Rule Charter of 1995, as amended ("Charter"); and

WHEREAS, pursuant to Charter Section 3.6(b), the Town Council of the Town of Mountain Village (the "Town Council") has the authority to establish land use standards to provide for the present and future needs of the Town;

WHEREAS, Chapters 16.01 and 16.02 of the Mountain Village Municipal Code provide restrictions on affordable housing, Title 17 of the Municipal Code is known as the Town of Mountain Village Community Development Code ("CDC"), Chapter 17.3 of the CDC outlines zoning and land use regulations including workforce housing requirements, and Chapter 17.9 of the CDC is the Appendix containing maps, graphs, and worksheets related to CDC regulations; and

WHEREAS, development and construction of free-market residential housing, hotels, and commercial establishments creates impacts and burdens on the Town and its citizens including, among other things, maintaining adequate levels of public facilities, funding necessary capital improvements, and providing affordable and attainable housing for workers and local residents; and

WHEREAS, the Town engaged consultants to study the impacts of development and to recommend a methodology to require mitigation of housing impacts through construction of new housing and/or to establish, collect, and use housing impact fees under certain circumstances to address such impacts and burdens, the results of which are outlined in the Housing Mitigation Linkage Fee Nexus Analysis, dated March 9, 2022; and

WHEREAS, in compliance with Section 17.1.7 of the Mountain Village Municipal Code, the Town's Design Review Board reviewed the analysis and provided a recommendation to Town Council on May 19, 2022; and

WHEREAS, based on the Design Review Board's recommendation and public comments, the Town Council desires to amend the CDC and adopt housing impact mitigation requirements to address the demand for affordable housing created by new free-market development as set forth below.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE, COLORADO, as follows:

<u>Section 1. Recitals</u>. The above recitals are hereby incorporated as findings of the Town Council in support of the enactment of this Ordinance.

Section 2. Amendments to CDC. The Town Council hereby amends the CDC as follows:

- A. Chapters 16.01, 16.02, and 17.3 are hereby amended as set forth in Exhibit A, attached hereto.
- B. Section 17.9.7 is hereby added to Chapter 17.9 to include Appendix 17-3, Town of Mountain Village Affordable Housing Mitigation Calculator, attached hereto as Exhibit B.

Section 3. Severability. If any portion of this Ordinance is found to be void or ineffective, it shall be deemed severed from this Ordinance and the remaining provisions shall remain valid and in full force and effect.

Section 4. Safety Clause. The Town Council hereby finds, determines, and declares that this Ordinance is promulgated under the general police power of the Town, that it is promulgated for the health, safety, and welfare of the public, and that this Ordinance is necessary for the preservation of health and safety and for the protection of public convenience and welfare. The Town Council further determines that the Ordinance bears a rational relation to the proper legislative object sought to be obtained.

<u>Section 5. Effective Date</u>. This Ordinance shall become effective on June 18, 2022 and shall be recorded in the official records of the Town kept for that purpose and shall be authenticated by the signatures of the Mayor and the Town Clerk.

Section 6. Public Hearing. A public hearing on this Ordinance was held on the 19th day of May, 2022 in the Town Council Chambers, Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado 81435.

Section 6. Publication. The Town Clerk or Deputy Town Clerk shall post and publish notice of this Ordinance as required by Article V, Section 5.9 of the Charter.

INTRODUCED, READ, AND REFERRED to public hearing before the Town Council of the Town of Mountain Village, Colorado on the 21st day of April, 2022.

TOWN OF MOUNTAIN VILLAGE:

TOWN OF MOUNTAIN VILLAGE, COLORADO, A HOME-RULE MUNICIPALITY

By: __

Laila Benitez, Mayor

ATTEST:

Susan Johnston, Town Clerk

HEARD AND FINALLY ADOPTED by the Town Council of the Town of Mountain Village, Colorado this $19^{\rm th}$ day of May, 2022.

TOWN OF MOUNTAIN VILLAGE:

TOWN OF MOUNTAIN VILLAGE, COLORADO, A HOME-RULE MUNICIPALITY

By:

Laila Benitez, Mayor

ATTEST:

Susan Johnston, Town Clerk

Approved as to Form:

David McCongughy, Yowh Attorney

- I, Susan Johnston, the duly qualified and acting Town Clerk of the Town of Mountain Village, Colorado ("Town") do hereby certify that:
- 1. The attached copy of Ordinance No. 2022-04 ("Ordinance") is a true, correct, and complete copy thereof.
- 2. The Ordinance was introduced, read by title, approved on first reading and referred to public hearing by the Town Council the Town ("Council") at a regular meeting held at Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado, on April 21, 2022, by the affirmative vote of a quorum of the Town Council as follows:

Council Member Name	"Yes"	"No"	Absent	Abstain
Laila Benitez, Mayor	X			
Dan Caton, Mayor Pro-Tem	X			
Marti Prohaska	X			
Harvey Mogenson		X		
Patrick Berry	X			
Peter Duprey	X			
Jack Gilbride			X	

- 3. After the Council's approval of the first reading of the Ordinance, notice of the public hearing, containing the date, time and location of the public hearing and a description of the subject matter of the proposed Ordinance was posted and published in the Telluride Daily Planet, a newspaper of general circulation in the Town, on April 27, 2022 in accordance with Section 5.2(d) of the Town of Mountain Village Home Rule Charter.
- 4. A public hearing on the Ordinance was held by the Town Council at a regular meeting of the Town Council held at Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado, on May 19, 2022. At the public hearing, the Ordinance was considered, read by title, and approved with amendments by the Town Council, by the affirmative vote of a quorum of the Town Council as follows:

Council Member Name	"Yes"	"No"	Absent	Abstain
Laila Benitez, Mayor	X			
Dan Caton, Mayor Pro-Tem	X			
Marti Prohaska	X			
Harvey Mogenson		X		
Patrick Berry	X			
Peter Duprey	X			
Jack Gilbride	X			

5. The Ordinance has been signed by the Mayor, sealed with the Town seal, attested by me as Town Clerk, and duly numbered and recorded in the official records of the Town.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Town this 19th day of May 2022.

Susan Johnston, Town Clerk

(SEAL)

Exhibit A

Chapter 16.01 1997 EMPLOYEE HOUSING RESTRICTION 16.01.010 Purpose.

This Chapter shall govern the ownership, use and occupancy of Affordable Housing in the Town, that were created prior to September 8, 2006. This Chapter shall also apply to all development that has contractually agreed to abide by the regulations contained herein.

Chapter 16.02 2006 EMPLOYEE HOUSING RESTRICTION 16.02.010 Purpose.

B. As of September 8, 2006, this Chapter shall govern the ownership, use and occupancy of Affordable Housing Units and Affordable Housing Lots in the Town, that are created or purchased (with the buyer's agreement) after September 8, 2006. This Chapter shall also apply to all development that has contractually agreed to abide by the regulations contained herein.

16.02.060 Initial Sales of Affordable Housing.

A. 1. The initial sales price of Affordable Housing Units sold by the multi unit developer may be adjusted by annual resolution of Town Council, at its discretion.

16.02.070 Resale of Affordable Housing Including Appreciation Limits.

- B. Resale of Affordable Housing Units and Affordable Housing Lots shall be to qualified buyers as governed by Sections 16.02.080 and 16.02.100.
- C. The sales price for resale of an Affordable Housing Unit or Affordable Housing Lot may be capped to a certain percentage of appreciation of the initial purchase price paid by the Owner, from the purchase date by the Owner, as set by annual resolution of Town Council, in its discretion.
- D. Any percentage of appreciation will be prorated to the day when the notice of intent to sell the unit is received by the Housing Authority or its designee.

Chapter 17.3 ZONING AND LAND USE REGULATIONS 17.3.9 Housing Impact Mitigation Requirements.

- A. *Purpose*. The purpose of this Section is to help provide housing that is affordable and attainable for persons who are employed within the Telluride R-1 School District, the demand for which is created by new free-market development. This is accomplished through the establishment of the housing impact mitigation requirements for new development that requires the production of Workforce Housing Units in the Town, outside of the Town, or, as a less preferred alternative, cash payments.
- B. Applicability. The requirements of this Section apply to all new commercial and residential development within the incorporated limits of the Town as defined below. This Section also applies to a change of use that generates new employees.
- C. Definitions. For the purposes of this Section, the following definitions shall apply:
 - 1. "Commercial development" means any non-residential development including, but not limited to, Commercial and Government Projects, excluding Workforce Housing, as defined by Section 17.8.1. This term does not include Municipal Facilities as defined in Section 17.8.1.

- a. For the purposes of the Mitigation Worksheet, "hotel and accommodation use" includes Efficiency Lodge Zoning Designation Units, Hotel Efficiency Zoning Designation Units, Hotel Zoning Designation Units, and Lodge Zoning Designation Units (if used as short-term rentals by legal agreement and precluded from residential use).
- 2. "Employee" means a person who is employed or can show intent to be employed within the Telluride R-1 School District and maintains Residence in the Town. The Housing Authority, or its designee, shall determine whether a person qualifies as an Employee based on criteria including evidence of income earned within the Telluride R-1 School District, place of voter registration, place of automobile registration, driver's license address, income tax records and public service involvement within the Telluride R-1 School District community. Employee includes those self-employed and independent contractors so long as their income is actually earned within the Telluride R-1 School District. A person not otherwise meeting the definition of employee may be qualified as an Employee by staff if that person is more than sixty (60) years of age and has been employed in the Telluride R-1 School District. Determination of Employee eligibility by the staff may be appealed to Town Council.
- 3. For purposes of the Mitigation Worksheet, "Net Floor Area" means the gross floor area minus any bathrooms, permanent storage areas (such spaces that can never be converted to commercial or other space that generates employees or parking demands as evidenced by physical separation, access or an appropriate legal restriction that runs with the property) or garages, and the gross floor area of any halls or stairs. For bar and restaurant uses, this calculation excludes kitchen and storage areas. For single family residential uses, Net Floor Area means the gross floor area of conditioned spaces, as defined in the International Energy Conservation Code (2018 Edition).
- 4. "Residential development" means any development intended for primary use as a residence, including but not limited to attached and detached single-family dwellings, apartments, condominiums, townhouses and cottages, and their associated outbuildings such as accessory dwelling units. This term does not include Workforce Housing Units.
 - a. For the purposes of the Mitigation Worksheet, "single family residential use" includes Single Family Zoning Designations and Detached Condominiums.
 - b. For the purposes of the Mitigation Worksheet, "mixed use residential" means that portion of a mixed use building that is used or approved as residential development.
- 5. "Workforce Housing" means residential lots and dwelling units restricted by deed to use and occupancy by Employees and their spouses or domestic partners and children. This term is synonymous with "affordable housing" as used in Title 16 and throughout the CDC.
- 6. "Workforce Housing Restriction" means the deed restriction placed on Workforce Housing Units constructed pursuant to this Section. This term includes Employee Housing Restriction and Affordable Housing Restriction as used in Chapters 16.01 and 16.02, respectively.
- 7. "Workforce Housing Units" means dwelling units with Employee Apartment, Employee Condominium, Employee Dormitory, or Employee Single-Family zoning designations which are deed-restricted to occupancy by Employees and their spouses or domestic partners and children.
- D. Calculation of Housing Impact Mitigation Requirements. As of the effective date of Ordinance No 2022-04, for all new commercial and residential development within the Town, the developer shall be required to mitigate the housing impacts of said development either by providing Workforce Housing Units or paying a fee in lieu in accordance with Appendix 17-3 Town of Mountain Village Affordable Housing Mitigation Calculator in Section 17.9.7 ("Mitigation Worksheet").

- 1. With a land use application for new commercial or residential development, the developer shall provide a completed Mitigation Worksheet. The burden is on the developer to demonstrate which areas of the proposed development count toward the calculation of Net Floor Area.
- 2. The developer shall decide whether to provide the Workforce Housing Units or make the payment-in-lieu, or some combination thereof.
 - a. If the developer elects to make the payment-in-lieu, such payment is due upon submission of a building permit application.
 - b. If the developer elects to provide Workforce Housing Units on the same site as the proposed commercial or residential development, the developer shall include the Workforce Housing Units in the same design review and building permit applications as the proposed development.
 - c. If the developer elects to provide Workforce Housing Units off-site, either in the Town or outside of the Town limits, the developer shall submit separate design review and building permit applications for the Workforce Housing Units.
 - i. If the developer elects to provide Workforce Housing Units off-site but "in the Town," such units shall be located within the incorporated limits of the Town of Mountain Village.
 - ii. If the developer elects to provide Workforce Housing Units off-site but "outside of the Town limits," such units shall be located within the boundaries of the San Miguel Authority for Regional Transportation ("SMART") service areas.
- 3. Compliance with the requirements of this Section shall be a condition of issuance of a building permit for the proposed development.
- a. The developer shall secure a certificate of occupancy for the Workforce Housing Units prior to or concurrent with the certificate of occupancy for the proposed development.
- 4. Housing mitigation and fees in lieu calculated pursuant to the Mitigation Worksheet shall be phased in as follows:
 - a. If a land use application is submitted on or before December 31, 2022, the developer shall be required to meet 25% of the housing mitigation and/or fees in lieu.
 - b. If a land use application is submitted between January 1, 2023 and December 31, 2023, the developer shall be required to meet 50% of the housing mitigation and/or fees in lieu.
 - c. If a land use application is submitted between January 1, 2024 and December 31, 2024, the developer shall be required to meet 75% of the housing mitigation and/or fees in lieu.
 - d. Any land use applications submitted on or after January 1, 2025 shall be required to meet 100% of the housing mitigation and/or fees in lieu.
- 5. The requirements of this Section shall not apply to development projects for which building permits have been issued as of the effective date of Ordinance No. 2022-04.
- 6. Town Council may amend the Mitigation Worksheet, by resolution, from time to time but no more than annually.

- E. Exemptions. The following development shall be exempt from the requirements of this Section:
 - 1. Municipal Facilities as defined in Section 17.8.1;
 - 2. Workforce Housing Units created pursuant to this Section and other pre-existing deed-restricted housing;
 - 3. Redevelopment of pre-existing use and change in use provided such activity does not generate new employees;
 - 4. Non-profit and volunteer-based organizations providing community benefits provided the developer can demonstrate the new development shall not generate new employees;
- F. Deed Restriction. Any Workforce Housing Units constructed pursuant to this Section shall be required to enter into an agreement restricting use, zoning and occupancy of the units with the Town, such as a Workforce Housing Restriction, that will constitute a covenant that runs in perpetuity as a burden thereon and shall be binding on the owner and on the heirs, personal representatives, assigns, lessees, licensees and any transferee of the owner.
 - 1. The form and content of the Workforce Housing Restriction or like agreement shall be reviewed and approved by Town Council and may be modified based on project-specific concerns at the discretion of Council.
 - 2. The Workforce Housing Restriction or like agreement shall be executed and recorded prior to the issuance of any certificate of occupancy.
 - 3. The Workforce Housing Restriction or like agreement shall be administered by the Town, or its designee, and shall be enforceable by any appropriate legal or equitable action including, but not limited to specific performance, injunction, abatement or eviction of noncomplying owners, users or occupants or such other remedies and penalties as may be provided by Colorado law or the ordinances of the Town.
- G. Density. Lots that are required to construct and provide Workforce Housing Units concurrent with the free-market development allowed on a lot are designated on the official land use and density allocation list.
 - 1. Workforce Housing density assigned to a lot on the official land use and density allocation list or by an effective resolution shall be built concurrent with any free-market units on that lot, and workforce housing density cannot be transferred to the density bank or to another lot unless Town Council determines, in its sole discretion, that the Workforce Housing density cannot be built on a site due to a practical hardship.
 - a. If Town Council determines a practical hardship exists, the applicant shall be required to transfer the unbuilt Workforce Housing density to the density bank pursuant to the rezoning and density transfer processes.
 - b. The owner of Workforce Housing density shall be responsible for all dues, fees and any taxes associated with that density and zoning until such time as the density is transferred to a lot pursuant to the rezoning and density transfer process.

- H. Compliance with Comprehensive Plan. The Comprehensive Plan also identifies the need to provide Workforce Housing as a part of the development of certain parcels as shown in each subarea plan's development table. Such Workforce Housing shall be developed in accordance with the Comprehensive Plan policies and be subject to the Workforce Housing Restriction.
- I. Pre-existing Deed Restrictions. Lots that were developed prior to the effective date of the CDC are subject to the deed restriction in effect on the property unless the property owner elects to convert to a newer Workforce Housing Restriction.
 - 1. Workforce Housing developed prior to the effective date of the CDC is subject to a Workforce Housing Restriction that has a provision that removes the deed restriction upon foreclosure by a Public Trustee in accordance with Section 16.01.120.
 - 2. Even if the Workforce Housing Restriction is removed upon foreclosure, a rezoning is required to change the zoning designation from a Workforce Housing designation to a free-market zoning designation.
 - 3. During the review of any zoning amendment that involves a foreclosed Workforce Housing Unit that has a deed restriction that is effectively removed upon foreclosure, the Town shall determine if the Workforce Housing density assigned to the lot was a part of the original density in the Density Limitation or if such is considered Workforce Housing bonus density that was granted after the Town's incorporation. If it is Workforce Housing bonus density, Town Council may, in its sole discretion, either deny a zoning amendment because the change to a free-market unit would increase the Density Limitation, or require the applicant to transfer the needed density from the density bank or another lot prior to approving the ordinance approving the zoning amendment. Any denial of a rezoning in this situation shall allow the continuation of the Workforce Housing zoning designation as an unrestricted free-market unit since such is not encumbered by a deed restriction.
 - 4. Free-market housing may only be allowed on active open space in the event that the Workforce Housing Restriction is terminated in the event of foreclosure by the holder of the promissory note secured by a first deed of trust (other private seller financing) on a Workforce Housing Unit and subject to the issuance of a public trustee's or sheriff's deed to the holder of the promissory note or governmental agency guaranteeing, insuring, or acquiring the promissory note from the holder.
 - a. In the event of the foreclosure of a Workforce Housing Unit located on a lot zoned as active open space, Town Council shall not rezone such to a non-open space zone district and/or to another non-Workforce Housing zoning designation unless:
 - i. The applicant provides Replacement Open Space that is deed restricted in perpetuity; and,
 - ii. The applicant transfers density from the density bank for the unit to ensure the Density Limitation is not exceeded by the rezoning.
 - 5. Workforce Housing Units pay half the tap fee of a free-market unit. Therefore, any foreclosure action that results in a rezoning development application to a free-market condominium shall only be approved by the Town if the full tap fee is paid.

Exhibit B

Town of Mountain Village Affordable Housing Mitigation Calculator



AFFORDABLE HOUSING MITIGATION CALCULATOR

INSTRUCTIONS 1. Input project details and size for relevant development type(s) in green boxes 2. Resultant required housing mitigation/fee-in-lieu can be found in yellow boxes (total) and blue boxes (by mitigation type) (Note that blue boxes represent mitigation required if all requirement is mitigated using that method) 3. Enter amount of housing to be mitigated/fee to be paid by mitigation type in green boxes 4. Ensure total mitigation amount, accounting for all types, totals 100% of requirement						
1. PROJECT & APPLICANT Project Title Applicant Name Applicant Phone Date	Project Address Applicant Address Applicant Email					
Net floor area of commercial space proposed: Number of hotel/accommodation units proposed: Number of free market multifamily residential units proposed: Net floor area of single family residential unit proposed:	sq. ft. units units sq. ft.					
CALCULATION OF MINIMUM AFFORDABLE HOUSING REQUIRED TO COMMERCIAL USES:						
For hotel and accommodation uses: 0 x 0.50 employees / unit x 400 sq.ft./employe	se x 40% mitigation = 0 sq. ft. employee housing					
For multi-family residential and mixed-use residential uses:	se x 60% mitigation = 0 sq. ft. employee housing					
For single family residential uses: 0 x 0.12 employees / 1,000 sq.ft. x 400 sq.ft./employe net floor area or increase (sq. ft.)	se x 60% mitigation = 0 sq. ft. employee housing					
TOTAL MINIMUM AFFORDABLE HOUS	SING REQUIREMENT = 0 sq. ft. employee housing					

2. MITIGATION OPTIONS AND REQUIREMENTS

	Total Employee Housing Required		Net Required Mitigation
Units in Town Commercial:	0 sq. ft.	-30% discount	0 sq. ft.
Hotel and accommodation:	0 sq. ft.	-30% discount	0 sq. ft.
Multi-family residential and mixed-use residential:	0 sq. ft.	-30% discount	0 sq. ft.
Single family residential:	0 sq. ft.	-30% discount	0 sq. ft.
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	0 sq. ft.	-30% discount	0 sq. ft.
Units Out of Town Commercial:	0 sq. ft.	-15% discount	0 sq. ft.
Hotel and accommodation:	0 sq. ft.	-15% discount	0 sq. ft.
Multi-family residential and mixed-use residential:	0 sq. ft.	-15% discount	0 sq. ft.
Single family residential:	0 sq. ft.	-15% discount	0 sq. ft.
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	0 sq. ft.	-15% discount	0 sq. ft.
Fee in Lieu For commercial uses:	0 sq. ft.	0% discount	x \$606 /sq.ft. \$0
For hotel and accommodation uses:	0 sq. ft.	0% discount	x \$606 /sq.ft. \$0
For multi-family residential and mixed-use residential uses:	0 sq. ft.	0% discount	x \$606 /sq.ft. \$0
For single family residential uses:	0 sq. ft.	0% discount	x \$606 /sq.ft. \$0
TOTAL MINIMUM AFFORDABLE HOUSING REQUIREMENT	0 sq. ft.	0% discount	x \$606 /sq.ft. \$0

3. PROPOSED METHODS OF MEETING AFFORDABLE HOUSING MINIMUM REQUIREME	NTS

C. I ROLOGED METHODO OF MEETING ALL ORDADEE HOOGING MINIMOM REQUIREMENTO							
			% of	Remainder to	l		
Fill in all that apply:			Requirement	reach 100%			
To be constructed within the Town of Mountain Village		sq. ft.	0%	0 sq. ft.			
To be constructed outside of the Town limits		sq. ft.	0%	0 sq. ft.			
Fees in Lieu to be paid			0%	\$0			
4 Mitigation Requirement Met			0%				