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Chaffee County

Land Use & Housing Affordability Solutions

CHAFFEE COUNTY PLANNING COLLABORATIVE
CHAFFEE COUNTY DEVELOPERS' FORUM

FINAL REPORT
May 28, 2021

Table of Contents

Chaffee County Land Use and Housing Affordability

Introduction	1
Planning Collaborative.....	1
Developers’ Forum	2
County land use priorities	3
Envision Chaffee County Report Card	4
Key Findings and Recommendations	5
Planning Collaborative.....	5
Developers’ Forum	6
Areas of agreement	7
Zoning and Land Use Scan.....	8
Consultant recommendations.....	8



CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

INTRODUCTION

Chaffee County, located in central Colorado, recently completed a county-wide Comprehensive Plan: [Together Chaffee County](#). The County is preparing for the subsequent Land Use Code update, which will present an opportunity to address the County's growing housing challenges.

During the past two years, the Chaffee County Office of Housing has led a Housing+Health Speaker Series to explore how land use policy and system changes could facilitate housing affordability. That effort was driven by discussions with the County's Planning Collaborative, representing town and County planning directors and staff, and culminated in a Developers' Forum, representing area developers and economic development commissioners.

This report was developed by Root Policy Research, a women-owned consulting firm in Denver, to present findings and recommendations from the Planning Collaborative and Developers' Forum to inform the pending Land Use Code update. Root facilitated conversations with both the Planning Collaborative and Developers' Forum to identify barriers to development and land use solutions that would facilitate housing affordability.

Planning Collaborative. This group was convened with funding from CDPHE's Office of Health Equity's Health Disparities Grant Program and helped evaluate and prioritize land use recommendations.

The Collaborative included:

- Wendell Pryor, Economic Development Corporation
- Cindy Williams, Envision Chaffee County
- Mark Doering, Buena Vista Planner
- Jon Roorda, Chaffee County Planning Manager
- Christie Barton, Chaffee County Planner
- Brian Berger, Poncha Springs Administrator, et. al.
- Bill Almquist, Salida Community Development Director

CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

Developers' Forum. Chaffee County Office of Housing and the Economic Development Corporation (EDC) convened this group of engaged and invested residential and commercial developers, builders, and financing institutions to identify challenges and explore solutions for creating more affordable housing in Chaffee County.

The Developers' Forum included:

- Tom Warren, General Manager Mount Princeton Hot Springs and Morgan Reed
- Matt Litvay, Mount Princeton Hot Springs
- Jeff Post, First Colorado Land Office
- Dave Blazer, EDC Board Chair
- Andrew Bascue, Project Manager, Hammerwell
- Charlie Chupp and Donnie Schell, Fading West Development
- Dustin Nicholls, TBK Bank
- Jay Smith, Collegiate Peaks Bank
- Jed Selby, President, South Main

- Joel McGuire, Hensel Phelps Engineering
- John Diesslin, General contractor, Diesslin Construction
- Karin Adams, Real estate developer
- Paige Judd, Workforce housing developer and owner/operator
- Walt Harder, Real estate developer

Members of the EDC and other stakeholders in attendance included:

- Andy Hill, Colorado Division of Local Affairs
- Becky Gray, Chaffee County Office of Housing
- Carlin Walsh, Elevation Brewery owner and Economic Development Corporation Board member
- Georgie Craig and Michael Scott, Pure Greens, major employer
- Joseph Teipel, Chaffee Community Foundation
- Wendell Pryor, Economic Development Corporation Director

CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

COUNTY LAND USE PRIORITIES

The newly adopted Comprehensive Plan— *Together Chaffee County* —identifies the following vision and priorities for land use planning in the County:

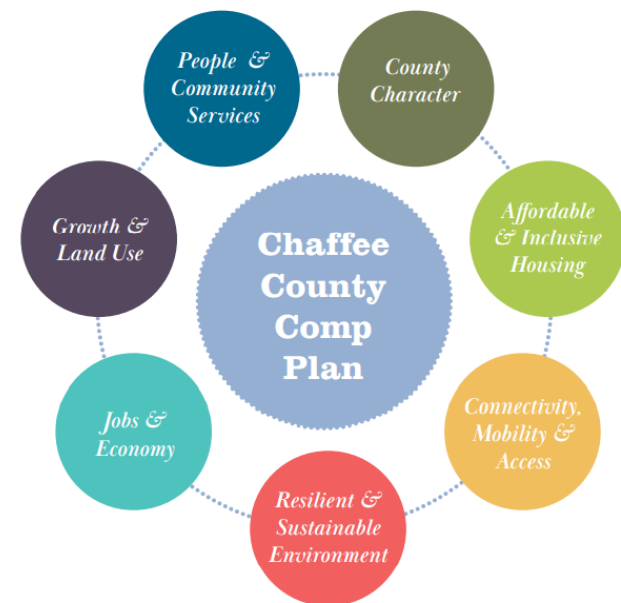
“A desire to focus high-quality growth near existing communities, and ensure development in unincorporated areas meets high quality design and use standards.”

The plan then recommends that the County prioritize the following which include two specific mentions of affordable housing:

- A land use code update that includes a new zoning code that allows for a mix of development types at different densities.
- Municipal-County collaboration and the necessary infrastructure analyses to enable more development in and around the municipalities at greater densities.
- Completion of the resource assessments, maps, and plans to guide the development of appropriate subdivision and zoning standards that will protect priority sensitive areas, open lands and community assets.
- Completion of a Regional Multimodal Transportation Plan that addresses the need for better multimodal connectivity.

- Identification of specific sites and zoning districts that prioritize the development of affordable and attainable housing to support the economy and local workforce.
- Identification of funding sources to support development of multimodal infrastructure (roads, pedestrian and bicycle trails, airport, rail, telecommunication, freight and transit) and affordable housing.

The Implementation Plan includes the specific actions associated with the above priorities, as well as a commitment that the County Planning Commission will work to steward implementation and communicate progress annually.



CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

ENVISION CHAFFEE COUNTY REPORT CARD

Since 1999, according to Envision Chaffee County, 160 subdivisions have been created in the County, involving 9,570 acres (or 8% of all private lands). Currently, 51 percent of the population lives in the unincorporated county. The majority of new population growth between 2010 and 2016 (47%) occurred in the unincorporated county, according to the State Demographer. Note that, in this data, the “unincorporated county” includes growth zones immediately adjacent to city limits.

Envision Chaffee County recently prepared a Report Card on growth in Chaffee County. For that effort, the organization examined Chaffee County Assessor’s Office data showing acres subdivided within and beyond a 3 mile radius around current town limits. They also examined Census data showing population growth in towns versus the unincorporated county. Finally, data on building permits granted in towns versus in the county were analyzed.¹

Taken together, the metrics indicate that 30 to 44 percent of development is occurring in areas well outside of buffer zones extending 3 miles beyond towns. Envision Chaffee County

¹ It is noted that the two later measures could be misleading as growth in contiguous residential communities extending beyond city limits is counted negatively (included in the county numbers).

graded this growth a “D”—with a “?”—because it is not clear at this time what a target percentage may be.

Envision Chaffee County Growth Report Card

RURAL LANDSCAPES AND GROWTH CONCENTRATED IN AND AROUND TOWNS

Population in Towns vs. County **D?***
Half of population growth since 2010 in the county versus towns.

Development in Towns vs. County..... **D?***
62% of single family dwelling units in county over the past 10 years.

Number of Rural Open Space Incentive Developments **D**
The number of ROSI developments declined from 21 between 2002 and 2008 to only 1 in the subsequent years.

CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

KEY FINDINGS

& RECOMMENDATIONS

Planning Collaborative. Two virtual meetings were held with the Planning Collaborative to discuss challenges with land use codes and the development process, and to explore solutions to facilitate affordable housing development.

Current challenges.

- There is a lack of understanding of the development process by both decision makers (planning commissioners, city councils) and developers.
- More clarity on what is expected of developers is needed—for example, when an application is complete, the community's vision for design, how to maximize density.
- There is a mismatch between what is being developed, what codes are incentivizing, and the county's housing needs—including rental units, which are not being built. Most developers are keen to accommodate second homeowner needs but not locals' needs.
- Developers need to better appreciate community growth goals and prepare to address infrastructure improvements v. fighting infrastructure requirements.
- Development design and character are important to residents—and not always the highest priority of developers—which can fuel community anti-growth sentiment and resistance to development.

- Developers need to be proactive in seeking community input and responding to concerns

Solutions.

- Improve the development review process to: 1) Minimize uncertainty and streamline review; and 2) Provide consistent water and sewer drainage standards.
- Develop a flowchart for developers to respond to including working with the community early to ensure buy-in and help navigate anti-growth attitudes.
- Expand knowledge of elected and appointed officials about community plans—including their appropriate roles.
- Develop a concise and specific land use code which delineates areas of growth from areas of conservation. Then, use that adopted plan to guide growth, rather than respond to community anti-growth sentiment.
- Clarify the County's commitment to curbing sprawl and driving growth into municipal growth areas—for example, if the county truly wants to preserve rangeland, it should discourage sprawling large acreage subdivisions.
- Publish a clear plan and municipal goals for annexations—to allow for a streamlined and predictable process and incorporate density and affordable housing benefits.
- Acknowledge that income-restricted affordable units are needed to maintain longer-term affordability, especially in rentals, in addition to non income-restricted units.

CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

Developers' Forum. Developers discussed the primary unmet housing needs in the county; barriers in responding to housing demand; and solutions to affordability challenges.

Unmet housing needs.

- "There is nowhere to rent in the county."
- "Workforce-" or moderately-priced housing, defined as less than \$1,200 per month for rent and \$400,000 to buy
- There continues to be an unmet demand for higher-end luxury housing. Addressing this demand will lessen the competition between workforce and non-local buyers

Barriers to residential development.

The approval process is the most significant barrier:

- Across municipalities, new development almost always requires a zoning change, which is time consuming and raises costs
- Expectations change throughout the process as the public, planning commissioners, and city councilors become involved. The typical process requires three meetings—two with planning commission and one with city council

High tap fees that are not calibrated to dwelling unit or lot size.

Solutions

Process solutions:

- Increase transparency and speed up the approval process to get units on the ground, prioritizing moderately-priced units.

- Reduce regulatory requirements for moderately priced units.
- Allow administrative approval for priority housing types including permanently affordable or deed restricted housing.
- Reduce the need for subjective interpretation of the code and require that the written interpretation be included in the code and made available to the public and developers.
- Catalogue interpretations of the code when decisions fall in "gray areas" and make this information available to the development community to facilitate better applications

Land use and zoning solutions:

- Allow increased density and smaller lots and reduce the suburban-style development incentivized by current codes. The most effective way to build up inventory is to get more units out of each project
- Allow duplexes/fourplexes and townhomes by right within growth boundaries. Align zoning, construction, and financing by modifying codes to allow 4-unit developments by right. This is allowable by conventional lenders but treated as commercial by current building code
- Allow flexibility in standards for moderately priced units

CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

Financing and programming solutions:

- Invest in public sector solutions, such as Low Income Housing Tax Credit (LIHTC) developments, and land donations
- Dis-incentivize acquisition of units for short-term rental use (< 30 day rentals) by taxing those units as if they are hotels and using funds for affordable housing

Areas of agreement. The following themes emerged and gained consensus in conversations with the Planning Collaborative and the Developers' Forum.

Additional housing supply and density are necessary to achieve housing affordability. All agree that providing opportunities to construct higher density residential development in areas where infrastructure and amenities can support density will increase the supply of housing and encourage affordability.

- Developers see the solution in increasing housing supply without imposing affordability requirements—and maintain that supply alone could address much of the County's housing shortages.
- Planning Collaborative members are skeptical that increasing supply without imposing affordability requirements will produce workforce housing. The difference between returns on market rate and moderately-priced housing is simply too large.

There is a lack of understanding about the development process. Development decisions should be more heavily weighted toward staff who have expertise in this complex area. There is a need for increased clarity and collaboration in determining the role of staff, City Council, County Commissioners, and members of the public in the development process. Developers would benefit from transparent requirements with specific expectations.

Infrastructure—particularly water and sewer—present major challenges for growth and development. Capacity limitations inhibit development of the housing supply needed to address needs. The County and municipalities must commit to an immediate, concerted, and collaborative approach to solve infrastructure limitations.

Short term rentals (STR) should benefit the local community. While there is not consensus on how to achieve a local community benefit from STRs, all parties agree that the STR market has an adverse impact on housing affordability for residents.

Community buy-in is a challenge. Community involvement in planning and land use decisions is valuable—but it should not countermand adopted plans. Once plans are adopted, conforming development should be allowed to proceed without community negotiation.

CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

ZONING AND LAND USE SCAN

As part of the development of recommendations, the consultant team scanned zoning and land use codes in Chaffee County, as well as Salida and Buena Vista, and prepared the following observations.

- Height restrictions throughout the county—maximum heights of 35’—prohibit mid- to high-density multifamily development which is needed for moderately-priced or income-restricted affordable housing.
- Minimum lot widths and lot sizes limit the types and density of residential development. These minimums favor single family residential development over mixed housing types
- Middle density housing types and multifamily housing developments are not permitted by right in any zoning district in some codes. These more affordable housing types are subject to higher tiers of development review and, in some cases, several public hearings.
- Limited impact and major impact development review processes strongly discourage increased residential densities and create barriers to lower cost housing development. Salida and Chaffee County both require a major impact review for multifamily development—in Salida, this is required for developments with 20 or more units. This level of review is more extensive than what is seen in some urban environments.

CONSULTANT RECOMMENDATIONS

After considering all viewpoints from those engaged in the Planning Collaborative and Developers’ Forum discussions, we recommend the following to activate land use solutions to the County’s housing challenges. These recommendations are primarily oriented to the County yet many also apply to cities and towns:

Improve municipal and county coordination

- 1.1 Set a goal for the proportion of workforce units countywide and within each municipality and build this goal into the code audit to ensure removal of barriers to production. Ideally, this goal is based on a current assessment of housing needs. Allow municipalities the flexibility to tailor codes and development to meet that goal (e.g., cooperative housing communities, income-restricted housing, attached homes) yet uniformly apply best practices where possible.
- 1.2 Expand elected and appointed officials’ knowledge about adopted planning documents and how plans relate to land use decisions. Provide a visual representation of the process they can reference in decision making. Clarify the respective roles and responsibilities of municipal and county planning commissions, city/county councils, and staff in the development review and approval process.
- 1.3 Conduct a complete audit of municipal and county codes for inconsistencies and conflicts in facilitating moderately priced housing (building upon the scan in this report), and

CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

address those conflicts through the County Land Use Code update.

- 1.4 Evaluate the adopted International Building Code for consistency across municipalities and suitability for the range of development contexts and types, including pre-fabricated housing.
- 1.5 With the Chaffee County Authority and Economic Development Council as leads, regularly convene county and town administrators, the Planning Collaborative, area businesses, and developers to monitor progress and update these recommendations and resulting action items—to ensure this plan is a “living document.”

Streamline creation of needed housing types

- 2.1 Allow developments by-right and with administrative approval in all but very low density residential districts when including moderately priced housing and income-restricted housing.
- 2.2 Provide a clear framework for development review, developer expectations, and decision maker expectations, and, as staffing allows, work toward a reduction in review meetings for consistent developer compliance.
- 2.3 Refine subdivision requirements for development in the County to maximize density and encourage affordability near and within municipal growth boundaries. For example,
 - 2.3.1 In areas where density is encouraged, permit residential development based on the scale of

the built structure rather than the number of units—e.g., four 1,000 square foot units or one 4,000 square foot single family home.

- 2.3.2 Prohibit covenants that have a minimum square footage for units.

Provide resources

- 3.1 Set aside public land for development of affordable and moderately-priced housing through private/public partnerships.
- 3.2 Establish a housing trust fund and fund through an excise tax on luxury development, a STR “hotel” tax on out-of-town owners, and/or other mechanisms.

Facilitate smart growth

- 4.1 Commit to the Comprehensive Plan as a guiding document for determining the County’s development and growth vision.
- 4.2 Solidify municipal growth boundaries and commit to upholding intergovernmental agreements to support denser development within the growth boundaries.
- 4.3 Clarify and make better use of annexations:
 - 4.3.1 Implement a review of the annexation process to identify understanding by staff, planning commissioners, and policymakers of their roles in annexation.

CHAFFEE COUNTY LAND USE & HOUSING AFFORDABILITY

4.3.2 Identify parcels to annex and provide a clear process during predevelopment.

4.3.3 Require a commitment to the County's affordable housing goals from developers (from action item 1.1) as part of the annexation and/or subdivision process.

4.4 Re-examine required open space dedications to achieve denser housing within planned growth areas and minimize in-commuting, thereby mitigating sprawl and allowing for the preservation of natural environments.

4.5 County take the lead on facilitating options and seeking funding for municipal water acquisition; require city infrastructure installed in the joint planning area.

4.5.1 Require infrastructure installed within municipal growth boundaries to meet respective municipal standards.