

AGENDA ITEM #14.

CITY COUNCIL COMMUNICATION FORM

FROM: Tyler Gibbs, Director, Planning and Community Development
THROUGH: Gary Suiter, City Manager
DATE: February 6, 2018
ITEM: Inclusionary Zoning

DIRECTION
 INFORMATION
 ORDINANCE
 MOTION
 RESOLUTION

I. REQUEST/ISSUE & BACKGROUND INFORMATION:

Request:

On January 16th City Council requested preparation of an ordinance repealing Community Development Code Section 428, Community Housing (formerly Section 26-149), also referred to as "Inclusionary Zoning".

Background:

Section 26-149, Community Housing, of the Community Development Code was adopted by City Council in February 2006. On August 6, 2013 City Council suspended Section 26-149 for a period of 24 months. In 2015 and 2016 City Council renewed the suspension for an additional one year each. In October 2017 City Council continued the suspension until February 28, 2018 pending review of alternatives.

The purpose of the Community Housing requirements is stated as follows:

- (a) *Purpose.* The purpose of this section is to ensure that a reasonable amount of community housing is provided in the City of Steamboat Springs that meets the

needs of all economic groups. This is accomplished through the establishment of regulations that require either (a) the set-aside of a portion of new residential development for community housing purposes, or (b) a financial equivalent, as a condition of approval. This section also provides incentives and concessions for community housing. It is the city's intent that community housing is intermingled throughout the city and is not concentrated in one area of the city. Where alternatives to the on-site provision of such housing are determined to be more practical, efficient, and equitable, this section will set forth standards for off-site housing, the dedication of land, or the payment of a fee-in-lieu or other financial equivalent as compliance methods.

The ordinance requires the provision of community housing as follows:

Inclusionary: All new developments with three (3) or more additional residential units shall set aside units for community housing, as follows:

- a. Fifteen (15) percent of all single-family units shall be developed as community housing for sale or rent to eligible households;
- b. The following percentages of all new multi-family units shall be developed as community housing for sale or rent to eligible households:

Market Rate Unit Size (GFA)	Number of Affordable Units/ Market Rate Unit
< 999	.05
1,000 – 1,500	.10
1,501 – 2,000	.15
2,001 – 3,000	.17

The ordinance requires the for-sale residential units developed under the program to be affordable to eligible households with incomes between 30% and 140% AMI. Units are to be permanently deed restricted to preserve affordability.

The inclusionary requirement may be met through the development of units on-site or off-site, dedication of lots on-site or off-site, dedication of land or payment of a fee-in-lieu.

The fee-in-lieu has not been recalculated since the suspension of the ordinance. At that time it was approximately \$45,000 per unit, although it had been as high as \$144,497. The fee has not been recalculated since the suspension of the ordinance.

The minimum size unit to be provided under the ordinance is 700 square feet.

In its suspension of the ordinance in 2013, Council specified that any previously built or approved development that had not yet fulfilled its requirements under the ordinance was no longer required to do so. All units that had either been built or sold and deed restricted prior to the suspension continue to be subject to the provisions of the sale unless specifically relieved of the deed restrictions by

an action of the City Council.

During the 7½ years the ordinance was in effect, it generated obligations to either construct approximately 140 units or to provide nearly \$3.4 million in fee-in-lieu payments. The majority of the approved projects were never constructed and therefore the majority of the obligations were not realized.

Since 2013 125 multi-family units have received building permits. In addition, 92 single family and duplex lots were approved in the Sunlight Subdivision, 96 duplex, triplex, townhome and condominium units were approved in the Urban Street Project, 21 single family lots were approved for the Flat Tops at Wild Horse Meadows, and 5 townhomes were approved at the Crawford.

These projects could have generated additional units or funding had the Community Housing ordinance been in effect. However, given the numbers of affordable housing units identified by the Yampa Valley Community Housing Steering Committee, it is clear that the 15% inclusionary zoning requirement would not come close to meeting the need without a massive boom in overall housing market.

II. ALTERNATIVES:

- A. Approve the ordinance to repeal the Community Housing Ordinance on First Reading. Council may additionally direct staff as to whether or not to consider Inclusionary Zoning as a part a future package of incentives for affordable housing to be considered at a later date.
- B. Modify the ordinance to continue the suspension to a date certain or until the requested analysis of incentives is complete.
- C. Deny the ordinance to repeal and allow the Community Housing Ordinance to take affect again upon the expiration of the current suspension on February 28th.

III. STAFF RECOMMENDATION:

Staff recommends Alternative B to continue the suspension until Council has had an opportunity to review community response to possible incentives later this spring.

V. LEGAL ISSUES:

VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES

Define city policies and processes to facilitate viable options for diverse housing opportunities.

City staff will work with community stakeholders including YVHA, local employers, associations, builders and interested citizens to review all potential tools to facilitate housing opportunities in Steamboat Springs. In the process there will be an examination of which tools may be most appropriate for, or perhaps only available for, implementation by the City. It will be incumbent on the process to identify where and why the market is not able to meet specific community housing needs and what assistance may be most appropriately provided by the City.

ATTACHMENTS:

Attachment 1: Ordinance.

Attachment #1

CITY OF STEAMBOAT SPRINGS

ORDINANCE NO. _____

AN ORDINANCE REPEALING SECTION 428 OF THE COMMUNITY DEVELOPMENT CODE RELATING TO COMMUNITY HOUSING AND INCLUSIONARY ZONING REQUIREMENTS; PROVIDING AN EFFECTIVE DATE; AND SETTING A HEARING DATE.

WHEREAS, the City Council incorporated inclusionary zoning requirements into the Community Development Code by adopting Ordinance No. 2041 on February 21, 2006, the provisions of which were codified at Section 16-149 of the Community Development Code;

WHEREAS, the City Council repealed and re-enacted the Community Development Code, including Section 26-149, by the adoption of Ordinance No. 2624 on November 14, 2017, and in connection therewith re-codified the former Section 26-149 at Section 428 of the current Community Development Code ("Community Housing Regulations"); and

WHEREAS, the City Council suspended the application of the Community Housing Regulations on four occasions beginning on August 6, 2013, with the most recent suspension expiring on February 28, 2017; and

WHEREAS, the City Council has reviewed the goals and effectiveness of the Community Housing Regulations along with alternative methods of achieving those goals and have concluded that it is necessary to the public health, safety, and welfare to repeal the Community Housing Regulations.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STEAMBOAT SPRINGS THAT:

SECTION 1. Section 428 of the Community Development Code is hereby repealed. Ordinance No. 2041 is also repealed, as is that portion of Ordinance No. 2624 adopting Section 428 of the Community Development Code.

SECTION 2. The City Council hereby finds, determines and declares that this ordinance is necessary for the immediate preservation of the public peace, health, and safety.

SECTION 3. This ordinance shall take effect immediately upon the expiration of five (5) days from and after its publication following final passage, as provided in Section 7.6(h) of the Steamboat Springs Home Rule Charter.

SECTION 4. A public hearing on this ordinance shall be held on _____, 2018, at 5:15 P.M. in the Citizens Hall meeting room, Centennial Hall, Steamboat Springs, Colorado.

INTRODUCED, READ AND ORDERED published, as provided by law, by the City Council of the City of Steamboat Springs, at its regular meeting held on the 6th day of February, 2018.

Jason Lacy, President
Steamboat Springs City Council

Julie Franklin, City Clerk

FINALLY READ, PASSED AND APPROVED this ____ day of _____, 2018.

Jason Lacy, President
Steamboat Springs City Council

Julie Franklin, City Clerk