AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: Proposed Workforce Housing Linkage Fee Update

Action Requested: Discussion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

Discussion of proposed workforce housing linkage fee update

Fiscal Impact:

Submitted by: Cathie Pagano **Submitter's Email Address:** cpagano@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:
No concerns related to initial discussion. If new resolution is submitted and approved, will assess need for a 2018 budget amendment request for any significant changes in revenue/expenses. ln

Reviewed by: GUNCOUNTY1\lNienhueser Discharge Date: 5/16/2018

County Attorney Review: (●) Required ( ) Not Required

Comments:
ok db 5/18/18

Reveiwed by: GUNCOUNTY1\dBaumgarten Discharge Date: 5/18/2018 Certificate of Insurance Required Yes ( ) No (●)

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\mbirnie Discharge Date: 5/18/2018

( ) Consent Agenda ( ) Regular Agenda ( ) Worksession Time Allotted: 20

Agenda Date: 5/22/2018

Revised April 2015

Gunnison County, CO
Community Development Department
221 N. Wisconsin St. Ste. D, Gunnison, CO 81230
Phone: (970) 641-0360 FAX: (970) 641-8585
Website: www.gunnisoncounty.org
Email: planning@gunnisoncounty.org

To: BOCC

From: Cathie Pagano

Date: May 15, 2018

Re: Updates to linkage fees

The Community and Economic Development Department has reviewed the workforce housing linkage fee and proposes updating the fee structure to reflect current area median income and other updated date.

The County has contracted with RRC Associates to review and update Gunnison County's workforce housing linkage fees. The RRC report titled, "*Gunnison County Workforce Housing Linkage Fees Update*," and dated May 10, 2018 and calculation forms are attached for your review, along with the spreadsheet formulas for the proposed updated fee. RRC utilized data from the 2016 *Gunnison Valley Housing Needs Assessment* in establishing the updated fees.

Staff has reviewed the proposed changes with Jennifer Kermode, Executive Director, Gunnison Valley Regional Housing Authority and Kermode has indicated her support for the proposed increase. Updating the linkage fee was identified as a priority in the One Valley Prosperity Project, the Gunnison Valley Housing Needs Assessment and by staff as a method for continuing to support the development of workforce housing in Gunnison County.

The fees were last updated in 2011 (see attached). At that time the affordability gap and area median income (AMI) were lower. As the economy has recovered from the 2008 recession and housing prices have escalated the need for review and update of the fee became very apparent. The affordability gap, or difference between the market cost and the affordable purchase price, has increased from $111,559 in 2011 to $126,461 in 2018. The overall updates to the linkage fees result in an approximate 5-7% increase in linkage fees for new construction.

Currently the fee is capped at 10,000 square feet. Since the inception of the fee in 2006 (Resolution No. 2006-44, recorded at Reception No. 566060) there have been approximately five or fewer residences constructed greater than 10,000 square feet. RRC recommends that a linear fee be established for residences greater than 8,000 square feet: "For homes in excess of 8,000 square feet, we propose shifting to a linear employment generation formula instead of the existing exponential formula, based on additional detailed review of employment generation rates of homes in the database in excess of 8,000 square feet. The proposed formula, illustrated in Table 3 below, results in more moderate estimates of employment generation for homes in excess of 8,000 square feet." This shift will result in a lower fee than is currently adopted for homes greater than 8,000 square feet and RRC recommends that approach based on their research identifying the employment generated by homes of that size.

RRC has developed a spreadsheet that will enable Community Development staff to update the linkage fee on an annual basis after the area median incomes are released each year. This annual update will create a fee structure that reflects market fluctuations. Any updates or changes to the fees require review and approval by the Board of County Commissioners.

These updates do not change any regulations related to fee exemptions. Individuals that meet specific income criteria are able to apply for an exemption from the workforce housing linkage fee. Please feel free to contact me with any questions or concerns. Thanks.

BOARD OF COUNTY COMMISSIONERS
OF GUNNISON COUNTY
RESOLUTION NO. 2006-44

A RESOLUTION AMENDING THE GUNNISON COUNTY LAND USE RESOLUTION TO ENACT A WORKFORCE HOUSING FEE

WHEREAS, the Board of County Commissioners of Gunnison County, Colorado ("Board") has the authority to regulate the use and development of land in unincorporated Gunnison County, to enact an essential housing fee, and to adopt this Resolution, pursuant to Colorado Revised Statutes including: Article 28 of Title 30 (County Planning and Building Code); Article 20 of Title 29 (Local Government Regulation of Land Use); and Article 11 of Title 30 (County Powers and Functions); and

WHEREAS, the Board has utilized multiple sources of data, including the 2000 U.S. Census for Gunnison County; the *Gunnison County Housing Needs Assessments* (1992 and 1999); the *Gunnison County Residential Job Generation Study* (2000) by Rees Consulting, Inc. and the Housing Collaborative; a study titled *Gunnison County, Colorado Nexus/Proportionality Analysis For Commercial And Residential Linkage Programs, Final Report*, dated March, 2006 by Rees Consulting, Inc. ("*Nexus Proportionality Analysis*"); a transmittal letter dated March 31, 2006 by Rees Consulting, Inc. and RRC Associates, Inc., ("Transmittal Letter"); the Planning Department record on creating an affordable housing amendment to the *Gunnison County Land Use Resolution*; the memorandum dated November 18, 2005 titled "Process of creating a proposed amendment to the Gunnison County Land Use Resolution to include an Essential Housing section" from the Gunnison County Planning Commission to the Board; the memorandum dated November 21, 2005 titled "Gunnison County Planning Commission Recommendation Concerning Proposed Amendments to Gunnison County Land Use Resolution Regarding the Provision of Essential Housing and has conducted a duly noticed public hearing on June 7, 2006 on the proposed amendment to the *Gunnison County Land Use Resolution*, and concerning the demand for workforce housing generated by new residential and commercial development, all of which are made part of the record of the Board, (the "Record") and incorporated herein by reference; and

WHEREAS, the Board relies on the Record to legislate the appropriate methodology for the calculation of a fee assessed to certain new development in unincorporated Gunnison County, based on the number of new employees generated by that development ("Workforce Housing Fee"); and

WHEREAS, the procedural and substantive requirements to amend the *Gunnison County Land Use Resolution* to enact a Workforce Housing Fee have been satisfied; and

WHEREAS, in determining whether to amend the *Gunnison County Land Use Resolution* and enact a Workforce Housing Fee, the Board has, pursuant to Section 1-113: C. considered among other factors the compliance of the proposed amendment with the following review standards:

1. The consistency of such a Workforce Housing Fee with any comprehensive plan adopted by Gunnison County;
2. Changed conditions, including the economy of Gunnison County;
3. The effect of such a proposed Workforce Housing Fee on the natural environment;
4. Community needs;
5. Development patterns in Gunnison County;
6. Changes in applicable law;
7. Public health, safety and welfare; and
8. Compliance with any applicable intergovernmental agreements adopted by Gunnison County.

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THE BOARD OF COUNTY COMMISSIONERS OF GUNNISON COUNTY MAKES THE FOLLOWING FINDINGS:

1. The Board of County Commissioners of Gunnison County, Colorado adopts and incorporates herein the *Nexus Proportionality Analysis* and the Transmittal Letter.

2. The Board makes the following additional findings:

   a. A resident workforce is needed to ensure a sustainable local economy. One of the goals of Gunnison County is to maintain a balanced and sustainable local economy that supports Gunnison County as a residential community. Essential to the maintenance of the Gunnison County community and economy is the availability of a stable and qualified workforce.

   b. Ensuring an opportunity for the workforce and their families to live in Gunnison County is important to maintaining community character. An essential component of Gunnison County's community character is the social and economic fabric created by the realities that occur when the workforce and their families live in the community, attend schools in the community, and participate in the civic life of the community.

   c. Housing prices in Gunnison County have outpaced the ability of a significant portion of the local workforce to afford market valued housing.

   d. There is a demonstrated current and anticipated need in Gunnison County for housing for persons who are employed in Gunnison County whose incomes are characterized as: (i) low income (i.e. a household whose annual income does not exceed 80 percent of the area median income as published annually by the U.S. Department of Housing and Urban Development); and (ii) moderate income (i.e. a household whose income is between 81 percent and 120 percent of the area median income as published annually by the U.S. Department of Housing and Urban Development.)

   e. The Record conclusively demonstrates the need to amend the Gunnison County Land Use Resolution to address the impact generated by new residential and commercial development on the demand for affordable workforce housing.

   f. The Nexus/Proportionality Analysis, the Transmittal Letter and the remainder of the Record demonstrate a rational nexus between the impact of new residential, commercial and industrial development, the jobs generated by those developments, and the need for affordable workforce housing in Gunnison County.

   g. The Nexus/Proportionality Analysis, the Transmittal Letter and the remainder of the Record demonstrate and establish an appropriate maximum Workforce Housing Fee that can be imposed on new residential and commercial developments that is roughly proportionate to their impact.

   h. The Board finds that it is appropriate, currently, to establish a Workforce Housing Fee less than the maximum supported by the Record.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Gunnison County, Colorado that:

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1. The *Gunnison County Land Use Resolution* is amended, effective immediately, as set forth in "Exhibit A," attached hereto and incorporated herein;

2. The Board reserves the right, without a further formal amendment to the *Gunnison County Land Use Resolution*, to adjust the Workforce Housing Fee for residential, commercial, industrial development enacted by this Resolution up to the maximum supported by The Record; such action may be taken by a separate resolution of the Board.

3. The Workforce Impact Fee shall be collected and accounted for as follows:

   a. Deposited in an interest-bearing account clearly identified as "Workforce Impact Fee";

   b. Such account shall be accounted for separately;

   c. All interest or other income earned on the monies deposited in said account shall be credited to said account; and

   d. All monies in said account shall be used exclusively to provide for essential housing, including without limitation, administration costs of Gunnison County.

4. No Workforce Housing Fee shall be imposed on any applicable residential, commercial, and industrial land use change for which the applicant has submitted a complete application pursuant to the *Gunnison County Land Use Resolution* before the effective date of this Resolution.

5. If any provision of this Resolution, or of the amendment to the *Gunnison County Land Use Resolution* hereby made, is held invalid, the remainder of this Resolution and of the amendment to the *Gunnison County Land Use Resolution* hereby made shall remain valid and in full force and effect.

6. The Board shall formally review, no later than the Board's first meeting in October, 2007, the amendment enacted by this Resolution. That review shall encompass the entirety of the amendment and shall include specifically:

   a. The timing of the payment of the fee for residences up to 1,999 square feet in size; and

   b. The geographic identification of the "Crested Butte Area".

7. References to numbering within the *Gunnison County Land Use Resolution* in this amendment comport with the recodified *Gunnison County Land Use Resolution* dated February 15, 2006. If the recodified *Gunnison County Land Use Resolution* is held to be invalid by any court of competent jurisdiction, the numerical references in this amendment shall revert to those of the Gunnison County Land Use Resolution adopted January 8, 2001.

INTRODUCED by Commissioner Paula Swenson, seconded by Commissioner Hap Channell, and adopted this 13th day of June, 2006.

Jim Starr,
Chairperson

Hap Channell,
Commissioner

Paula Swenson,
Commissioner

Attest:

Kelly Balch
Deputy County Clerk

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"EXHIBIT A"

New definitions, to be added to Article 2:

AREA MEDIAN INCOME (AMI) means the median income for Gunnison County adjusted for household size, as established and defined in an annual schedule published by the U.S. Department of Housing and Urban Development (HUD).

DEED RESTRICTION OR DEED RESTRICTED means a provision in a deed, recorded in the records of the Clerk and Recorder of Gunnison County, mandating, limiting or prohibiting certain uses of a parcel of real property and/or structures, in perpetuity.

ESSENTIAL HOUSING means housing for qualified households as determined by the Gunnison County Housing Authority.

ESSENTIAL HOUSING PROJECTS are housing developments in which all residences are deed-restricted Essential Housing.

GUNNISON COUNTY HOUSING AUTHORITY means the agency of Gunnison County created pursuant to C.R.S. 29-4-503 *et seq.*

HOUSEHOLD, for the purposes of Essential Housing, means one person living alone or two or more persons sharing residency whose income, time of residency and place of employment are considered to determine eligibility and housing payment requirements for Essential Housing.

SQUARE FEET means the measurement of square footage as established by the applicable Building Code adopted and amended by Gunnison County.

QUALIFIED HOUSEHOLD means a household that earns less than 120 percent of the AMI as qualified by the Gunnison County Housing Authority.

WORKFORCE means persons who are employees in Gunnison County whose household incomes are categorized as low income (i.e. a household whose annual income does not exceed 80 percent of the area median income as published annually by the U.S. Department of Housing and Urban Development) or moderate income ((i.e. a household whose income is between 81 percent and 120 percent of the area median income as published annually by the U.S. Department of Housing and Urban Development).

WORKFORCE HOUSING FEE means that fee enacted by Gunnison County and assessed to certain new construction in the unincorporated areas of the County, based upon the number of new employees generated by it.

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A new Division (to be numbered to conform with the recodified *Resolution*) would be added; Section 1-119: *Waiver of Standards to Facilitate Affordable Housing* and 3-201: *Employee Housing Provided with Other Uses* would be deleted.

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DIVISION 9-600: ESSENTIAL HOUSING

SECTION 9-601: PURPOSES.

Future demand for Essential Housing that is affordable for Gunnison County's workforce and residents is impacted by a myriad of variables including population growth, housing market trends, and employment trends. While these variables cannot be accurately predicted, it is unlikely, given current conditions and funding availability, that future demand for Essential Housing in Gunnison County will decrease. It is probable, given rapidly increasing housing prices, that demand will increase.

The wellbeing of the residents and visitors in Gunnison County is dependent upon a supply of affordable workforce housing being available for including emergency services personnel, medical practitioners, teachers and other employees crucial to our economy and community so they can live within reasonable proximity to their worksites and provide necessary public- and private-sector services. The documented trend of increasing housing and land prices in Gunnison County has resulted in an inadequate supply of Essential Housing for county residents. This jeopardizes the ability of local employers to hire and retain employees, thus negatively impacting business operations.

Employees are not the only residents whose health, safety and welfare are negatively impacted by the insufficient supply of affordable housing. Seniors, persons with disabilities and other residents who may be unemployed, living on low to moderate incomes are not provided adequate, affordable housing opportunities by the free market.

A. **TO ENCOURAGE AFFORDABLE/ESSENTIAL HOUSING.** To encourage and ensure the development and availability of safe, affordable housing for low-income and moderate-income households within Gunnison County.

B. **TO ACHIEVE AND MAINTAIN VARIED HOUSING SUPPLY.** To achieve and maintain a housing stock which meets County-defined targets for income groups and owner/renter ratios.

C. **TO ADD ESSENTIAL HOUSING PROPORTIONAL TO NEW DEVELOPMENT.** To promote the County's goal to add essential residences in proportion to the housing impacts generated by new residences and commercial and industrial uses to provide a basis for economic development and job growth.

D. **TO ENSURE GROWTH PAYS ITS PROPORTIONATE SHARE.** To ensure that growth contributes a proportionate share of funding, land and/or construction to increase and maintain a sufficient supply of essential housing residences.

E. **TO MITIGATE IMPACTS BY PROMOTING BALANCE OF JOBS AND HOUSING.** To mitigate impacts that accompany new residential and non-residential development by protecting diversity of the County's housing stock, promoting a balance between jobs and housing, and reducing the demands placed on transportation infrastructure.

F. **TO ENCOURAGE LOCATION OF ESSENTIAL HOUSING NEAR WORK SITES.** To encourage essential housing to be located near central work sites and public transportation.

G. **TO ENSURE DEVELOPMENT THAT ENHANCES THE EXISTING SENSE OF "COMMUNITY" IN GUNNISON COUNTY.** To ensure that development of Essential Housing Projects and residences integrates new and current residents and does not isolate Essential Housing Residences from free-market residential development.

SECTION 9-602: RELATIONSHIP OF DEVELOPMENT AND ESSENTIAL HOUSING NEED

A. **BASIS FOR REQUIREMENTS.** Multiple sources of data indicate a need for Essential Housing in response to escalating free-market housing prices and rents that are not affordable to essential employees who are crucial to the economic well-being of Gunnison County but who earn low to moderate incomes and others, including seniors, who live on fixed incomes. These sources include the 2000 U.S. Census for Gunnison County; *Gunnison County Housing Needs Assessments* completed in 1992 and 1999; the *Gunnison County Residential Job Generation Study* completed in 2000 by Rees Consulting, Inc and the Housing Collaborative, and the *Nexus/Proportionality Analysis for Commercial and Residential Linkage Programs* 2006 Rees Consulting, Inc. Based on this information, and as further identified by *Board of County Commissioners' Resolution 20 06-44,* there is a demonstrable nexus between the impact of new non-residential and residential developments, the jobs generated by those developments, and the need for Essential Housing in Gunnison County, and an accurate mechanism to establish an appropriate and proportional workforce housing fee for new commercial, industrial and residential development.

1. **HOUSING OPPORTUNITIES LIMITED TO QUALIFIED HOUSEHOLDS.** Analyses of the housing situation in the County, particularly in the corridor that encompasses the area between the City of Gunnison and Towns of Crested Butte and Mt. Crested, reveal that with the exception of housing developed in partnership with the assistance of public or non-profit entities, residential development does not provide adequate housing opportunities for low- and moderate-income households. There is a demonstrated market price gap between free-market housing prices and what households within those income categories can afford.

2. **DATA IS BASIS FOR ESSENTIAL HOUSING REQUIREMENTS.** This Division uses data which includes the average number of employees per household; the target income levels for workforce housing development; the estimated multiple jobs held by workers; the estimated affordable rents and sales prices for workforce housing--and other such data necessary to construct reasonable methodologies to provide for workforce housing.

3. **ECONOMIC DEVELOPMENT BENEFITS.** A permanent supply of Essential Housing is a necessary component of an economic development strategy that seeks to retain employers and employees and bring new jobs to Gunnison County.

SECTION 9-603: WORKFORCE HOUSING LINKAGE.

A. **PURPOSE.** New construction or expansion of residential, commercial and industrial buildings or uses in the unincorporated areas of Gunnison County will result in new workers employed by or within those buildings or uses. This Section is intended to ensure that commercial and industrial development and construction of individual free market residences provide constructed residences and installed infrastructure, or contribute to the construction of a reasonable and appropriate percentage of Essential Housing to mitigate impacts to the county's housing supply as growth occurs.

B. **APPLICABILITY.** Unless otherwise exempted, this Section shall apply to all proposed residential, commercial, and industrial development that is subject to the requirements of this *Resolution,* and for which an application is submitted for a Building Permit after June 13, 2006.

C. **EXEMPTIONS.** The following shall be exempt from the Workforce Housing Fee:

1. **SAME-SIZE RECONSTRUCTION OF PRE-EXISTING STRUCTURE**. The reconstruction of any pre-existing structure pursuant to Section 1-108: *Non-conforming Uses* if the reconstruction does not increase the size more than 500 square feet, or as applicable, the number of residences within it, except when the structure was not a legally habitable residence before the reconstruction; or

2. **ADDITION OF 500 SQ. FT. OR LESS TO PRE-EXISTING STRUCTURE.** The addition of 500 square feet or less to a structure, whether it is a residential, commercial or industrial use; or

3. **INTEGRATED SECONDARY RESIDENCE.** An integrated secondary residence as allowed pursuant to Section 9-102: F.: *Standards for Integrated Secondary Residence*, provided that it is deed-restricted for occupancy by Qualified Households with incomes not exceeding 120 percent of the Area Median Income.

4. **MOBILE HOMES**. Individual mobile homes and mobile home communities as defined by this *Resolution*, provided that the homes are deed-restricted for occupancy by Qualified Households with incomes earning less than 120 percent of the Area Median Income.

5. **ESSENTIAL RESIDENCES**. Residences that are constructed and deed-restricted as Essential Housing.

6. **EXEMPTION FOR INCOME-QUALIFIED HOUSEHOLDS.** Households earning less than 120 percent of AMI, as qualified by the Gunnison County Housing Authority, that are building homes for their own occupancy.

D. **WORKFORCE HOUSING FORMULA AND FEES.** Unless exempted by this Division, additions or remodels to existing residences of more than 500 square feet, and all residential, commercial and industrial construction for which a Building Permit is required to pay after June 13, 2006, the Workforce Housing Fee identified in Appendix Table 4, *Workforce Housing Fees* shall apply as follows:

1. **RESIDENTIAL DEVELOPMENT.** Workforce Housing Fees for single-family residences, multiple-family residences, manufactured homes, secondary residences that are not integrated secondary residences, and sleeping quarters, are identified in Appendix Table 4, *Workforce Housing Fees*, as "residential linkage fees".

2. **COMMERCIAL AND INDUSTRIAL.** Workforce Housing Fees for commercial and industrial construction are identified in Appendix Table 4, *Workforce Housing Fees*, as "commercial linkage fees".

3. **AREA FEES.** The Crested Butte Area Fee shall apply to development north of the entrance to the Roaring Judy Fish Hatchery, within the East River Valley. The General Area Fee shall apply to development in the remainder of unincorporated Gunnison County.

SECTION 9-604: INCENTIVES TO PROVIDE ESSENTIAL HOUSING

A. **REQUIRED INCENTIVES.** Notwithstanding any other requirements of this *Resolution*, the decision-making body shall provide one or more of the following incentives for an Essential Housing Project or a residential or mixed-use development in which a minimum of 40 percent of the residences are Essential Housing, and, because of deed restriction, will remain Essential Housing:

1. **EXPEDITED REVIEW PROCESS FOR ESSENTIAL HOUSING PROJECTS.** Conforming and complete applications submitted pursuant to this Division generally shall be given priority over other applications that are being reviewed by staff, the Planning Commission or the Board. At each phase of its review, each application shall be placed on the first scheduled Commission or Board agenda for which it can be properly noticed.

2. **INCREASE IN ALLOWABLE RESIDENTIAL LIVING AREA**. An increase of 15 percent in maximum residential living area allowed pursuant to Section 13-105: C.: *Parcels Smaller Than 6,500 Sq. Ft.*, and Section 13-105: D.:

Parcels Equal To or Larger Than 6,500 Sq. Ft. when a secondary residence is included that is deed-restricted as an Essential Housing residence.

3. **INCREASE IN BUILDING HEIGHT.** An increase of 25 percent in the maximum structure height allowed pursuant to Section 13-103: G.: *Allowed Structure Heights,* when such increase is found to not interfere with solar access or potential solar access of existing adjacent structures, and the County determines the increase to be in the public benefit in its allowance for additional and/or larger residences and that are deed-restricted pursuant to this Division.

4. **REDUCED SETBACK REQUIREMENTS.** An exception pursuant to Section 13-104: *Setbacks from Property Lines and Rights-of-Way* shall be allowed by reducing front setbacks to 15 feet, and side/rear setbacks to 10 feet, subject to approval by the applicable fire protection district.

5. **DEFERRED FEES.** Fees for Essential Housing residences may be deferred as follows:

   a. **PROJECTS THAT INCLUDE CONSTRUCTED ESSENTIAL HOUSING RESIDENCES.** A proposed land use change includes the construction of Essential Housing Residences, and the installation of infrastructure to service them. The applicable decision-making body may defer all related County fees, such as Building Permit Fees, ISDS Permit fees, Access Permit fees, and Reclamation Permit fees for Essential Housing that is to be constructed by the Land Use Change Permit applicant, until the applicant receives a Certificate of Occupancy for each of the constructed residences. Payment of fees may be in whole for all the residences in the development when a Certificate of Occupancy is obtained for the first residence, or in part for each residence at the time each residence receives a Certificate of Occupancy thereafter.

   b. **PROJECTS IN WHICH UNIMPROVED LOTS WILL BE SOLD FOR FUTURE CONSTRUCTION.** In Essential Housing Projects in which construction of individual single-family or multiple-family residences will be accomplished by persons who purchase lots within the project, fees for each Building Permit may be deferred until each Essential Housing residence receives a Certificate of Occupancy.

6. **MODIFIED DEVELOPMENT STANDARDS.** The decision-making body shall approve modifications to the design requirements of Article 10: *Locational Standards*, Article 11: *Resource Protection Standards*, Article 12: *Development Infrastructure Standards*, and Article 13: *Project Design Standards* for Essential Housing, provided that the requested modification will result in residences that will be more energy-efficient, will provide more amenities, or improved design, and will not jeopardize public health, safety or welfare.

   a. **STANDARDS THAT CANNOT BE MODIFIED.** The following standards shall not be waived:

      1. **SECTION 11-103:** *Development in Areas subject to Flood Hazards.*
      2. **SECTION 11-104:** *Development in Areas subject to Geologic Hazards.*
      3. **SECTION 11-107**: *Protection of Water Quality.*
      4. **SECTION 12-105**: *Water Supply.*
      5. **SECTION 12-106**: *Sewage Disposal/Wastewater Treatment.*
      6. **SECTION 12-107**: *Fire Protection.*
      7. **SECTION 11-109: D**: *Domestic Animal Controls;* and Section 11-106*:* F. 6.*: Domestic Animal Controls.*
      8. **SECTION 13-107**: *Installation of Solid Fuel-Burning Devices.*
      9. **SECTION 13-114:** *Exterior Lighting.*
      10. **SECTION 13-106**: *Energy and Resource Conservation.*

B. **POSSIBLE ADDITIONAL INCENTIVES.** Notwithstanding any other requirements of this *Resolution*, the decision-making body may provide one or more of the following incentives for an Essential Housing Project or a residential or mixed-use development in which a minimum of 40 percent of the residences are Essential Housing, and, because of deed restriction, will remain Essential Housing:

1. **REDUCED PARKING SPACE REQUIREMENTS.** A reduction in the number of parking spaces required pursuant to Section 13-110: *Off-Road Parking and Loading*, depending upon location, bedroom mix, the availability of public transit and other pertinent factors.

2. **REDUCTION IN REQUIRED AMOUNT OF OPEN SPACE.** A reduction in the amount of open space required pursuant to Section 13-108: *Open Space and Recreation Areas.*

*****

Under all applicable sections addressing requirements for Final Plan submittal would be the following:

To Section 7-401:

M. ESSENTIAL HOUSING PROJECT OR ESSENTIAL HOUSING DESIGNATION. When the development is an Essential Housing Project, or otherwise includes Essential Housing Residences, the Final Plat and Final Plan shall identify each lot that is designated as an Essential Housing lot and shall identify the number of Essential Houses on each Essential Housing lot.

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The following table will be added to the Appendix:

APPENDIX TABLE 4: WORKFORCE HOUSING FEES

RESIDENTIAL LINKAGE FEES

SQUARE FOOTAGE		JOB GENERATION	HOUSEHOLD GENERATION	MITIGATION RATE	UNITS REQUIRED	GENERAL AREA FEE	CRESTED BUTTE AREA FEE
0	999	0.17	0.094	10%	0.009	**$ 586***	**$ 1,971***
1,000	1,999	0.21	0.117	10%	0.012	**$ 781***	**$ 2,627***
2,000	2,999	0.26	0.144	10%	0.014	**$ 911**	**$ 3,065**
3,000	3,999	0.32	0.178	15%	0.027	**$ 1,758**	**$ 5,912**
4,000	4,999	0.39	0.217	30%	0.065	**$ 4,232**	**$ 14,232**
5,000	5,999	0.47	0.261	45%	0.118	**$ 7,682**	**$ 25,836**
6,000	6,999	0.58	0.322	45%	0.145	**$ 9,440**	**$ 31,748**
7,000	7,999	0.71	0.394	45%	0.178	**$ 11,588**	**$ 38,973**
8,000	X,XXX	1.06	0.589	45%	0.265	**$ 17,252**	**$ 58,022**

COMMERCIAL AND INDUSTRIAL LINKAGE FEES

JOB GENERATION PER 1,000 SQ FT	EMPLOYEE GENERATION PER 1,000 SQ FT	HOUSEHOLD GENERATION PER 1,000 SQ FT	UNITS REQUIRED PER 1,000 SQ FT	GENERAL AREA FEE PER 1,000 SQ FT	CRESTED BUTTE AREA FEE PER 1,000 SQ FT
2.9	2.522	1.401	0.014	**$ 912**	**$ 3,067**

- Notwithstanding any other provision of this Division, if the construction costs as defined in the *International Building Code* as adopted and amended by Gunnison County are less than $150 per square foot for these residences, the Workforce Housing Fee shall be collected when the Certificate of Occupancy is issued.

Calculation for multiple-family residences: Fees for multiple-family residences shall be calculated by dividing the gross square footage of the multiple-family structure by the total number of units in it

Square footage measurement: Square footage shall be measured as required by the applicable building code adopted and amended by Gunnison County

BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF GUNNISON, COLORADO

RESOLUTION NO: 2012-09

A RESOLUTION AMENDING THE STRUCTURE FOR THE WORKFORCE HOUSING FEE

WHEREAS, the Board of County Commissioners of the County of Gunnison, Colorado (hereinafter the "Board") amended the *Gunnison County Land Use Resolution* and enacted a Workforce Housing Fee (also known as the "Linkage Fee") on June 13, 2006 through Resolution No: 06-44; and

WHEREAS, the Board amended certain portions of the Workforce Housing Fee, by resolution or motion, on March 4, 2008 and April 1, 2008 and June 2, 2009; and

WHEREAS, the Board intends to adjust the methodology of calculation of the Workforce Housing Fee as identified in the document titled "Steps to Understanding and Updating the Workforce Housing Fee" as identified in Appendix "A" attached hereto and incorporated herein; and

WHEREAS, on November 1, 2011 the Board determined that such adjustment in methodology is in the best interest of the community; and

WHEREAS, the Board has determined that the adjustment in methodology should be applied retroactive to March 1, 2011 only for those Building Permit applications received on or after that date; and

NOW THEREFORE, BE IT RESOLVED by the Board of County Commissioners of the County of Gunnison, Colorado that:

1. The adjusted methodology for calculating the Workforce Housing Fee as identified in the document titled "Steps to Understanding and Updating the Workforce Housing Fee" attached hereto and incorporated herein as Appendix "A" shall be and hereby is adopted.

2. The *Gunnison County Land Use Resolution, Division 9-600: Essential Housing, Appendix Table 4,* titled *"Workforce Housing Fees",* shall be and hereby is amended and replaced with the fee chart titled "2011 Workforce Housing Fee Chart" attached hereto and incorporated herein as Appendix "B", effective retroactive to March 1, 2011 for those Building Permit applications received on or after that date for which the Workforce Housing Linkage Fee has been paid.

3. Gunnison County shall recalculate each Workforce Housing Fee paid after March 1, 2011, for those Building Permit applications received on or after that date, based on the chart identified in Appendix "B".

a. A refund shall be made if the amount paid exceeds the amount that would have been charged based upon the adjusted methodology;

b. If the amount paid is less than would have been charged based upon the adjusted methodology, no additional Workforce Housing Fee shall be required;

c. If one landowner received more than one Building Permit on or after March 1, 2011 for which the Workforce Housing Fee was paid, any refund shall be offset by any additional fee calculated, if any.

4. The Board shall revisit the methodology for calculating the Workforce House Fee in March of 2013 and then every other year thereafter.

INTRODUCED by Commissioner Swenson, seconded by Commissioner Chamberland, and adopted this 21st day of February, 2012.

BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GUNNISON, COLORADO

By _____
Hap Channell, Chairperson

By _____
Paula Swenson, Vice Chairperson

By _____
Phil Chamberland, Commissioner

ATTEST:

_____
Deputy County Clerk

GUNNISON COUNTY SEAL COLORADO

Gunnison County
HOUSING AUTHORITY
202 East Georgia, Suite A • Gunnison, CO 81230

APPENDIX "A"

Steps to Understanding and Updating the Workforce Housing Fee

The workforce housing fee was adopted by the Board of County Commissioners (BOCC) in June, 2006 based on the results of a Residential & Commercial Nexus study which illustrates the relationship between *new* or expanding business buildings and *new* or expanding housing to the creation of jobs and the need for additional affordably-priced workforce housing. The linkage fee was incorporated into the Gunnison County Land Use Resolution.

1. Background

- 2006 - Nexus study was completed titled "Gunnison County, Colorado Nexus/Proportionality Analysis for Commercial and Residential Linkage Programs, Final Report, dated March, 2006 created by Rees Consulting, Inc.
- The Board of County Commissioners authorized Resolution 2006-44 establishing two separate fee areas (Crested Butte and General Area)
- On March 4, 2008 by motion of the Board of County Commissioners, deferral of fees to Certificate of Occupancy were allowed and calculation of additions accordingly based on new addition only
- On April 1, 2008 by motion of the Board of County Commissioners fee areas were combined with a blended rate and refunds issued;
- Resolution No: 09-19 –t addressed square footage calculation based on Assessor's method of determining the square footage of buildings.
- 2011 – Decision by the BOCC to apply interest charges for deferred payment
- 2012 – Update linkage fee.

2. Exemptions

Six types of exemptions:

- Homes for households earning less than 120 percent of the Area Median Income and are primary residences.
- Residences that are deed-restricted to households as qualified by the Gunnison County Housing Authority (GCHA).
- Reconstruction of a pre-existing structure so long as the reconstruction is no more than 500 square feet larger than the original structure.
- The addition of 500 square feet or less to an existing structure.
- Integrated secondary residence that is deed-restricted for residents who earn less than 120 percent of the Area Median Income.
- Mobile homes, if they are deed-restricted for residents who earn less than 120 percent of the Area Median Income.

3. Annual Updates

The fee calculation must be updated annually upon publication of household income estimated by HUD and receipt of sales data for the previous year from the Gunnison County Assessor's Office. The new fee shall be prepared and adopted by the Board of County Commissioners so that it can go into effect by March 1st of every year.

4. Calculate the Affordability Gap

The Fee In Lieu Calculation is based on the following steps:

EQUAL HOUSING OPPORTUNITY

1) Use 50% Area Median Income (AMI) published annually by HUD – for a 2 Person Household
Use the lowest possible income point in order to include every household that is proposed to be targeted for assistance. Below that level it is assumed that those households will be renters. The 2-person household figure is used because that is how many wage earners there are in each Gunnison County household *on average*.

2) Calculate an affordable house payment based on this income
Use a mortgage calculator or an online calculator such as Bankrate.com or Smartmoney.com (http://www.smartmoney.com/calculator/real-estate/how-much-house-can-i-afford-1304479817347/) This method requires some assumptions, such as down payment amount and existing monthly debt. The rule of thumb approach is to multiply the monthly income by 30% for an affordable mortgage payment.

3) Determine Average Market Sales Price Per Unit and Per Square Foot
Use the Assessor's data base for single family, townhome and condo sales. Purge any deed restricted units.

4) The difference between the median sales price in #3 and the affordable house price in #2 is the **Affordability Gap.**

5. Calculate the Mitigation Rate

The mitigation rate is the percentage of households in the county who make ≤ 80% of AMI.

- The number of 2511 households in Gunnison County making ≤ 80% AMI, out of 5,777 total household, is an estimate based on the 2009 American Community Survey(ACS) http://www.census.gov/acs and other Census data http://quickfacts.census.gov/qfd/states
- 2511/ 5,777 = 43.5%
- The mitigation rate is rounded down to accommodate the margin of error in the U.S. Census ACS data and therefore we should use **40%**.

6. Apply the Job Creation Rate

A certain number of jobs are created in a community (usually a fraction) per square foot of new or expanded housing and per square foot of new or expanded commercial/industrial space. The jobs that are created on a per square foot basis are unique to a particular community, but typically an average from throughout a region of like-communities is use.

- The number of persons in the workforce in 2009 was 9,533 (ACS)
- Workers per household is 9,533 total workers / 5,777 households = 1.65
- Total Jobs in Gunnison County is 10,451 (State Demographer estimate for 2010)
- Number of jobs worked per person is 10,451 jobs / 9,533 workers = 1.1

7. Determine the number (usually a fraction) of Housing Units Needed
Multiply the Mitigation Rate by the Job Creation Rate for each size of house.

8. Calculate the Fee based on New House Size

Multiply the number (usually a fraction) of Housing Units Needed (#7) by the Affordability Gap (#4) to determine the FEE that needs to be assessed. The house size and job creation rate "jumps" at every 1,000 sq. ft., but Gunnison County has "smoothed" out these jumps by applying the per sq. ft. job generation rate per 100 square feet. The new job generation rate per 100 square feet was obtained by contacting RRC Associates directly, 4940 Pearl East Circle, Suite 103, Boulder, Colorado, 80301 • 303-449-6558.

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Fee Calculation		
2009 Income	$26,450	2 per HH @ 50% AMI
Affordable Payment	$661	
Affordable Price	$110,291	
Market Price/SF	$261	
Size	850	Target size
Market Price/Unit	$221,850	
GAP / Unit	$111,559	
Worker's per household	1.65	2009 County Needs Assesment

Sq Ft. of Residence	*Job Generation	**Household Generation (1.65 workers per household)	Mitigation Rate	Units Required	FEE

* Job generation using 2011 CB Nexus Numbers

** Using 1.65 Employees from 2009 County Needs Assessment

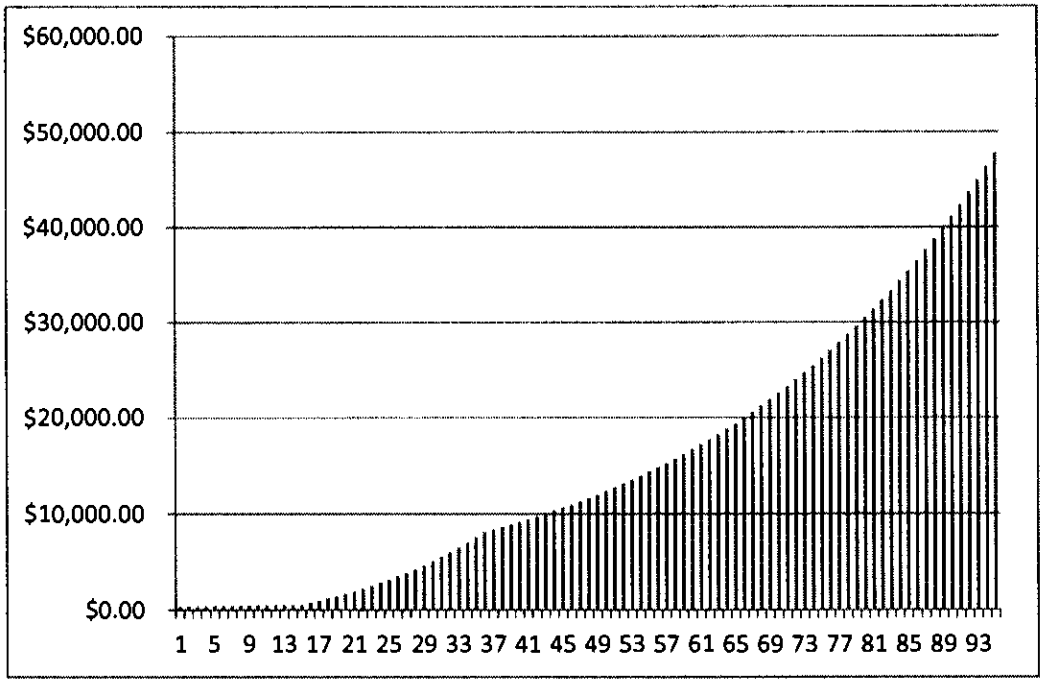
Affordability Gap $111,559

500 - 599	0.11	0.063830185	0.05	0.00319151	$356.04
600 - 699	0.11	0.065774104	0.05	0.00328871	$366.88
700 - 799	0.11	0.067777223	0.05	0.00338886	$378.06
800 - 899	0.12	0.069841347	0.05	0.00349207	$389.57
900 - 999	0.12	0.071968333	0.05	0.00359842	$401.44
1,000 - 1,099	0.12	0.074160095	0.05	0.003708	$413.66
1,100 - 1,199	0.13	0.076418606	0.05	0.00382093	$426.26
1,200 - 1,299	0.13	0.078745899	0.05	0.00393729	$439.24
1,300 - 1,399	0.13	0.081144069	0.05	0.0040572	$452.62
1,400 - 1,499	0.14	0.083615273	0.05	0.00418076	$466.40
1,500 - 1,599	0.14	0.086161738	0.05	0.00430809	$480.61
1,600 - 1,699	0.15	0.088785753	0.05	0.00443929	$495.24
1,700 - 1,799	0.15	0.091489682	0.05	0.00457448	$510.32
1,800 - 1,899	0.16	0.094275958	0.05	0.0047138	$525.87
1,900 - 1,999	0.16	0.097147088	0.05	0.00485735	$541.88
2,000 - 2,099	0.17	0.100105657	0.0666667	0.00667371	$744.51
2,100 - 2,199	0.17	0.103154328	0.0833333	0.00859619	$958.98
2,200 - 2,299	0.18	0.106295845	0.1	0.01062958	$1,185.83
2,300 - 2,399	0.18	0.109533036	0.1166667	0.01277885	$1,425.60
2,400 - 2,499	0.19	0.112868813	0.1333333	0.01504918	$1,678.87
2,500 - 2,599	0.19	0.11630618	0.15	0.01744593	$1,946.25
2,600 - 2,699	0.20	0.119848231	0.1666667	0.01997471	$2,228.36
2,700 - 2,799	0.20	0.123498153	0.1833333	0.02264133	$2,525.84
2,800 - 2,899	0.21	0.127259232	0.2	0.02545185	$2,839.38
2,900 - 2,999	0.22	0.131134852	0.2166667	0.02841255	$3,169.68

APPENDIX "B"

3,000 - 3,099	0.22	0.135128503	0.2333333	0.03152998	$3,517.45
3,100 - 3,199	0.23	0.139243779	0.25	0.03481094	$3,883.47
3,200 - 3,299	0.24	0.143484383	0.2666667	0.0382625	$4,268.53
3,300 - 3,399	0.24	0.147854133	0.2833333	0.041892	$4,673.43
3,400 - 3,499	0.25	0.152356962	0.3	0.04570709	$5,099.04
3,500 - 3,599	0.26	0.156996922	0.3166667	0.04971569	$5,546.23
3,600 - 3,699	0.27	0.16177819	0.3333333	0.05392606	$6,015.94
3,700 - 3,799	0.28	0.166705069	0.35	0.05834677	$6,509.11
3,800 - 3,899	0.28	0.171781995	0.3666667	0.06298673	$7,026.74
3,900 - 3,999	0.29	0.177013535	0.3833333	0.06785519	$7,569.86
4,000 - 4,099	0.30	0.1824044	0.4	0.07296176	$8,139.54
4,100 - 4,199	0.31	0.187959441	0.4	0.07518378	$8,387.43
4,200 - 4,299	0.32	0.193683658	0.4	0.07747346	$8,642.86
4,300 - 4,399	0.33	0.199582204	0.4	0.07983288	$8,906.08
4,400 - 4,499	0.34	0.205660387	0.4	0.08226415	$9,177.31
4,500 - 4,599	0.35	0.211923678	0.4	0.08476947	$9,456.80
4,600 - 4,699	0.36	0.218377715	0.4	0.08735109	$9,744.80
4,700 - 4,799	0.37	0.225028306	0.4	0.09001132	$10,041.57
4,800 - 4,899	0.38	0.231881438	0.4	0.09275258	$10,347.38
4,900 - 4,999	0.39	0.23894328	0.4	0.09557731	$10,662.51
5,000 - 5,099	0.41	0.246220186	0.4	0.09848807	$10,987.23
5,100 - 5,199	0.42	0.253718707	0.4	0.10148748	$11,321.84
5,200 - 5,299	0.43	0.261445592	0.4	0.10457824	$11,666.64
5,300 - 5,399	0.44	0.269407795	0.4	0.10776312	$12,021.95
5,400 - 5,499	0.46	0.277612484	0.4	0.11104499	$12,388.07
5,500 - 5,599	0.47	0.286067043	0.4	0.11442682	$12,765.34
5,600 - 5,699	0.49	0.294779082	0.4	0.11791163	$13,154.10
5,700 - 5,799	0.50	0.303756441	0.4	0.12150258	$13,554.71
5,800 - 5,899	0.52	0.313007202	0.4	0.12520288	$13,967.51
5,900 - 5,999	0.53	0.32253969	0.4	0.12901588	$14,392.88
6,000 - 6,099	0.55	0.332362486	0.4	0.13294499	$14,831.21
6,100 - 6,199	0.57	0.342484431	0.4	0.13699377	$15,282.89
6,200 - 6,299	0.58	0.352914635	0.4	0.14116585	$15,748.32
6,300 - 6,399	0.60	0.363662486	0.4	0.14546499	$16,227.93
6,400 - 6,499	0.62	0.374737657	0.4	0.14989506	$16,722.14
6,500 - 6,599	0.64	0.386150118	0.4	0.15446005	$17,231.41
6,600 - 6,699	0.66	0.39791014	0.4	0.15916406	$17,756.18
6,700 - 6,799	0.68	0.410028307	0.4	0.16401132	$18,296.94
6,800 - 6,899	0.70	0.422515529	0.4	0.16900621	$18,854.16
6,900 - 6,999	0.72	0.435383042	0.4	0.17415322	$19,428.36
7,000 - 7,099	0.74	0.44864243	0.4	0.17945697	$20,020.04
7,100 - 7,199	0.76	0.462305626	0.4	0.18492225	$20,629.74
7,200 - 7,299	0.79	0.476384928	0.4	0.19055397	$21,258.01
7,300 - 7,399	0.81	0.490893009	0.4	0.1963572	$21,905.41
7,400 - 7,499	0.83	0.505842927	0.4	0.20233717	$22,572.53
7,500 - 7,599	0.86	0.521248138	0.4	0.20849926	$23,259.97
7,600 - 7,699	0.89	0.537122507	0.4	0.214849	$23,968.34

7,700 - 7,799	0.91	0.553480322	0.4	0.22139213	$24,698.28
7,800 - 7,899	0.94	0.570336307	0.4	0.22813452	$25,450.46
7,900 - 7,999	0.97	0.587705634	0.4	0.23508225	$26,225.54
8,000 - 8,099	1.00	0.605603935	0.4	0.24224157	$27,024.23
8,100 - 8,199	1.03	0.624047321	0.4	0.24961893	$27,847.24
8,200 - 8,299	1.06	0.643052391	0.4	0.25722096	$28,695.31
8,300 - 8,399	1.09	0.662636252	0.4	0.2650545	$29,569.22
8,400 - 8,499	1.13	0.68281653	0.4	0.27312661	$30,469.73
8,500 - 8,599	1.16	0.703611389	0.4	0.28144456	$31,397.67
8,600 - 8,699	1.20	0.725039546	0.4	0.29001582	$32,353.87
8,700 - 8,799	1.23	0.747120288	0.4	0.29884812	$33,339.20
8,800 - 8,899	1.27	0.769873488	0.4	0.3079494	$34,354.53
8,900 - 8,999	1.31	0.793319626	0.4	0.31732785	$35,400.78
9,000 - 9,099	1.35	0.817479806	0.4	0.32699192	$36,478.89
9,100 - 9,199	1.39	0.842375772	0.4	0.33695031	$37,589.84
9,200 - 9,299	1.43	0.868029934	0.4	0.34721197	$38,734.62
9,300 - 9,399	1.48	0.894465381	0.4	0.35778615	$39,914.27
9,400 - 9,499	1.52	0.921705907	0.4	0.36868236	$41,129.84
9,500 - 9,599	1.57	0.949776031	0.4	0.37991041	$42,382.43
9,600 - 9,699	1.61	0.978701017	0.4	0.39148041	$43,673.16
9,700 - 9,799	1.66	1.008506901	0.4	0.40340276	$45,003.21
9,800 - 9,899	1.71	1.039220508	0.4	0.4156882	$46,373.76
9,900 - 9,999	1.77	1.070869485	0.4	0.42834779	$47,786.05



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GUNNISON COUNTY WORKFORCE HOUSING LINKAGE FEES UPDATE

Prepared by RRC Associates
May 10, 2018

Introduction

RRC Associates of Boulder, CO was retained by Gunnison County to assist with an update to the County's workforce housing linkage fees. The fees, originally adopted in 2006, are levied on qualifying commercial and residential construction.[1] The objective of the fees is to fund the development of workforce housing, and thus help satisfy the employee housing demand generated by new development.

It is recommended that the linkage fee rates be updated periodically in order to accurately reflect changes in market conditions. This report walks through the key data inputs to the linkage fees and incorporates more current data as available and warranted to update the fees.

Organization of the report

This report is divided into sections which address each of the data inputs to the workforce housing linkage fees. Additionally, the final section of the report illustrates the resulting fee levels under sample development scenarios, and includes comparisons to the existing fee levels. The report sections address the following topics:

1. Commercial development job generation rates (i.e. jobs generated by occupants of commercial space).
2. Residential development employee generation rates (i.e. full-time equivalent employees associated with the maintenance and operations of residences).
3. Multiple job holding rates (to convert from jobs associated with commercial development to employed persons).
4. Employees per household ratio (to convert the number of employees to households, i.e. housing units demanded).

[1] Empirical support for the fees adopted in 2006 was provided by the report, "Gunnison County Nexus/Proportionality Analysis for Commercial and Residential Linkage Fee Programs," March 2006, Rees Consulting / RRC Associates.

5. "Affordability gap" per unit (i.e. the difference between what targeted households can afford to pay and the market price for housing).
6. Supportable mitigation rate (based on the share of Gunnison County households earning less than 80% of the area median income).
7. Resulting fee levels, with calculation examples and comparisons to current fees.

In addition to this written report, an Excel spreadsheet has been provided under separate cover which can be used by the County to calculate commercial and residential workforce impact fees under the existing and updated fee calculations.

1. Commercial development job generation rate

RRC Associates and Rees Consulting have conducted housing needs assessments and nexus studies in mountain resort communities in Colorado, Idaho, and Wyoming. As part of these studies, public- and private-sector employers have been surveyed concerning the number of jobs they have and the amount of floor space they occupy. These surveys have been used to compile a database of commercial job generation ratios, which are expressed as the number of total jobs (full and part time combined, not FTE) per 1,000 square feet of space.

Based on results from 2,850 surveyed employers currently included in the database, the median job generation rate is 3.3 jobs per 1,000 square feet of commercial space. This calculation excludes outliers that are at least two standard deviations above or below the mean job generation rate. This job generation rate is above the 2.9 jobs per 1,000 square feet that is used in the current fee program, and reflects the inclusion of additional employers.

Table 1. Commercial Job Generation Rate: Proposed vs. Current

Proposed	Current
3.3 jobs / 1000 sqft	2.9 jobs/1000 sqft

Source: RRC Associates / Rees Consulting multi-community commercial job generation database.

2. Residential development job generation rate

RRC Associates and Rees Consulting have conducted homeowner surveys at mountain resorts in CO, ID and WY to understand the number and type of jobs associated with the maintenance and operations of residential homes. These surveys have been used to compile a database on residential job generation rates.

As documented in the 2006 Gunnison County Nexus Study and as shown in Table 2 to follow, the number of full-time equivalent employees (FTEs) tends to rise in an exponential relationship to the square footage of the home. The formula derived from this relationship is currently used in Gunnison's residential linkage fee program to estimate residential employment generation.

Since the 2006 study, with the emergence and/or growth of Airbnb and other short-term rent-by-owner platforms, there is reason to believe that employment requirements associated with the operation and maintenance of residential homes has increased (e.g. via increased housekeeping and property management services to homes rented short term). We do not have data which accurately reflects the effect that such changes may have had in markets such as Gunnison County. Absent a firm basis to make a change, we would recommend keeping the residential job generation formula unchanged for homes up to 8,000 square feet in size, while acknowledging that it may be conservative in light of this market shift.

Table 2. Residential Job Generation Rate, for Homes up to 8,000 Square Feet (where y=FTEs and x=square footage)

Proposed	Current
$y = 0.0893e^{0.0003x}$	$y = 0.0893e^{0.0003x}$

Source: RRC Associates / Rees Consulting multi-community residential job generation database.

For homes in excess of 8,000 square feet, we propose shifting to a linear employment generation formula instead of the existing exponential formula, based on additional detailed review of employment generation rates of homes in the database in excess of 8,000 square feet. RRC has conducted a re-examination of employment generation for homes sized 8,000 – 10,000 square feet, as well as homes sized 10,000+ square feet, as part of this linkage fee update. The proposed formula, illustrated in Table 3 below, results in more accurate, and more moderate, estimates of employment generation for homes in excess of 8,000 square feet.

Table 3. Residential Job Generation Rate, for Homes in Excess of 8,000 Square Feet (where y=FTEs and x=square footage)

Proposed	Current
y = 0.0000807039*(x-8000) + 0.984369650791295	$y = 0.0893e^{0.0003x}$

Source: RRC Associates / Rees Consulting multi-community residential job generation database.

3. Multiple jobholding rate

The commercial job generation rate discussed above is used to calculate the number of jobs (both full-time and part-time) generated by new development. To convert jobs into employees, it is necessary to account for multiple jobholding, which tends to be prevalent in mountain resort communities.

The county's commercial linkage program currently utilizes a factor of 1.10 jobs per worker, based on Gunnison County 2009/10 job and labor force counts, when the area was in the midst of a recession. We would recommend using a more current factor of 1.24 jobs per worker, based on a resident survey conducted as part of the 2016 Gunnison Valley Housing Needs Assessment, when economic conditions were more robust. We believe the 1.24 jobs per worker factor may be more representative of current conditions.

Table 4. Average Number of Jobs per Employee

Proposed	Current
1.24	1.10

Source: 1.24 jobs/employee: 2016 Gunnison Valley Housing Needs Assessment. 1.10 jobs per employee: Gunnison County, based on 2010 job counts per Colorado State Demographer and 2009 worker counts per US Census – American Community Survey.

4. Employees per household

Employees often live together in family and unrelated roommate households. As such, the number of employees generated by a project should be divided by the average number of employees per household to convert to the number of households generated.

The county's residential linkage fee program currently utilizes an employees per household factor of 1.65, based on the results of a resident survey conducted in 2009 as part of the 2009 Gunnison County Housing Needs Assessment. The commercial linkage fee program uses a factor of 1.60 employees per household (likely reflecting a subsequent calculation).

More recently, the 2016 Gunnison Valley Housing Needs Assessment found that there are 1.77 employees per unit on average in the Gunnison Valley portion of the county. This higher figure likely reflects a combination of job growth since 2009 and an increasingly tight housing market, which may be leading to increased crowding. It may also reflect a somewhat different employment environment in the Gunnison Valley area as compared to the rest of the county.

Consideration has been given to continuing to use the 2009 figure of 1.65, as representing a more desirable, less crowded housing condition, as well as a figure which applies countywide (rather than in the Gunnison Valley specifically). However, for purposes of this update, the 2016 figure of 1.77 has been chosen for conservatism and because it is the most current available factor.

Table 5. Employees per Household (in households which have employed persons)

Proposed	Current
1.77	1.65 (residential linkage) 1.60 (commercial linkage)

Source: 1.77 employees per household: 2016 Gunnison Valley Housing Needs Assessment. 1.65 employees per household: 2009 Gunnison County Housing Needs Assessment. 1.60 employees per household: calculated by Gunnison County.

5. Housing affordability gap

The difference between prevailing market prices and what targeted low-income households can afford to pay for housing is the housing affordability gap.

For purposes of calculating the affordable purchase price, Gunnison County's linkage fee programs benchmark to a two person household earning 50 percent of the Area Median Income (AMI). Based on data from HUD, the income for this targeted household is currently $28,500, up from $26,450 in 2012. The affordable monthly housing payment is assumed to be 30 percent of gross income, or $712.50. This payment can currently buy a home worth $103,039, assuming 80 percent of the monthly housing payment goes to principal and interest (20 percent to taxes and insurance), a 5 percent down payment, and a 30 year mortgage at an interest rate of 5.73 percent (up from 4.5% in 2012).[2] The affordable purchase price of $103,039 is down from $110,291 in the current residential fee structure, with the cost of a higher interest rate outweighing the benefit of higher income.

For purposes of calculating the market price, an average housing unit size of 850 square feet is assumed, based on the County's objective of producing a variety of housing units for multiple types of households. This is multiplied by the current average market price of housing per square foot of $270, which is the based on sales of single-family, condominium and townhome units of up to 1,700 square feet in Gunnison County in 2017.[3] This cost is up slightly from $261/sqft in the current fee calculations.

The affordability gap, or the difference between the market cost and the affordable purchase price, is calculated to be $126,461 currently, up from $111,559 in the current fee framework.

Table 6. Affordability Gap

Factor	Proposed	Current	Source
Income -- 50% AMI, 2 person HH	$28,500	$26,450	HUD income limits FY 2017
Affordable monthly payment (30% of income)	$712.50	$661.25	
Share of payment going to principal/interest	80%	80%	
Share of payment going to taxes/insurance	20%	20%	
Mortgage interest rate (30 year)	5.73%	4.50%	Bankrate.com/RRC Assoc.
Affordable price (with 5% down)	$103,039	$110,291	
Market price per sqft	$270	$261	Gunnison Co. Assessor/RRC
Unit size (sqft)	850	850	
Market price per unit	$229,500	$221,850	
Affordability Gap/Fee in Lieu per Unit	**$126,461**	**$111,559**	

[2] The 5.73% interest rate is based on the average 30-year mortgage interest rate of 4.73% as of April 25, 2018 (as accessed at https://www.bankrate.com/mortgages/analysis/), plus 1 percentage point (assuming many target borrowers don't receive the best rate).

[3] Outliers (sales costing less than $100 or more than $700 were per square foot) were removed. Additionally, the calculation excludes non-arms-length transactions and sales of mobile homes, summer residences (typically not heated or insulated enough to be occupied in winter), apartments, condotels, and deed-restricted units. A total of 289 usable sales remained for calculation purposes.

6. Supportable mitigation rate

The supportable mitigation rate is the maximum amount of employee housing demand generated by new development that can be mitigated by the imposition of linkage fees. The mitigation rate is equivalent to the share of households in Gunnison County which earn 80 percent of AMI or less, which is 43.5 percent in the current fee system (and rounded down to 40 percent for conservatism).

Using the most current available figures from HUD, a similar 44.7 percent of households earn 80 percent of AMI or less, which rounds down to an identical 40 percent.

Table 7. Employees per Household (in households which have employed persons)

Item	Proposed	Current
Share of Gunn. Co. HH's earning ≤ 80% AMI	44.7%	43.5%
Supportable mitigation rate (rounded down by Gunnison Co. to accommodate margin for error)	40%	40%

Source: Proposed: HUD CHAS 2010-14 data. Current: 2009 American Community Survey (ACS) and other Census data. The Mitigation rate is rounded down at discretion of Gunnison County.

7. Fee-in-lieu calculation examples

To determine the number of workforce housing units that commercial, residential or mixed-use projects must produce, and the fee that can be charged in lieu of producing the units, the following approach is used:

- The number of employees is calculated based on the size of the project by applying the appropriate job generation formulas. (In the case of commercial development, the formula outputs jobs, which must be converted to employees by dividing by average jobs per employee.)

- The number of new employees is then divided by the average employees per household to estimate the number of new households generated by the project.

- The housing mitigation rates, expressed in a percentage and approved by the Board of County Commissioners, are applied to the total number of households generated to determine the number of units required. The mitigation rate is currently 1% for commercial development. For residential development, the mitigation rate is 5% for units 500-2,000 square feet in size, then rises at a linear rate to 40% for units which are 4,000 square feet, and finally plateaus at 40% for units larger than 4,000 square feet.

- The fee-in-lieu is calculated by multiplying the units required by the affordability gap per unit.

Table 8 below illustrates fee-in-lieu calculations for a 1,000 square foot commercial or industrial development. The current fee rate is $1,785 per 1,000 square feet of development, while the proposed fee rate is $1,901 per 1,000 square feet.

Table 8. Illustrative Fee-in-Lieu Calculation: Commercial/Industrial Development

Calc.	Factor	Proposed	Current
000	Example: 1000 sqft building	1,000	1,000
x	Jobs / 1000 sqft	3.3	2.9
=	Jobs generated	3.30	2.90
/	Avg jobs per employee	1.24	1.10
=	Employees generated	2.66	2.64
/	Avg employees per HH	1.77	1.60
=	Households generated	1.50	1.65
x	Affordable housing mitigation rate	1%	1.06%
=	Mitigation units required	0.015	0.0175
x	Affordability gap per 850 sqft unit	$126,461	$102,000
=	**Fee in lieu**	**$1,901**	**$1,785**

Similarly, Table 9 below illustrates fee-in-lieu calculations for a 4,050 square foot residential home. The current fee rate for a home of this size $8,140, while he proposed fee rate is $8,601.

Table 9. Illustrative Fee-in-Lieu Calculation: Residential Development

Calc.	Factor	Proposed	Current
	Example: 4,050 sqft home	4,050	4,050
	FTEs generated	0.301	0.301
/	Avg employees per HH	1.77	1.65
=	Households generated	0.170	0.182
x	Mitigation rate	40%	40%
=	Units required	0.0680	0.0730
x	Affordability gap per 850 sqft unit	$126,461	$111,559
=	**Fee in lieu**	**$8,601**	**$8,140**

This spreadsheet can be used to update the Gunnison County affordability gap per unit on an annual or other periodic basis.
See Table 1 and enter numbers where shown to update affordability gap.
It can also be used to calculate Gunnison County fees-in-lieu for commercial development, new residential units, and residential additions (for purposes of fee-in-lieu calculations).
See Tables 2 - 4 for these calculations.
For each of these three types of development (commercial, new residential, residential addition), fees in lieu can be calculated under the current fee system and proposed (2018) fee system.
To calculate the fees, enter the square footage where shown in the respective tables. The resulting fees are shown at the bottom of each table.

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For additional background detail, see "Gunnison County 2018 linkage fees update," prepared for Gunnison County by RRC Associates, May 1, 2018.

1. Calculation of affordability gap per unit:

Factor	Proposed	Current	Update notes
1) Calculation of affordable price:			
Gunnison County 50% AMI, 2 person HH	$28,500	$26,450	Enter data here (HUD)
Affordable monthly hsg payment (30% of income)	$712.50	$661.25	
Share for property tax & mortgage insurance	20%	20%	
Share for mortgage principal & interest	80%	80%	
Affordable mortgage paymt (principal & interest)	$570.00	$529.00	
Mortgage term (years)	30	30	
Mortgage term (months)	360	360	
Annual mortgage interest rate	5.73%	4.50%	Enter data here (Bankrate.com +1%)
Monthly mortgage interest rate	0.4775%	0.3750%	
Principal paid over life of the loan	$97,887	$104,404	
Down payment as a share of purchase price	5%	5%	
Affordable purchase price	**$103,039**	**$110,291**	
2) Calculation of market price:			
Avg sales price per sqft (2018: units <= 1700 sqft, between $100 - $700/sqft only)	$270	$261	Enter data here (Assessor)
Assumed square footage of affordable unit	850	850	
Market price per unit	**$229,500**	**$221,850**	
3. Affordability gap per affordable unit (market price minus affordable price)	**$126,461**	**$111,559**	

2. Calculation of commercial fee-in-lieu:

Calc.	Factor	Proposed	Current
/1000	**Enter square footage here:**	**1,000**	**1,000**
x	Jobs / 1000 sqft	3.3	2.9
=	Jobs generated	3.300	2.900
/	Avg jobs per employee	1.24	1.10
=	Employees generated	2.661	2.636
/	Avg employees per HH	1.77	1.60
=	Households generated	1.504	1.650
x	Affordable housing mitigation rate	1%	1.06%
=	Mitigation units required	0.015	0.0175
x	Affordability gap per 850 sqft affordable unit	$126,461	$102,000
=	**Fee in lieu:**	**$1,901**	**$1,785**

3. Calculation of residential fee-in-lieu for a NEW project:

Calc.	Factor	Proposed	Current
	Enter square footage here:	**4,050**	**4,050**
	Employment generation formula for <=8000 sqft homes (y=FTEs; x=sqft)	$y = 0.0893e^{0.0003x}$	$y = 0.0893e^{0.0003x}$
	Constant	0.0893	0.0893
	Exponent	0.0003	0.0003
	Employment generation formula for 8000+ sqft homes (y=FTEs; x=sqft)	y = 0.0000807039*(x-8000) + 0.984369650791295	$y = 0.0893e^{0.0003x}$
=	Employment generated	0.301	0.301
/	Employees per household	1.77	1.65
=	Households generated	0.170	0.182
x	Mitigation rate	40.00%	40.00%
=	Affordable units required	0.068	0.073
x	Affordability gap per 850 sqft affordable unit	$126,461	$111,559
=	**Fee in lieu:**	**$8,601**	**$8,140**

4. Calculation of residential fee-in-lieu for an ADDITION:

Explanation of approach: The fee-in-lieu of an addition is calculated based on the incremental additional square footage added to a home. The calculations below calculate this incremental fee by comparing the fees-in-lieu that would charged on two hypothetical homes: 1) a new home equal in size to the existing subject home, and 2) a new home equal in size to the subject home after the addition has been completed.

Calc.	Factor	Proposed	Current
	Enter EXISTING sqft of subject home (BEFORE addition):	**8,000**	**8,000**
	Enter sqft of subject home AFTER addition is completed:	**9,000**	**9,000**
	Employment generation formula for <=8000 sqft homes (y=FTEs; x=sqft)	$y = 0.0893e^{0.0003x}$	$y = 0.0893e^{0.0003x}$
	Constant	0.0893	0.0893
	Exponent	0.0003	0.0003
	Employment generation formula for 8000+ sqft homes (y=FTEs; x=sqft)	y = 0.0000807039*(x-8000) + 0.984369650791295	$y = 0.0893e^{0.0003x}$
	Step 1: Calculate <u>hypothetical</u> (not actual) fee-in-lieu associated with unit BEFORE addition		
=	Employment generated	0.984	0.984
/	Employees per household	1.77	1.65
=	Households generated	0.556	0.597
x	Mitigation rate	40.00%	40.00%
=	Affordable units required	0.222	0.239
x	Affordability gap per 850 sqft affordable unit	$126,461	$111,559

=	Fee-in-lieu	$28,132	$26,622

Step 2: Calculate <u>hypothetical</u> (not actual) fee-in-lieu associated with TOTAL SQFT of unit AFTER addition

=	Employment generated	1.115	1.329
/	Employees per household	1.77	1.65
=	Households generated	0.089	0.089
x	Mitigation rate	40.00%	40.00%
=	Affordable units required	0.252	0.322
x	Affordability gap per 850 sqft affordable unit	$126,461	$111,559
=	Fee-in-lieu	$31,872	$35,936
=	**Fee-in-lieu (step 2 minus step 1):**	**$3,740**	**$9,314**