

**RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS,
SAN MIGUEL COUNTY, COLORADO,
APPROVING AN AMENDMENT TO THE LAND USE CODE SECTION 5-13
AFFORDABLE HOUSING WITH ASSOCIATED AMENDMENTS**

Resolution 2022-031

WHEREAS, increasing affordable housing opportunities is one of the primary goals of the San Miguel County Board of Commissioners; and

WHEREAS, in 2000, the Housing Collaborative, LLC and RRC Associates, Inc. was hired by San Miguel County and three other resort-based governments to complete a comparative analysis to determine the number of jobs directly generated by residential housing units. The study covered employees in the residential construction industry as well as jobs associated with the on-going maintenance and operation of residences. This has been referred to locally as the *Residential Job Generation Study*; and

WHEREAS, in 2005, RPI Consulting, Inc. was hired by San Miguel County to update and complete the Employee Housing Mitigation Support Study started in 2002 in order to determine an affordable housing impact fee to be imposed on new development permits in the unincorporated County; and

WHEREAS, the residential impact fees (based on house size and year of construction) proposed in the *San Miguel County Employee Housing Impact Fee Study, Updated 2005* were based on information provided in the *Residential Job Generation Study*. These studies together provided the empirical data to justify the amendments to the Land Use Code, specifically Section 5-13, that were proposed; and

WHEREAS, in 2007, the San Miguel County Commissioners in Resolution 2007-11 adopted the proposed Land Use Code amendments that instituted employee housing impact fees that applied to residential development that had not otherwise fully mitigated its employee housing impacts; and

WHEREAS, the employee housing impact fees are capped at a 2015 rate and the county has collected only nominal fees from residential development in the Telluride R-1 School District of the unincorporated county, and such fees have been insufficient to provide mitigation for affordable housing; and

WHEREAS, at the direction of the Board of County Commissioners, the Planning staff has prepared the *San Miguel County Affordable Housing Fee Methodology Report* that recommends an impact fee methodology, referred to as the Market-Affordability Gap approach, which is based on the difference between the market price of housing and a price that is affordable to households meeting the affordable housing requirements; and

WHEREAS, benefits of the Market-Affordability Gap approach are: uses data publicly available from Multiple Listing Service (MLS); easily explainable; adopted by Towns of Telluride and

Mountain Village; could provide more sufficient revenue to produce housing when based on market prices; and legally defensible; and

WHEREAS, the Colorado Land Use Control Enabling Act of 1974 at §29-20-104.5, C.R.S., provides that as a condition of issuance of a development permit, a local government may impose an impact fee or other similar development charge to fund expenditures by such local government to defray the projected impacts on capital facilities needed to serve new development, and the Board of Commissioners does hereby find and determine that the Employee Housing Impact Fee adopted in accordance with this resolution satisfies the applicable statutory requirements set forth in §29-20-104.5, C.R.S.;

WHEREAS, at the direction of the Board of County Commissioners (BOCC) , the Planning staff has prepared proposed Land Use Code (LUC) amendments, amending Section 5-13, Accessory Dwelling Units and Affordable Housing, with associated amendments to implement the new residential development affordable housing impact fees; and

WHEREAS, the draft report and amendment were referred to the County Attorney; County Manager; County Assistant Manager; County Building Official, San Miguel Regional Housing Authority; Town of Telluride; Town of Mountain Village; Town of Sawpit; Town of Ophir; Town of Norwood; and Telluride Association of Realtors; and

WHEREAS, the draft Report and LUC Amendment was discussed within work sessions by the County Planning Commission (CPC) on October 11, November 4, November 17, 2021, and March 10, 2022 and the BOCC on October 20, November 3, 2021 and March 9, 2022 with direction given to staff regarding the proposed report and amendment; and

WHEREAS, at a Planning Commission meeting held on Thursday, May 12, 2022, following its consideration of the proposed Report and LUC Amendment, the CPC unanimously recommended approval of the Report and Land Use Code Amendment; and

WHEREAS, in making its recommendation to the Board of County Commissioners, the CPC made the finding that the proposed amendment complies with the standards of Land Use Code Section 5-1802, Land Use Code Amendments, is consistent with Land Use Code Section 1-4, Purposes of the Land Use Code, and implements the Land Use Code Policies for Housing as contained in Section 2-29; and

WHEREAS, a Public Hearing Notice for the proposed Report and Land Use Code Amendment and the Board of County Commissioners meeting to be held on June 15, 2022 was published in the Norwood Post and the Telluride Daily Planet on May 25, 2022; and

WHEREAS, a list of the items included in the Public Hearing Record is attached to this resolution as Exhibit A; and

WHEREAS, the Board of Commissioners of San Miguel County, Colorado, considered this Land Use Code amendment, along with relevant evidence and testimony, at a public hearing on

Wednesday, June 15, 2022, and by a 3-0 vote approved the proposed Report and Land Use Code amendment and directed staff to prepare the resolution for adoption.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of San Miguel County, Colorado, approves and adopts the amendments to San Miguel County Land Use Code (LUC) Section 5-13, Accessory Dwelling Units and Affordable Housing:

Additions to the following section are indicated with underline. Deletions are indicated with ~~strike-through~~.

SECTION 5-13: ACCESSORY DWELLING UNITS AND AFFORDABLE HOUSING

5-1302 B. Standards

- I. An accessory dwelling unit shall not be:
 - a. Rented for a term less than six (6) months.
- II. An accessory dwelling unit shall:
 - a. Provide off-street parking in compliance with Section 5-702;
 - b. Be limited to a maximum size of eight hundred (800) square feet;
 - c. Be built in accordance with the County's adopted ~~Uniform~~ Building Code;
 - d. Be attached to the main residence, unless either no higher than sixteen (16) feet or located within a customary residential accessory building, such as a garage;
 - e. ~~Not in~~ combination with the principal residence not exceed the maximum allowable floor area of the applicable zone district; and
 - f. Comply with the San Miguel County Sanitation Regulations.
- III. Accessory dwelling units (ADU) that are voluntarily deed-restricted in exchange for an Employee Housing Impact Fee credit shall be subject to the County R-1 Housing Deed Restriction (see Sections 5-1304 and 5-1305) and ADU Deed Restriction Covenant.

5-1303 Affordable Housing in the Telluride R-1 School District

To promote affordable housing, impact mitigation shall be required as a condition of approval pursuant to this Code for the following types of development in the Telluride R-1 School District: office, restaurant and retail, hotel, residential, multi-family, ~~and~~ ski area, and other commercial uses, based on the formulas in this section. ~~In the interest of maintaining fairness~~

and simplicity, all fractions shall be rounded down to the nearest whole number. "Fee" refers to a monetary amount paid for Residential (single-family and duplex) Development. "Mitigation" refers to required construction of an employee housing unit(s) for Commercial Development, Multi-family and Residential Development if required.

5-1303 E. Size, Location and Occupancy of Mitigation Units

Deed restricted housing constructed as affordable housing may be occupied by any person(s) qualifying under the deed restriction established by these County regulations or as approved by the Board of Commissioners. Families may occupy larger units or portions thereof if at least one member of the family qualifies under the deed restriction, and additional occupants also must qualify under the deed restriction.

- I. Deed restricted housing constructed as affordable housing impact mitigation shall provide:
 - a. At least four hundred (400) 350 square feet of space and
 - b. Full living, kitchen and sanitation facilities for each employee required to be housed.
- II. Affordable housing units shall be constructed on the site of the primary development, except as allowed by the Board of County Commissioners.
- III. Affordable housing units shall be constructed simultaneously with or prior to the primary development. In residential subdivisions, the required affordable housing lots platted shall be available to qualified employees at the same time that free market lots are offered for sale.

5-1303 G. Employee Housing Impact Fee/Mitigation

- I. The employee housing Impact Fee/Mitigation applies to all Development for which a Building Permit application is applied for and approved by the County, unless exempted from payment of the employee housing Impact Fee/Mitigation pursuant to Section 5-1303. G. XI of this Code, or that has otherwise fully mitigated its Employee Housing Impacts in accordance with the applicable LUC provisions. The employee housing Impact Fee/Mitigation applies to:
 - a. the new construction of a Building for which a Building Permit is required under the County's Building eCodes;
 - b. the construction of an addition to an existing Building for which a Building Permit is required under the County's Building Code; or
 - c. a change in use where the new use generates more employees than the previous use generated.

- II. The purpose of the employee housing Impact Fee/Mitigation is to require the applicable development to pay to mitigate the impacts of development and land use to the employee housing stock managed or controlled by the County or its authorized designee, the San Miguel Regional Housing Authority.
- III. The employee housing Impact Fee is based on the difference between the free market price of housing in the Telluride Region and the price that is affordable to households with incomes equivalent to the Area Median Income. The method variables used in calculating the employee housing Impact Fee has have been adopted by the Board of County Commissioners based upon research conducted by Planning staff and is contained in Appendix E of this Code. RPI Consulting. The variables include: the number of employees generated by the types of development, current level of service (i.e., how many employees working in the R-1 School District are living in deed restricted housing), the subsidy needed per employee to construct employee housing, and the credit developers receive for future payment towards employee housing through Town of Mountain Village and Town of Telluride sales taxes.
- IV. The employee housing Impact Fee constitutes a fee of general applicability within the County and as such shall be applicable to all property located within the Telluride R-1 School District in the unincorporated County.
- V. Responsibility for Administration and Collection of Employee Housing Impact Fee. The employee housing Impact Fee will be determined by the County's Building Department or any other entity determined by the Board of County Commissioners to collect such employee housing Impact Fee. The Building Department will determine the Square Footage of Floor Area of a project for purposes of calculating the required employee housing Impact Fee. The Planning Office will make all other determinations and interpretations regarding employee housing Impact Fee administration required to properly implement these regulations, including, but not limited to, the calculation of any applicable credit as defined in this Code. The County intends to use the money solely for defraying the cost of capital facilities for deed-restricted, affordable housing pursuant to State of Colorado Statute 29-20-104.5.
- VI. When Employee Housing Impact Fee is Calculated and Due. The employee housing Impact Fee shall be a condition of a receipt of a Development Permit and shall be calculated and paid at time of issuance of a Building Permit.
- VII. Calculation of Employee Housing Impact Fee. The employee housing Impact Fee shall be calculated based upon the type of Development

authorized to be constructed by the Building Permit, the number of employees generated by the development, and the total Square Footage of Floor Area proposed to be constructed as authorized by the Building Permit.

- VIII. Determination of Square Footage of Floor Area subject to Employee Housing Impact Fee. The determination of the Square Footage of Floor Area of a Building that is subject to the employee housing Impact Fee will be calculated based on the San Miguel County Land Use Code, and the Department's policies, procedures and methods of calculating Square Footage of Floor Area under this Code.
- IX. Mixed Use Buildings. For Buildings that are mixed use (e.g., Commercial/Industrial/Residential Buildings) the employee housing Impact Fee/Mitigation will be applied as follows:
- a. Residential area (two (2) units or fewer) will be charged the employee housing Impact Fee for Residential Development.
 - b. Commercial area will be required to provide employee housing Impact Mitigation for that Commercial Development, Hotel Development, and Ski Area Development which ever applies.
 - c. Multi-Family Development (three (3) units or more) will be required to provide employee housing Impact Mitigation.
- X. Multiple Types of Buildings on One Lot. All Buildings constructed on the same Lot or Parcel will be charged the employee housing Impact Fee or be required to provide employee housing Impact Mitigation based on the Building Permit issued for ~~that~~ each Building.
- XI. Exemptions to the Employee Housing Impact Fee/Mitigation. An employee housing Impact Fee/Mitigation will not be required to be paid or constructed for the following categories of Development:
- a. Any Single-family Residence, Duplex, Multi-family unit or Lot that is Deed-Restricted under the County R-1 Housing Deed Restriction, Covenant or other restriction approved by the Board of County Commissioners is exempt from paying the Impact Fee.
 - b. Change of Use. Change of use without adding additional Square Footage of Floor Area or without increasing employee generation as determined herein will not result in the assessment of an employee housing Impact Fee/Mitigation.
 - c. Residential or Commercial Remodels. Commercial or Residential interior remodels that do not involve the construction of additional Square Footage or without do not increaseing employee generation as determined herein will not result in the assessment of an employee housing Impact Fee/Mitigation.
 - d. Affordable Housing in Subdivisions. Existing or proposed subdivisions that include deed-restricted affordable housing units

employee generation to the Board of County Commissioners for review and consideration.

XIII. Future Revisions to Employee Housing Impact Fee Regulations. The employee housing Impact Fee regulations may be reviewed periodically and relevant mitigation requirements adjusted as determined appropriate by the Board of County Commissioners.

XIV. Employee Housing Impact Fee Calculation for Residential Development. The employee housing Impact Fee shall apply to the Development of Residences, as defined in this Code, whose housing impacts have not previously been mitigated. The employee housing Impact Fee also applies to:

- a. New additions to existing detached Single-family Buildings. The fee shall be assessed only for the additional square footage beyond the one thousand eight hundred (1,800) s.f. exemption threshold;
- b. New additions to existing Multi-Family Buildings that are two (2) units or less;
- c. Accessory Dwelling Units (regardless of size), unless the unit is subject to the County R-1 Housing Deed-Restriction (see Sections 5-1304 and 5-1305) and ADU Deed Restriction Covenant; and
- d. Caretaker units (regardless of size), unless the unit is subject to the County R-1 Housing Deed-Restriction (see Sections 5-1304 and 5-1305) and ADU Deed Restriction Covenant.

XVI. Employee Housing Impact Mitigation Rate. All new Residential Development shall be assessed the Impact Mitigation Rate as set forth in the table below based on the size (square feet of Floor Area) of the unit approved for each Development of thirty-seven percent (37%) to mitigate for the employees generated, service level, or a level as shall be amended from time to time by the Board of County Commissioners.

- a. ~~Impact Mitigation Rate summary table. Appendix E, Table 1, of this Code sets forth the employee housing Impact Fee (per Residential unit) by year that will be assessed based on the size (sq. ft. of Floor Area) of the unit approved for each Development, pursuant to this Code.~~
- b. ~~Appendix E, Table 2, of this Code sets forth the construction mitigation rate each year for residential development.~~

<u>Square Footage</u>		<u>Mitigation Rate</u>
<u>0</u>	<u>1,799</u>	<u>0%</u>
<u>1,800</u>	<u>2,500</u>	<u>30%</u>
<u>2,501</u>	<u>3,000</u>	<u>42%</u>
<u>3,001</u>	<u>4,000</u>	<u>66%</u>
<u>4,001</u>	<u>12,000</u>	<u>90%</u>

properly restrained through deed-restrictions from open market sale or use to ensure that it is properly characterized as affordable housing, as such term is defined by this Code, may be given a level of credit to offset or mitigate the total employee housing Impact Fee assessed, unless there is an increase in the density or a change in use that increases employee generation. To evaluate and determine the level of credit assessed, the percent of deed-restricted, affordable housing units will be evaluated in relation to the impact mitigation required of that Development when approved.

- e. Single-family Dwelling less than one thousand eight hundred (1,800) sq. ft. of Floor Area. The Board of County Commissioners finds that residential improvements less than one thousand eight hundred (1,800) sq. ft. are presumed to be occupied by local employees, and only residential improvements with a Floor Area of one thousand eight hundred (1,800) sq. ft. or larger should pay employee housing Impact Fees. This is based on the fact that residential improvements above one thousand eight hundred (1,800) sq. ft. of Floor Area have a strong tendency for non-resident occupancy, and the employee generation for non-resident occupied residential structures (second homes) is significantly greater than that for resident-occupied improvements creating impacts beyond the County's ability to mitigate without a fee assessed for the development.
- f. Other Exemptions. The Board of County Commissioners may grant additional exemptions and waivers of the employee housing Impact Fee/Mitigation when deemed to be in the public interest due to special circumstances or unique situations where the Development provides community benefit(s), or where the value of such benefit(s) meets or exceeds the mitigation that would otherwise be required.

~~XII. Employee Housing Impact Fee Credit for Sales/Use Taxes to be Paid. The need for a credit arises from the fact that occupants of new Residences in the unincorporated portion of the R-1 School District will be required to pay their share of the cost of housing the employees they generate, but they are also likely to buy goods in the town of Telluride and Mountain Village and therefore pay into the sales/use taxes earmarked in those towns for affordable housing. The sales/use tax credit used in the employee housing Impact Fee calculations has been calculated by RPI consulting and adopted by the Board of County Commissioners.~~

XIII. Right to Appeal Employee Housing Impact Fee Determination to Board of County Commissioners. Any person aggrieved by the decision of the Planning Office with respect to the administration of the employee housing Impact Fee under this Code will have the right to appeal such decision to the Board of County Commissioners pursuant to the Section 1-1903 of this Code. In addition, a developer may present alternative calculations of

XVI. Generation rate of Employees for Single Family Residential and Duplex Dwellings.

a. Generation Rate = $0.070174(e)^{0.000322 \times \text{New Floor Area}} + 0.11(\text{New Floor Area}/1000)$

XVII. Market-Affordability Gap Fee. The formula to calculate the market-affordable price gap involves a three-step process:

- a. Calculate the amount that households in a certain income category can afford to pay for housing.
- b. Determine the market price for housing using available previous home sales data.
- c. Compare market price to the affordable amount calculated to determine the gap. Use conversion factors to express the gap in per-unit, per employee and per square foot amounts.
- d. Appendix E of this Code sets forth the procedures that shall be used by County Planning staff to calculate the Employee Housing Impact Fee, which shall be calculated by April 30 of each calendar year.
- e. Appendix E, Table 2, of this Code sets forth the Impact Fee Calculation each year for residential development.

~~XVIII. The Residential employee housing Impact Fee calculation is as follows: Calculation for the Residential Employee Housing Impact Fee. The amount of Impact fee shall be calculated using the following formula, based on (A) the number of Employees generated by the development, as determined under XVI above (“Employees Generated”), multiplied by (B) the provision of four hundred (400) square feet of space per employee generated by the development as determined under 5-1303 E. 1 above (“Minimum Mitigation Unit Size”), and multiplied by (C) the Required Employee Housing Mitigation Rate as determined under XV above for single-family and duplex uses, multiplied by (D) the Market-Affordability Gap Fee per square foot.~~

Employees Generated X 400 sq. ft. X Required Percentage Mitigation Rate X Market-Affordability Gap Fee Per Square Foot

$$\{[(0.070174e^{.000322 \times SF}) * (\text{mitigation rate})] + [(sf * .0044) * (\text{mitigation rate for that year})] / 40\} * \text{per employee subsidy Credit} = \text{Impact Fee}$$

~~XIX. Construction of a Deed restricted Accessory Dwelling Unit (ADU) / Caretaker Unit is required if the Affordable Housing sq. ft. to be mitigated is 400 sq. ft. or greater, as calculated for residential development affordable housing mitigation. A Deed restricted ADU in the (5-302 High Density (HD), 5-303 Medium Density (MD) and 5-304 Low Density (LD)) zone districts, or a Caretaker Unit in the 5-307 Forestry, Agriculture and Open (F) zone district shall be provided.~~

XIX. Credit for the construction of a Deed-restricted Accessory Dwelling Unit (ADU) / Caretaker Units that is subject to the County R-1 Housing Deed-Restriction (see Sections 5-1304 and 5-1305) and ADU Deed Restriction Covenant will be granted as follows: Affordable Housing Unit Floor Area to be constructed X Impact Fee/SF. The amount of credit shall not exceed the amount of impact fee owed by residential developer.

XXXVIII. Commercial Development is not required to pay an Impact Fee but is required to provide Affordable Housing Units as determined in Section 5-1303 A., 5-1303 B. and 5-1303 D.

XXI. Multi-Family Development is not required to pay an Impact Fee but is required to provide Affordable Housing Units as determined in Section 5-1303 C.

The San Miguel County Building Dept. is responsible for determining the impact fee per Section 5-1303 F. V. above.

5-1305 Guidelines, Rules and Regulations Governing Affordable Housing in the Telluride R-1 School District

5-1305 C. Ownership, Use and Occupancy Regulations

- I. The ownership of Affordable Housing shall be limited exclusively to Employees and their spouses and to Project Developers and Non-occupant Owners, the Housing Authority or its designee, the San Miguel County Board of Commissioners and the Town of Telluride.

- a. The ownership restriction shall not apply to accessory dwelling units or caretaker units that are accessory to a principal single-family dwelling and deed-restricted pursuant to the requirements of LUC Section 5-1303 G. XIX.

BE IT FURTHER RESOLVED, LUC Article 2, Land Use Policies, is hereby amended to clarify the following section:

Additions to the following section are indicated with underline. Deletions are indicated with ~~strike through~~.

SECTION 2-4: COMMUNITY BALANCE

It is the policy of the County to identify the carrying capacity of San Miguel County to achieve and maintain a social, economic and environmental balance in the community. Additionally, the County shall seek to maintain a balance between the peak population in the community and recreational activities and public services, taking into consideration the County's environmental

carrying capacity and shall determine ~~the~~ appropriate impact mitigation service level required to develop and maintain an adequate stock of affordable housing.

BE IT FURTHER RESOLVED, LUC Section 5-3, Zone District Standards, is hereby amended to clarify the following sections:

Additions to the following section are indicated with underline. Deletions are indicated with ~~strike-through~~.

5-302 High Density (HD)

5-302 D. Uses Allowed Subject to Administrative Review

- I. Accessory Dwelling Units. The Floor Area of the Accessory Dwelling Unit shall be included in the Calculation for employee housing Impact Fee mitigation as defined in, and is subject to, Section 5-13 of this Code unless such unit is voluntarily deed restricted pursuant to LUC Section 5-1303 G. XIX; and

5-302 K. Uses Allowed Subject to Two-step Special Use Permit Review

Single-family Dwellings greater than twelve thousand (12,000) sq. ft. require Planning Commission and Board of Commissioner Special Use Permit review pursuant to Section 5-307 L.

- I. Such dwellings must include one Accessory Dwelling Unit, as provided in Section 5-1302 B. II. g. subject to County R-1 Housing Deed Restriction and ADU Deed Restriction Covenant, of at least seven hundred (700) sq. ft. but no greater than eight hundred (800) sq. ft.

5-303 Medium Density (MD)

5-303 D. Uses Allowed Subject to Administrative Review

- I. Accessory Dwelling Units. The Floor Area of the Accessory Dwelling Unit shall be included in the Calculation for employee housing Impact Fee mitigation as defined in, and is subject to, Section 5-13 of this Code unless such unit is voluntarily deed restricted pursuant to LUC Section 5-1303 G. XIX; and

5-303 K. Uses Allowed Subject to Two-step Special Use Permit Review

Single-family Dwellings greater than twelve thousand (12,000) sq. ft. require Planning Commission and Board of Commissioner Special Use Permit review pursuant to Section 5-307 L.

- I. Such dwellings must include one Accessory Dwelling Unit, as provided in

Section 5-1302 B. II. g. subject to County R-1 Housing Deed Restriction and ADU Deed Restriction Covenant, of at least seven hundred (700) sq. ft. but no greater than eight hundred (800) sq. ft.

5-304 Low Density (LD)

5-304 D. Uses Allowed Subject to Administrative Review

- I. Accessory Dwelling Units. The Floor Area of the Accessory Dwelling Unit shall be included in the Calculation for employee housing Impact Fee mitigation as defined in, and is subject to, Section 5-13 of this Code unless such unit is voluntarily deed restricted pursuant to LUC Section 5-1303 G. XIX; and

5-304 L. Uses Allowed Subject to Two-step Special Use Permit Review

Single-family Dwellings greater than 12,000 sq. ft. require Planning Commission and Board of Commissioner Special Use Permit review pursuant to Section 5-307 L.

- I. Such dwellings must include one Accessory Dwelling Unit, as provided in Section 5-1302 B. II. g. subject to County R-1 Housing Deed Restriction and ADU Deed Restriction Covenant, of at least seven hundred (700) sq. ft. but no greater than eight hundred (800) sq. ft.

5-307 Forestry, Agriculture and Open (F)

5-307 C. Uses Allowed Subject to Administrative Review

- I. Caretaker unit - a second residential unit may be allowed on all parcels, 35 acres or larger; and on parcels 5 to 35 acres in the Telluride R-1 School District, except no caretaker units shall be allowed in the San Miguel Canyon Area. Such unit shall be attached to or located within three hundred (300) feet of the primary residence (as measured between the closest exterior walls). Such unit shall contain no more than two thousand (2,000) sq. ft. of floor area, and shall contain full kitchen and bathroom facilities. The Floor Area of the caretaker unit shall be included in the calculation for employee housing Impact Fee mitigation as defined in Section 5-13 of this Code unless such unit is voluntarily deed restricted pursuant to LUC Section 5-1303 G. XIX. No lease or rental of a caretaker unit shall be ~~less for a term less than six (6) months than 30 days or more than five years.~~ Caretaker units shall not be conveyed or sold separately from the remainder of the parcel and shall remain under the same ownership as the primary residence;

5-307 L. Single-family Dwellings over twelve thousand (12,000) sq. ft. of Floor Area on a minimum of thirty-five (35) acres.

- I. Such dwellings must include one Caretaker or Accessory Dwelling Unit (depending upon Zone District), as provided in Section 5-1302 B. II. g. subject to County R-1 Housing Deed Restriction and ADU Deed Restriction Covenant, of at least eight hundred (800) sq. ft. but no greater than two thousand (2,000) sq. ft. for a Caretaker Unit and of at least seven hundred (700) sq. ft. but no greater than eight hundred (800) sq. ft. for an Accessory Dwelling Unit.

BE IT FURTHER RESOLVED, LUC Article 6 Definitions is amended to modify the following definitions:

Additions to the following section are indicated with underline. Deletions are indicated with ~~strike-through~~.

Accessory Dwelling Unit

An additional dwelling unit, limited to a maximum of eight hundred (800) square feet, accessory to a single-family residence in the High Density, Medium Density or Low Density Zone District. The Floor Area of the Accessory Dwelling Unit shall be included in the Calculation for employee housing Impact Fee mitigation as defined in, and is subject to, Section 5-13 of this Code unless such unit is voluntarily deed restricted pursuant to LUC Section 5-1303 G. XIX.

BE IT FURTHER RESOLVED, LUC Appendix E, Employee Housing Impact Fee Method and Calculation Tables is amended to add procedures for staff to annually update impact fees:

Additions to the following section are indicated with underline. Deletions are indicated with ~~strike-through~~.

APPENDIX E, EMPLOYEE HOUSING MITIGATION IMPACT FEE METHOD & CALCULATION TABLES

~~The following table outlines the employee housing Impact Fee (per Residential unit) that will be assessed each year based on the size of the unit (sq. ft. of Floor Area) approved for each Development, pursuant to this Code:~~

TABLE 1: EMPLOYEE IMPACT FEE BASED ON SIZE OF RESIDENTIAL UNIT AND YEAR OF CONSTRUCTION			
FLOOR AREA (sq. ft.)	2007	2008	2009
1,000	\$ 1,643	\$ 1,698	\$ 1,754
2,000	\$ 2,350	\$ 2,461	\$ 2,572
3,000	\$ 3,275	\$ 3,441	\$ 3,608
4,000	\$ 4,500	\$ 4,722	\$ 4,944
5,000	\$ 6,139	\$ 6,417	\$ 6,695

6,000	\$ 8,350	\$ 8,684	\$ 9,017
7,000	\$11,350	\$11,739	\$12,128
8,000	\$15,439	\$15,883	\$16,328
9,000	\$21,029	\$21,529	\$22,030
10,000	\$28,692	\$29,248	\$29,804
11,000	\$39,215	\$39,826	\$40,437
12,000	\$53,683	\$54,350	\$55,017
13,000	\$73,596	\$74,319	\$75,041

Table 2

The following outlines the mitigation rate for construction employees that is projected out to 2015 using a 37% mitigation rate:

TABLE 2: CONSTRUCTION MITIGATION RATE BY YEAR	
Year	Construction Mitigation Rate
2005	0
2006	0.015
2007	0.029
2008	0.041
2009	0.053
2010	0.064
2011	0.074
2012	0.084
2013	0.093
2014	0.101
2015	0.109

EMPLOYEE HOUSING IMPACT FEE METHOD

The Employee Housing Impact Fee Method is based on the difference between the free market price of housing in the Telluride Region and the price that is affordable to households with incomes equivalent to the Area Median Income (AMI). The following procedures shall be used by County Planning staff to calculate Employee Housing Impact Fee, which shall be updated by April 30 each calendar year.

Step 1 –Area Median Income is currently determined by the following procedure:

1. Use the most recently updated US Department of HUD “Very Low Income” figures for San Miguel County, Colorado for 2- and 4-person households. These are 50% of Area Median Income, so Area Median Income is double these figures. The 100% AMI is used to establish the AMIs for the Impact Fee.

2. Planning staff shall update annually as new US Department of HUD “Very Low Income” figures are released.
3. Based on this procedure, the Area Median Incomes for San Miguel County are:

Table 1. San Miguel County Area Median Income (AMI*)

Area	Fiscal Year	Persons in Family		Income Limit	Persons in Family	
		2	4		2	4
SMC	2018	\$ 68,000	\$ 84,900	50%	\$ 34,000	\$ 42,450
SMC	2019	\$ 68,200	\$ 85,200	50%	\$ 34,100	\$ 42,600
SMC	2020	\$ 65,200	\$ 81,500	50%	\$ 32,600	\$ 40,750
SMC	2021	\$ 68,400	\$ 85,500	50%	\$ 34,200	\$ 42,750
SMC	2022	\$ -	\$ -	50%		
SMC	2023	\$ -	\$ -	50%		
SMC	2024	\$ -	\$ -	50%		
SMC	2025	\$ -	\$ -	50%		
SMC	2026	\$ -	\$ -	50%		

* This AMI calculation is pursuant to the County Employee Housing Impact Fee Mitigation

Step 2 – Determine the Maximum Affordable Dwelling Unit Price

1. Using the 100% Area Median Income from Table 1 determine the Affordable Monthly Housing Payment (30% of Monthly Income).
2. Determine the Affordable principal and interest (80% of payment) and HOA dues, property taxes, and insurance portion (20% of payment).
3. Calculate the Maximum Affordable Mortgage using assumed mortgage interest rate (5%).
4. Calculate the Maximum Affordable Price of Dwelling Unit (5% down payment).

Step 3 – Compile Free Market Dwelling Unit Sales Prices

1. Utilize the Telluride Multiple Listing Service (MLS) to find and compile real estate sales that fit the following parameters:
 - i. Sales that occurred within the three (3) previous calendar years; and
 - ii. Free Market* Dwelling Units; and
 - iii. Duplex and multi-family occupancy; and
 - iv. Studio, one (1), two (2), and three (3) bedrooms; and
 - v. Within Telluride Region as defined in the County Master Plan.

* Free Market = housing units that are not subject to use or occupancy restrictions, such as deed-restricted housing or time share restrictions.

Step 4 – Determine the Market Dwelling Unit Average Sales Price per Square Foot

1. Determine the average of the three (3) previous calendar years’ annual average sales price per square foot of Free Market Dwelling Units from Step 3.

2. Calculate the Free Market Price per Unit. Multiply the Market Price per square feet (s.f.) of heated Floor area determined in this step by the Assumed Affordable Unit Size (1075 s.f. for four-person household, 850 s.f. for two-person household).

Step 5 – Calculate the Market-Affordability Gap/Fee

1. Subtract the Free Market Unit Price from the Maximum Affordable Price to determine the Market-Affordability Gap per unit.
2. Divide the Market –Affordability Gap per unit by Assumed Affordable Unit Size (1075 s.f. for four-person household, 850 s.f. for two-person household) to determine the Employee Housing Mitigation Fee per SF.
3. (For reference only) Determine the per employee gap fee. Divide the Market –Affordability Gap per unit by 1.6 (employees per unit).

Table 2 Impact Fee Calculation**San Miguel County Fee Calculation Model 2021**
2/10/2022

Income Targets		2	4
Area Median Income (AMI) 100% - household size			
Maximum Income		\$ 65,200	\$ 81,500 <small>Enter data here (HUD)</small>
Affordable Price			
Affordable Monthly Payment (30%)	\$	1,630	\$ 2,038
Affordable principal and interest (80% of pmt)	\$	1,304	\$ 1,630
HOA dues, property taxes, insurance (20%)	\$	326	\$ 408
Assumed Mortgage interest rate		5.0%	5.0%
Maximum mortgage	\$	242,911	\$ 303,639
Maximum affordable price - 5% down	\$	255,696	\$ 319,620
Market Price			
Market Price per SF of heated floor area	\$	824	\$ 824 <small>Enter Market Price per SF here</small>
Assumed Affordable Unit Size		850	1075
Market Price per Unit	\$	700,256	\$ 885,618
Market-Affordability Gap/Fee			
per Affordable Unit	\$	444,560	\$ 565,998
Per SF of affordable unit (per unit gap/Unit Size)	\$	523	\$ 527
Per Employee (per unit gap/1.6 employees per unit)	\$	277,850	\$ 353,749

Components of the model are summarized below

Income Targets

based on 2019 HUD Area Median Family Income (AMI) for San Miguel County -100% AMI is \$85,200 4 person household
2020 Household persons per occupied unit: San Miguel County - 2.24, Telluride - 2.16, Mountain Village 1.94

Affordable Price

A mortgage interest rate of 5.00% is used for 2020 calculation.
affordable housing payment = 30% of income
mortgage principal and interest = 80% of affordable payment
HOA fees, property taxes and insurance = 20% of affordable payment
mortgage term is 30 years at a fixed rate


Market Sales Price per Square Foot

Area Covered: Sales within the Telluride Region Master Plan Area are used for San Miguel County's fee calculation
Free market sales of units with duplex and multi-family buildings, ad with no housing deed-restrictions or occupancy restrictions
Time Period of Sales: prior three year period
Unit Sizes: Avg of Min. and Max SF for 2Br and 3Br units Tell Aff Hsg Guidelines 8/13/2019

Conversion Factors

Factor of 1.6 employees per unit was used. This figure was generated in 2005 Employee Housing Impact Fee Support Study. 1.6 per 2011; 1.56 per 2018 Housing Needs Asses
To convert into per-square foot fee amounts: used Assumed Affordable Unit Size square fee per affordable Unit

Table 3 Impact Fee Calculator 2022

Affordable Housing Mitigation Fee Calculator Single-family Residence / Duplex																				
Project Name	<input type="text"/>																			
Address/Location	<input type="text"/>																			
Property Owner	<input type="text"/>																			
Date	<input type="text"/>																			
Calculation of residential affordable housing mitigation required																				
New Construction		<table border="1" style="font-size: small;"> <thead> <tr> <th>Square</th> <th>Footage</th> <th>Mitigation Rate</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>1800</td> <td>0%</td> </tr> <tr> <td>1800</td> <td>2500</td> <td>30%</td> </tr> <tr> <td>2501</td> <td>3000</td> <td>42%</td> </tr> <tr> <td>3001</td> <td>4000</td> <td>66%</td> </tr> <tr> <td>4001</td> <td>12000</td> <td>90%</td> </tr> </tbody> </table>	Square	Footage	Mitigation Rate	0	1800	0%	1800	2500	30%	2501	3000	42%	3001	4000	66%	4001	12000	90%
Square	Footage	Mitigation Rate																		
0	1800	0%																		
1800	2500	30%																		
2501	3000	42%																		
3001	4000	66%																		
4001	12000	90%																		
Variables																				
Residential Floor Area (Type SF in yellow box)	<input type="text" value="-"/>																			
Affordable Housing Floor Area (Type SF in yellow box)	<input type="text" value="-"/>																			
Constants																				
Maintenance FTE's Coefficient	<input type="text" value="0.070174"/>																			
Exponential Coefficient	<input type="text" value="0.000322"/>																			
Average Construction FTE's	<input type="text" value="0.0044"/>																			
Sq. Ft. Per Employee per LUC § 5-1303 E 1 a	<input type="text" value="400"/>																			
Impact Mitigation Rate per LUC § 5-1303 G xv	<input type="text" value="0%"/>																			
Per SF of affordable unit (per unit gap/Unit Size)	<input type="text" value="\$ 527"/>																			
Mitigation Calculation																				
Employees Generated	<input type="text" value="0.070174"/>																			
Employee Housing SF to be provided	<input type="text" value="-"/>																			
Impact Fee	<input type="text" value="\$ -"/>																			
Credit for Affordable Housing Unit constructed	<input type="text" value="\$ -"/>																			
Net Impact Fee	<input type="text" value="0"/>																			
Additions																				
Variables																				
EXISTING Residential Floor Area (Type SF in yellow box)	<input type="text" value="-"/>																			
ADDITIONAL Residential Floor Area (Type SF in yellow box)	<input type="text" value="-"/>																			
Total Residential Floor Area	<input type="text" value="-"/>																			
Affordable Housing Floor Area (Type SF in yellow box)	<input type="text" value="-"/>																			
Constants																				
Maintenance FTE's Coefficient	<input type="text" value="0.070174"/>																			
Exponential Coefficient	<input type="text" value="0.000322"/>																			
Average Construction FTE's	<input type="text" value="0.0044"/>																			
Sq. Ft. Per Employee per LUC § 5-1303 E 1 a	<input type="text" value="400"/>																			
Impact Mitigation Rate per LUC § 5-1303 G xv	<input type="text" value="0%"/>																			
Per SF of affordable unit (per unit gap/900 SF)	<input type="text" value="\$ 527"/>																			
Mitigation Calculation																				
Employees Generated	<input type="text" value="-"/>																			
Employee Housing SF to be provided	<input type="text" value="-"/>																			
Impact Fee	<input type="text" value="\$ -"/>																			
Credit for Affordable Housing Unit constructed	<input type="text" value="\$ -"/>																			
Net Impact Fee	<input type="text" value="0"/>																			

BE IT FURTHER RESOLVED, this resolution is adopted based on the finding that that the proposed amendments comply with the standards of Land Use Code Section 5-1802, Land Use Code Amendments, is consistent with Land Use Code Section 1-4, Purposes of the Land Use Code, and implements the Land Use Code Policies for Housing as contained in Section 2-29.

BE IT FURTHER RESOLVED, that this amendment shall be effective as of July 15, 2022 and all building applications that are submitted or made complete on or after that date shall be subject to the revised employee housing Impact Mitigation fee.

DONE AND APPROVED by the Board of County Commissioners of San Miguel County, Colorado, on July 6, 2022.

**SAN MIGUEL COUNTY, COLORADO
BOARD OF COUNTY COMMISSIONERS**

DocuSigned by:
Kris Holstrom
By: _____
DCF710037805400...
Kris Holstrom, Chair

Vote:	Lance Waring	<u>Aye</u>	Nay	Abstain	Absent
	Hilary Cooper	<u>Aye</u>	Nay	Abstain	Absent
	Kris Holstrom	<u>Aye</u>	Nay	Abstain	Absent

ATTEST:

DocuSigned by:
Carmen Warfield
By: _____
BE2AF0C38C63408...
Carmen Warfield, Chief Deputy Clerk



EXHIBIT A – Public Hearing Record list

[Z:\Applications\2022_Impact Fees_LUC Amendment]

**EXHIBIT A
PUBLIC HEARING RECORD**

San Miguel County Board of Commissioners

Application: Affordable Housing Fee Report; Land Use Code Amendment Section 5-13
Affordable Housing, associated amendments to implement new impact fees

Date: June 15, 2022

1. San Miguel County Land Use Code (Adopted 11/30/90) with all amendments to date (By Reference Only)
2. San Miguel County Comprehensive Development Plan (Adopted 8/3/78) with all amendments to date (By Reference Only)
3. Draft San Miguel County Board of Commissioner June 15, 2022 Meeting Minutes.
4. Memorandum to the San Miguel County Board of Commissioners from John Huebner, Senior Planner dated June 15, 2022
5. Public Hearing Notice published in the Norwood Post and Telluride Daily Planet on May 25, 2022
6. Draft San Miguel County Planning Commission May 12, 2022 Meeting Minutes.
7. Memorandum to the San Miguel County Planning Commission from John Huebner, Senior Planner dated May 12, 2022
8. Public Meeting Notice published in the Norwood Post and Telluride Daily Planet on May 4, 2022

AGENCY COMMENTS

9. Agency Referral email dated April 11, 2022
10. Email from Greg Sund, Town of Telluride, dated April 11, 2022
11. Email from James Van Hooser, San Miguel County, dated April 11, 2022

PUBLIC COMMENT

12. Email from Morgan Smith, county resident, to Kaye Simonson, Planning Director dated June 13, 2022

OTHER

None