

June 1, 2020

**CITY OF GUNNISON COUNCIL
PUBLIC HEARING MINUTES**

2:00 P.M.

The City Council public hearing meeting opened at 2:00 p.m. on Monday, June 1, 2020, in Council Chambers located at 201 W. Virginia Avenue, Gunnison, Colorado, by Mayor Jim Gelwicks with Councilor Jim Miles physically present, along with City Manager Russ Forrest and City Clerk Erica Boucher. Councilors Boe Freeburn, Mallory Logan, and Diego Plata were present remotely along with City Attorney Kathy Fogo, Community Development Director Anton Sinkewich, and Senior Planner Andie Ruggera. Alex Joyce of Cascadia Partners attended remotely. Dick Bratton and Ron Welborn of Gunnison Valley Properties attended remotely along with local housing specialist Willa Williford. A few interested residents attended remotely. The press was present online. There was a Council quorum.

PUBLIC HEARING

Mayor Gelwicks called the public hearing to order on Monday, June 1, at 2:01 p.m. in Council Chambers located at 201 W. Virginia Avenue. Mayor Gelwicks stated that Councilors Logan, Freeburn, and Plata were present remotely along with City Attorney Fogo. Community Development Director Anton Sinkewich, Senior Planner Andie Ruggera, Councilor Miles, Mayor Gelwicks were physically present in Council Chambers along with City Manager Forrest, City Clerk Boucher, and Deputy City Clerk Mason. Mayor Gelwicks stated that the purpose of the public hearing was to receive input on the merits of a Major Change to a PUD application, ZA 20-1, to revise zoning designations and amend the Gunnison Rising PUD Development Standards. This hearing will focus on the existing annexation agreement, affordable housing, and land dedications as they relate to Gunnison Rising.

The mayor confirmed with the Clerk that the public hearing was properly noticed.

Mayor Gelwicks asked for staff comments. Community Development Director Anton Sinkewich started by stating that this public hearing is a continuation from May 26. The initial public hearing occurred on March 24, followed by public hearings on April 28, May 12, and May 26. The public hearing will be continued until Council is ready to move forward with decisions. He reviewed the previous public hearing topics. Today's discussion included the existing annexation agreement, affordable housing with information from Willa Williford, and land dedications.

The purpose of the annexation agreement is to articulate the responsibilities of the developer and the City. The existing annexation agreement does not address affordable housing and expects the developer to pay for all infrastructure installation. The existing annexation agreement included a Real Estate Transfer Assessment fee (RETA), which placed a 1.5% fee on the sale of all real estate in the geographic area of Gunnison Rising. Currently, the fee can be used for purposes as determined by the City, including public service costs outside of Gunnison Rising. The applicant suggested that these funds be directed toward the cost of infrastructure only within Gunnison Rising. The applicant requested a Good Faith Effort statement to secure \$7 million in funds for public infrastructure. This topic will be discussed more during the hearing.

City Manager Forrest told Council that staff facilitated a discussion between the applicant and local housing specialist Willa Williford about affordable housing. He wanted Mrs. Williford to share that information with Council.

Mrs. Williford noted that she had a power point presentation to accompany the discussion about what affordable housing is today in the valley. She began with the current definition of affordable housing, which is a "monthly payment (rent or mortgage) that is no more than 30% of a household's gross income." A healthy housing market contains a balance of housing choices, from low-income to luxury products. The 2020 Area Median Income (AMI) for a two-person household is about \$64,000 to purchase a home for around \$280,000. The Gunnison Valley Regional Housing Authority (GVRHA) developed a formula to determine the AMI numbers. For the City of Gunnison, the housing gaps exist at 120% AMI and below to buy a home and at 80% AMI and below to rent a home. People are anticipating that the housing created in Gunnison Rising will be at price points that can serve a variety of populations. Mrs. Williford used the housing development at Lazy K as an example of how challenging it can be to offer affordable housing. In order to help

fill in the cost “gap,” which is around \$50,000 for some housing units at Lazy K, the City of Gunnison is seeking funding through the Colorado Division of Housing and Valley Housing Fund and administrative assistance through the GVRHA. Those involved in the creation of local housing must be creative in finding funding and resources to make housing as affordable as possible. A wide variety of tools must be used to be effective.

Mayor Gelwicks asked if \$250/square foot was a reasonable price at Lazy K. She said it was a reasonable amount partly because some of the existing pieces are already paid for, such as the land, lower construction costs per square foot, and reusing the existing structures. He also asked about the lack of ADA accessible housing units in Gunnison. He asked if making units ADA accessible would add between \$60,000 and \$80,000 to the cost of the home for the equipment. Mrs. Williford responded that she does not currently have that information and the developer John Stock would be more equipped to answer that question. Having ADA accessible housing is a large community asset. She acknowledged that additional costs do come with ADA accessible housing, but that an additional \$60,000-\$80,000 seemed high.

Next, Willa Williford discussed what was happening locally with housing. In 2016, when the Housing Needs Assessment was completed, there was a projected housing gap of 179 units south of Almont and 506 units valley-wide. The 2016 Assessment projected that private/public partnerships would be needed to fill in these gaps. Progress has been made since 2016. Current projects for affordable housing are GardenWalk, Lazy K, and Lot 22. The mid-end and north-end of the valley also have projects occurring. She noted that Gunnison Rising could be considered one of the four major housing developments for Gunnison, but like the others, it will unfold in phases and has finite resources. These projects have the potential to begin to address the housing shortfall. She reviewed funding opportunities locally and at the state-level. The City’s focus on affordable housing in the comprehensive plan may be helpful when seeking funding. A current challenge is the changing economics. She noted the importance of long-term planning and strong partnerships with developers.

Councilor Logan wondered if certain design standards in Gunnison Rising would result in higher construction costs and how to incorporate the PUD design standards without adding a lot of additional costs. Mrs. Williford stated that there should be a balance between design standards and materials required. She said that the Miller Ranch development is a good example of this balance. Alex Joyce of Cascadia Partners noted that they spent a lot of time considering how to balance quality and cost. To do so, they suggested offering multiple options to achieve two or three of the common and approved standards. The menu of design standards was created with input from Gunnison’s Planning and Zoning Commission.

Councilor Logan asked about Cascadia Partners modeling process for per square foot units based on different design standards. Mr. Joyce said that the defining factors in the cost of a housing unit is the size of the lot and the square footage of the housing. They have done a lot of pro forma work with developers. This modeling was previously shared with Council. The proposed PUD design standards allow for more variety than the previous PUD. Size of lot and size of home is what drives the cost of housing more than anything else. PUD designs do not equate to affordable housing.

Community Development Director Sinkewich asked Mr. Joyce to transition the discussion to the annexation agreement. The current annexation agreement, approved in December 2009, established the rights and obligations of the developer upon the condition of annexation in the City of Gunnison. It is an agreement between the developer and the City to determine who is responsible for the ‘what, when, and where’ in order to be allowed into the City. The proposed key changes to the annexation agreement relate to Section 7 (Development Phasing), Section 8 (Land Dedications for Public Uses and Facilities, and Sections 9-11 (Services and Infrastructure). He also stated that some of the references need to be updated in the PUD to make sense as it relates to moving forward. The proposed PUD and annexation agreement are intended to be linked together; therefore, there must be consistency between the two documents. The Real Estate Transfer Assessment fee (RETA) also needed clarity. The Good Faith Effort statement with the City for infrastructure was also discussed. Mr. Joyce did not discuss Development Phasing because it was covered at the previous meeting.

Mr. Joyce began his presentation with land dedications for public facilities and uses. He explained that the current agreement contained 6 dedicated land uses. They are: a 2-acre site for an

emergency services facility in the Industrial Modified (IM) zone, a 2-acre site for a public works facility in the IM, a 5-acre snow storage site, a 10-acre site for a school facility, 62 acres for open space, and 17.4 acres for public parks. The current PUD is very specific as to where those facilities should be located. The current PUD provided options for where the emergency and public works facilities can be located and recommended a single two-acre site in one area for either an emergency services facility or a public works facility. City Manager Forrest mentioned that the Fire Department is planning to have a smaller City footprint at this time for insurance reasons and have been looking at smaller sites in Almont or Pitkin. One known land need in Gunnison Rising would be an electrical sub-station site; two acres of land would be adequate. In the current PUD, there are 10 acres of land dedicated for a school facility in the R2-M zone. The proposed PUD dedicated 10 acres of land for education, but the acreage could be divided up to serve the needs of the community. It was recommended that the 10 acres remain in the neighborhoods so that schools are accessible by foot or bike.

All land dedications would be a part of the phased development or the subdivision process. Mayor Gelwicks asked about a hospital or medical facility. It was clarified that there is not a specific land dedication for a medical facility, but one would be allowed in one the commercial zones. A clinic could be developed in the events center area. The current PUD has 62 acres of dedicated open space. In the proposed PUD there are 100 acres zoned for open spaces, specifically on the hilltops. Additionally, there would be 17.4 acres dedicated to public parks. In the current PUD, a park was dedicated on south side of the highway where fewer people would have access to it. The proposed PUD contains performance standards for pocket and community parks. For both types of parks, performance standards include proximity, size and minimum standards for active recreation, picnic facilities, restrooms, etc. The dedication of open space in the proposed PUD is in a better location than before.

The next topic of discussion was the Real Estate Transfer Assessment fee (RETA), which is not a tax. As a fee, it can be attached to a real estate transaction on residential units. It was referenced throughout the current annexation agreement. In December 2009, it was stated that the fee be used for maintenance and operations and municipal purposes as determined by the City. In January 2010, the RETA Declaration stated that the fee would be spent on various public improvements within the property and areas that lie outside of the property. In September 2011, it was stated that the fee would finance various public improvements in areas that lie outside of the Covered Property in order to offset the costs of development of the Covered Property. Cascadia Partners recommended a change to the agreement that explicitly states that the use of funds is "to fund public infrastructure within or associated within the development of the Property." They also suggested that the funds be accessible within 30 days to finance infrastructure projects and that the funds would be held in a City-owned escrow account.

Brief discussion for clarification about the language of this section continued. The goal is to reach agreement on the intent so that all of the revised documents can be consistent with each other. City Manager Forrest noted that RETA is one of the deal points used as a way to generate revenue to support the development. He mentioned that improvements on Georgia Avenue may seek RETA revenues, if allowed, to enhance its connection to Gunnison Rising, even though the street is outside of the property.

The original PUD had 5 acres of dedicated land for snow storage. Recent conversations revealed that snow storage be located closer to where the snow is collected. The proposed PUD did not include a specific area dedicated for snow storage, but in heavy snowfall years, the large surface area parking lot in the Events Center zone could be used. It would already be set up for such a use and is available in the winter. The parking lot would have the infrastructure in place to handle this use.

The current PUD specifically states that the developer is financially responsible for infrastructure. This requirement does not work financially for the developer. To address this issue, the applicant included a Good Faith Effort statement. The statement said that the City of Gunnison in a good faith effort would secure \$7 million in funds within a 20-year period to be used for the public infrastructure costs within and associated with serving the Gunnison Rising PUD boundary area. This Good Faith Effort does not expect the City to give \$7 million to the development. Rather the \$7 million is calculated from staff's time and pursuits of grants and loans from local, regional, state, and federal sources and receiving grant funding. Many available grants that could serve

Gunnison Rising are only available to public entities and municipalities. In exchange for the good faith effort of working to secure \$7 million for infrastructure, the property owner would commit 200 units of affordable housing, which equates to a subsidy of \$35,000 per unit. Land dedication for affordable housing would be about 10-14% of the housing units and use 5-10 acres of the land. Within the land dedication for affordable housing, 100 units would be restricted to 80% or less AMI and 100 units would be restricted to 80-120% AMI. A full build out of housing units would be 1700. The land dedication for affordable housing would be located at Main Street, Missing Middle, or Traditional Neighborhood zone, or a combination of zones, depending on the desired density.

City Manager Forrest stated appreciation for the applicant proposing an avenue to address the need for \$7 million of infrastructure outside of direct funding from the City. Willa Williford expressed support for land being dedicated for affordable housing using public resources, like the City of Gunnison or the GVRHA, but noted that just having the land for development does not immediately resolve the hard economics of developing affordable housing. This proposed statement would not be directly connected to receiving direct funding from the City. The expectation is that the City would include the Good Faith Effort statement in the updated documents.

Mrs. Williford asked if the RETA fee would be a part of every residential sale or placed only on the first sale of the real estate. Unsure, Mr. Joyce stated he would return with the answer to that question. She recommended that the RETA be placed on the first sale and each sale thereafter to help continually finance public infrastructure. Mr. Joyce stated that there must be a balance between putting tools in place to generate funding, so housing development or a purchase would not be unaffordable.

Mayor Gelwicks thought the RETA recommendation may be workable. Councilor Logan and Councilor Freeburn appreciated the flexibility of the proposal. Council Plata wanted more time to process and think about the information presented.

Councilor Logan noted concerns about snow removal and its impact on neighborhoods and in the City right-of-ways. Mr. Joyce responded that the street design for Gunnison Rising allows for snow storage in public areas. Snow would not be stored on private property. Guidance and communication should be given to residents about landscaping in the City's right-of-way to avoid surprises or impacts to the property.

Willa Williford exited the public hearing. Council went into recess at 3:35 p.m. and returned at 3:45 p.m.

The Mayor stated that they are still in a public hearing. He called for comments. No one spoke up.

The Mayor asked if the applicant had other documents or items for discussion. Mr. Joyce said that the minor changes he summarized at the last meeting are intended to be submitted for another review. Cascadia Partners is working on an updated financial impact statement in the context of public infrastructure financing tools. The updates to the PUD and annexation agreement have all been presented. City Attorney Fogo did not think that there were any gaps in the information presented. The next step to move forward would be for the applicant to put all documents together in the form of agreements for Council review. The agreements do not need to be a part of the public hearing process, but should be made available to the public. The City may need one to two weeks for review of the final documents.

Mayor Gelwicks asked Council if there was additional information they needed to feel comfortable with moving forward. Councilor Miles wanted to make sure Public Works supported the proposed ideas for snow removal and storage. He wanted to be sure that staff has the time to work on grants. He wanted to ensure everything is reviewed and examined as much as possible. Councilor Plata would like some more time to process the information. Mayor Gelwicks suggested reviewing revised and finalized documents at the June 23 meeting. Councilor Logan would like time on June 9 to ask any follow-up questions and June 23 seemed reasonable to see final documents. She expressed the importance of communication to the public on this topic and encouraged staff to do extra communication through all outlets to be sure the public is aware of the proposed changes to

the PUD and annexation agreement. Councilor Freeburn would like to have more discussion with Council.

Mayor Gelwicks suggested that the next public hearing on June 9 be reserved for Council to ask questions of each other and for the applicant to address any unsolved questions or issues. There will be two to three additional times for Council and the public to discuss Gunnison Rising after June 9 and before a final decision is made. The next public hearing on June 9 will be a focused discussion on the main points and proposed changes to the PUD and annexation.

The Mayor stated that the public hearing will be continued to 5:30 p.m. on Tuesday, June 9, 2020. Community Development Director Sinkewich recommended to Council to focus on the big ideas and concepts of Gunnison Rising. The PUD and annexation agreement are guidelines for development but are not the actual building permits.

Mayor Gelwicks asked if staff had received any additional comments. The Clerk City said she had not received any additional comments. Council confirmed that they had not received any comments that needed to be forwarded to the City Clerk. The Mayor called for final comments from the applicant. Mr. Joyce said they will get the language for the annexation agreement to staff this week.

The Mayor called for final comments again. None were given. Written comments should be sent to the City Clerk. Hearing no other comments, the Mayor continued the public hearing to 5:30 p.m. on Tuesday, June 9, 2020. He continued the public hearing at 4:12 p.m. on this date.

Mayor Gelwicks stated that he was aware of a public gathering regarding social and racial justice on Tuesday, June 2 at IOOF Park at 5:30 p.m. Additional council members said they will be attending and the Clerk should post the gathering as a Three or More.

Community Development Sinkewich gave a quick update on the possible locations for parklets in the City right-of-way. The north side of Virginia Avenue, next to IOOF Park, and both sides of the first block of South Main Street were recommended. Drawings of the parklets are being developed. Parks and Rec will build the parklets. Staff is also researching purchasing masks. City Manager Forrest stated that the corona meter is available from Gunnison County Health and Human Services.

With no further business, Mayor Gelwicks adjourned at 4:16 p.m.

Attest:


City Clerk




Mayor