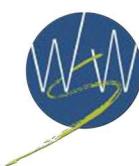


Town of Fraser Housing Needs and Development Study

May 2016



Prepared by:



Wendy Sullivan, WSW Consulting
San Anselmo, CA
wendy@wsconsult.com

Christine Walker, Navigate, LLC
Jackson, WY
www.navigatejh.com

Melanie Rees, Rees Consulting, Inc.
Crested Butte, CO
www.reesconsultinginc.com

TOWN OF FRASER HOUSING NEEDS AND DEVELOPMENT STUDY

May 2016

CONTENTS

Executive Summary and Recommended Strategies

Part I – Housing Needs in Fraser

Part II – Development Environment

A – Attainable Housing Code Provisions

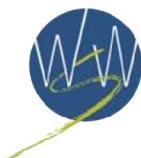
B – Attainable Apartment Case Studies

C – FRODO Development Pro Forma

D – Town Development Process and Strategies

Part III – Town Land and Housing Resources

Submitted by:



**Wendy Sullivan
WSW Consulting
wendy@wswconsult.com**

**Christine Walker
Navigate, LLC**

**Melanie Rees
Rees Consulting, Inc.**

FRASER HOUSING NEEDS AND DEVELOPMENT STUDY
EXECUTIVE SUMMARY AND RECOMMENDED STRATEGIES

TABLE OF CONTENTS

INTRODUCTION.....	1
PURPOSE OF STUDY	1
STUDY COMPONENTS.....	1
STUDY METHODOLOGY	2
WORKFORCE HOUSING TRENDS.....	3
FRASER'S SHIFTING DYNAMIC	3
HOUSING CHALLENGES	4
WORKFORCE HOUSING NEEDS.....	7
RECOMMENDED STRATEGIES AND NEXT STEPS.....	8
1. <i>Develop Strategic Plan.....</i>	9
2. <i>Build Capacity to Develop and Oversee Housing</i>	10
3. <i>Amend Town Code to Allow and Encourage Attainable Housing</i>	11
4. <i>Amend Accessory Dwelling Unit Regulations for Attainable Rentals.....</i>	12
5. <i>Upgrade Community Infrastructure</i>	12
6. <i>Preserve and Upgrade Existing Resident Housing.....</i>	12
7. <i>Create Attainable Housing Fund with Dedicated Revenue Source.....</i>	13
8. <i>Utilize Town-Owned Land for Workforce Housing.....</i>	14
9. <i>Draft and Adopt Workforce Housing Guidelines</i>	14

INTRODUCTION

Purpose of Study

This Housing Needs and Development study evaluates multiple components of Fraser's housing needs and development environment. The purpose of this study was to provide Fraser with the information needed to:

- Define what attainable housing is in Fraser,
- Understand how much attainable housing is needed to keep up with job growth in the area and
- Understand how the local development environment and town resources could better assist development of this housing.

This information is intended to help the town establish housing strategies and workforce housing policies that will provide more opportunities for local employees to live in Fraser.

Study Components

This Housing Needs and Development study is comprised of several components, each with an independent purpose. The results of each component are summarized in this Executive Summary and attached as separate reports, including:

Housing Needs. Defining the town's workforce housing needs in terms of how many units are needed, what type (ownership and rental) and price points to help establish what "attainable housing" means in the Town of Fraser;

Development Environment. Providing an overview of the local development environment, including:

- A review of the town's development code as it relates to providing or incentivizing attainable housing. Example programs implemented by other mountain resort communities are also provided to illustrate the variety and combination of strategies needed to produce housing;

- Evaluating the cost to develop ownership and rental housing in Fraser and subsidies that may be required to produce attainable units. This included a pro forma analysis of a mixed-use development on town-owned land (FRODO) and case studies of attainable rental projects being constructed in the Town of Breckenridge; and
- Identifying how the town may approach development of attainable housing on its land.

Local Resources. Providing an inventory of local resources that can be used to help meet attainable housing needs, including town-owned land, financing, and annexation potential.

Study Methodology

This research was conducted through:

- A series of interviews with local employers, Realtors, developers and development professionals, town staff and service providers to understand the housing market, demand for units and local development environment;
- Local information from the County Assessor, town planning and GIS department, and the Winter Park & Fraser Chamber;
- Secondary sources such as the US Census, Colorado Department of Local Affairs and the Bureau of Labor Statistics;
- Studies completed in the fall of 2015, including the Grand Profile, the Fraser Valley Economic Development Plan and survey, and the Town of Winter Park Housing Needs Assessment; and
- Interviews and online research of other communities, including the Towns of Breckenridge, Estes Park, and Frisco in Colorado and the Town of Jackson, Wyoming, to understand the cost of development projects and existing attainable housing code provisions and funding sources.

The below summarizes the results of this analysis and recommends next steps and strategies that the town can consider to help produce and fund more attainable housing.

Workforce Housing Trends

Fraser's Shifting Dynamic

Fraser is in a favorable position to attract both locals and second homeowners to the community. It is proximate to Winter Park, Devil's Thumb and Grand Lake, has significant land available for development, and can offer some unique home products compared to Winter Park and at slightly lower price points. This is attractive for second homeowners looking to be central to outdoor amenities and near Winter Park, as well as residents employed north or south of town. The Grand Park Community Recreation Center, elementary school and local grocery store are also popular draws for locals, particularly singles and younger couples and families.

Fraser's central location to popular resort destinations, however, also presents challenges for the town during peak summer and winter employment seasons, when many of these workers seek housing in Fraser and the surrounding area. Locals also compete for housing with many Front Range buyers who tend to be more cost-conscious than second home buyers from out of state. This places Fraser in a unique and challenging position for providing housing for its locals compared to many other mountain communities.

Predominate Second-Homeowner Community. Recent trends show that locals have been losing ground to second homeowners. Fraser is now in a position where *less than one-half of its homes (49%) are occupied by locals*. Local home occupancy declined over 15 percentage points between 2000 and 2010, which is a large change relative to other Colorado mountain towns. Analysis of recent housing development shows that the vast majority are being purchased by second homeowners, where:

- Only 15% of homes built since 2000 are owned by households with a local address, indicating new homes are not being purchased by locals; and
- The typical price of new single-family and townhomes is \$350,000 or more, with most well over \$400,000. Local ownership of homes valued over \$350,000 drops off significantly, with the vast majority being purchased by out-of-area buyers.

Fraser's current trend is leading it toward becoming both a second homeowner community and bedroom community for workers, many of them seasonal, drawn largely by its proximity to resort amenities and jobs located out of town. This has implications for both the long-term vibrancy of the town and the sustainability of its downtown and local businesses.¹ As the year round local base decreases, businesses

¹ While analysis of visitor spending patterns was outside the scope of this study, the predominate Front Range influence has historically shown that these visitors are more likely to bring groceries and other necessities with them rather than shop/spend locally and generally obtain more services from Front

must rely more strongly on peak visitor seasons to sustain their operations. This also impacts revenue to the town both in terms of fluctuating sales tax revenues and, in Colorado, low property tax revenues that generally do not cover the impacts of large lot, single-family home development and demanded services.²

Locals Want to Live in Fraser. Fraser is, however, in a favorable position to attract more locals and house more of the year-round workforce. Presently about 40% of the long-term workforce in the Fraser Valley resides in the Fraser area – this includes residents living both in town and the neighboring unincorporated area. Over one-half of Fraser's employed residents commute to jobs in other parts of the county. Many other trends point to the desirability of Fraser to locals, including:

- All area employers interviewed indicated many of their workers that presently live out of town would prefer to live nearer Fraser if housing was available and affordable;
- Young couples and young families are looking to purchase homes in Fraser and there is more interest in homeownership from first time buyers this year than has been seen in at least five years;
- Move-up buyers are also searching for opportunities in Fraser, though are currently more likely to fill their needs further north; and
- Rentals are in demand from both seasonal workers and young year-round workers employed in Fraser and Winter Park.

Turning Point. Fraser has a decision to make. It can proceed on its current path where the dominance of second home owners over locals grows or it can work to once again become a primarily locals' community and take advantage of its central position to help house the area's year-round workforce.

Housing Challenges

It will be challenging for Fraser to increase the supply of housing that locals can afford. Current trends show an extreme shortage of housing for locals, rising rents and sale prices, and increasing development costs.

Range vendors. This reduces their expenditures in town and reliance on local services, affecting the level of local economic support from this visitor group.

² For more information on the potential benefits of housing more locals in town, see the white paper "The Impact of Affordable Workforce Housing on Community Demographics, Economies, and Housing Prices and Options," by WSW Consulting. Available at: <http://www.townofbreckenridge.com/index.aspx?page=65>

Shortage of rentals for the workforce. As in other mountain communities, rentals are in short supply. Vacancy rates have been near zero the past two winters, turnover in the transition months of May and October has decreased and rents have been rising. This is due both to increased demand and decreased supply of rental units due to:

- Jobs growing faster than the workforce housing supply, with no construction of rental units since 2002;
- Long term rentals being sold by their owners to primarily second homeowners now that the for-sale housing market is recovering;
- Front Range residents renting units to avoid I-70 traffic congestion (second home rentals);
- An increase in year-round leases, which decreases the seasonal turnover of units; and
- Master leasing by large employers for seasonal worker housing, which has reduced the number of apartments and condominiums available for year-round renters.

Few affordable ownership opportunities. The availability of single-family and townhome product priced under \$300,000 has been in short supply and is declining. The median price of homes listed for sale was 18% higher than those available in July of last year. Adding to local homeownership challenges:

- Locals compete with cost-conscious second homeowners, largely from the Front Range, at all price points for single-family, townhome, condominium and multi-family product, which is unique compared to many resort communities. In higher-cost mountain resort communities second homeowners typically focus on higher-priced units.
- Workers in Fraser earn lower wages on average than in the county overall, but home prices in Fraser are higher than all areas except Winter Park, making local home affordability particularly challenging.
- The sale price of condominiums are more affordable for locals, but the average \$330/month HOA fees is equivalent to adding about \$45,000 to the sale price of the home. Many units are also old and in need of repair, lack adequate storage/garages for locals, and no projects are FHA-approved, which limits mortgage options and raises down payment requirements.

Seasonal workers compete for housing. Fraser is in a unique position in the valley. A similar number of summer and winter seasonal jobs are added in Fraser each year, resulting in fairly steady job counts throughout the year. The town and its housing, however, are affected by the large seasonal job swings that occur both north and south of town. Winter Park Resort owns or master leases a total of 45 units in the Fraser area and Devil's Thumb houses nearly 50 employees in a hostel and other units they own in the area. These units, however, fill only a portion of the near 2,000 seasonal summer and winter jobs in the area. This adversely affects year-round residents and workers needing housing.

Difficult development environment. Despite favorable demand for homes, various development professionals in the area, including architects, engineers, developers and others, indicated a preference to build housing in other communities. Compared to neighboring communities, Fraser is perceived as being generally anti-development both based on the development process and public reaction to proposed development. Concerns included costly on-site inspections, high fees, high construction standards for the region, and an unpredictable entitlement process. Fraser's development codes favor development of larger single-family homes that appeal to second homeowners over producing smaller, more affordable homes for locals.

High housing development costs. High construction costs are not unique to Fraser. As in other mountain communities, construction costs have been and are rising between 3% to 5% per year. Also, much of the construction labor force left during the recession and has not come back. Labor must be imported from the Front Range or other areas. With good work elsewhere and a shortage of housing in the Fraser Valley for construction workers, skilled labor is hard and potentially costly to attract.

The cost to construct a home varies by multiple factors, including location and project type:

- For difficult sites and plans like FRODO, hard costs, soft costs, site work, land and management result in costs of \$375 per square foot for attached product (with near \$260 needed for hard costs and site work only). Apartment development in Breckenridge ranges between \$393 and \$476 a square foot.
- The total cost for single-family home development tends to be lower, averaging between \$270 and \$300 per square foot. Local developers report that just the cost of constructing a shell for a home, which includes materials and labor only (i.e. land, soft costs, site work and management are excluded) may be \$150 or below, but at that price point, these are bare bones and have tack-on finishes which raise the final cost to the buyer. More typical hard shell costs are nearer \$180 per square foot.

The high cost of construction prevents the market from building homes affordable for locals absent significant subsidies:

- The pro forma for the FRODO mixed-use development on town-owned land estimated that a gap of between \$200,000 and \$300,000 per 1,240 square-foot unit would need to be filled to sell homes at \$160,000 to \$260,000, the prices affordable for households earning between 80% and 120% AMI. Several factors contribute to the high cost of development of this project, including site challenges (high water table); mixed uses; multiple buildings, unit types and styles; significant infrastructure requirements and improvements; and the fact that it is a redevelopment project rather than new development.
- Recently constructed affordable rental projects in Breckenridge, another mountain community, shows a financing gap of \$200,000 or more per unit to construct rentals affordable for households earning 80% AMI or less.

Workforce Housing Needs

To keep up with job growth occurring in the Town of Fraser alone, only about 40 units will be needed through 2020. Because workers throughout Fraser Valley demand housing in the Fraser area, however, about 165 units will be needed to continue to house 40% of the Valley's workforce. This equates to about 30 to 40 homes per year needed in the area.

Summary of Total Housing Needs by Own/Rent Through 2020

	Housing 65% of Town of Fraser workers	Housing 40% of Fraser Valley workers
Units needed through 2020	40	165
Ownership	20	80
Rental	20	85

Table reflects the current ratio of 53% rentals and 47% ownership in town.

Both ownership and rental housing are needed in Fraser. The precise ratio that should be constructed is a reflection of housing policy as well as demand. A goal for owner/renter mix should be established during the recommended strategic planning process based on a combination of factors including stability associated with ownership, the seasonality of rental demand, historic conditions and vision for the community.

- If the current homeownership rate is to be maintained, 47% of attainable homes should be for homeownership.

- Homeownership supports year round residency and allows residents to invest in and help build a more stable community.
- Most of the new homes for ownership should be built at attainable homeownership prices, ranging between \$120,000 and \$280,000 for working households (50% to 120% AMI).
- Preferred product types are townhomes, duplexes and single-family homes - not condominiums. Some locals will consider condominiums in the current tight housing market, but only if the units have garages, low HOA dues, and the buyers can get financing, which are significant challenges.
- Locals looking to buy in Fraser are primarily young couples, young families, and first-time homebuyers. Some move-up buyers with older children also search in the area, but typically find homes north of Fraser.

- Rentals are in tight supply and, aside from some turnover in May, will be tighter this summer compared to last year. If trends continue, vacancies will again be near zero next winter.
 - Rentals support businesses in need of workers and help new residents get a foothold in a community.
 - Most of the new rentals should be affordable for mid-professionals earning about \$25 per hour down to entry-level workers earning \$10 to \$15 per hour. This ranges from about \$500 up to \$1,250 for a two-person household (80% AMI or below).
 - Renters want to live close to their jobs. As transportation improvements are made, cross-county commuting to share employees between summer and winter jobs in different communities may be more of an option.
 - Young renters particularly prefer to be near the Winter Park and Fraser area for its amenities and proximity to the resort.
 - Renters want pets. Renters also want their units to be kept well maintained and in good repair. A well-managed apartment complex, as opposed to individually rented condos, avoids HOA restrictions that prohibit pets, ensures repairs are completed in a timely manner and will provide a more stable rental inventory.

Recommended Strategies and Next Steps

Meeting the attainable housing needs of Fraser's workforce and residents needs to come from a variety of strategies. Housing needs are too diverse in the community for one program or one housing development to be able to solve its attainable housing needs. There is no "silver bullet" and there is no short-term solution. Key points to note about implementation strategies:

- Consistent commitment over time is required. The problem will not go away with just one strategy or one project completed.
- Specific strategies typically address only part of the need. For example, Federal and State subsidies can only be used to house low-income households (e.g. 60% AMI or below).
- Local funding sources typically address the housing needs of moderate/middle income families who cannot afford homes provided by the private sector.
- Some strategies may only produce a few units, but, in combination with other efforts, are key for a diversified inventory of workforce housing that meets the wide spectrum of needs.
- Strategies include both “carrots and sticks.” There are no examples in high-cost mountain towns where incentives and public funding alone have been sufficient. While programs need to be tailored to work within local economic and development environments, sharing the responsibility for producing workforce housing with new development that creates jobs is a common strategy.

1. Develop Strategic Plan

As the first step, the community should develop a strategic housing plan that:

- Outlines the vision, goals and objectives for workforce housing. This needs to tie into Fraser’s vision for its community. For example, does the town desire to become more of a second homeowner draw, or does it envision being a home for the local workforce and year-round residents. Very different housing product is needed based on the desired direction. Fraser is well situated to embrace a position as housing the workforce for the Fraser Valley, but given that it is currently moving in the opposite direction, this will require significant leadership and focused commitment to achieve.
- Identifies and prioritizes actionable tasks with realistic priorities.
- Assigns roles and responsibilities for each task and identifies where additional staffing, local resources or regional resources are needed to effectuate each task.
- Defines a process for periodically evaluating, modifying and updating the plan.

Putting a plan in writing that requires regular, periodic review will remind the town why it is pursuing certain housing strategies, show what is being achieved, and illustrate where changes may need to be made to reach its community goals.

2. Build Capacity to Develop and Oversee Housing

Implementing the Strategic Plan will require time and expertise, which can be obtained through several approaches. Typically capacity comes from multiple sources working in partnership. Coordinating the combination of talent required should be a staff function accomplished by an employee dedicated at or near full time to the work.

Approaches for development of attainable housing run the gamut with no single model that is the clear preference. Development in other mountain communities offer examples:

- The model followed by Winter Park on its current Sitzmark Development turns over more aspects to hired experts, whereas Breckenridge, for many of its projects, has full-time staffing and turns over fewer tasks to private developers.
- Winter Park has less control over the units (quality, size, amenities) while Breckenridge leads in all design and pricing decisions.

In most models, the government entity clearly defines objectives of the project (target market, general size of the units, etc.) and subsidizes the project through contributions of land, sponsorship of grant/loan applications, fee waivers and gap financing. On-going oversight is required to ensure public funds are used as agreed.

Regional partnerships help produce and manage housing. For Fraser, forming the following relationships could be beneficial:

- Town of Winter Park as a possible development partner. Winter Park has workforce housing goals that may be difficult to address within Winter Park and the town recently hired a Housing Director.
- Partnerships with area employers could take some risk away from developing a rental project (master leases).
- Grand County Housing Authority for management of both rental and ownership housing that is produced. Towns often do not assume responsibility for being landlords, calculating resale prices, enforcing deed restriction provisions and qualifying/selecting applicants.
- Explore opportunities with Habitat for Humanity regarding construction or rehabilitation programs for low-income owners.

3. Amend Town Code to Allow and Encourage Attainable Housing

Fraser's development code deters the development of attainable housing by helping to make it cost prohibitive and favors development of large single-family homes that appeal to second homeowners. Fraser should consider code revisions that incentivize desired attainable housing product. These may include:

- Re-evaluate development standards (snow storage, parking, set backs, etc.) to encourage infill development and higher density housing. Consider reduced requirements for attainable housing units.
- Codify fee waivers for deed restricted attainable housing – development permits, building permits, driveway permits, etc.
- Allow density bonuses for attainable housing.
- Increase the threshold for when a project is determined to be a “major subdivision” subject to additional review and submission requirements. This can help streamline the process and support more development where it is wanted.
- Permit businesses to construct housing on site for their employees and potentially for other employees in the community. This may include rentals above commercial or in independent single- or multi-family structures.
- Zone for density. Ensure that areas where higher density is desired – in and near downtown, infill parcels, etc. – is zoned for such density. It can add certainty to the entitlement process and make a developer less hesitant to explore higher density development as it reduces their risk.
- Adopt clear annexation policies, which should include attainable housing requirements.
- Use development agreements as part of subdivisions or PUD's to help generate funding (e.g., through real estate transfer assessments on second homeowner developments) or provide attainable housing.
- There is a significant amount of unplatte land in town. Inclusionary zoning can be effective to produce or generate fees for housing. A program can be tied with incentives, such as density bonuses, for required attainable units. As development activity increases, this may be a long range tool to consider.

4. Amend Accessory Dwelling Unit Regulations for Attainable Rentals

Accessory dwelling units (ADUs) are often incentivized in mountain towns where land is limited and preserving community character is important. These units:

- Can provide long-term rental housing for moderate/middle income families.
- Contribute to the affordability of the primary residence by providing a source of income. In other words, one accessory dwelling unit enhances the affordability/availability of two units.
- Fit well within existing neighborhoods in terms of architecture and scale, often only need one parking space given their small size and location, and can be designed to be compatible with various neighborhood configurations through attached and detached designs.
- Add to attainable housing at no cost to the town; however, town incentives increase effectiveness.

In Fraser, ADUs are permitted as a conditional use in several zones. Units may not exceed 1,200 square feet or 50% of the primary dwelling, whichever is less. The town could modify their standards to incentivize ADUs that are restricted as attainable rentals or for long-term rental to the local workforce by:

- Allowing workforce restricted ADUs as permitted, rather than conditional, uses;
- Reducing their size to 800 square feet to better serve attainable needs;
- Providing reduced parking requirements, waived fees, additional lot coverage, or other incentives.

5. Upgrade Community Infrastructure

Invest in infrastructure improvements in the downtown core: upgrade water/sewer mains, address storm water drainage, and build “complete streets” (traffic calming, bike lanes, sidewalks, street trees, etc.) to make downtown development more attractive to developers and more financially viable. Explore state and federal financing options that can assist with these improvements (e.g. Colorado Department of Local Affairs Impact Assistance; Federal Highway assistance; etc.)

6. Preserve and Upgrade Existing Resident Housing

Mobile home parks. Mobile homes are one of the few products that are affordable for locals at market prices. The town should maintain zoning for mobile home parks as

permitted uses and encourage infrastructure maintenance and upgrades. Mobile home parks may provide opportunity for tiny homes which require small lot zoning.

Buy-down programs/rehabilitation. Identify older properties that may be suitable for town purchase and renovation. Fraser should retain these units as rentals instead of reselling them with a restriction. Strategic purchases can build land banking and redevelopment opportunities. This can be done quickly and show progress toward meeting workforce housing goals.

Sweat-equity and fixer-upper programs. Habitat for Humanity is active in the area and can produce homeownership for very low income households which most programs cannot reach (e.g. Below 60% AMI). Neighbor Works is another source active in Colorado for rehabilitation assistance.

7. Create Attainable Housing Fund with Dedicated Revenue Source

Local funding is needed to address the broad housing needs in the Fraser area. With low-income limits imposed on Federal and State grant/loan programs, local funds are needed to bridge the gap between those limits (60% - 80% AMI) and where the free market serves (near 120% AMI for ownership). Sources of dedicated revenue in Colorado mountain towns that Fraser should consider include:

- Property taxes or sales taxes. All taxes in Colorado must be approved by voters. Summit County was successful in passing an affordable housing sale tax in 2006 with a significant public outreach campaign. With the recent transportation tax passed in the Fraser Valley, this approach may not be immediately feasible.
- Real estate transfer taxes. New taxes cannot be levied, but real estate transfer assessments (RETA) can be negotiated at annexation or subdivision through a development agreement. A RETA may be a tool useful for the Cornerstone attainable housing agreement, providing an alternative for the town to generate long-term financing it can use to achieve attainable housing goals.
- Impact or linkage fees. Fraser should reinstate the impact fee that was in place prior to 2004. Development that has occurred in the past decade has primarily targeted second homeowners, not locals. It is appropriate for impact fees to be charged on homes for these out of area buyers. Fees can be modified to reduce impact to locals; exemptions for small units are possible. For example, the impact fee in Summit County is scaled from \$0 to \$2 per square foot based on the unit size, and the developer may instead opt to impose a real estate transfer fee on the property in lieu of the impact fee.

8. Utilize Town-Owned Land for Workforce Housing

The FRODO site is a prime location for workforce housing from a resident desirability standpoint and for adding vibrancy to downtown. The current plan is, however, ambitious, complicated and expensive.

Before the town moves forward with development on any of its land, Fraser's goals, strategic housing plan and capacity should be established. Developing housing is resource intensive and a clear plan enables collaboration, access to funding, effective use of funds, and a greater chance of long-term success.

Once these elements are determined, the plan for FRODO can be revised accordingly, the funding can be procured, partnerships can be established and experts can be hired through an RPF/RFQ process to bring Fraser's development goals from a concept to a successfully completed project. Various funding options for development (including rental (LIHTC) and ownership) and tools by which development can be achieved are presented in the Development Environment section of this report.

9. Draft and Adopt Workforce Housing Guidelines

This document will define for the town and developers what attainable housing is in Fraser. Guidelines should define:

- Housing goals and objectives.
- Explain the town's regulations in plain language.
- Specify unit types, sizes, ownership price points, rents and income levels.
- Explain procedures and qualifications for persons interested in owning or renting workforce housing.

FRASER HOUSING NEEDS AND DEVELOPMENT STUDY

PART I: HOUSING NEEDS IN FRASER

TABLE OF CONTENTS

INTRODUCTION.....	1
PURPOSE	1
REPORT ORGANIZATION	1
METHODOLOGY.....	1
WHAT IS AFFORDABLE HOUSING IN FRASER?.....	2
ECONOMIC CONDITIONS AND TRENDS.....	4
NUMBER OF JOBS.....	4
SEASONALITY OF JOBS	5
WAGES.....	6
COMMUTING	7
HOUSING INVENTORY.....	9
HOUSING UNITS – NUMBER AND OCCUPANCY	9
TYPES OF UNITS.....	10
OWNERSHIP.....	10
HOME VALUES	11
BEDROOM MIX	12
AGE OF UNITS	13
ATTAINABLE HOUSING.....	13
EMPLOYER ASSISTED HOUSING.....	15
LOSS OF EMPLOYEE HOUSING.....	15
PLANNED/PENDING/POTENTIAL DEVELOPMENT.....	16
HOMEOWNERSHIP MARKET.....	18
TRENDS	18
AVAILABILITY – HOMES LISTED FOR SALE.....	20
AFFORDABILITY OF HOMES FOR THE WORKFORCE.....	21
RENTAL MARKET.....	24
RENTAL INVENTORY.....	24
AGE/CONDITION OF UNITS	24
VACANCY RATES.....	25
RENTS.....	26
AVAILABILITY – UNITS LISTED FOR RENT	27
HOUSING GAPS AND PREFERENCES	28
HOUSING UNITS NEEDED THROUGH 2020	28
NEEDS BY TENURE	29
NEEDS BY AMI.....	30
HOUSEHOLD CHARACTERISTICS AND PREFERENCES OF BUYERS AND RENTERS.....	31
APPENDIX A – POPULATION AND HOUSEHOLD CHARACTERISTICS.....	1
INCOME OF WORKING HOUSEHOLDS.....	4

INTRODUCTION

Purpose

Fraser has placed attainable housing at the top of its priority list for 2016. This report will help the town pursue that priority.

This Housing Needs Assessment defines the town's workforce housing needs in terms of how many units are needed, what type (ownership and rental) and price points to help establish what "attainable housing" means in the Town of Fraser. This information, combined with the Development Environment and Local Resources sections of this study will help the town establish housing strategies and workforce housing policies to provide opportunities for local employees to live in Fraser and help support the local town character, sense of community and economy.

Report Organization

This report is organized into several sections, as identified in the scope of work for the project, including:

- Economic Conditions and Trends
- Housing Inventory
- Homeownership Market
- Rental Market and
- Housing Gaps and Preferences

Each section begins with an overview of the key points from that section. The section can then be read in full if more detail is wanted on any of the observations.

Because trends in local demographics have important considerations for the type of housing units needed, Appendix A contain a brief overview of these trends. This information is summarized and used in the Housing Gaps and Preferences section.

The Executive Summary for the Housing and Development study as a whole contains the broad conclusions and recommendations resulting from this analysis and summarizes the housing needs and strategy recommendations to help fill those needs.

Methodology

Pursuant to the scope of work, this analysis utilized studies completed at the end of 2015 for Fraser and the Fraser Valley (Grand Profile, Fraser Valley Economic

Development Plan and survey, Town of Winter Park Housing Needs Assessment) as much as possible to utilize information already collected. Housing market sales prices, jobs and other information were used from these studies. Therefore, this report largely reflects trends and quantifies housing needs as of fall 2015 and was updated only where necessary to verify whether observed trends in the fall of 2015 have continued.

This report also focused on how much housing is needed, rather than why workforce housing is needed. Recent studies documented the impact on current employers, economic development and the community due to housing shortages so this information was not repeated herein.

In addition to utilizing recent studies mentioned above, the research for this study was supplemented with:

- Interviews with local employers, Realtors, developers, and town staff to understand the housing market and demand for units;
- Local information from the County Assessor, town planning and GIS department, and the Winter Park & Fraser Chamber; and
- Secondary sources such as the US Census, Colorado Department of Local Affairs and the Bureau of Labor Statistics.

What is Affordable Housing in Fraser?

Housing in Fraser is attainable (or affordable) when the monthly payment (rent or mortgage) is equal to no more than 30% of a household's gross income (i.e., income before taxes). Although there is some variation, this standard for affordability is commonly applied by federal and state housing programs, local housing initiatives, mortgage lenders and leasing agents.

Affordable rents and purchase prices, meeting this 30% standard, are often calculated for various income levels, expressed as a percentage of the Area Median Income (AMI). AMI is published annually by the U.S. Department of Housing and Urban Development (HUD) for each *county* and represents the Median *Family* Income of an area. This means that the AMI does not incorporate incomes from non-family single and roommate households, which make up 52% of Fraser's households. As a result, the AMI will generally be higher than the average income of all households.

The AMI varies by household size. The median (or middle) family income estimate in an area generally falls on or near the 100% AMI rate for a family of four. In Grand County, for example, the AMI in 2015 is \$78,000.

Grand County AMI's by Household Size: 2015

AMI Level	1-person	2-person	3-person	4-person	5-person
30%	\$16,400	\$18,750	\$21,100	\$24,250	\$28,410
50%	\$27,300	\$31,200	\$35,100	\$39,000	\$42,150
60%	\$32,760	\$37,440	\$42,120	\$46,800	\$50,580
80%	\$43,700	\$49,950	\$56,200	\$62,400	\$67,400
100%	\$54,600	\$62,400	\$70,200	\$78,000	\$84,300
120%	\$65,520	\$74,880	\$84,240	\$93,600	\$101,160
140%	\$76,440	\$87,360	\$98,280	\$109,200	\$118,020

Source: US Department of Housing and Urban Development (HUD)

Throughout this report, the analysis of affordability will be based on the income for a 2-person household, which is about the average size of households in Fraser. The affordable rents and purchase prices of the average Fraser household at various rates of AMI are as follows:

Maximum Affordable Housing Costs

AMI	Household Income	Max Rent	Max Purchase Price*
30%	\$18,750	\$470	\$69,520
50%	\$31,200	\$780	\$115,680
60%	\$37,440	\$940	\$138,820
80%	\$49,950	\$1,250	\$185,210
100%	\$62,400	\$1,560	\$231,370
120%	\$74,880	\$1,870	\$277,640
140%	\$87,360	\$2,180	\$323,920

Source: HUD, Consultant team

*Assumes 30-year mortgage at 5.5% with 5% down and 20% of the payment covering taxes, HOA, PMI and insurance.

Interest rates have been kept low for several years and will eventually rise. Rates for a 30-year fixed rate mortgage currently average around 4.5% depending upon credit scores. As rates rise, higher incomes will be required of buyers to buy the same priced home today. For example, a one percentage point increase drops the affordable purchase price by \$20,000 to \$25,000 for households with incomes at 80% AMI. This should be a consideration when setting prices for new homes and making decisions about resale price calculations.

ECONOMIC CONDITIONS AND TRENDS

Fraser now has more jobs than it did prior to the recession, showing slightly stronger recovery than in the county overall. The number of jobs in the Fraser area is relatively small, comprising only 12% of jobs in the county, meaning that only 100 jobs were added since 2010.

Compared to other parts of the county, jobs in Fraser:

- Show little seasonal fluctuation. A similar number of summer and winter seasonal jobs are added in Fraser each year, resulting in fairly steady job counts throughout the year. The town and its housing, however, are affected by the large seasonal job swings that occur both north and south of town; and
- Pay lower wages on average than in the county overall and slightly less than year-round jobs in Winter Park.

The Fraser area houses a majority of the town's workers, as well as many workers in other parts of the county. Over half of Fraser's employed residents commute to jobs in other parts of the county.

Number of Jobs

Jobs in Grand County peaked in 2007, fell through 2011 and began coming back in 2012. Jobs almost equaled pre-recession levels by 2015. The recovery was somewhat slower than in other mountain resort communities where the rebound started as early as 2010.

Jobs in Fraser grew slightly faster than in the county as a whole since 2010. During the recession, jobs in Fraser dropped faster than in the county (3.7% decline vs. 3.0% decline), but has recovered faster than the county. Fraser recovered all jobs lost by 2013 and now has more jobs than pre-recession.

The State Demographer projects that jobs will increase at a slightly faster rate over the next five years. Estimates below assume that jobs in Fraser will increase at about the same escalated rate that is estimated for the county.

Jobs Estimates and Projections: 2007 to 2020

	2007	2010	2015	2020	Average Yearly % growth	
					2010-2015	2015-2020
Grand County	9,960	8,816	9,592	10,707	1.7%	2.2%
Town of Fraser	1,040	1,036	1,132	1,264	1.8%	2.2%

Source: Colorado Dept. of Local Affairs, QCEW zip code files, Consultant team

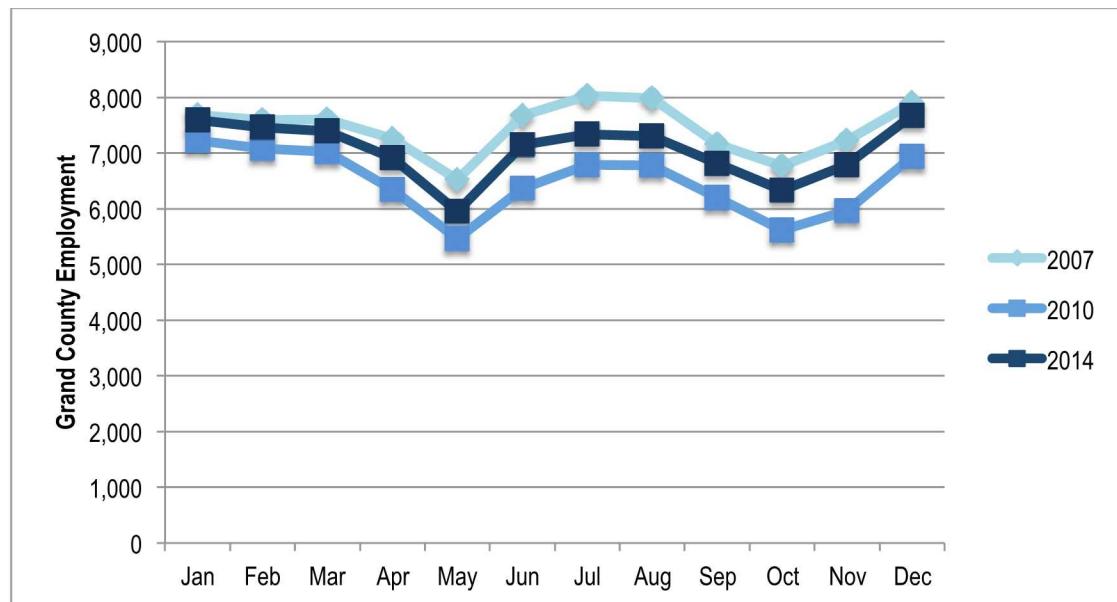
*Job growth estimates for the Town of Fraser in 2015 and 2020 are based on the State Demographer's projections for Grand County.

Seasonality of Jobs

Grand County has two similar employment peaks – one in the summer and one over the winter.

May and October are the lowest employment months, which occur at the changeover of the seasons. These low-employment months are generally representative of the year round employment base in the area, which totaled about 6,000 jobs in 2014.

Grand County Employment by Month: 2007, 2010, 2014



Source: Quarterly Census of Employment and Wages (QCEW)

Summer and winter seasonal employment in Grand County is estimated to be about 1,900 jobs each in 2015.

Grand County Employment: Year Round and Seasonal

	Average Employment	Estimated year-round jobs	Summer seasonal	Winter seasonal
2014	9,348	7,877	1,844	1,921
2015	9,592	8,082	1,893	1,971
2020	10,707	9,022	2,113	2,201

Source: DOLA employment estimates and projections,
QCEW monthly employment estimates, Consultant team

The percentage of Grand County jobs that are located in Fraser averages between 11% and 12% during the year.

The number of jobs in Fraser remains relatively steady throughout the seasons, unlike in Winter Park where a significant rise occurs in the winter months or in Grand Lake where a significant rise occurs in the summer months. Although many employers in Fraser hire seasonal workers (e.g. winter seasonal jobs in retail; summer seasonal jobs in recreation and government), the total number of seasonal jobs in the summer and winter is similar.

Seasonal job fluctuations in communities both north and south of Fraser, however, affects the demand for housing in Fraser and reduces housing availability during peak employment periods for the Town's residents and workers.

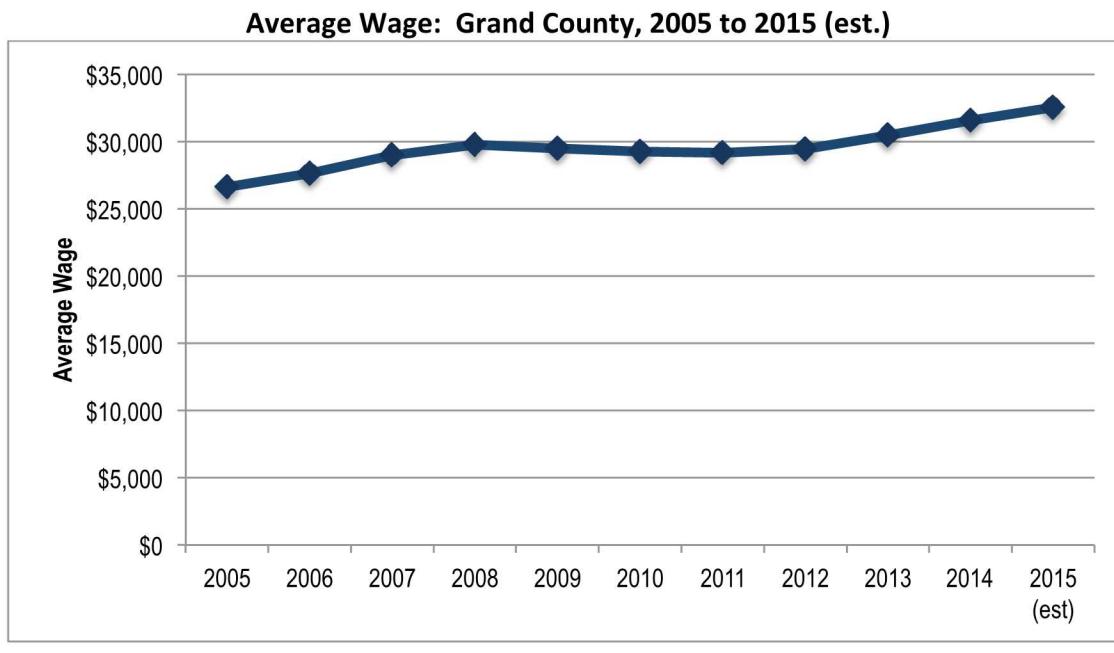
Employment by Quarter: Grand County and Town of Fraser, 2015

	Average Yearly Jobs	Q1	Q2	Q3	Q4
Grand County	9,592	10,087	9,274	8,961	10,045
Town of Fraser	1,132	1,128	1,131	1,113	1,111

Source: DOLA employment estimates, QCEW zip code files

Wages

The average wage paid in Grand County in 2015 was about \$32,600. This is equivalent to just over 50% of the area median income (AMI) for a two-person household. Wages dipped slightly during the recession and have been increasing since 2011 at an average rate of about 2.7% per year.



Source: QCEW

The average wage paid in Fraser (\$27,800) was about 15% lower than the county average, but higher than that in Winter Park (\$25,300).

Seasonal jobs in Winter Park bring the yearly average wage down. The average wage during non-winter periods in Winter Park are about 8% higher than in Fraser, indicating that year-round employment pays slightly higher in Winter Park.

Average Wage: 2014 and 2015

	Grand County	Fraser	Winter Park
2014	\$31,600	\$27,000	\$24,500
2015 (est)	\$32,600	\$27,800	\$25,300

Source: BEA, QCEW zip code files

Commuting

Based on a survey of Fraser Valley employees conducted in August 2015, the Fraser area (meaning the incorporated town and neighboring unincorporated area) houses about 64% of its local workers and about 40% of workers employed in the Fraser Valley (from Winter Park through Tabernash). This is similar to the resident survey conducted for the 2008 Grand County Housing Needs Assessment, which also showed 64% of workers in Fraser residing in the Fraser area.

Where Workers Live: 2015 (est)

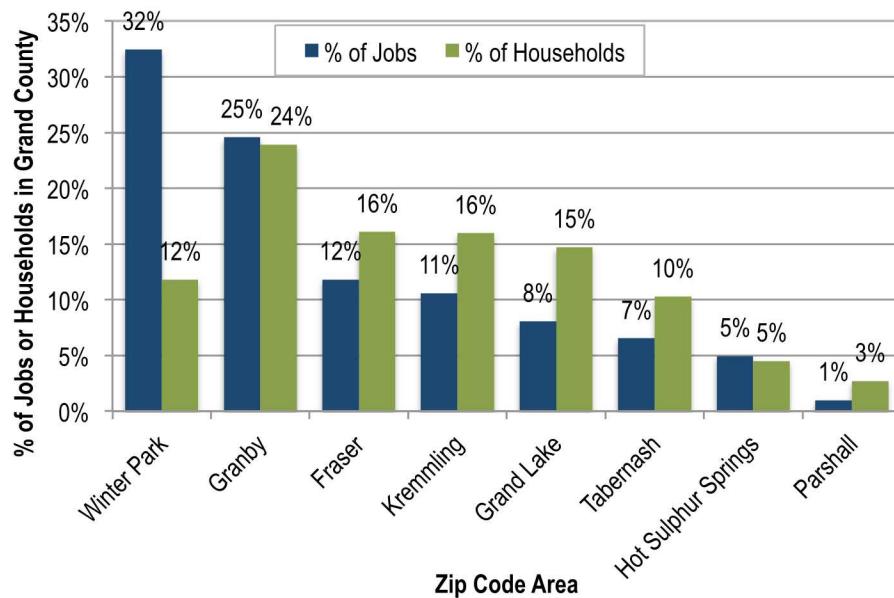
Where Live:	Where do you work:	
	Fraser	Fraser Valley
Fraser area	64%	40%
Other Grand County	36%	60%
Total Workers	940	4,080

Source: 2015 Fraser Valley Strategic Economic Development Survey (RRC Associates, Inc.)

Based on the 2015 survey, about 56% of working Fraser area residents commute outside of the Fraser area for work. In other words, Fraser helps house workers employed in other areas of the county. This was also supported by interviews of employers in the Fraser Valley and Granby – most employers had employees residing in the Fraser area.

General live/work relationships are also shown in the below chart, which compares the relative distribution of jobs in Grand County by zip code area to the distribution of households in the county. This shows that:

- The Fraser zip code area has 12% of jobs and 16% of households in the county, generally meaning that it houses workers that are employed in other areas of the county.
- In contrast, Winter Park is a net-importer of workers who reside in other areas, where 32% of Grand County's jobs and only 12% of its households are located in the Winter Park zip code area.

Distribution of Jobs and Households in Grand County: 2010

Source: 2010 US Census by zip code; QCEW zip code files

HOUSING INVENTORY

The inventory of housing in Fraser has not been keeping pace with recent job growth, contributing to the housing shortage in the area. Locals also face increased competition for housing from second homeowners, which has affected local home occupancy and new product. More specifically:

- Local occupancy of homes declined a very large 15 percentage points since 2000. Less than one-half of homes in Fraser are now occupied by locals.
- Newer construction is not targeting locals, where only 15% of homes built since 2000 are owned by households with a local address.
- Fraser has a good diversity of housing types, although homes affordable for locals are primarily older and many are in need of repair.
- Locals compete with second homeowners at all price points for single-family, townhome, condominium and multi-family product. Local ownership of homes valued over \$350,000 drops off significantly, however, with only 13% of these homes being owned by locals.

Housing Units – Number and Occupancy

The Town of Fraser has just over 1,160 residential units, which equates to about 7% of the units in Grand County as a whole. The number of housing units increased in Fraser at a much faster rate than the in the county between 2000 and 2010, but at slower rates than in the communities of Winter Park, Tabernash and Granby, which all more than doubled their number of homes.

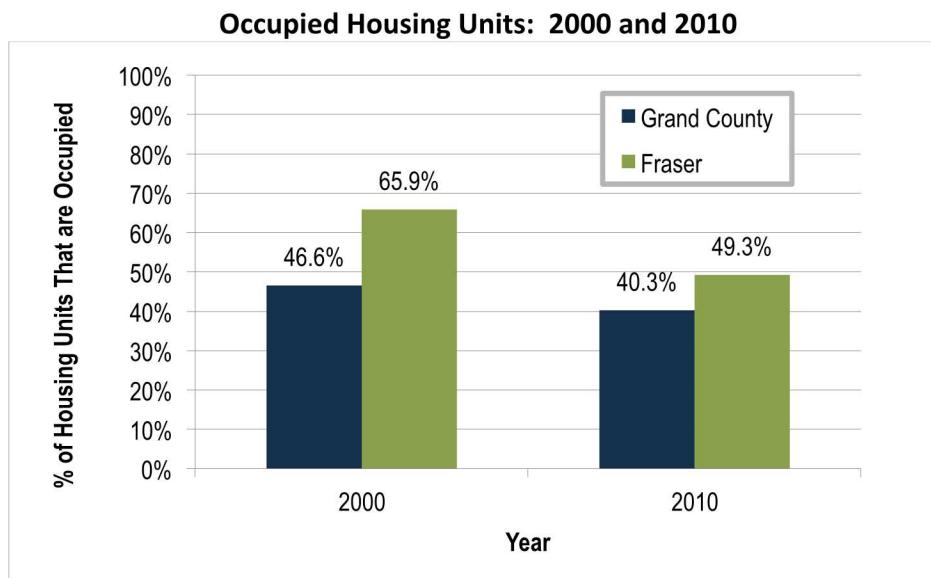
Housing Unit and Occupancy Estimates

	Grand County		Town of Fraser	
	Housing Units	Occupied Units	Housing Units	Occupied Units
2000	10,894	5,075	622	410
2010	16,061	6,469	1,096	540
2015 (est)	16,659	6,710	1,166	574
% change (2000 to 2010)	47.4%	27.5%	76.2%	31.7%

Source: 2000 and 2010 US Census, DOLA household estimates (Grand County), Consultant team

The local occupancy rate of homes in Fraser declined over 15 percentage points between 2000 and 2010, primarily due to an increase in second homeownership in the town. This loss was second only to Granby in the county, which declined from 92% local occupancy in 2000 to 51% in 2010.

Despite less than one-half of homes in Fraser being occupied by locals (49%), Fraser has a higher occupancy rate than the county (40%) as a whole.



Types of Units

Fraser has a relatively diverse inventory of housing. About 59% are single-family homes or townhomes, 36% are condominiums or other multi-family product and 6% are mobile homes. In contrast, units in neighboring Winter Park are dominated by condominiums/multi-family (71%). Despite the significant percentage of single-family and townhomes, which are typically desirable owner-occupied products, homes in Fraser are mostly renter-occupied (53%).

Housing Units by Type: Town of Fraser, 2015

	Total units
Condominiums & Multi-family	35.8%
Single Family & Townhomes	58.6%
Mobile Homes	5.7%
	1,166

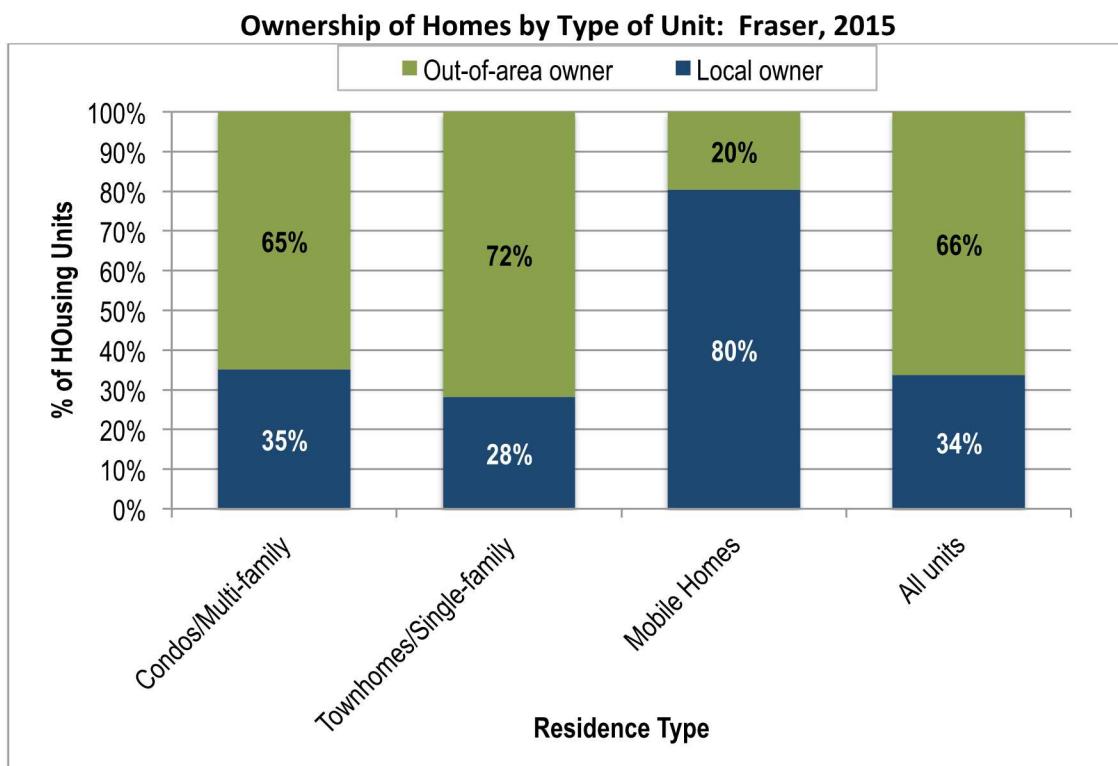
Source: Grand County Assessor, Town of Fraser Building Permits, Consultant team

Ownership

While locals reside in about 49% of the housing units, only 34% are owned by locals based on the mailing addresses in Assessor records. Renters who live in units owned by absentee landlords account for the difference.

Locals own about 80% of mobile homes, although these comprise less than 70 units in town. Local ownership of condominiums/multi-family drops to 35% and only 28% of single-family homes and townhomes are owned by locals.

Realtors noted that local buyers in Fraser may be willing to purchase condominiums when alternative product is not available, provided they can get financing and adequate storage/garages are provided. This was less likely to occur in Winter Park, in which only 11% of condominium/multi-family units are owned by locals.

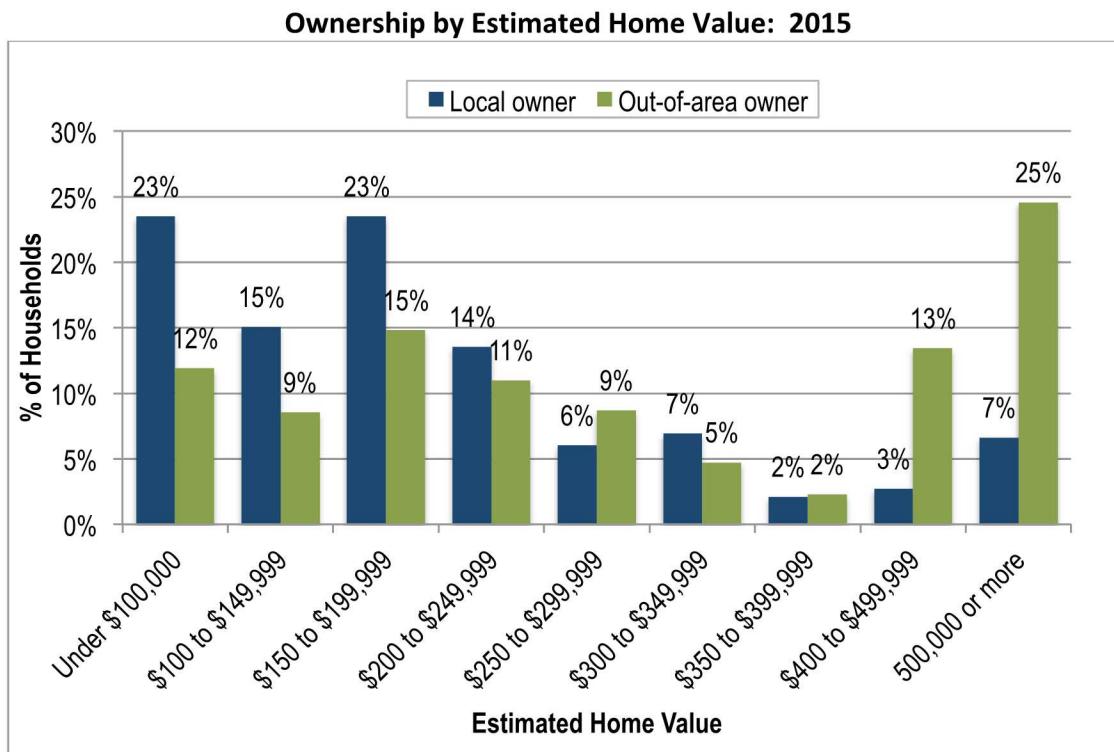


Source: 2010 US Census, Grand County Assessor, Consultant team

Home Values

Ownership varies by value:

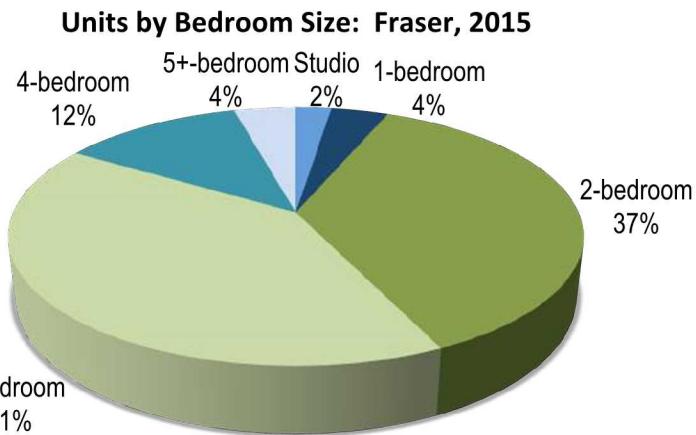
- The values of homes owned by local residents tend to be lower than those owned by out-of-area households, although locals compete with second homeowners at all price ranges. This is fairly unique among mountain resort communities, where typically second homeowners prefer higher priced product.
- Once units exceed about \$350,000 in value, local ownership drops off; less than 13% of homes over \$350,000 are owned by locals.



Source: Grand County Assessor, Consultant team

Bedroom Mix

Only about 6% of units in town are studio or 1-bedroom homes. The majority are 2- and 3-bedroom units (78%). More studio and one-bedroom options could help smaller renter households, reducing the need to find roommates to fill extra bedrooms.



Source: Grand County Assessor, Consultant team

Age of Units

Residential construction has varied over the years. Activity was strong in the 1980's, slowed in the 1990's and early 2000's, was strong again in 2004 to 2008, almost halted due to the recession and just started to pick up in the past year. In recent years, job growth has outpaced housing growth, contributing to the current housing shortage in the area.

Ownership varies by age of the unit. Locals are more likely to own older units built before 1990. This is a pattern common in resort towns, because locals either bought years ago when housing was attainable or they have since purchased homes at the lower end of the price spectrum, which are typically older. Only about 15% of homes built since 2000 are owned by a local resident.

Ownership by Age of Homes: 2015

Year Built	Local Owner	Out-of-area Owner	TOTAL Units
Before 1970	15.5%	2.9%	7.1%
1970 to 1979	23.1%	9.9%	14.3%
1980 to 1989	30.4%	23.2%	25.6%
1990 to 1999	10.6%	7.3%	8.4%
2000 to 2009	17.9%	51.1%	40.0%
2010 to 2015	2.4%	5.5%	4.5%
TOTAL	392	774	1,166

Source: Grand County Assessor, Consultant team

Attainable Housing

The Town of Fraser has one affordable rental project providing 50 low-income housing tax credit (LIHTC) units. There are no deed restricted attainable homes for ownership in Fraser.

LIHTC Affordable Rentals: Wapiti Meadows, Fraser

# Units	Size (sq. ft.)	40% AMI Rent	50% AMI Rent	60% AMI Rent
1-b	4	703	\$498	\$644
2-b	26	927	\$605	\$780
3-b	20	1,130	\$811	\$906
TOTAL	50	-	7	15
				28

Source: Property manager interviews

- **Wapiti Meadows** is a Low Income Housing Tax Credit (LIHTC) rental property built in 1995. It is managed by Mercy Housing and provides rentals priced for

households earning 40%, 50% and 60% AMI. The property has carried a waitlist for the past two years. As of July 2015, there were five households on the waitlist.

There are two attainable housing projects for residents in Winter Park, providing a total of 20 homes for ownership and six (6) rentals.

Attainable Homeownership: Winter Park

Project	# Units	Size (sq. ft.)	Sale Price	Type
Miller's Inn				
Studio	1	500	115% AMI	Condominium
1-b	4	650-1,100	115% AMI	Condominium
2-b	5	800-1,200	115% AMI	Condominium
Hideaway Junction				
2-b	4	1,700	\$225,000	Single family
3-b	6	1,900	\$245,000	Single family

Attainable Rentals: Miller's Inn, Winter Park

Miller's Inn	# Units	Size (sq. ft.)	Rent
Studio	2	310-370	\$400-\$675
1-b	4	400-710	

- **Millers Inn** is an original lodge in Winter Park that was used for short-term and later long-term rental housing. The project was purchased in late December 2002 and now provides nine residential cabins and a six-unit apartment building affordable for the local workforce.
 - Ownership at Miller's Inn is restricted to persons who earn no more than 115% AMI. Units can appreciate no more than 3% per year.
 - Rentals may be leased by Grand County employees or business owners only. There are no income qualification standards for tenants. If they cease being employed in Grand County, then the lease terminates.
- The first phase of **Hideaway Junction** was built by the Town of Winter Park in 2008. It provides 10 single-family homes for purchase by residents employed in Grand County. There are no income limits imposed on the units, but they are deed restricted with appreciation caps of 2% per year for the first three years, then 1% annually thereafter. Fourteen households have been added to the waitlist since 2012. The units originally sold for \$225,000 (2-b) and \$245,000 (3-b) and the Winter Park Affordable Housing Corporation (WPAHC) has maintained those prices upon resale.

Employer Assisted Housing

As is the case in many high-cost communities and especially in resorts, employers provide housing for some of their employees.

- Winter Park Resort houses 165 to 185 employees in dorm-style accommodations (shared bedrooms). A few units are located at the base of the mountain, but most are in Fraser, Tabernash or Granby. In Fraser, the resort owns 15 condominiums and master leases 30 two-bedroom units at Fox Run Apartments. Transportation to the mountain is provided for these units in the winter and from Fox Run throughout the year. Winter Park's units are generally about 50% vacant in the summer, but fully occupied in the winter with waitlists.
- Devil's Thumb – About 20 employees are housed in Fraser in a converted hostel that was acquired within the last couple of years, and about 30 live in various units provided by Devil's Thumb within a couple miles of the resort. Additional housing for Visa workers has been provided on site for over 10 years. Local transportation is challenging and inconsistent, so it is desirable to keep workers close to their jobs.
- Other Employers – A few smaller employers provide units or some type of housing assistance for employees. For example, the Town of Fraser owns two units that it leases to workers and another employer provides temporary lodging and moving bonuses to help new workers relocate. Some employers who previously provided units stopped doing so during the recession when they were no longer needed and hard to keep full.

Loss of Employee Housing

As indicated earlier, locals are losing ground to second home owners, from occupying 66% of units in 2000 to 49% in 2010. While some of this is due to the type and price of homes built, it also is the result of the loss of units that locals previously owned or occupied. The following trends are likely to continue:

- When employees retire, many want to remain in the area and their homes are then no longer housing the workforce.
- Seniors/retirees who move out of the area as they age sell their homes to second home buyers who can afford the higher prices.
- Homes that were once rented long term or owner-occupied are now rented short term through on-line sites, though this is more common at the Winter Park Resort base area than in either the Towns of Winter Park or Fraser.

- When employees move out of the area or move up, their homes are likely to be sold to second home buyers, especially if priced over \$350,000.
- Front Range residents are renting homes that local workers used to rent.

Planned/Pending/Potential Development

New residential development in Fraser began to pick up last year after a 5-year lull in new subdivision applications. One building permit was issued in 2010 (for a mobile home). Building permits issued in 2014 totaled 17, compared to 39 issued in 2015 and 11 through March 2016. New residential projects primarily cater to the second homeowner market, offering units priced at \$400,000 or more.

Single-family cottages were available in early 2016 at Elk Creek, offering slightly more affordable units than typical for newer product in Fraser. Ten cottages were offered starting at \$299,000 for a 1-bedroom, 1.5 bath home and \$399,000 for a 3-bedroom, 2-bath home. Seven units have been reserved, about one-half by locals, at prices ranging between \$339,000 to \$434,000 (\$215 to \$236 per square foot). Two are one-bedrooms.

Under Construction and Pending Approvals: Fraser, 2015

	# of units	Type of homes	Price Point
Rendezvous (under construction)	54	Single Family	Over \$400,000
Elk Creek (under construction)	71	Single Family	Starting at \$299,000; most over \$400,000

Source: Town of Fraser

Based on its proximity, it is important for the Town of Fraser to understand development activity in Winter Park. Because both communities have similar needs for workforce housing and workers cross-commute between the communities, cooperating on producing the variety of housing types and price points needed will be essential to minimize inter-community competition for buyers and expand options available for locals.

The Town of Winter Park has several projects under development or pending approval. Of particular note are the 41 attainable condominiums to be purchased by the town and leased as attainable rentals in the current Sitzmark development. Because many Winter Park workers rent homes in Fraser, these units should help reduce some pressure on Fraser's rental market.

**Under Construction and Pending Approvals:
Winter Park, 2015 and 2016**

	# of units	Type of homes	Price Point
Trailhead Lodges (under construction)	24	Condominiums	Over \$350,000
Whistlestop Townhomes (under construction)	2	Townhomes	ND
Lakota Central Village (under construction)	16	Duplex units	ND
Reunion Station (pending construction)	5	Townhomes, mixed with commercial	\$400,000 and up
Sitzmark* (approved/pending 2016)	42	Condominiums	Condos to be attainable rentals
	26	Single family/single family attached	(purchased by town); Single-family market rate homes
Arrow at Winter Park (pending approval)	56	Condominiums	Market rate
	9	Townhomes	
		Commercial	
Block E (pending approval)	18	Condominiums	High-end; rented as apartments and later sold

*Sitzmark will also have commercial components, including a grocery store and additional office/retail space.

Source: Town of Winter Park

HOMEOWNERSHIP MARKET

The ownership market began recovering in 2012. Sale volumes and prices still remain below those seen at the peak; sale prices in Fraser are at approximately 2004 levels. Observed trends in the ownership market include:

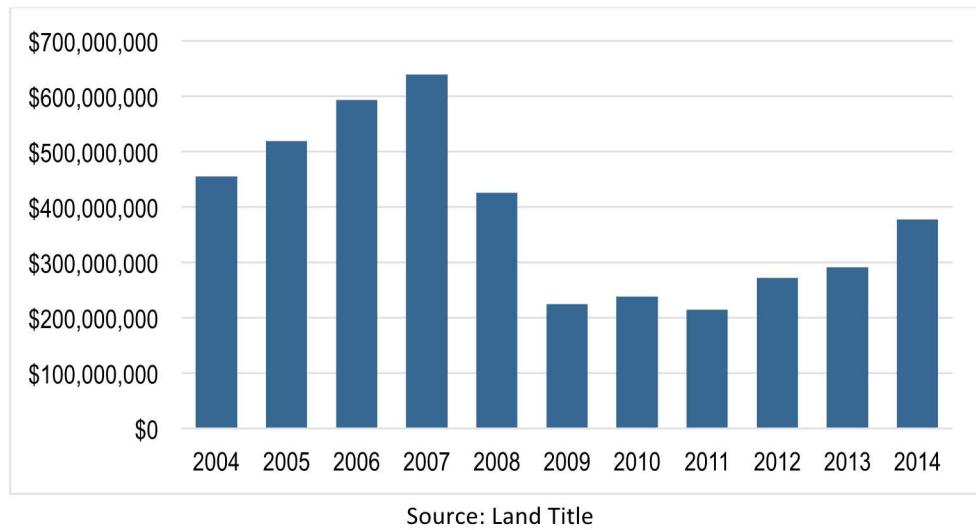
- Second homeowners dominated the ownership market both during and since the recession in Fraser; however, locals started buying again within the last couple of years.
- There is more interest in homeownership from first time buyers this year than has been seen in at least five years. There is very little affordable product available for locals to purchase, however, and the available product tends to be older and in need of repair.
- Workers in Fraser earn lower wages on average than the county overall, but face home prices that are higher than most areas (other than Winter Park), making local home affordability particularly challenging. It took an income of over \$115,000 (186% AMI for a 2-person household) to afford the average priced single-family home that was sold in Fraser in 2014.
- The sale price of condominiums are more affordable for locals, but the average \$330/month HOA fees add significantly to their cost, as well as challenges to procure financing and to find units suitable for local occupancy (i.e., age/condition, storage and/or garages).
- The availability of single-family and townhome product priced under \$300,000 has been in short supply and is declining. The median price of homes listed for sale was 18% higher than those available in July of last year.

Trends

The real estate market in Fraser and Grand County as a whole has slowly recovered from the depths of the recession in 2009 through 2012 but prices have not returned to peak levels. The recovery has been slower than in most comparable Colorado mountain counties (see Grand Profile, 2015).

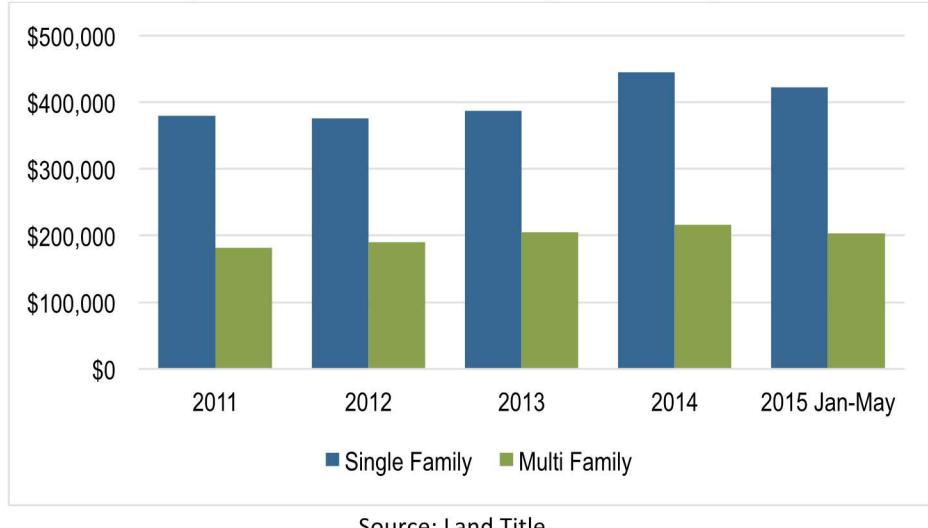
- In 2014, sales volume in Grand County (total dollar value of all sales) equaled less than 60% of the 2007 peak.

Gross Sales Volume for Grand County, 2004 - 2014



- Price increases in Grand County have been modest – slightly less than 12% over the past four years for both single-family and multi-family homes. Sales prices are still below pre-recession peaks, but have recovered to about 2004 levels.

Average Sales Price: Grand County, 2011 - May 2015



- The number of sales transactions began increasing in 2010. Transactions rose over 40% for single-family home between 2011 and 2014; growth in multi-family sales has been slower.

- Sales in the Fraser area increased from 11% of county-wide sales in 2011 to 14% in 2014, showing comparatively strong growth in the county since 2011. The number of sales has stepped up considerably beginning in 2012.

Number of Residential Sales, Grand County and Winter Park, 2011 - 2014

	Grand County		Fraser
	Single Family	Multi Family	All Residential
2011	324	330	75
2012	408	347	95
2013	413	366	129
2014	459	407	123
Change (2011-2014)	41.7%	23.3%	64.0%

Source: Land Title, MLS

Availability – Homes Listed for Sale

The median price of available homes in Fraser is lower than in Winter Park (20% less per square foot), but higher than in the rest of the county (12% more per square foot).

The median price of condominiums in Fraser is similar to those available further north in the county (about \$195,000), but the units in Fraser are smaller for this price.

Residential Units Listed For Sale, July 2015

	Winter Park area	Fraser area	Rest of County
# of Listings			
Condos	96	54	65
Townhomes	20	34	24
Single Family	21	49	273
Total	137	137	362
Median Price			
Condos	\$240,000	\$195,900	\$195,000
Townhomes	\$609,900	\$424,475	\$279,900
Single Family	\$1,599,900	\$619,000	\$445,000
Overall	\$363,000	\$400,900	\$349,700
Median Price/SF			
Condos	\$252	\$188	\$165
Townhomes	\$225	\$193	\$133
Single Family	\$215	\$206	\$134
Overall	\$244	\$196	\$135

Source: MLS

The inventory of homes listed for sale decreased the most at the lower end of the market. Compared to sales in 2014, there was less than a two-month supply of single-family homes and townhomes priced under \$300,000 in July 2015 (six total); and one unit available in March 2016. More specifically:

- Homes that have been listed for several years in the \$500,000 to \$700,000 range are now selling; homes priced over \$700,000 are still available and move more slowly.
- Single-family homes in the \$300,000 to \$500,000 range are very hard to find and go quickly. Even townhomes at this price are scarce and approaching a seller's market, particularly those with garages.
- Bargains have disappeared; there is almost no inventory for sale under \$200,000.
- Since July 2015, the for-sale market has gotten tighter, with less availability for locals. In March 2016, only 84 listings were available on the MLS in Fraser with a median price of \$489,400 – 18% higher than the median price of for-sale units in July 2015. The market is increasingly becoming a seller's market for most properties.

Affordability of Homes for the Workforce

Low-, moderate- and even middle-income households have very little opportunity to buy homes in Fraser. New construction has largely not been targeting the local workforce:

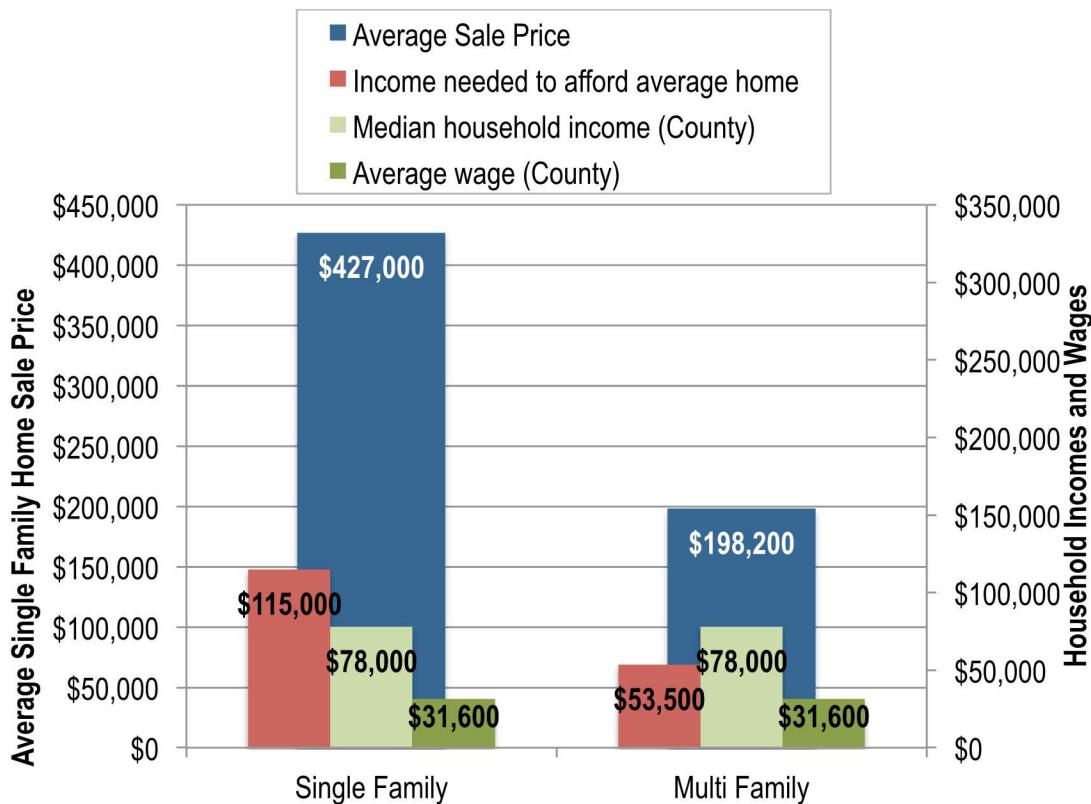
- Of the 59 residential sales in January through June 2015, nine (9) were new units mostly located in Grand Park and Rendezvous developments. Newer homes were relatively large (2,200 square feet) and sold for an average price of nearly \$500,000 (227 per square foot).
- In early 2016, 10 homes of 71 approved lots were offered at Elk Creek starting at a more affordable \$299,000. About one-half have been reserved by locals, with the lowest price at \$339,000. Prices for other homes offered at Elk Creek exceed \$400,000.

Contributing to the affordability problem for households employed in Fraser is that not only are home prices higher than in areas further north in the county (i.e., excluding Winter Park), but average wages are lower. As shown below, an income of over \$115,000 (186% AMI for a 2-person household) is needed to afford the average priced single-family home that was sold in Fraser in 2014.

Condominiums appear to be more affordable, where a household earning 86% AMI could afford the average condominium sold in 2014. Adding to this cost, however, are HOA fees which, in Fraser, average about \$330 per month. This is equivalent to adding over \$45,000 to the sale price of the home, increasing the income needed to afford the unit to 104% AMI. Condominiums have other challenges for locals, including:

- Age – many are lower-end units that were built primarily in the 70's or earlier;
- Design – many have insufficient storage and no garages; and
- Financing – there is limited mortgage availability; no complexes in Fraser are FHA approved.

**Average Price of Residential Homes Sold in Fraser,
Income Needed to Afford Average Home Compared to Incomes and Wages, 2014**



Source: Land Title, HUD, DOLA, Consultant team

Available homes listed for sale in July 2015 also show few affordable options. Only 38 of 127 listings were at prices attainable for households with incomes equal to or less than 120% AMI. Thirty-six of these were condominiums which, as stated above, may not be suitable options for year-round residents.

MLS Listings in Fraser Area: July 2015

		AMI			
	Total Units	≤50%	50.1% - 80%	80.1% -120%	>120%
Maximum Price*		\$115,684	\$185,206	\$277,642	>\$277,642
Total Listings	137	9	11	18	99
Condos	54	9	11	16	18
Townhomes	34	0	0	1	33
Single Family	49	0	0	1	48
Percent of Total	100%	7%	8%	13%	72%

Source: MLS

*Assumes 2-person households qualifying for a 30-year fixed-rate mortgage at 5.5% with a 5% down payment.

RENTAL MARKET

As in other mountain communities, rentals are in short supply. Vacancy rates have been near zero the past two winters, turnover in the transition months of May and October has decreased and rents have been rising. This is due both to increased demand and decreased supply of rental units. Jobs have rebounded, creating more demand, and supply has dropped due to owners selling their rented homes, some short-term leasing their homes, and front-range residents renting units to avoid I-70 traffic.

Fraser is unique in Grand County because it is primarily renter-occupied – 53% of households rent their homes. Fraser draws both year-round renters and seasonal renters, but seasonal swings in vacancy rates can be large – rising to 30% in the transition months. This has declined the past couple of years, however; more tenants have been taking year-leases and units have leased quickly upon becoming vacant. Master leasing of apartments and unit purchases by large employers can help property managers during the transition seasons, but reduce the amount of year-round housing available for more permanent workers in the Valley.

Rental Inventory

About 53% of households in Fraser rent their homes. Rentals in Fraser are primarily individually owned condominiums, townhomes and single-family homes managed by their owners. About 38% of units are located in apartment projects, including Wapiti Meadows (50 units) and Fox Run Apartments (64 units).

**Renter-Occupied Households:
Fraser, 2010 to 2015 (projected)**

	2010	2015
Total Households	540	574
Renter-occupied	284	302

Source: 2010 US Census, DOLA projections (Grand County), Consultant team

Age/Condition of Units

It is estimated that about 50% of rentals in Fraser have been built since 1990. This includes Wapiti Meadows, Fox Run Apartments and about 30% of units available through individually-owned rentals.

- One predominate property management company which manages about 70 units for owners leasing their homes in the Fraser Valley, reports about 70% of their Fraser properties were built in the 1980's or earlier.
- Apartment property managers in Fraser noted increased incidence of new tenants complaining that their prior owner-managed rental was not well maintained and that owners were slow to respond to needed repairs. Employers

noted a similar rise in complaints from their employees regarding rented accommodations in recent years.

- Both Wapiti Meadows and Fox Run are reported to be in good shape. Fox Run underwent significant renovations since initial construction and the new owner has continued doing improvements. Both projects have management on site to address needed repairs.

Vacancy Rates

Vacancy rates vary by season and property type. Units typically have high turnover in May and October, with lower occupancy rates through the summer than experienced in the winter. In the past couple of years, however, fewer units have turned over, summer vacancies have dropped and vacancy rates have been at or near zero the past couple of winters. More specifically:

- As of August 2015, there were no vacant units at Wapiti Meadows in Fraser and only two units are advertised as coming available in May 2016. Where 13 units turned over in 2013, this declined to less than six last year. The project has been consistently over 95% occupied since 2013.
- Miller's Inn in Winter Park also had no vacant units and only has about two units turnover each year. This project remained full during the recession.
- A local property management company which manages homes for rent in the Winter Park to Granby area had 9 of 70 total units available in August 2015 (3 in Winter Park and 6 in Fraser) – only one was advertised as available in March 2016.
- Fox Run apartments had 4 vacant units (6% vacant) in August 2015. Units were full over the winter and they advertise one unit coming available in May 2016.
- Only one non-apartment home was listed as available in March 2016 in Fraser on Craigslist, with 8 advertised as coming available in May.

Vacancy Rates: Winter Park and Fraser, August 2015

	Winter Park	Fraser
Attainable rentals	0%	0%
Condo, TH, Single-Family rentals	1% (3 units)	4% (6 units)
Market-rate apartments	NA	6%

Source: Craigslist; Interviews; consultant team

Units also filled up much faster last May than they have since prior to the recession, which is expected to continue this year. Year-round leases have been up, meaning seasonal turnover will be down.

Rents

Rents of condominiums, townhomes, and single-family homes have been rising since the recession in the Fraser and Winter Park area. Based on an inventory of 44 occupied and vacant rental units in Fraser and Winter Park in August 2015, rents average over \$800 for a one-bedroom and up to \$1,700 or more for a three-bedroom home. These rents are affordable for households earning from 60% up to 110% AMI.

Of units available mid-August 2015, the average rent asked in Winter Park is \$1.74 per square foot compared to \$1.13 in Fraser.

Average Non-Apartment Rents: Winter Park and Fraser, 2015		
	Winter Park	Fraser
1-bedroom	\$841 (60% AMI)	\$808
2-bedroom	\$1,175 (80% AMI)	\$1,243
3-bedroom	\$1,860 (110% AMI)	\$1,700
Average rent per square foot (available units only)	\$1.74	\$1.13

Source: Craigslist (Aug. 17, 2015); www.resortsofgrandcounty.com; consultant team

Apartment rents have also been increasing. Wapiti Meadows was asking unsustainably low rents six years ago, but, corresponding with a change in ownership in 2016, rents are back up to the maximum permitted for the LIHTC property. Fox Run rents have also been increasing the past few years.

- The only market rate apartment complex in the area is Fox Run. Rents in August 2015 averaged about \$1.63 per square foot. These rents include all utilities, including WIFI and Direct TV.
- The income-restricted rentals at Wapiti Meadows range from \$0.69 up to \$1.12 per square foot.
- Rentals at Miller's Inn, which are restricted for occupancy by employees working in Grand County, average \$1.12 per square foot.

Apartment Rents: Winter Park and Fraser, 2015

	Fox Run (Market Rate)		Wapiti Meadows (LIHTC)			Miller's Inn (Employee restricted)		
	Units	Rent	Units	40% AMI	50% AMI	60% AMI	Units	Rent
1-bedroom	14	\$975	4	\$498	\$644	\$790	6 (2 studios)	\$400-\$675
2-bedroom	46	\$1,350	26	\$605	\$780	\$956	0	-
3-bedroom	4 short-term rented		20	\$811	\$906	\$1,109	0	-
Avg. rent per sq. ft.	-	\$1.63	-	\$0.69	\$0.85	\$1.05	-	\$1.12

Source: Interviews; consultant team

Availability – Units Listed For Rent

Of rentals available in August 2015 in Winter Park and Fraser, about 40% were affordable to households earning over 100% AMI. None were available for workers earning under 50% AMI – entry level workers earning \$10 to \$15 per hour.

Available Rentals by AMI Affordability:**Winter Park and Fraser, August 2015**

	Maximum Affordable Rent	Units Available
<50% AMI	\$780	0
50-80% AMI	\$1,250	2
80-100% AMI	\$1,560	6
100-120% AMI	\$1,870	2
Over 120% AMI	Over \$1,870	3
TOTAL	-	13

Source: Interviews, Craigslist, www.resortsofgrandcounty.com, consultant team

HOUSING GAPS AND PREFERENCES

All indicators suggest there is demand for additional workforce housing in Fraser. Low rental vacancy rates, a small inventory of homes for sale, and employer and Realtor interviews all evidence that there is need for additional units.

Housing shortages worsen when local job growth and the need for more workers exceeds the growth in available housing units. Therefore, this section estimates the total number of housing units needed in the Fraser area through 2020 based on projected job growth in the area. The below estimates are likely conservative, however, because they do not take into consideration retiring employees, whose jobs will also need to be filled by new workers.

This section focuses on housing needs for the primary, year-round workforce in the area, as opposed to seasonal workers. While seasonal housing fluctuations in both the summer and winter in communities to the north and south of Fraser greatly impact housing availability in town, the product type, location and design of housing for seasonal workers varies from that required for year-round occupants. Also, the number of units needed to accommodate seasonal workers who typically live in the area for six months is highly volatile. Towns and counties seldom adopt goals and strategies specifically for seasonal workers. Too much dependence on the seasonal worker flow in and out of the community does not enhance economic sustainability and community character. If more information is desired on this population and housing considerations, the Town of Winter Park Housing Needs Assessment (2015) can be referenced.

Housing Units Needed Through 2020

Employees working in the Town of Fraser create demand for local housing due in part to a preference to live near their job. About 64% of local town workers live in the Fraser area, meaning within town or the adjacent unincorporated area. To keep up with estimated job growth in the town, about 40 housing units will be needed by 2020 to retain 64% of local workers in the area.

Employees working throughout the Fraser Valley – from Winter Park through Tabernash – also demand housing in Fraser due to its central proximity to jobs and amenities. About 40% of workers in the Valley live in the Fraser area. To address the demand from the growth in jobs throughout the Fraser Valley, about 165 housing units will be needed, or about 30 to 40 homes per year.

Both of these figures are provided to illustrate the regional nature of housing in the area. If Fraser develops housing at a rate that keeps pace with job growth in town, demand from job growth throughout the Valley will continue to outstrip housing supply.

Estimated Housing Needed to Fill New Jobs: 2015 – 2020

	64% of Town of Fraser workers housed	40% of Fraser Valley workers housed
Increase in Jobs through 2020	130	575
Jobs per Employee*	1.2	1.2
New Employees Needed	110	480
Employees housed in Fraser	70	305
Employees/Housing Unit*	1.84	1.84
New housing needed	40	165

*It is estimated that workers in Grand County hold about 1.2 jobs on average and that there are about 1.84 workers per household. These figures are used to translate job growth into housing units needed by workers that fill new jobs. These figures are in line with other mountain resort towns and show little change since the 2008 Grand County Housing Needs Assessment.

Needs by Tenure

There is need for both ownership and rental housing in the Fraser that is affordable for the local workforce. Presently about 47% of resident's homes in Fraser are owner-occupied. The below estimates retain the current mix of owners and renters in the town, showing that about 80 ownership and 85 rental homes would be needed if 40% of Valley workers continue to be housed in the area.

The precise ratio of ownership to rental is, however, somewhat dependent upon the desired direction and policy of the town. While the rental market is very tight and has had a faster post-recession recovery than the ownership market, ownership is needed long term for year round residents. The Town of Winter Park is also undertaking development of 42 attainable rentals, which should relieve some pressure from Fraser's rental market.

It is recommended that Fraser undertake a strategic planning process to target its housing goals in line with its vision for the community. A goal for the owner/renter mix should be part of this process and based on a combination of factors including stability associated with ownership, the seasonality of rental demand, historic conditions, planned projects and vision for the community.

Summary of Housing Needs by Own/Rent Through 2020

	Housing 65% of Town of Fraser workers	Housing 40% of Fraser Valley workers
Units needed through 2020	40	165
Ownership	20	80
Rental	20	85

*Table reflects the current ratio of 53% rentals and 47% ownership in town.

Needs by AMI

To understand where the market is oversupplying and undersupplying homes for locals, current household incomes¹ are compared to recent sales and available homes and rentals.

For ownership:

- The market currently oversupplies homes for locals earning over 140% AMI, but undersupplies homes for households earning between 50% to 120% AMI. These would be units ranging from about \$120,000 up to about \$280,000 for a two-person household. Attainable ownership should focus on this price range.
- Homes affordable for households earning under 50% AMI are also undersupplied; however, producing homes at this price will not occur without substantial subsidies or will require programs such as Habitat for Humanity. These households also have trouble qualifying for loans and meeting down payment purchase requirements.

Given that incomes tend to be lower in Fraser than many other parts of the county, most of the new ownership product should be provided at attainable prices for households earning between 50% and 120% AMI. Units should be fairly evenly distributed among these price points given that a similar percentage of owner households earn within each AMI category in this range.

Homeowner Income Distribution Compared to Homes Sales and Availability

AMI Range	Maximum Affordable Sale Price	Owner Income Distribution	2014 SF/TH/Dup Sales*	July 2015 SF/TH/Dup Listings*
<50%	\$115,700	12%	1%	0%
50% to 80%	\$185,200	12%	6%	0%
80.1 to 100%	\$231,400	9%	5%	1%
100.1 to 120%	\$277,600	14%	8%	1%
120.1 to 140%	\$323,900	11%	7%	8%
Over 140%	Over \$323,900	42%	73%	89%
TOTAL	-	100%	100%	100%

*Sales and listings exclude condominiums. As discussed in other sections of this report, multiple factors make condominiums largely unsuitable for ownership occupancy by locals.

¹ See Appendix A for household income distribution.

For rentals:

- None of the available rentals are affordable to households earning under 50% AMI and rentals between 50 to 80% AMI are undersupplied. These would be units priced below \$1,250 per month for a 2-person household. Attainable rentals should focus on this price range.

Most of the new rentals need to be priced below market, or attainable, for households earning 80% AMI or below. Rentals should be evenly distributed among households earning under 50% AMI and between 50% and 80% AMI.

Renter Income Distribution Compared to Available Rentals

	Maximum Affordable Rent	Renter Income Distribution	Available Rentals*
<50% AMI	\$780	28%	0%
50-80% AMI	\$1,250	27%	15%
80-100% AMI	\$1,560	14%	46%
100-120% AMI	\$1,870	6%	15%
Over 120% AMI	Over \$1,870	25%	23%
TOTAL	-	100%	13

*Available rentals include rentals available in Winter Park and Fraser in August 2015.

Household Characteristics and Preferences of Buyers and Renters

Unique to Fraser is that its households are mostly renter-occupied (53%). This contributes to several population and household characteristics in town:²

- The town has the youngest population in the county (median age of 32). The fastest growing population segments between 2000 and 2010 were children under 5 and persons between 45 to 64 years of age;
- Households are primarily singles, young couples without children, and roommate households. Single parents and families with young children are more prevalent in Fraser than in the county overall;
- Fraser has the lowest percentage of senior-headed households in the county. Realtors noted that seniors tend to move out of the county as they age and need more care; and
- The town has the largest percentage of Hispanic/Latino-headed households in the county (7%), which is still relatively small, but is growing.

² See Appendix B for more detail on household characteristics.

These observations are consistent with the demand for homes in Fraser reported by Realtors in the area:

- Primarily young couples, first-time buyers and young families (elementary school in town) are searching for homes in Fraser. Most are looking for homes priced below \$300,000.
- Some move-up buyers are interested in the area, but are also attracted to areas north of town. These households are typically looking at prices between \$300,000 and \$400,000.
- Price tends to be of prime consideration for buyers. Locals will compromise on unit type to afford a home in a location nearer Fraser and Winter Park. While single-family homes are preferred, townhomes and multi-family homes are acceptable. Townhomes with garages are very popular. Some locals will purchase condominiums, but storage and/or garages and low HOA fees are necessary.
- Many local buyers are also not deterred by deed restrictions, particularly given the tight for-sale market and general unavailability of homes under \$300,000. Buyers that initially indicate they will not consider deed restricted properties often change their minds when they see what is available (or not) on the market.
- Local buyers are attracted to good neighborhoods – family friendly, safe and occupied (e.g. not second-homeowner dominated).

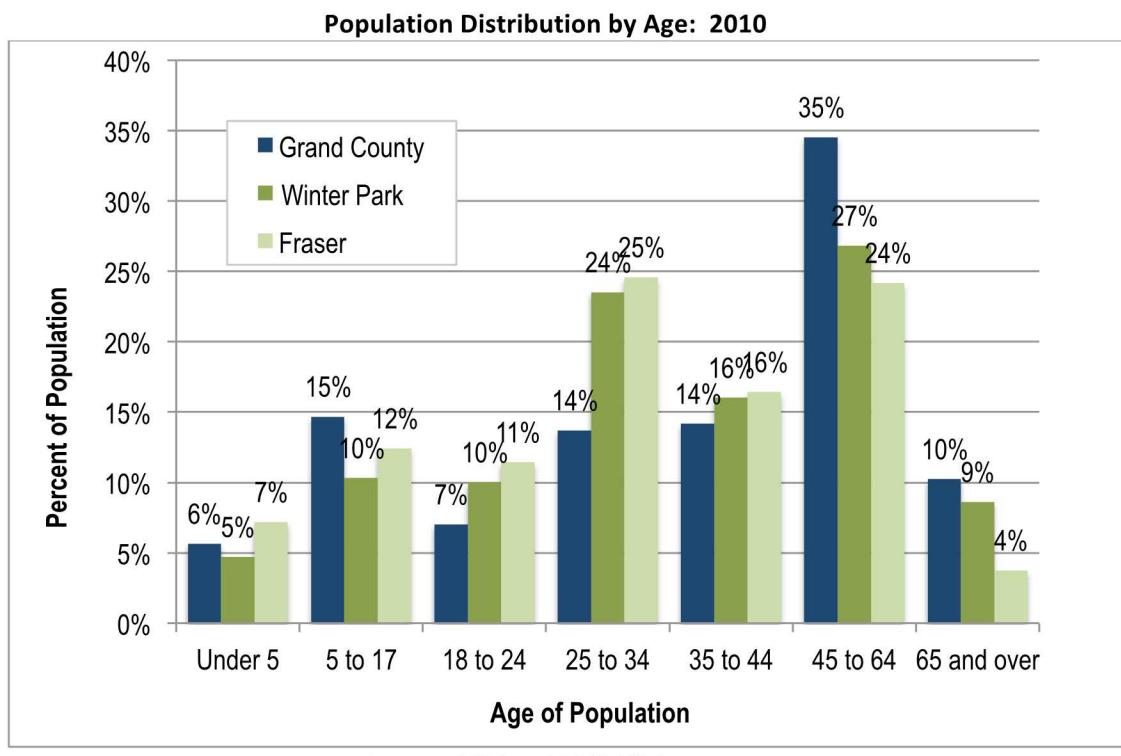
Young renters working in the Winter Park area and seasonal workers – employed at Winter Park Resort and Devil's Thumb – also seek homes in Fraser. Rentals priced below 80% AMI will be primarily for one- and two-person households, mostly targeting singles and some young couples:

- Households earning below 50% AMI include entry level and service workers earning \$10 to \$15 per hour. These units would rent for about \$500 per bedroom.
- Households earning up to 80% AMI includes two-income households that cannot income qualify for LIHTC units and young professionals earning near \$25 per hour. Wapiti Meadows has turned away many two-income households which do not have children because they cannot income-qualify for their units.
- Renters want pets. Renters also want their units to be kept well maintained and in good repair. A well-managed apartment complex avoids HOA restrictions that prohibit renters to have pets and ensures repairs are completed in a timely manner.

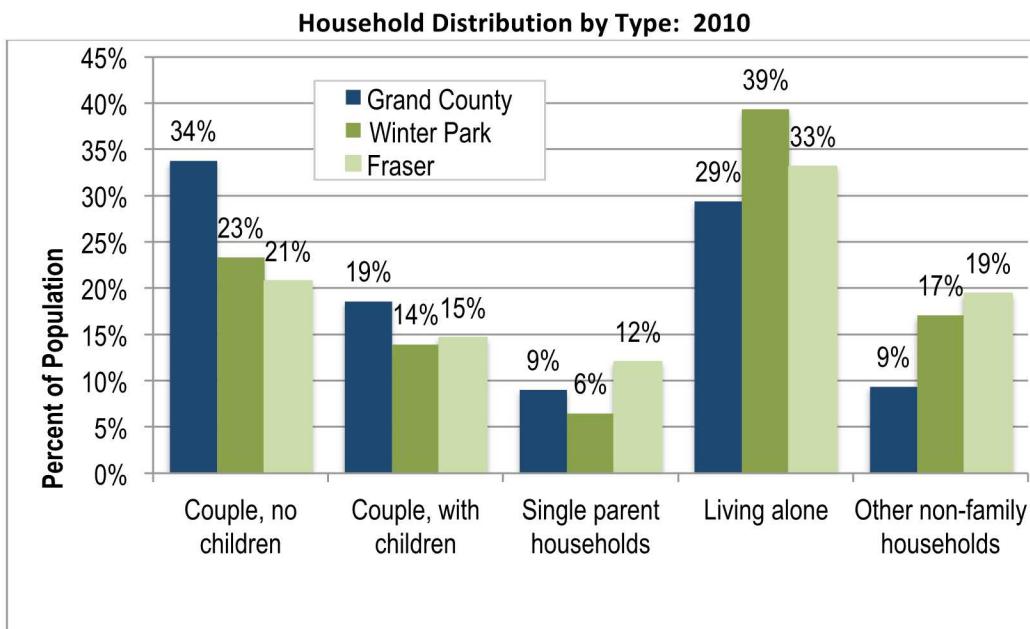
APPENDIX A – POPULATION AND HOUSEHOLD CHARACTERISTICS

The Town of Fraser has:

- A younger population than other communities in Grand County. The median age of the population is 32.1 years compared to 41.2 in the county overall.
- A high proportion of younger residents in the 25 to 34 age category and a low proportion of seniors who are 65 years old and over. The fastest growing population segments between 2000 and 2010 were children under 5 and persons between 45 to 64 years of age.



- Relatively more persons live alone or with roommates (51%) and there are fewer family households than in Grand County overall. Fraser has a comparatively high percentage of single-parent families. The affordable rentals provided by Wapiti Meadows helps house some of this population.



Source: 2000 and 2010 US Census

- A higher rate of growth among persons living alone than any other household type, followed by couples without children. In contrast, the Town of Winter Park saw the largest rate of increase in couples with children.

Percent Change in Households by Type: 2000 to 2010

	Grand County	Fraser	Winter Park
Couple, no children	32.0%	45.5%	55.6%
Couple, with children	7.2%	33.9%	97.1%
Single-parent households	31.2%	16.1%	34.8%
Living alone	50.6%	58.4%	54.9%
Other non-family households	1.2%	0.0%	22.4%
TOTAL	27.5%	31.7%	51.3%

Source: 2000 and 2010 US Census

- An average household size of about 2.26 people per unit, similar to the county overall.
- Fraser is the only community in Grand County in which renter households are *larger* (2.37 persons on average) than owner households (2.13 persons on average). This is primarily due to a comparatively low proportion of renters living alone (32%) and high proportion of renters with roommates (25%).

Household Size: 2010

Persons per Household	Grand County	Town of Fraser	Winter Park
1-person	29%	33%	39%
2-person	41%	35%	37%
3-person	13%	14%	12%
4-person	11%	12%	8%
5+person	6%	6%	4%
Average:	2.26	2.26	2.05

Source: 2010 Census

- A small but fast growing Hispanic/Latino population (38 households in 2010).

Hispanic/Latino-Headed Households: 2000 to 2010

	Grand County		Fraser	
	#	%	#	%
2000	170	3.3%	8	2.0%
2010	302	4.7%	38	7.0%
% change (2000-2010)	78%	-	375%	-

Source: 2000 and 2010 US Census

- The lowest percentage of senior-headed households than any other community in Grand County (6%). Seniors often move out of the area as they age.

Senior-Headed Households: 2000 to 2010

	Grand County		Fraser	
	#	%	#	%
2000	604	11.9%	25	6.1%
2010	986	15.2%	33	6.1%
% change (2000-2010)	63%	-	32%	-

Source: 2000 and 2010 US Census

- Households that primarily rent their homes (53% renter-occupied); all other communities have at least 57% of homes occupied by owners.

Owner- and Renter-Occupied Housing: 2000 and 2010

	Grand County		Fraser	
	Own	Rent	Own	Rent
2000	68%	32%	45%	55%
2010	69%	31%	47%	53%

Source: 2000 and 2010 US Census

Income of Working Households

To determine the sale price or rent for housing to be attainable by the workforce, housing costs are compared to the incomes of households with employees. For the Fraser workforce, the following incomes are used since the majority of employees live within the larger area that extends to Grand Lake. As was the case in 2007 when the Grand County Housing Needs Assessment was conducted, the percentage of households with incomes above 140% AMI, particularly renters, is relatively high.

**Area Median Income: Owners and Renters
Winter Park/Fraser Valley/Grand Lake Area, 2015**

	Renters	Owners	TOTAL
<50%	28%	12%	17%
50% to 80%	27%	12%	17%
80.1 to 100%	14%	9%	10%
100.1 to 120%	6%	14%	11%
120.1 to 140%	4%	11%	9%
Over 140%	21%	42%	35%
TOTAL	1,701	3,723	5,424

Source: Ribbon Demographics, LLC; Consultant team

FRASER HOUSING NEEDS AND DEVELOPMENT STUDY

PART II (A) – ATTAINABLE HOUSING CODE PROVISIONS

TABLE OF CONTENTS

INTRODUCTION	1
ATTAINABLE DEVELOPMENT CODE AND FUNDING STRATEGIES.....	1
COMMUNITY STRATEGIES: JACKSON, FRISCO, ESTES PARK, FRASER.....	5
COMMUNITY AFFORDABILITY SNAPSHOT	5
ATTAINABLE HOUSING PROVISIONS.....	6
<i>Jackson, Wyoming</i>	6
<i>Frisco, Colorado</i>	7
<i>Estes Park, Colorado</i>	8
<i>Fraser, Colorado</i>	9

INTRODUCTION

This section can help the town of Fraser define its housing plan and prioritize strategies to meet goals. It introduces a variety of tools and strategies that communities may incorporate into their development process and codes to assist with attainable housing production and preservation. This section presents:

- A matrix defining various development code requirements, incentives, zoning provisions and funding mechanisms that can help meet attainable housing needs;
- Development provisions and fund sources used by three other resort mountain communities with attainable housing challenges; and
- A summary of Fraser's code in the context of these attainable housing tools.

This information can help identify strategies that may be most effective in the near term and long term. Suggested strategies for Fraser are presented in the Executive Summary, Recommendations and Strategies section of this report.

Attainable Development Code and Funding Strategies

The following table defines several strategies that communities have incorporated into their development process to help fund and produce attainable housing in their communities. Strategies may be mandatory or voluntary, provide incentives, support housing densities and housing types that promote more affordable options, and help generate financing to support attainable housing production and programs. The below table:

- Defines each presented strategy;
- Shows the type of housing typically produced; and
- Presents the conditions under which the tool may be most useful or effective.

		Development Code and Funding Strategies	
Production Mandates	Definition	Type of housing/income served	Usage/effectiveness
Inclusionary zoning	Mandatory inclusion or set aside of affordable housing units (usually the same type or similar to other units in development). Program may allow cash-in-lieu, land-in-lieu, purchase/renovation of existing units or off-site housing as an option for compliance.	Typically ownership units; single-family or multi-family; typically for 80% to 120% AMI households, but dependent on local needs	Requirements apply upon subdivision of land - most effective in strong development environments; Integrates free-market and income restricted housing. Places burden on residential developer to provide housing.
Residential linkage	Requirement for residential development to build housing or pay fees-in-lieu for some portion of employment positions created by the development (residential services, etc.)	Typically ownership if required to build (80% AMI or more); ownership or rental if built with collected fees.	Most effective in strong development environments; active second homeowner markets. Requirements are typically scaled by home size. Requires nexus study to establish link to impacts.
Commercial linkage	Requirement that commercial development (lodge, retail, industry, etc.) provide funds or housing to meet some portion of seasonal and/or long-term employment generated by new development.	May be rental or ownership	Most effective in strong development environments; active commercial development. Requirements are typically scaled by business type. Requires nexus study to establish link to impacts.
Production Incentives		Type of housing/income served	Usage/effectiveness
Density Bonus	Provisions allowing an increase in density if all or part of the increased density is deed restricted as affordable to a targeted income group.	Produces single-family or multi-family units, variety of income ranges, typically ownership.	Incentive must be tailored to local development environment to ensure it promotes attainable housing production; if bonus is too low, units will not be built; bonus should be by-right if attainable housing requirements are met.
Flexible PUD options	Permits modification of certain zoning requirements (setbacks, lot size, etc.) in exchange for improved development design (incorporated for example mixed-use development, open space, etc.). There may be a minimum affordable housing requirement that would need to be met for these developments. May incorporate aspects of density bonuses and streamlined approval.	Ownership or rental	Good alternative to traditional zoned developments; promote master planned communities, innovative spaces.
Accessory units	Optional, small second units attached to or within single-family units.	Small rental units; serves singles, seniors, couples, multi-generational families, retirees	Can require units be rented to locals or at reduced rents; monitoring of unit use/occupancy can be difficult; should be tied to incentives to produce units for local occupancy.

PRODUCTION INCENTIVES (continued)	Definition	Type of housing/income served	Usage/effectiveness
Annexation Policies	With cooperative policies between the County and local municipalities, developers may seek annexation to acquire and/or increase development potential. Because municipalities have broad discretion with annexations, policies can require the provision of affordable housing.	Produces multi-family and single-family homes, variety of income ranges, typically ownership; may produce revenue through voluntary Real estate transfer fee agreements	Level of effectiveness dependent upon annexation opportunities.
Streamlined/expedited approval process	Developments proposing substantial public benefit by incorporating affordable housing may be placed through a streamline/expedited approval process to decrease the costs and time of production of the project to the developer. This may include reduced pre-meeting plat costs, "front of the line" status, town cooperation to expedite needed inspections/help with state applications for funding (where needed – e.g., CHFA), etc.	Applicable to all types of housing production (owner, renter, etc)	Costs and time incurred during the approval process limits the ability to provide more affordable housing; need to set realistic targets for streamlining (not every step of the process can be streamlined); public education needed for the justifications of streamlining
Land Banking/Donation	Identify key sites for future housing development that are either currently publicly owned or that could/should be purchased for future housing development. Develop workable designs for future housing projects on these properties when needed.	All types of units	Incorporates affordable housing into community development plans. Requires continued public education about intended development plans for sites.
Fee Waivers or Rebates	Rebate of development fees to the developer of affordable housing. Value used to subsidize housing development.	All types of units	Local government can identify a source of funds that is appropriate for affordable housing, such as general fund revenues, and establish a pot to pay the fees for the developer. Still provides needed revenue to the city/county for services/other required fees; revenue shortfalls for rebates may occur.
Sale and use tax rebates	Rebate of town sales and use taxes for materials used in connection with construction of attainable housing units	All types of units	Can help incentivize attainable housing development; rebate to the developer to help cut the cost of construction; must clearly define attainable housing to ensure compliance.

ZONING ASSISTANCE	Definition	Type of housing/income served	Usage/effectiveness
Zone for density	Zone areas appropriate for higher densities as such. Permit multi-family units and by-right densities high enough to be cost effective to produce units. Can be in conjunction with a bonus density provision for attainable housing.	Ownership or rental attainable housing	Dependent upon scale and plan for the community; located in core development areas where density is wanted (central downtown, etc.) and services are available.
Mobile home parks	Maintain zoning for mobile home parks as permitted uses; encourage infrastructure maintenance and upgrades	Ownership or rentals; one of the few products that may be affordable at market prices	Mobile home parks may provide opportunity for tiny homes by zoning small enough lot sizes to permit higher density detached units; infrastructure upkeep and repair can be problems; mobile home renovation and maintenance programs may be needed to upgrade older homes.
Employee housing permissions	Allow businesses to construct rooms or units for their employees on site. May be for their employees or leased to others.	Typically rental housing for the workforce.	Increases flexibility for employers to help provide needed housing; may bring residents into business areas/increase vibrancy; can specify location (above commercial), size and occupancy.
FUNDING/FINANCING	Definition	Type of housing/income served	Usage/effectiveness
Impact fees	Dedicated fee-based funding sources that can be used for housing programs. Development impact fees typically charged on a per square foot basis.	All types of units	Can establish a long term funding source for housing. Can be tailored to reduce impact on locals or attainable housing.
Real Estate Transfer fee	Voluntary fee typically negotiated through annexation or development agreements. Provides a specified percentage of the purchase price of residences upon transfer to a new owner.	All types of units	Can establish a long term funding source for housing. Can be tailored to impact primarily second home sales. Spreads the burden for local housing beyond the development community.
Sales, property, lodging, excise tax	Augment housing fund with dedicated tax-based funding sources. Options include sales tax, housing excise tax, head tax, property tax, recreation activities tax, luxury tax, lodging tax, etc.	All types of units	Requires voter approval. Funds typically used for low and moderate income groups. Spreads the housing burden beyond just the development community. Tourism can help pay for impacts.
State, federal funding, tax credit (LIHTC)	Programs that directly fund low income housing or authorize credits that can be sold to raise funds	Low income rentals for 60% AMI or below; LIHTC is commonly used in mountain communities	LIHTC available to private and non-profit developers and housing authorities. Can encourage developers to pursue tax credit and other options through expedited application processes and deferred payment of development fees/rebates. Rental housing should be encouraged in areas near community services and accessible transit

Community Strategies: Jackson, Frisco, Estes Park, Fraser

There is no one-size-fits-all approach to producing and funding attainable housing. There is also no single strategy that can do it all. To be successful, communities need to evaluate a range of opportunities and housing tools, understand which options may be successful in their development and economic environment and tailor selected options to their community. To provide some examples of how communities have implemented various tools, attainable housing provisions implemented by three mountain resort communities are discussed below. Examples include:

- A sophisticated attainable housing producer (Town of Jackson, WY);
- A mountain resort community that is impacted by neighboring ski resort communities (Town of Frisco, CO); and
- A low-wage resort community with more moderate home prices than many ski communities (Town of Estes Park, CO).

An overview of each community is presented below. The matrix at the end of this document provides more detail on the code provisions and attainable housing fees or dedicated funds collected by each of these towns, as applicable.

Community Affordability Snapshot

The below chart compares the population, local housing occupancy rate, incomes, home prices and home affordability level of each community with the Town of Fraser. As shown:

- Less than 50% of homes in Fraser and Frisco are occupied by locals. Both Estes Park and Jackson are majority resident-occupied;
- Average wages are lowest in Fraser;
- The largest discrepancy between the county area median income and wages is in Frisco. The median household income is about 139% higher than the average wage in both Fraser and Jackson;
- Homes are least affordable to locals in Jackson. Homes are comparatively more affordable in Fraser, though the median sale price is still 38% higher than a household earning the area median income could afford; and
- Jackson has the largest inventory of affordable housing units, followed by Estes Park and Frisco.
- Affordable homes are primarily rentals in Estes Park and primarily ownership in Frisco. The diversity and type of homes developed in each area is a function of local policies, commitment to housing, capacity and priorities.

Comparative Incomes, Home Prices and Affordable Home Inventory

	Town of Fraser (2015)	Town of Jackson, WY (2013/14)	Town of Frisco (2012/13)	Town of Estes Park (2015)
Population	1,300	10,135	2,750	6,300
Households	574	4,147	1,330	3,000
% Vacant Housing Units	51%	16%	57%	30%
Area median income (county)	\$78,000	\$96,800	\$89,800	\$77,800
Average wage (county)	\$32,600	\$40,484	\$33,000	\$38,000*
Median home asking price**	\$400,900	\$867,000	\$700,000	\$499,000
Median asking price per sq. ft.	\$196	\$411	-	\$227
Affordable purchase price for median income household	\$290,000	\$360,000	\$333,000	\$288,500
Affordable housing units	50	1,504	116	277
Ownership	0	538	105	74
Rental	50	966	11	203
AMI Range served	40 to 60% AMI	Seven income categories from <80% AMI to 200% AMI	80 to 100% AMI (rentals); 80 to 160% (ownership)	Under 60% AMI (rentals); 50% to 120% (ownership)

*Average wage in Estes Park is the weighted average based on the job mix in the Estes Park area, which is primarily accommodation and food services, health care, retail and recreation jobs. The mix of jobs in the Estes Park area differ substantially from those in Larimer County as a whole.

**Median home asking price includes all homes for sale (condominiums, single-family homes, townhomes and other multi-family homes) on the MLS at a point in time during the given year.

Attainable Housing Provisions

The number and type of strategies used by each community to help provide attainable housing varies significantly. The strategies employed also reflect the affordability level and type of units that are produced.

Jackson, Wyoming

The Town of Jackson has the most diverse attainable housing stock, comprising seven income categories ranging from below 80% AMI (primarily rentals) up to 200% AMI for ownership. Of its over 1,500 units, about 36% (538) are deed-restricted ownership.

- Jackson is the only compared community that has mandatory attainable housing requirements in place. This includes both inclusionary zoning and commercial linkage. It also has the strongest development environment of the other

communities. Over 600 units have been produced through these housing requirements.

- Jackson also has several incentive programs to promote attainable housing development, including density bonuses, credits for employer-provided units, accessory dwelling units (ADUs) and fee waivers available for attainable housing developments. About 360 of its units are provided by major employers – mostly rentals, but some ownership. About 96 ADUs have also been built, which are restricted for occupancy by local workers.
- Another 340 units were provided by the Jackson/Teton County Housing Authority, Jackson Hole Community Housing Trust and low-income housing tax credit (LIHTC) financing.
- The primary sources of funds for Jackson's housing program comes from two voter approved Special Purpose Excise Tax initiatives (\$14.3 million) and mandatory development fees and payments in lieu of development through their inclusionary and commercial linkage program. The town is currently evaluating whether a sales tax could be approved as a source of consistent revenue.

Frisco, Colorado

Attainable housing in Frisco is primarily ownership housing – 105 of 116 total units. Since 2013 another 36 homes for ownership have been constructed at Peak One,¹ increasing the ownership inventory to 141 units. Unlike in Jackson, most of the attainable housing inventory in Frisco has either been facilitated by the town (e.g. at Peak One) or developed through development incentives. It also does not have any LIHTC properties in town, contributing to the low rental inventory.

- Frisco does not have any mandatory inclusionary or linkage provisions to produce attainable housing.
- The town has a successful density bonus provision through which 50% of the granted additional density must be deed restricted attainable. Two projects are currently under development and will be providing another 11 attainable condominiums utilizing this density bonus, which will be part of the market rate project. There is no codified limit on the additional density that a project may seek. Current projects using this provision received a three-fold density increase (from 5 and 6 units/acre up to 15 and 18 units/acre).

¹ Peak One is a mixed single-family and attached home development for which the town donated land, water taps, increased density, snow storage reductions and other concessions to have a total 62 homes for ownership produced at prices attainable for households earning between 80 and 160% AMI. The final phase was completed this year.

- The code also permits ADUs by right in most zones, which are required to be rented to local employees at attainable rates. A 5% increase in lot coverage is permitted as an incentive, but few have been built.
- A county-wide sales tax (0.125%) and impact fee (ranging from \$0 to \$2 per square foot depending upon the square footage) were passed in 2006 for housing purposes. The town received just over \$320,000 last year from these sources.
- Frisco also has a 1% real estate transfer tax in place (pre-Tabor), but funds are dedicated to the general fund and not specifically housing.
- The Summit County Combined Housing Authority manages the sale of attainable homes and rental of units and conducts occupant-qualification and verification of units constructed in Frisco.

Estes Park, Colorado

About 200 of the 277 attainable homes in Estes Park are rentals. The primary source for homes constructed in town is the Estes Park Housing Authority (EPHA). LIHTC has played a prominent role in helping to finance units, along with town waiver of fees. While town fee waivers are not codified for attainable units, they are routinely applied to EPHA developments.² Only about 30 ownership homes have been provided by the private sector in Estes Park.

- Estes Park does not have any mandatory inclusionary or linkage provisions to produce attainable housing.
- The town has a limited density bonus provision that allows the already low densities (8-units per acre) to be increased to a maximum of 12-units per acre if attainable homes are provided. This bonus is discretionary, not by-right, and in the development-adverse community is very difficult to get approved.
- The town permits ADUs, although prohibits them from being rented, which removes their ability to help house the workforce.
- Employee housing is an accessory use in non-residential districts. The town is in the process of allowing employers to construct units not only for their own employees, but for others in town as well. They currently have an application under review. The extremely tight housing market severely impacts employers in the area, spurring the town to address this and other provisions in their code to assist more attainable housing development.
- Estes Park owns land that it is under discussion for attainable housing development with the local Housing Authority as developer.

² Fee waivers amounting to \$369,000 made Falcon Ridge, an affordable 48-unit rental project that is presently under construction, feasible.

- There is no dedicated revenue for housing in Estes Park, though options are being considered. To-date general fund allocations have been used to help attainable housing development.

Fraser, Colorado

Fraser has 50 affordable rentals in town that were built with LIHTC funding in 1995. The town does not have any dedicated attainable ownership homes.

- There are no mandatory attainable housing provisions in Fraser's code.
- Fraser had a development impact fee that was imposed in the early 2000's, but that was repealed in 2004. There are no other sources of funding for attainable housing purposes.
- ADUs are permitted through a CUP process in several zones. The units permitted can be up to 1,200 square feet, which is larger than many communities. Smaller units, when rented to locals, can help keep them at more moderate prices. There is no requirement that units be rented or occupied by residents.
- The Planned Development district allows some flexibility in design and opportunity for development agreements through which attainable housing can be negotiated.
- The town has an annexation agreement as part of the Grand Park development for 144 attainable units or lots.
- The Grand County Housing Authority manages several units throughout Grand County, including Winter Park, but none in Fraser. They are a potential resource to help Fraser manage resident qualification and occupancy for future units.

DEVELOPMENT CODE/POLICY				
Community	Requirements	Incentives/Permissions	Densities	Fees
Jackson	<p>Inclusionary zoning (new residential development only, 25% of units must be affordable)</p> <p>Commercial linkage (for 25% of peak seasonal employees)</p> <p>Units can be provided by on-site development, off-site development, land or fee-in-lieu.</p>	<ul style="list-style-type: none"> Accessory Residential Units permitted in most zones, CUP in others, may allow for 2 per lot, cannot exceed 800 sq. ft.; Units built by employers - may negotiate some relief of code provisions (e.g., reduced parking, increased height), and able to "bank housing credits" for own use or by other developers; Density bonus of 25% in non-residential zones if used for permanently deed restricted or employee housing. Jackson has a Joint Resolution that waives development and building permit fees for all of their departments, including the Housing Authority. Other housing providers can request a waiver. Jackson does not waive water/sewer hook up fees or park/school exactions. 	<p>Max height of 35 feet; floor-area ratio standards (FAR) permitting at least 12 units per acre in high density zones.</p>	<p>Development impact fee</p>
Frisco	<p>None</p> <ul style="list-style-type: none"> Density bonus in Central Core and Mixed Use zones if 50% of the additional density is deed restricted affordable. The density bonus is not capped (recent projects were approved at 3-times the zoned density); Accessory dwelling units, permitted or CUP; units must be rented to a local county employee for 80% AMI or less, can increase lot coverage by 5% if build ADU. Has used land donation/banking, water tap fee waivers to support attainable housing; Mixed-use district allows set-back and other relief; commercial component not required. 	<p>Highest density zone allows up to 16-units/acre; 35-foot maximum. The density may be increased with the density bonus provision.</p>	<p>None for attainable housing purposes</p>	

DEVELOPMENT CODE/POLICY (continued)				
Community	Requirements	Incentives/Permissions	Densities	Fees
Estes Park	None	<ul style="list-style-type: none"> Discretionary 50% density bonus for attainable housing; Accessory dwelling units permitted in most residential zones; Employee housing is an accessory use in non-residential districts for employees of the principal use; Town waives fees as a general policy for attainable housing projects (not specified in the codes) Town owns land and is in discussions regarding potential attainable housing assistance PUD, must include commercial component 	<p>Maximum permitted density: 8-units per acre, up to 12 with density bonus. Too low to permit cost-effective multi-unit production - town is reviewing for increase; also exploring height limit increase in downtown area (currently 30 feet).</p>	<p>None for attainable housing purposes</p>
Fraser	None	<ul style="list-style-type: none"> Accessory dwelling units as CUP; Planned Development district allowing flexibility in design 	<p>Maximum height 35 feet; over 12 units/building in High Density Residence District</p>	<p>None for attainable housing purposes</p>

Community	Housing Fees/Funding, Housing Authority and Other Development Assistance	Housing Fees/Funding, Housing Authority and Other Development Assistance	Other Affordable Housing Funding	Housing Authority	Other:
Jackson/Teton County	Specific Purpose Excise Tax (2001 and 2006); 1% voluntary transfer fee with some developments.	Exploring permanent funding opportunities (e.g. sales tax to voters).	Jackson / Teton County Housing Authority	Active local housing organizations help develop affordable housing: Housing Authority, Habitat for Humanity, Jackson Hole Community Housing Trust; employer-provided housing prevalent (hospital, ski corporation, school district, forest service, lodging and restaurant businesses, etc.)	
Frisco	In November of 2006 the voters authorized a County-wide 0.125% Special District sales tax and a development impact fee scaled from \$0 to \$2 per square foot of development for affordable housing purposes (getting info on revenue received); town received a respective \$187,000 and \$140,000 from these sources in 2015.	Summit County Combined Housing Authority (SCHA) - receives support funds from jurisdictions in addition to monies from the voter approved sales tax and impact fees. SCHA manages sale and rental of units, conducts occupant-qualification and verification.	Summit County Combined Housing Authority	Land donation, water taps, increased density and other concessions provided to Peak One mixed-income ownership development to assist with the 62 restricted and 8 market rate homes.	
Estes Park	1% real estate transfer tax – adopted pre-Tabor, goes toward general fund	Estes Park Housing Authority; town provided seed money to help start the housing authority and will have yearly financial commitments phased out in a few years.	None; Town is researching options	Has an active housing authority developing projects: Falcon Ridge LIHTC rentals (48 units) are under construction and received \$369,000 in fee waivers from the town.	
Fraser	None	Grand County Housing Authority	-		

FRASER HOUSING NEEDS AND DEVELOPMENT STUDY

PART II (B) – ATTAINABLE APARTMENT CASE STUDIES

TABLE OF CONTENTS

INTRODUCTION	1
PURPOSE	1
CASE STUDY SELECTION	1
SUMMARY OF PROJECTS	2
PINEWOOD VILLAGE II (AIRPORT ROAD) - LIHTC.....	2
HURON LANDING (COUNTY ROAD 450) – LOCAL PUBLIC FUNDING.....	3
PROJECT COMPARISON	4
PROJECT COSTS.....	4
SOURCES OF FUNDS.....	5
REVENUE GAP	6

INTRODUCTION

Purpose

This section presents information that can help the Town of Fraser understand how much it costs to develop apartments in mountain communities. Because apartments have not been constructed in the Fraser area for over a decade, this information is based on case studies of two affordable apartment projects under construction in the resort mountain town of Breckenridge, Colorado.

While a site-specific analysis for any proposed project in Fraser will be necessary before undertaking development, this information can be used to identify:

- The general cost to develop affordable multi-family apartments in mountain resort communities;
- How construction costs can vary based on the design of the project; and
- Tradeoffs between using federal or local financing sources and town inputs that can assist the process.

Case Study Selection

An apartment complex has not been constructed in the Fraser area since the early 2000's. To understand the cost to develop this type of product, it is necessary to look outside of the area in similar mountain environments.

The Town of Breckenridge is in a mountain resort environment, with an economy (and wages) largely driven by tourism. While Fraser and Breckenridge may have significant differences as communities, in terms of constructing multi-family projects, both areas face similar challenges, including:

- Seasonal construction environment,
- Finding and recruiting construction labor to build projects,
- Construction costs for materials and shipping/transport,
- High land and housing costs compared to local wages and
- Construction requirements in terms of insulation, heating, snow requirements and other structural and design needs in cold, snowy mountain climates.

Both areas also have a shortage of rentals priced affordable to households earning 80% AMI or below.

Breckenridge is currently undertaking development of two apartment projects targeted for this price range. This section presents information on both projects, which include:

- Pinewood Village II – a 45-unit apartment complex, funded in part with federal low-income housing tax credit (LIHTC) financing. Units will be income-restricted and priced affordable for households earning 60% of the area median income (AMI).
- Huron Landing – to include 26 apartments jointly funded by the Town of Breckenridge and Summit County. Rents will be priced below market, at 80% AMI, but at higher rates than permitted by LIHTC units.

Summary of Projects

Pinewood Village II (Airport Road) - LIHTC

Pinewood Village II is currently under construction. This 45-unit, 3-story stacked complex contains one-bedroom and studio apartments, designed to appeal to singles and young couples. All units will be rent-restricted for residents earning 60% of the area median income (AMI) or lower. It will be a pet-friendly community.

Applications to lease are currently being accepted (April 2016).

“We thought it would be a good opportunity for people to get out of crowded roommate situations, and have their own place.”

Breckenridge Planner Laurie Best

- Location. Pinewood II is considered a good location for workforce housing. It is located on Airport road with close access to public transit, work centers, and amenities.
- Unit Design. Units are located within one building and accessed by interior stairs and corridors. Each unit is equipped with a washer and dryer, a storage cabinet located in the hallway, a walk-in closet, balconies or patios and an electric kitchen.
- Land and Financing. The town obtained the land from the Forest Service through a land exchange in 2012. The town was able to get assistance in funding the project through the use of low-income housing tax credits. The estimated total project cost is \$11.13 million (about \$247,000 per unit) with tax credits accounting for about \$4 million.



Photo of Pinewood Village II under construction in Breckenridge, Colorado

Huron Landing (County Road 450) – Local Public Funding

This 26-unit affordable apartment complex is a joint project between Breckenridge and Summit County utilizing county owned land. All units will have two-bedrooms housed in two three-story buildings. These stacked flats with surface parking are designed to house local workers earning 80% of the Area Median Income (AMI). Lease terms are tailored toward the needs of long-term local employees, rather than seasonal workers, to maintain consistency with surrounding properties.

- Location. Huron Landing is located at 143 Huron Road, or County Road 450, on a former recycling drop-off site. It is well located for workforce housing, being on the bus route for Highway 9, near recreational trails, and close to employment centers.
- Unit Design. Units are located within two buildings. Units have exterior access with a central stairway serving up to six units each. Each unit is equipped with a stacked washer and dryer, adjacent stairwell storage, and two surface parking spaces per unit.
- Land and Financing. Summit County owns the site and is donating the land for development. This project uses Certificates of Participation (COPs), a lease-purchase financing mechanism, instead of Low-Income Housing Tax Credits. Because federal funds are not used, this provides flexibility for the town to target incomes above the 60% AMI level for all units. The estimated total project cost is \$10.2 million with COP providing about \$8.5 million.



Rendering of Huron Landing in Breckenridge, Colorado

Project Comparison

The below table provides a snapshot of the purpose, structure and overall costs of the two rental projects.

Rental Project Overview

	Pinewood Village II	Huron Landing
Income Level (Rents)	60% AMI (\$800 - \$870)	80% AMI (\$1,400+)
Funding	Federal LIHTC, town	town, County
Number of units	45	26
Parcel size	2.9 (15.5 units/ac)	1.48 (17.5 units/ac)
Unit size	Studios (9), 1-bedrooms (36); 525 - 600 sq. ft.	Two-bedrooms; 770 - 950 sq. ft.
Target demographic	Singles, young couples	Couples, young families, roommates
Total project cost	\$11,130,000	\$10,188,000
Cost per unit	\$248,000	\$392,000
Cost per square foot	\$393	\$476

Project Costs

The total development cost shows a difference of \$83 per square foot for Pinewood Village II (\$393 per square foot) and Huron Landing (\$476 per square foot). These costs do not include town staff time (planning, project management, legal support, financial assistance). Some reasons for this difference include:

- Site grading, utilities and infrastructure needs and requirements,
- Unit structure design. Interior hallways and corridor access in one building (Pinewood) is less expensive to produce than two separate buildings with exterior unit access (Huron Landing); and
- Land acquisition shows significant variation between the two projects.

PROJECT COSTS	Cost to Develop		Huron Landing	
	Total	Per Sq. Ft. (28,347)	Total	Per Sq. Ft. (21,420)
Land Acquisition	\$750,000	\$26	\$890,000	\$42
Soft Costs*	\$2,240,000	\$79	\$1,884,000	\$88
Hard Costs**	\$7,220,000	\$255	\$6,733,000	\$314
Financing Costs (Equity/Bond)	\$650,000	\$23	\$350,000	\$16
Owner's Contingency	\$270,000	\$10	\$331,000	\$15
TOTAL PROJECT COSTS	\$11,130,000	\$393	\$10,188,000	\$476

*Includes design, studies, testing, legal, permits, fees, owner's rep and in kind services. Does not include town staff time, such as planning, project management, legal support and finance department.

**Includes general contractor fee, performance and payment bond, general contractor contingency, site work, shell, furnishing, and utilities.

Source: Town of Breckenridge, consultant team.

Sources of Funds

Breckenridge has accessed various layers of funding to ensure project success for both projects:

- Government owned land,
- Low-income housing tax credits (tax credit equity),
- Certificates of Participation (COP),
- Leveraging the housing fund to bond, and
- In-kind services.

The below table shows the level of funds applied from each source to each rental project.

Sources of Development Funds and Resources

Pinewood Village II			Huron Landing		
Source of Funds	Total	Per Sq. Ft.	Source of Funds	Total	Per Sq. Ft.
	(28,347)			(21,420)	
Town Land	\$750,000	\$26	County Land	\$890,000	\$42
Tax Credit Equity	\$3,970,000	\$140	Town Financing (COP)	\$8,500,000	\$397
Town Permanent Loan (Bond)	\$6,150,000	\$217	Town/County In Kind Services*	\$798,000	\$37
Town/County In Kind Services	\$260,000	\$9	TOTAL SOURCES	\$10,188,000	\$476
TOTAL SOURCES	\$11,130,000	\$393			

Source: Town of Breckenridge, consultant team

*In Kind services include waiver of development and building permit fees, water plant investment fees, Upper Blue Sanitation District fees. Does not include town and county staff time to plan and manage the project and secure funding.

Revenue Gap

Both projects are to be rented at below-market rates.

- Pinewood Village II will be rented affordable to households earning 60% or less AMI. Because this project used LIHTC financing, units cannot be leased for higher than this rate. Some LIHTC financing will permit mixed-income rentals, with some units rented at market and others affordable at 60% or below. Federal financing can help produce needed projects, but does restrict some freedoms with respect to income levels served.
- Huron Landing will be rented below market, but above LIHTC limits, for households earning 80% AMI. The alternative financing structure, using Certificates of Participation (COP)¹ permits additional flexibility in the target income market.

¹ Certificates of Participation (COP) are a lease-financing mechanism where the government enters into an agreement to make regular lease payments for the use of an asset for a set period of time. After that time, the title of the asset transfers back to the government. Since the government can decide, at any time, to discontinue the lease, COPs do not constitute a multi-year fiscal obligation and so can be issued without voter approval.

The Town of Breckenridge is using a town owned building to secure Certificates of Participation (COP) in the amount of \$8,628,000 with a 20-year term and variable interest rate ranging from 2% - 5%. The town will use \$8.5 million to construct the project and pay for the cost of issuing the COPs, and can use any excess for other purposes.

Rents will be below what is needed to cover the costs of developing the project and make it profitable. This results in a significant revenue gap that must be filled by alternative sources.

- For Pinewood Village II, Breckenridge must fill a financing gap of over \$9,000,000.
- For Huron Landing, a gap of over \$7,700,000 must be filled.

It is clear to see why the private sector does not create this product. Rental revenue received from rents priced affordable for the workforce covers only a small portion of the cost of developing the project.

Gap Between Rents Received and Cost to Construct

	Pinewood Village II	Huron Landing
Annual Net Operating Income (NOI) –	\$192,000	\$250,000
Rents Received –		
Loan supported by NOI*	\$2,000,000	\$2,500,000
Total Project Cost	\$11,130,000	\$10,188,000
Project financing gap	\$9,130,000	\$7,700,000

*Assumes a traditional commercial loan with a 20 year term, 5% interest rate and debt coverage ratio of 1.2:1

FRASER HOUSING NEEDS AND DEVELOPMENT STUDY

PART II (C) – FRODO Development Pro Forma

TABLE OF CONTENTS

PURPOSE AND METHODOLOGY	1
PRO FORMA CONCLUSIONS	2
FRODO PROJECT COSTS (FOR-SALE RESIDENTIAL PORTION)	2
ATTAINABLE GAP SUMMARY	2
METHODS TO LOWER THE GAP	3
UNIT PRICES: FRODO COMPARED TO NEW MLS LISTINGS	4
PROJECT SUMMARY	6
SOURCES AND USES OF FUNDS	8
SOURCES.....	9
<i>Owner Equity</i>	9
<i>Sales Proceeds</i>	10
USES.....	10
<i>Land Acquisition</i>	11
<i>Soft Costs</i>	12
<i>Hard Costs</i>	16
<i>Sales</i>	20
<i>Contingency</i>	20
GAP (USES MINUS SOURCES)	20
TRENDS AND PERCEPTIONS	21
LABOR.....	21
CONSTRUCTION COSTS.....	21
DEVELOPMENT ENVIRONMENT.....	21
IN KIND SERVICES	22

Purpose and Methodology

The purpose of this analysis is to help the town of Fraser understand the financial gap that may need to be filled to produce residential units at attainable sale prices to the local area workforce. This analysis assesses the cost to develop the Downtown Fraser Mixed-Use Block concept (FRODO), which was a design study completed in 2007 for a town-owned and neighboring parcel in downtown. This pro forma presents development costs for the mixed-use FRODO plan, but focuses on the residential for-sale component (19 total units) when discussing the financial gap for producing attainable units.

The pro forma provides:

- Detailed estimates on development costs, including land acquisition, construction (hard costs), architecture, planning, and engineering (soft costs), infrastructure and development fees to identify the relative contribution of each expense to the total cost of development;
- Estimated revenues received from selling homes at attainable price points;
- The financial gap between revenues received and the cost of development; and
- Recommendations on development costs that Fraser could consider reducing to lower this gap.

This analysis involves several assumptions on development costs, financing terms, sales prices, rents and other inputs. Information was collected through:

- Interviews with local and regional developers, construction tradesmen, utility providers, architects, property managers, town of Fraser planners and building officials;
- Research of Fraser's Development and Building Codes; and
- Secondary data, where available, regarding construction costs and local development requirements.

The lowest cost alternative was assumed for several key variables including how the development process will be managed. Relevant assumptions are defined within each section of this report.

Pro Forma Conclusions

FRODO is a complex, dense, infill development incorporating a mix of commercial, rental and for-sale residential uses and product types (single family, townhomes, and apartments). The design is varied and would create diversity of product type in the downtown core, but these factors add to the cost of development. Simpler plans that provide one type of residential product are cheaper to build, for example. Under Fraser's development environment, larger lot single family homes can be developed at the lowest cost, which has been the predominate product type developed in Fraser in recent years.

FRODO Project Costs (For-Sale Residential Portion)

The below table shows the estimated costs to develop the 19 for-sale units of FRODO:

- The total cost to develop the for-sale portion is estimated to be about \$8,840,000. This equates to \$465,000 per unit or \$375 per square foot.
- The largest contributor to this cost is the hard costs (direct materials, labor and site work involved in building the homes). This is an estimated \$262 per square foot.

FRODO Estimated Development Costs (Residential Portion)

	Residential	Per Sq. Ft	Per Unit
Land Acquisition	\$540,000	\$23	\$28,000
Soft Costs	\$800,000	\$34	\$42,000
Hard Costs	\$6,190,000	\$262	\$326,000
Financing Costs	\$190,000	\$8	\$10,000
Sales Costs	\$300,000	\$13	\$16,000
Owner's Contingency (10%)	\$820,000	\$35	\$43,000
TOTAL USES	\$8,840,000	\$375	\$465,000

Attainable Gap summary

When homes are sold below-market, as would be the case for attainable ownership product in Fraser, sale prices for each home will be lower than the cost to construct the home. This results in a gap between the cost to construct and the sale price. In FRODO, this gap ranges between \$200,000 to \$300,000 per average-sized 1,240 square foot unit based on sale prices attainable to households earning between 60% and 120% AMI. More specifically:

- At \$375 per square foot to build, the break-even price of each home would be \$465,000.
- For units priced affordable to households earning between 100 and 120% AMI (\$250,000 sale price), a gap of about \$173 per square foot needs to be filled. This equates to about \$200,000 per 1,240 square-foot unit.
- The gap rises to \$226 per square foot to produce homes for households earning between 60 and 80% AMI (\$160,000 sale price). This equals about \$300,000 per average-sized home.

This significant gap explains why the free market is not producing this type of product attainable to local households in downtown Fraser.

FRODO - Gap Summary

Attainable Prices (2-person household)	Sale Price per unit (1,240 sq. ft. avg.)	Sale Price per sq. ft. (1,240 sq. ft. avg.)	Gap (per sq. ft.)
<i>Break-even price</i>	\$465,000	\$375	\$0
100 to 120% AMI	\$250,000	\$202	\$173
80 to 100% AMI	\$200,000	\$161	\$214
60 to 80% AMI	\$160,000	\$129	\$226

Methods to Lower the Gap

The below table shows where the town could help fill the financial gap between the cost to construct homes and the attainable sale prices. While these cost-saving measures are specific to FRODO, they could be applied to other developments to help encourage attainable housing.

Town waivers and concessions could realize a savings of about \$73 per square foot of development, or \$91,211 per unit. Components which will result in the most cost-savings, in descending order of their effectiveness, include:

- Donating/purchasing the land (\$23 per square foot);
- Waiving water/sewer plant fees (\$12 per square foot);
- Selling homes in-house or partnering with Grand County Housing Authority (\$12/square foot);
- Providing construction financing (\$8 per square foot) and

- Building duplexes in place of townhomes and single family homes (\$7 per square foot).

Additional cost-saving considerations which were beyond the scope of this study to quantify include:

- Simplifying the design of the project to utilize fewer unit types, which would reduce both design and construction costs.
- Increasing revenue by selling some homes at market prices, which would reduce the amount of subsidy needed for the remaining attainable homes. With no product comparable to FRODO having been built in Fraser for many years, an assessment is needed to determine market prices.¹

FRODO Methods to Reduce Development Costs (For-Sale Residential Portion)

Potential Reductions in Development Costs	For-sale Portion	Per Sq. Ft (23,600 total)	Per Unit (19 total)
Purchase the land	\$540,000	\$23	\$28,421
Waive water/sewer plant fees	\$289,000	\$12	\$15,211
Sell units or partner with GCHA	\$275,000	\$12	\$14,474
Provide construction financing	\$180,000	\$8	\$9,474
Build duplexes to remove fire sprinklers	\$165,000	\$7	\$8,684
In kind services*	\$100,000	\$4	\$5,263
Install public easement improvements**	\$60,000	\$3	\$3,158
Streamline entitlement process	\$50,000	\$2	\$2,632
Waive Use Tax (4%)	\$48,000	\$2	\$2,526
Waive planning/building permit fees	\$26,000	\$1	\$1,368
TOTAL POTENTIAL REDUCTIONS	\$1,733,000	\$73	\$91,211

NOTE: Totals may differ the sum of all amounts shown due to rounding.

* This includes legal, construction material staging, site preparation, hauling of materials, etc.

** This includes sidewalks, landscaping, and exterior lighting within the street front easement.

Unit Prices: FRODO Compared to New MLS Listings

New attached product for sale on the Multiple Listing Service (MLS) in March 2016 are listed at prices averaging below the cost to develop the FRODO project (between \$317 to \$377 per square foot).

¹ The only new attached product in Fraser listed on the MLS for sale in 2016 for over \$375 per square foot is a townhome at Angler's Retreat in Rendezvous.

This highlights the challenge of comparing developments as they vary by many factors including: location, type of product, target market, site conditions, scope of project, size of parcel, uses, and timeline. Factors adding to the increased cost to develop FRODO compared to other product on the market include:

- Land cost per acre. Prime downtown site;
- Redevelopment. FRODO requires demolition of existing units in addition to construction of homes;
- Infrastructure conditions. Utilities need to be grounded and infrastructure upgraded;
- Design costs. FRODO contains a mix of uses (commercial, apartments, townhomes, single family), several unique building types and floor plans, and complex code requirements;
- Construction costs. Stacked and attached product, separation of uses, and complex structural and mechanical systems;
- Constrained site with construction challenges. The site has buried stormwater detention, requires off-site construction storage of materials (“staging”), increased oversight to coordinate trades, and a high water table posing site preparation complexities.

The cost for the town to construct also has several costs that either do not affect private developers or that experienced developers may be able to keep in-house, such as:

- Legislative requirements placed on government entities through procurement processes and surety bonds, often called performance² and payment³ bonds. Procurement processes add time to the development process and utilize staff resources. Surety bonds protect the government against contractor default but can cost between 1 – 3% of the total construction cost;
- Hiring of an owner’s representative for project oversight (est. \$8.50 per square foot); and
- Hiring of a real estate broker to sell units (est. \$12 per square foot).

² A performance bond guarantees the faithful performance of the contract. Should the contractor fail to construct the project per specification, the surety company issuing the bond compensates the client.

³ A payment bond protects certain laborers, material suppliers and subcontractors against nonpayment.

Project Summary

A design study was completed in 2007 for a parcel of land located in downtown Fraser, called the Downtown Fraser Mixed-Use Block (FRODO) project.⁴ In summary:

- The Downtown Fraser Mixed-Use Block (FRODO) project is located on a 1.5-acre downtown site in north Fraser, of which about 0.8-acres is owned by the town (highlighted in green in the below map). The site is framed by US Highway 40, Fraser Avenue, Eastom Avenue and Doc Susie, commanding a visible presence downtown.



- As designed, FRODO contains a mix of residential and commercial uses, containing approximately 26 dwelling units and 6,500 square feet of ground floor non-residential space. The residential portion contains a variety of unit types,

⁴ Reference the “Downtown Fraser Mixed-Use Block Design Study (2007)” by Wolff Lyon Architects for more information.

including duplexes, row houses and single family cottages. Residential units are proposed to include both for-sale and rental product.

Unit Mix and Size			
	Type of Residences	# of Units	Size
Residential			
Rental	Above commercial	7	800 Sq. Ft.
For Sale	Townhomes, single family cottages	19	1,100 - 1,500 Sq. Ft.
			1,242 Sq. Ft. Avg.
Commercial	NA	6	800 - 1,200 Sq. Ft.
			6,525 Sq. Ft. Total

- Three buildings containing commercial on the first level with residential rentals on the second level are proposed (mixed-use portion) on the town-owned portion of the site.
- A mix of for-sale single-family and townhome residences are proposed on the other 0.7-acres not yet owned by the town. The approximate net-density of the residential portion of the site is 20 dwelling units per acre. This pro forma summarizes the cost to construct this for-sale residential portion of the development.

FRODO Site Plan



Source: Downtown Fraser Mixed-Use Block Design Study (2007)" by Wolff Lyon Architects

Sources and Uses of Funds

Total development costs compared to anticipated revenue from the project is typically represented in a Sources and Uses chart, where:

- “Sources” refers to the monies and revenue received that make a project feasible – the sources of funds. The most common source in residential development is revenue from the sale or rental of the land or unit. Other sources of funds may include donated land, in kind services, grants, long-term loans based on rent revenue, and tax relief, among others.
- “Uses,” or development costs, refers to how funds are used to bring the project from a concept to the desired level of completion. Uses identifies the costs involved to develop a project. These costs will be refined and adjusted throughout the development process. The costs associated with the development process are typically separated into the following categories, although the exact terminology and breakdown may vary by region, developer and project:
 - Land or Land Acquisition – price of the land and affiliated acquisition costs (broker fees, title insurance, inspections, etc.)

- Soft costs – architectural, engineering, legal, marketing, permitting, finance and project management
- Hard Costs – site work, utilities, and vertical construction of buildings
- Financing – cost to borrow money until units can be built and either sold or rented
- Sales/Leasing – advertising, marketing, real estate brokers, and property managers
- Contingency – a percentage of total development costs to take into account unforeseen changes in costs over the duration of a project.

Each source and use of funds along with associated assumptions is summarized below. Pursuant to the scope of this pro forma, this information is presented for the for-sale residential portion of FRODO only.

Sources

The primary sources of funds for FRODO includes owner equity, in this case the town-owned land, and sales proceeds from the sale of homes at attainable prices. Combined, the sources of funds equates to \$5,100,000.

Sources of Funds: FRODO

	For-sale Residences
Owner Equity (Town Owned Land)	\$300,000
Sales Proceeds	\$4,800,000
SUBTOTAL of Sources	\$5,100,000

Source: Interviews; consultant team

Owner Equity

Owner Equity in real estate development represents the owner investment in the project. In this case, owner equity is the value of the land (equity) owned by Fraser (owner).

The town purchased 0.8-acres of the FRODO site for \$464,000. About 65% of this land will be used for the for-sale residential component. Therefore, the owner equity for the for-sale component is about \$300,000.

Owner Equity in FRODO

	Total	Mixed-Use Portion (35%)	For-Sale Portion (65%)
Owner Equity (town-owned land)	\$464,000	\$160,000	\$300,000

Source: Town of Fraser

Sales Proceeds

Sales Proceeds are the gross revenue from the sale of the units. In FRODO, it is estimated that sales proceeds would be just under \$4,800,000 if all 19 homes were sold at prices attainable to households earning between 100% and 120% AMI. This is based on the following:

- The FRODO design includes (9) two-bedroom units and ten (10) three-bedroom homes ranging in size from 1,100 to 1,500 square feet. Units include either one or two garage stalls. The average size of all homes is about 1,240 square feet.
- A two-person household earning the midpoint between 100% and 120% AMI (\$68,600 or 110% AMI) can afford to purchase a home priced at \$250,000.⁵ This equates to \$202 per square foot of the average-sized 1,240 square foot home in FRODO.
- Price points for the two-bedroom and three-bedroom homes range between \$222,200 for the smaller 2-bedroom homes up to \$303,000 for the larger 3-bedroom homes based on an average sale price of \$202 per square foot.

Estimated Revenue from Sale of Homes Attainable to Households Earning Between 100% - 120% AMI: FRODO

Unit Size		# units in FRODO	100-120% AMI
# bedrooms	Square feet		Attainable sale price
2	1,100	3	\$222,200
2	1,150	6	\$232,300
3	1,250	4	\$252,500
3	1,350	4	\$272,700
3	1,500	2	\$303,000
TOTAL		19	\$4,767,200

Source: Fraser Housing Needs study, FRODO design study, consultant team

Uses

The primary uses of funds, or development costs, for FRODO include hard costs, soft costs, contingency, land acquisition, sales and financing costs. Total development costs for the for-sale residential portion of FRODO is estimated to be about \$8.8 million, with hard costs, soft costs, contingency and land acquisition being the largest contributors.

⁵ Assumes 10% down, fixed-rate 30-year loan at 5.5% interest, 20% of payment to HOA, property taxes and insurance for a two-person household earning 110% AMI (\$68,640)

FRODO Uses of Funds (Development Costs)

Use	Amount for For-Sale Component
Land Acquisition	\$540,000
Soft Costs	\$800,000
Hard Costs	\$6,190,000
Financing Costs	\$190,000
Sales/Leasing Costs	\$300,000
Contingency (10%)	\$780,000
SUBTOTAL of Uses	\$8,800,000

Source: Interviews, consultant team

Land Acquisition

The town owns almost 60% of the FRODO site. To secure the entire site, the town would need to purchase three lots owned by two separate entities, and extinguish the right of way dissecting the site. As shown in the table below:

- The town paid \$464,000 for the 0.8 acres that it currently owns. This is the “Owner Equity” in the Sources table.
- The town needs to acquire three lots assessed at a total value of \$366,000 for a total of about 0.7 acres.

Total land acquisition costs are, therefore, \$830,000. Because the for-sale portion of FRODO is about 65% of the total land area, this equates to land acquisition costs of \$540,000.

Land Acquisition: Entire FRODO Parcel

Lot	Address	Size (acres)	Assessor Value (2015)	Improvements
300 - 320	Town-owned lot	0.84	\$464,000*	None
411	411 N. Zerex St.	0.06	\$147,000	1,038 sq. ft.
315	315 Fraser Ave.	0.50	\$153,000	824 sq. ft.
406	406 N. Zerex St.	0.10	\$66,000	949 sq. ft.

Source: County Assessor records; Town of Fraser; consultant team

*Represents the price Fraser paid for the lot, not the assessed value.

Land Acquisition: FRODO For-Sale Component			
	Total	Mixed-Use Portion (35%)	For-Sale Portion (65%)
Land acquisition	\$830,000	\$290,000	\$540,000

Source: Consultant team

Soft Costs

Soft costs refer to expenses that are not considered direct construction costs. These include architectural, engineering, permitting, taxes, insurance, and legal fees.

Soft costs are accrued throughout the development process, but are considered front end loaded because they occur at the beginning of the development. Planning and designing the project are the biggest expenses, followed by management of the process and permitting fees.

The FRODO Design Study provided a good framework to evaluate soft costs because it defined the scale of the project (number of buildings, number of units, size of units, height of structures, proposed uses) and general site layout (location in relationship to infrastructure, parking configuration, landscaping, sidewalks). This allowed for specific review of Town of Fraser building and development codes, as well as interviews with design professionals, developers, engineers, insurance companies and legal experts to gather rough estimates on soft costs.

Each soft cost component is described in more detail in the following sections. It is estimated that the soft costs for the for-sale portion of FRODO total just under \$800,000. Common ways towns may help reduce these costs include:

- Streamlining the development permitting process,
- Providing legal assistance,
- Dedicating staff to manage aspects of the project and
- Waiving related fees in return for deed restricted attainable housing.

FRODO Soft Costs – For-Sale Portion

	Total	Per Sq. Ft.	Per Unit
Project Oversight			
Owner's Representative	\$200,000	\$8.47	\$10,526
Town Staff (not estimated)	\$-	\$-	\$-
Design Team			
Architect/ME Engineers	\$390,000	\$16.53	\$20,526
Civil Engineer	\$39,000	\$1.65	\$2,053
Landscaping	\$13,000	\$0.55	\$684
Site Analysis	\$16,000	\$0.68	\$842
Traffic Engineer	\$5,000	\$0.21	\$263
Survey	\$10,000	\$0.42	\$526
Other Professionals	\$15,000	\$0.64	\$789
Legal	\$20,000	\$0.85	\$1,053
Permitting Fees			
Building Permit Fee	\$11,300	\$0.48	\$595
Plan Review Fee	\$7,000	\$0.30	\$368
Development Permit Fee	\$4,600	\$0.19	\$242
Grading Permit Fee	\$400	\$0.02	\$21
Access Permit Fee	\$500	\$0.02	\$26
Driveway Permit Fee	\$100	\$0.00	\$5
Fire Plan Review Fee	\$1,300	\$0.06	\$68
Use Tax (4%)	\$48,000	\$2.03	\$2,526
Insurance	\$18,000	\$0.76	\$947
Property Tax	\$-	\$-	\$-
Total	\$799,200	\$33.86	\$42,063

Sources: Interviews, review of Town of Fraser codes, consultant team.

Project Oversight

Project oversight will include costs associated with hiring an Owner's Representative and for staff involvement. Estimates have not been provided for the latter, meaning total project oversight estimates are conservative.

This pro forma assumes that the town hires an Owner's Representative through a standard procurement process to guide them through and manage the development process. This is a common method used by government agencies in resort communities to provide expert advice on the various facets of an affordable housing development,

while representing the owners' interest.⁶ Private sector developers typically have the knowledge and skills to navigate the development process, negating the need for an owner's representative for private development projects.

This method reduces project costs by paying for developer services through an owner's representative, while eliminating developer fees that are commonly 15% of construction costs. This can result in substantial cost-savings. For the for-sale portion of FRODO:

- An owner's representative is estimated to cost \$200,000. This is based on fees paid for this service in other resort communities and the scope of the project.
- In comparison, a developer fee of 15% of construction costs would be about \$1,350,000.
- Therefore, hiring an owner's representative represents a cost savings of about \$1.15 million.

Planning Process

The planning process includes the design of the project to meet all local requirements prior to beginning construction.

In Fraser, FRODO is considered a “major proposal” because it is located in the Business zone and includes commercial uses plus more than 3 residential units. The town planning process requires a “major proposal” to have a development permit with the following elements:

- Work Session with town Staff
- Planning Commission Hearing, includes Design Review
- Development Permit Issued

FRODO is also considered a “major subdivision” because it requires a subdivision of land with 5 or more townhomes. This town planning process runs in tandem with the “major proposal” process and requires adherence to the following:

- Sketch Plan approved by town staff with an optional Planning Commission design charrette
- Preliminary Plat approved at Planning Commission hearing with an optional Board of Trustee meeting
- Final Plat reviewed at Planning Commission Hearing and approved at Board of Trustees meeting
- Subdivision Improvement Agreement

⁶ See Part II (D) Town Development Process and Strategies for more information.

- Final Plat Executed
- As-Built Plat⁷ approved by town staff and recorded with County Clerk and Recorder

Based on a review of Town of Fraser development codes, interviews with design professionals, and scope of the FRODO project, it is estimated that it would take about 1.5 years (18 months) to successfully complete this planning process with all of the associated requirements.

Streamlining the entitlement process could reduce design costs by an estimated 10% based on interviews. This could include eliminating the multi-step process for attainable housing projects or reducing approval to staff and Trustees only of the final plat if preliminary plat conditions are met. A streamlined, one-step process would reduce the number of design team hours needed to prepare development permit documents, create presentation materials and attend multiple public meetings.

Permitting Fees

The town and Grand County have many development planning and permitting fees, including:

<ul style="list-style-type: none">• Building Permit• Plan Review• Development Permit• Grading	<ul style="list-style-type: none">• Access• Driveway• Use Tax• Fire Plan Review and Impact
--	---

These add over \$70,000 to the cost of the Residential Portion of the development. The Use Tax is the largest fee at \$48,000 or about \$2,500 per unit.

Property Taxes

An advantage of a government agency owning the land is the automatic exemption from property taxes. Other entities may qualify for property tax exemption, but it is an annual qualifying process.

This pro forma assumes town ownership of the land, which eliminates property taxes while planning, designing, and constructing the project, amounting to about \$12,000.

⁷ An **as-built plat** is an amended final plat that shows exact locations of all constructed public and private improvements. This is required of townhome and condominium projects.

Hard Costs

These development costs are often called “brick-and-mortar,” which includes both vertical construction and site work.

Vertical Construction

The cost of vertical construction is often cited as a cost per square foot. This can be a nebulous number as there is no standard method used to calculate this figure. Methods vary based on how square feet is measured (gross, net, conditioned space, leasable, garages, porches, etc.) and which costs are included (general contractor overhead, bond, site work, utilities, etc.). Final cost per square foot estimates will vary on the methodology chosen.

For FRODO, construction costs are based on:

- Gross habitable square feet and
- Include General Contractor fees, general contractor contingency, and 100% Performance and Payment Bond.

The type and scope of a project affects vertical construction costs. For example, the construction of a single-family home on a platted lot takes less supervision and oversight than a 20,000 square foot mixed-use structure with associated infrastructure.

Mixed-use and multi-family structures result in more complex systems (mechanical, electrical, plumbing, structural), coordination of more subcontractors, multi-layered building codes, and integration of infrastructure (roads, utility service, fire suppression). This complexity increases contractor skills needed and labor costs.

Therefore, the vertical construction cost for a single-family home will generally be lower on a per-square-foot basis than for a multi-family development in a more urban development environment, such as downtown Fraser.

Multi-Family/Mixed-Use Additional Costs vs. Single-Family (rough estimates)

Sprinkler system	\$7/Sq. Ft.
Additional oversight	\$9/Sq. Ft.
Performance & Payment Bond	\$2/Sq. Ft.
Increased General Conditions	\$18/Sq. Ft.

The assumption for vertical construction costs was derived from interviews with local area contractors and developers and the analysis of affordable housing multi-family projects being developed in the Town of Breckenridge:

- Local area professionals estimated vertical construction costs for single-family homes ranged from \$150 - \$180 per square foot.
- The actual hard cost figures for multi-family projects under construction by the Town of Breckenridge range between \$227 - \$229 per leasable square foot. As these hard costs are quantifiable and consistent with the FRODO project, \$227 per habitable square foot is used in the pro forma.

“Realistically, we are not able to get construction costs below \$170-\$180 per square foot for residential stick built”
Grand County area developer

FRODO - Vertical Construction Costs (Residential For-Sale Portion)

Gross Habitable Sq. Ft.	Gross Garage Sq. Ft.	Gross Deck Sq. Ft.	Total Sq. Ft.	Construction Costs per Sq. Ft.	Total Costs
23,600	4,464	684	28,748	\$227	\$5,357,000

Source: FRODO Design Study, Interviews, Consultant Team

The square footage of garages and decks on the Residential Portion are not included in this calculation. This is consistent with the comparable square foot calculation method used by Breckenridge, which is based on leasable square footage and does not include hallways, stairs, or balconies.

Site work

Site work involves grading the site, installing utilities, paving roads, etc. As each site is unique, site work costs can vary widely.

Estimates for each site work component is provided in the below table. Total site work costs are estimated to be about \$831,000 for the for-sale component of FRODO or \$43,900 per unit. The highest cost items include:

- Utility hook up fees for water and sanitary sewer;
- Installation of electrical utility service;
- Demolition of existing structures;
- Construction dewatering (high water table); and
- Asphalt paving.

FRODO Site Costs – For-Sale Residential Portion

Site Costs	For-Sale Portion	Per Sq. Ft. (23,600 total)	Per Unit (19 total)
Site Preparation			
Demolition of Structures	\$60,000	\$2.54	\$3,200
Overlot Grading - Site Prep	\$3,000	\$0.13	\$158
Utility Hook Up Fees			
Water Plant Investment Fee	\$146,000	\$6.19	\$7,700
Sanitary Sewer Plant Investment Fee	\$143,000	\$6.06	\$7,500
Water Meter Fee	\$16,000	\$0.68	\$800
Utility Installation			
Water Service	\$26,000	\$1.10	\$1,400
Electrical Service	\$130,000	\$5.51	\$6,800
Sewer Service	\$22,000	\$0.93	\$1,200
Manholes	\$13,000	\$0.55	\$700
Natural Gas Service / Distribution	\$13,000	\$0.55	\$700
Natural Gas Meters	\$5,000	\$0.21	\$300
Communications Service	\$0	\$0.00	\$0
Storm Water	\$26,000	\$1.10	\$1,400
Fire Hydrants	\$15,000	\$0.64	\$800
Alley/Parking/Sidewalks			
Alley (Asphalt paving)	\$45,000	\$1.91	\$2,400
Parking (16 spaces)	\$36,000	\$1.53	\$1,900
Curb and Gutter	\$16,000	\$0.68	\$800
Sidewalk / Trail	\$33,000	\$1.40	\$1,700
Landscaping	\$26,000	\$1.10	\$1,400
Site Lighting	\$13,000	\$0.55	\$700
Construction Dewatering	\$44,000	\$1.86	\$2,300
TOTAL	\$831,000	\$35.21	\$43,900

Sources: Interviews, review of Town of Fraser codes, and consultant team.

The FRODO site poses some redevelopment advantages and disadvantages to development. In the context of construction site work, advantages help to reduce needed site work; disadvantages raise site work costs. These include:

Site Advantages:

- Relatively flat
- Surrounded by improved roads
- Electric, water, sewer, natural gas are nearby
- New exterior street lights installed along Hwy 40

- Fire hydrants exist on the corners of Hwy 40 & Eastom Avenue and Hwy 40 & Fraser Avenue
- Town owned land nearby for construction staging
- FRODO design minimizes interior roads and curb cuts; maximizes existing roads and on-street parking

Site Disadvantages:

- Ground water near surface posing costly measures to prevent infiltration of clean water into the sanitary sewer system (i.e., construction dewatering)
- Above ground electric lines need to be buried
- Existing sidewalks, curb cuts, roadways and cross walks inconsistent with proposed FRODO design
- Storm water drainage challenges with potential surface flooding in high snow years and a result of irrigation laterals nearby
- Right of way bisects the site
- Water, sewer, electric and storm water systems need upgrading
- Soils may not be stable in this area, geotechnical evaluation needed
- CDOT access agreement needed – could trigger costly improvements such as turn lanes and a traffic signal
- Infill project. Demolition of existing uses, higher risk of buried objects, upgrading and capping existing utilities, etc.
- Constricted site. Poses challenges with construction staging, avoiding neighbor nuisances, snow storage, utility easements, etc.
- Large number of sidewalks including perimeter and internal

Utility Hook Up Fees

Many communities waive utility hook up fees in return for providing a deed-restricted attainable product for working households. This would help lower the cost per unit by about \$16,000. By waiving fees, however, there needs to be alternative means or revenues available to fund water and sewer treatment plants.

Utility Infrastructure

Utility service cost estimates assumed that existing utility infrastructure would meet the demand needs for FRODO. Interviews, however, indicated that this might not be the case. Working cooperatively with developers and assisting with needed utility upgrades in return for deed-restricted attainable resident housing is an option some communities employ.

Sales

An estimate of \$300,000 is needed to cover sales costs for FRODO. This includes real estate brokerage fees, owner's title insurance and standard closing costs.

Real estate brokers are generally hired to sell units in market developments. Because the town does not have sales capacity in-house, it is assumed that a real estate broker would be hired to sell units at FRODO. Brokerage fees make up the bulk of this estimate, with about \$275,000 representing an average commission of 5.2% from all sales.⁸

These costs may be reduced by the town by using a local Housing Authority (e.g., Grand County Housing Authority) or by handling the sales transaction itself. For attainable housing, it will be necessary to qualify buyers and oversee sales beyond the initial sale. Dedicating staff time or forming a long term relationship with other regional sources will be needed.

Contingency

A 10% contingency for potential cost overruns or unforeseen circumstances is a typical estimate for projects in the conceptual design phase, like FRODO. This equates to about \$780,000 for the for-sale portion of FRODO. As the project progresses, this percentage is typically lowered.

Gap (Uses minus Sources)

If a development is profitable, then the sources of funds (sale proceeds, rents received, land donation, etc.) will exceed the uses of funds, or cost to construct the project. When developing attainable housing, however, the proceeds received from the development (sources) will typically fall below the cost to develop the project (uses), resulting in a financial gap to produce the units. It is common to have a large financial gap for developments in mountain resorts that exclusively target working households.

Comparing the sources of funds to the uses for FRODO shows that funding sources fall short of construction costs by about \$3.7 million if all 19 units are priced affordable for households earning between 100% and 120% AMI. If more affordable homes are provided (e.g., for households earning 80% AMI), the gap will be larger; if some homes are sold at market prices, the gap will be lower. This gap illustrates the high cost of development in Fraser and shows why the market has not been producing affordable homes for locals.

⁸ Source: Colorado Association of Realtors website

**Gap Between Source and Uses:
FRODO For-Sale Portion**

	For-Sale Residential Portion
SUBTOTAL of Sources	\$5,100,000
SUBTOTAL of Uses	\$8,800,000
Gap (Uses - Sources)	\$3,700,000

Source: Consultant Team

Trends and Perceptions

In compiling this pro forma for FRODO, some trends emerged regarding the development process and perceptions in Fraser. These can be helpful as Fraser reviews its development code and programs in light of obtaining more attainable housing in town.

Labor

A shortage of skilled labor was reported in the region, seen as a result of Denver being busy. This hampers the ability to draw skilled and less expensive construction labor from Denver. General contractors in the mountain region reported recruiting from Denver to Grand Junction. Where workers from other mountain areas may demand lower wages than those from the Front Range, the cost to house the workers locally offsets these potential wage savings.

Construction Costs

General contractors, developers, and engineers indicated that construction costs are rising from 3%–5% per year. This is an important consideration as construction costs make up a large portion of the total cost of development.

Development Environment

Interviews highlighted a perceived anti-development culture in Fraser. This perception was expressed by most of the development professionals that were interviewed, including architects, engineers, developers and others. Comments included costly on-site inspections, high fees, construction standards higher than others in the region and leadership fluctuations creating a confusing and unpredictable entitlement process.

Many felt there is a favorable development potential in Fraser. However, the cultural challenges make some development professionals reluctant to enter the Fraser market, especially with plenty of work available in other areas.

In Kind Services

There are various miscellaneous methods that the town can assist in reducing the gap in producing housing. They are smaller line items that add up to making a difference and include the following:

- Legal assistance
- Finance department
- Project management
- Planning, building, engineering staff time
- Construction and material staging
- Demolition
- Hauling or trash and materials
- Landscaping materials from other projects

FRASER HOUSING NEEDS AND DEVELOPMENT STUDY

PART II (D) – TOWN DEVELOPMENT PROCESS AND STRATEGIES

TABLE OF CONTENTS

INTRODUCTION	1
REAL ESTATE DEVELOPMENT – A PRIMER	1
STEPS IN THE DEVELOPMENT PROCESS	2
PRE-DESIGN	2
PRE-CONSTRUCTION (PLANNING/PERMITTING)	2
CONSTRUCTION.....	3
POST-CONSTRUCTION	3
UNDERTAKING DEVELOPMENT ON TOWN-OWNED LAND.....	4
DEFINE PROJECT GOALS	5
DETERMINE FUNDING SOURCES.....	5
DETERMINE Town's ROLE IN DEVELOPMENT.....	6
<i>Town as Developer</i>	6
<i>Town Hiring a Developer.....</i>	7

INTRODUCTION

This section introduces and explains the development process as it pertains to developing attainable housing on town-owned land. It:

- Defines the elements involved in the development process;
- Presents the common roles that government take, discussing models used by the Towns of Breckenridge and Winter Park as examples; and
- Identifies strategies that can be implemented to help facilitate attainable housing development.

It is recommended that the town undertake additional research before embarking upon development on its land, including speaking with other communities who have or are undertaking this process, such as the Towns of Breckenridge, Frisco and Winter Park.

Real Estate Development – A Primer

Real estate development is a multifaceted business process that typically involves:

- Purchasing a parcel of land,
- Determining the marketability of the property,
- Generating the building program and design,
- Obtaining the required public approvals,
- Securing financing,
- Building the infrastructure and structures and
- Renting and managing or selling the units created.

Although the final constructed product is the most visible aspect of development, real estate development is much more than construction. Given the variety of skills necessary to bring a development from conception to completion, real estate developers must coordinate the activities of many disciplines, including:

- Architects, landscape architects, and civil engineers to design the project;
- Market consultants to determine demand and a project's economics;
- Attorneys to handle agreements;
- Land use experts to obtain government approvals;
- Environmental consultants and soils engineers to analyze a site's physical limitations;
- Surveyors and title companies to provide legal descriptions of a property;

- Lenders to provide financing;
- General contractors to manage construction;
- Property managers to lease and manage rentals; and
- Real estate agents to market and sell units.

This makes it a complicated process and one that is not easily tackled by those new to the business without expertise on the development team.

Steps in the Development Process

The development process can take many years from concept to completion. While any particular project will have unique steps that need to be taken, there are four primary stages to most every project:

1. Pre-design,
2. Pre-construction (design/permitting),
3. Construction and
4. Post construction.

Pre-Design

This stage of development occurs before investment in design of the project. It defines the project parameters that must be met by the design. Pre-design includes:

- Acquiring land,
- Establishing project goals, such as whether units should be for rental or ownership, the desired number and size of units, the type of units (attached/detached, stacked/side by side) and the target household incomes,
- Performing the initial site assessment (location of utilities, zoning analysis, existing uses, historic uses, topography, type of soils, etc.),
- Performing financial feasibility analysis (with attainable housing this includes sources of gap funding, such as LIHTC) and
- Selecting the development team (owner's representative, architect, civil engineer, land use planner, attorney, etc.).

Pre-construction (Planning/Permitting)

This step includes designing the project and obtaining all the permits required to construct as planned. There are generally several progressive steps with the design of a project, which correspond to development permit processes. In conjunction, the budget and schedule are refined. The elements of pre-construction typically include:

- Forming the conceptual design (preliminary site layout, building massing, development code analysis, parking location, access, and neighborhood context),
- Drafting the schematic design (refinement of site layout, rough utility placement, building footprints, basic floor plans, elevations, parking, vehicle access, pedestrian movements, etc.),
- Developing the design (refining schematic designs, locating utilities, grading and drainage analysis, elevations with material selection, etc.),
- Creating construction drawings and specifications,
- Bidding to subcontractors,
- Securing permits (federal, state, local requirements including development, building, grading and erosion control, access, etc.) and
- Secure construction financing and other funding sources.

Construction

This is the most visible aspect of development and includes construction of all the infrastructure and buildings. It also entails managing the construction progress, ensuring the project is built to plans and specifications, and confirming that funding is available and expenses are tracked. Tasks typically include:

- Installing utilities: water, sewer, storm water, electric, natural gas, and communications,
- Building roads, parking, sidewalks, and pathways,
- Constructing buildings,
- Completing site work: grading, landscaping, and site lighting
- Reviewing pay applications on a monthly basis and submitting them to the funder for processing and
- Conducting regular progress meetings with the owner, architect, and contractor.

Post-Construction

Many of these steps or preparation for them take place prior to actual completion of construction and include:

- Securing permanent financing for rental projects,
- Managing final inspections and obtaining occupancy permits,
- Hiring a property management company,
- Setting up a homeowners association, if applicable,
- Selling or leasing units and
- Responding to warranty claims.

For attainable housing projects, it is also important to plan for the long-term oversight and management of these units. Post-construction management of these projects is necessary to retain this public investment and ensure that units produced as attainable remain attainable well into the future for successive owners and tenants. Every step of the process can assist in the long term management of the quality and affordability of the units. For example, design considerations can reduce long-term maintenance costs, minimize snow removal costs, decrease tenant complaints, increase occupant satisfaction and create community pride of place. Producing attainable housing takes a significant dedication of resources from government entities, making it important to protect this investment long-term.

Undertaking Development on Town-Owned Land

There are a wide variety of models available to develop attainable housing on government owned land. This is because of the many variables involved in development, such as site characteristics, desired uses, development codes, market conditions, target households, unit types and uses (ownership or rental) and location. Because not all scenarios can be covered, this section focuses on two of the more common models used by governments, including:

- Town hiring the developer. This model turns over more aspects of the development to hired experts, requiring less staff time and responsibilities during the development process, but also providing the town with less control over the units (quality, size, amenities). This is the model currently being followed by the Town of Winter Park on the pending development of rental units in its downtown.
- Town acting as the developer. This model turns over fewer tasks to private developers and retains design and pricing decisions within the town. This is a model that works well when the community has full-time staff dedicated to development projects and experience with project implementation. The Town of Breckenridge is following this model for two rental projects currently under development.

Regardless of the model chosen, however, there are three steps that are typically taken by the most successful models. These include:

- Clearly defining project goals and objectives;
- Subsidizing the project through more than just the contribution of land; and
- Committing to the on-going oversight of the process to ensure public funds are used as agreed.

Define project goals

Project goals set the stage for decision-making throughout the development process and are integral to evaluate success. Goals help focus the development, provide direction to the chosen developer and allow the town to determine whether changes to the development will still meet community needs. Having an attainable housing plan in place that defines the overall housing goals for the community can assist with this step by helping the community align the specific project with its stated vision for housing.

As a city we would have figured out what we wanted first. We got proposals all over the map – affordable housing, hotel development, etc.
City of Steamboat Springs response to question on how they would have done the RFP process differently

Project goals define such things as:

- The target market (e.g., year-round residents earning about 80% AMI),
- Whether ownership or rental units should be built,
- The general size of units,
- The affordability and livability of units (price points, parking, storage, amenities),
- Preferred project density, height, bulk and scale, pedestrian access, and other factors that ensure the project fits within the community and
- Project design, material choices, and building components to ensure cost effectiveness as well as suitability in a particular neighborhood.

Determine funding sources

The FRODO pro forma and apartment case studies for Breckenridge present several funding sources that are available to help subsidize attainable housing development and bridge the gap between the costs to produce housing and returns received from below-market sales prices and rents attainable to working households.

Based on project goals, the town can determine the most appropriate funding sources to fill the gap. Common funding sources in resort communities include:

- Land donation,
- Building and Development Fee waivers,
- Waiver of Water and Sewer Plant Investment Fees,
- Certificates of Participation,
- Low Income Housing Tax Credits (rentals),
- Sponsorship of grant/loan applications,
- Revenue Bonds,

- Exemptions from Sales, Use and Property Taxes,
- Impact Fees,
- Transfer Fees,
- Sales Tax rebates, and
- In-Kind Services (legal, etc.).

Fraser should explore these funding sources and determine which ones it can make available in exchange for the production of attainable housing.

Determine Town's Role in Development

Real estate development is a complex and continually evolving business. It takes a person that fundamentally understands the many facets of development to manage the performance of the multiple disciplines associated with real estate development and coordinate the development process, including planning, staffing, organizing, budgeting, scheduling, and monitoring. Throughout this process, this person also must continually identify and mitigate inherent risks that can threaten the viability of the project. An Owner's Representative (development professional hired to represent the owner) or a Developer often performs this role.

Fraser can choose to hire some or all of the professionals needed to complete an attainable housing project (see "Real Estate Development – A Primer" above for this list). In any scenario, however, the town will have management responsibilities throughout the development process to ensure public funds are used as intended.

Considerations in determining the town's role include:

- 1) Knowledge, experience and skills available in house and those that need to be hired;
- 2) Level of desired oversight (project design, material choices, sales/rental prices, etc.); and
- 3) Complexity of the project.

The two most common methods used by mountain resort communities to develop attainable housing on town-owned land include the town acting as the developer and the town hiring the developer.

Town as Developer

Under this method, the town appoints a project manager internally and hires an Owner's Representative to guide them through the development process,

"In addition to saving the money, we also had the ability to control what the project would be, how it would look, we want high-quality units."

Laurie Best, Breckenridge Long Range Planner

including hiring the other development team members. The town retains project decision-making authority and is consistently updated on progress.

Breckenridge utilizes this method, which is detailed in the case studies. The FRODO pro forma also assumes this method to estimate soft costs. The advantages to this model include:

- Cost savings because an owner's representative costs less to hire than does paying developer fees (see Section II (C) FRODO Pro Forma for more information);
- It is a more collaborative process, allowing use of in-kind services; and
- The public sector has greater control and decision-making capacity over the project, including, for example, the quality of materials, design of units, site planning, mechanical systems and other factors that can affect management costs, community perceptions, project desirability and maintenance expenses.

The disadvantages to this model are that:

- It requires more staff time to manage the project;
- It is less suitable for more complex developments with a mix of market uses; and
- The town takes on more of the risk associated with the development.

Town Hiring a Developer

As many smaller municipalities do not have the resources internally to act as the developer or project manager, many release a Request for Proposals (RFP) or Request for Qualifications (RFQ) to contract for those services. This process typically requires the town to:

- Clearly define project goals;
- Issue an RFP/RFQ to recruit an experienced developer; and
- Negotiate a mutually-beneficial public-private partnership.

Winter Park is using this model with the Sitzmark development, which contains a mix of uses including attainable and market housing, a grocery store, other retail, and structured parking. Through negotiated contracts, the town has clearly identified what they are contributing to the project in return for the developer delivering community benefits, including a specified number of attainable units.

Advantages with this method include:

- Less staff management of the development process,
- More suitable for complex developments with a mix of market uses,
- Ability to leverage other uses (retail, restaurant, office, lodging) to off-set attainable housing costs and
- Reduces public sector development risk.

The disadvantages include:

- Less control over project outcomes,
- Limited control over the development timeline,
- Higher costs for 100% attainable housing projects and
- It is more challenging to negotiate beneficial terms to the community.

FRASER HOUSING NEEDS AND DEVELOPMENT STUDY

PART III – TOWN LAND AND HOUSING RESOURCES

TABLE OF CONTENTS

TOWN-OWNED LAND	1
RESIDENTIAL DEVELOPMENT POTENTIAL.....	3
REGULATORY REQUIREMENTS AND FUNDING	4

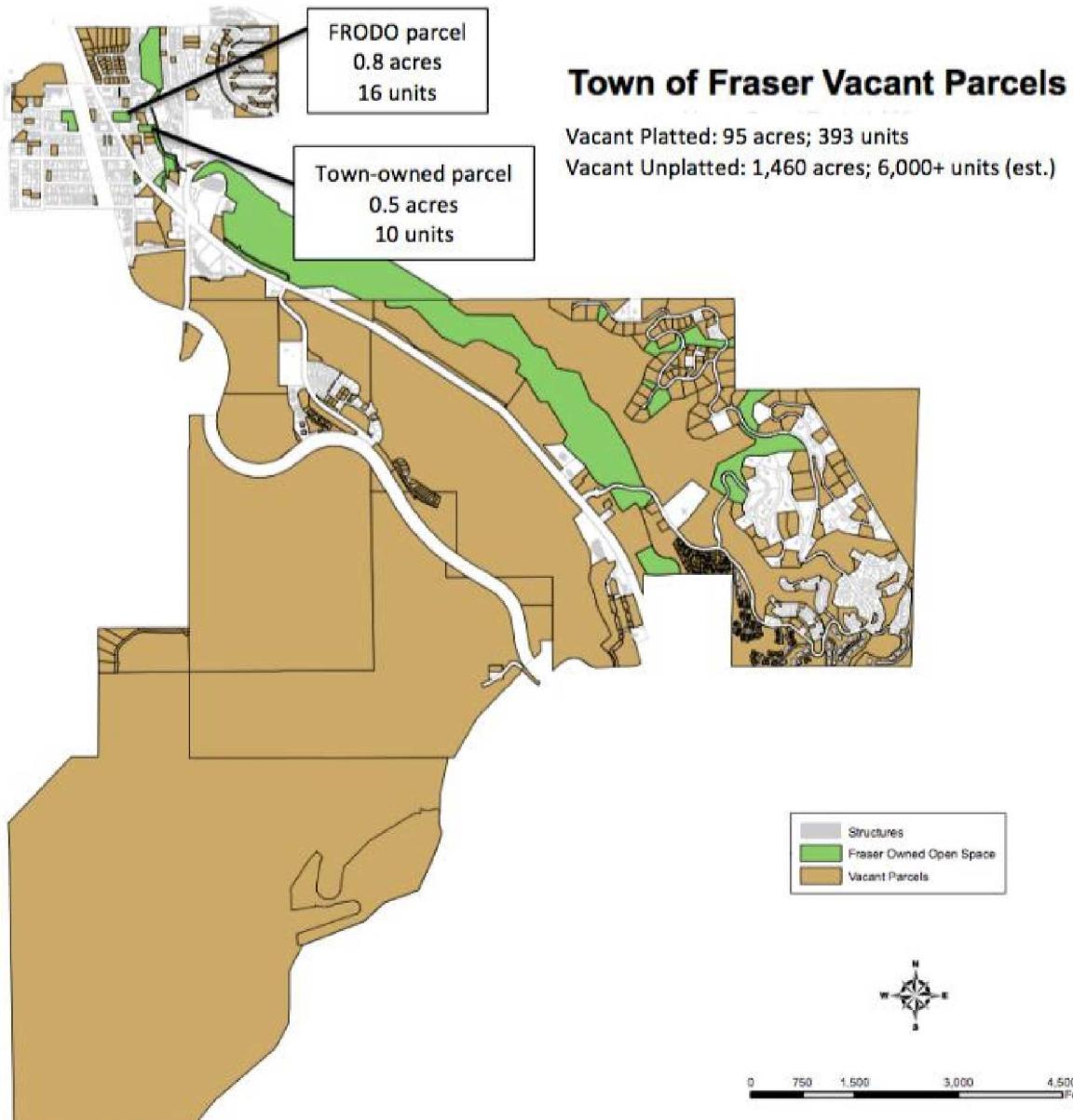
Town-Owned Land

The town owns two parcels, comprising about 1.3 acres, on which an estimated 26 units of attainable housing could be built (assuming an average density of 20-units per acre). This includes:

- The FRODO site, so named because of the Downtown Fraser Mixed-Use Block conceptual development design that was developed in 2007. The town-owned portion is along Eastom Avenue and comprises about 0.8 acres. A density of no more than 20-units per acre was recommended for this site in the conceptual design due to construction limitations (high water table) and aesthetics because of its prominent downtown location. This parcel could contain up to 16 units at this density.
- A 0.5-acre parcel just southeast of FRODO, which could support 10-units at a density of 20-units per acre. This parcel is relatively flat, has good access to downtown and bordered by some existing residences on Doc Susie Avenue to the west, the Fraser River to the east and storage to the south.

Vacant Town Land: 2016

Source: Town of Fraser Planning/GIS Dept.



Residential Development Potential

Understanding the extent of town buildout can be an important tool for attainable housing planning. Not only can it help identify various strategies that can help the town achieve its attainable housing needs, but it can also help the town track the extent to which goals are being met.

Based on vacant parcel data provided by the town, it is roughly estimated that about 7,570 housing units can be built on land currently annexed within town boundaries. This includes already developed lots, approved and platted but unbuilt lots, and unplatte land. Not included in this estimate are the over 1,500 acres lying north and west of town that could potentially be annexed in the future.

Based on these estimates, as of 2016, existing land within the town is only about 15% built out. Another 390 units have been approved, but are not yet built. If all of these units are constructed, which could take five (5) to ten (10) years based on historic building permit activity, Fraser would be only 20% built out. This means that about 80% of its potential residential density remains to be platted and developed.

General Buildout Estimate (2016): Fraser

	Acres	# of units	% of buildout
Buildout	-	7,570	100%
Built Units	-	1,166	15%
Platted/unbuilt	95	390	5%
Unplatted	1,460	6,010	80%
Annexation Potential (est)	1,500+	Not estimated	-

Source: Town of Fraser Planning/GIS Dept.; Consultant team estimates

Platted but unbuilt lots are anticipated to be primarily single-family and townhome/duplex product, excluding about 35 condominiums at Cozens Pointe. The majority of these lots are part of the Rendezvous and Grand Park developments.

Presently, 49% of Fraser's housing units are occupied by local residents. As Fraser builds out, the below table shows how many new units would need to be occupied by locals to retain this ratio: about 190 of the 390 platted lots. Trends identified in the Housing Needs study show that market development has not been meeting this level of local housing need. More specifically:

- Local housing occupancy decreased more than 15 percentage points between 2000 and 2010 – from 66% to 49% local occupancy;

- Only 13% of units built since 2000 are owned by someone with a local address; and
- Only 20% of units on the MLS are priced below \$350,000 (i.e., prices at which the majority of locals could afford), almost all of which are condominiums.

Example Local Occupancy Targets for Fraser: Retaining 49% Occupancy

	Resident Occupied units	Out of Area owners	Total Units
Buildout	3,727	3,843	7,570
Built Units	574	592	1,166
Platted/unbuilt	192	198	390
Unplatted	2,959	3,051	6,010

Source: US Census; Consultant team estimates

Regulatory Requirements and Funding

The town has few provisions in place that can help fund or provide attainable housing:

- The town has \$135,000 in revenue from an attainable housing impact fee that was in place in the early 2000's. This fee was repealed in 2004 in part due to the concern that persons building housing for locals were being charged the fee.
- Development agreements have thus far been the primary tool Fraser has used to help provide attainable housing. The town has a development agreement as part of the annexation for the Rendezvous Property in 2003 requiring 144 attainable housing units. This agreement is further described in the "Cornerstone Attainable Housing Plan," approved on April 20, 2005.
- Accessory dwelling units (ADUs) are permitted as a conditional use in several zoning districts (residential, mobile home and business). Units cannot exceed 1,200 square feet or 50% of the principal residence, whichever is less. ADUs may not be separately owned from the principal dwelling. There are neither provisions nor incentives in place to ensure local occupancy or long term rental of ADUs.