



To: Mayor and Council  
From: Scot Hunn, Consulting Planning Director  
Date: May 9, 2024  
Agenda Item: Ordinance No. 10, Series 2024

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**REQUEST:**

Review and approve Ordinance No. 10, Series 2024 on first reading.

**INTRODUCTION:**

Ordinance No. 10, Series 2024 is being presented to the Town Council in response to long-standing goals and policies adopted by the Town and, specifically, to address Objective No. 4.6 of the 2023 Imagine Minturn Community Plan to adjust the Town's housing regulations and inclusionary housing mitigation requirements.

**2019 Housing Action Plan**

The Town adopted its first housing action plan in 2019. Three primary goals of that plan were to:

- Secure 20% of our housing our housing inventory as deed restricted for residents who live and work in the Vail Valley by 2030.
- Create and preserve homes for sale or rent to households with incomes from 80-140% AMI.
- Secure at least 25% of all new residential units for year-round residents with incomes up to 140% AMI.

**2020 Community Housing Regulations (Article 26)**

Following the adoption of the housing action plan, the Town undertook the process of drafting and adopting community housing regulations and housing mitigation requirements for any new residential development proposing five or more units. This became a new article – Article 26 - within Chapter 16, the Town's zoning and development regulations.

While the housing action plan set a goal of deed restricting or preserving 25 percent of new residential units for households earning up to 140 percent Area Median Income (AMI), the Town ultimately adopted Article 26 which currently requires that ten (10%) percent of the total “for sale” residential units produced or constructed within any new qualifying development restrict the “initial sale” price of the unit to no more than 200% AMI.

**2023 Imagine Minturn Community Plan**

The 2023 Imagine Minturn Community Plan includes an entire chapter (Chapter 4) on housing and affordability. A key objective of the Town's newly adopted community plan – and something had been discussed with the Minturn Planning Commission and Town Council prior to the 2023 community plan – was to revisit the 200% AMI level set in the Town's housing regulations; specifically, to lower it. The Community Plan does not, however, include any

recommendations to amend the Town's housing regulations (Article 26) to increase the percentage of units required for mitigation; therefore, staff is not recommending any changes to increase the percentage of deed restricted, price capped units above the current level of ten (10%) percent.

## **2024 Proposed Article 26 Amendments**

The following summarizes the proposed amendment package:

- Reduce the Area Median Income (AMI) threshold applicable for the initial sales price for for-sale units from 200% to 140% AMI. This amendment stems directly from previous conversations with the Planning Commission as well as with representatives from the Eagle County Housing and Development Authority since the Town's Inclusionary Housing (IH) regulations were adopted in 2020, and from recommendations of the Community Plan which state:

*"The current IH program requires housing to be affordable up to 200 percent of AMI, which is a household income of approximately \$180,000 for a three person household. This income level equates to a home purchase price of over \$750,000. The IH will therefore produce housing that is close to the market rate (albeit deed restricted) as the average sale price in 2021 was \$767,000. The Town should consider requiring a lower AMI target such as 120% or a range of AMI levels from below 100 percent to the current 200 percent requirement."*

While staff investigated a tiered AMI structure (e.g. requiring the provision of deed restricted units with initial sales prices ranging from 100% to 200%) staff presented the draft ordinance to the Planning Commission at their regular meeting of May 8, 2024, with a recommendation to lower the initial sales price for for-sale residential units to a level at or below 140%. The Commission recommended approval of the ordinance with the condition or suggestion that the target/maximum AMI level for initial sales price be lowered further, from 140% to 120%.

Staff supports the Planning Commission's recommendation. If Council agrees with this recommendation on first reading, staff will amend the ordinance accordingly prior to second reading. Additionally, if the Town is interested in pursuing a tiered or "range" approach to mitigation in the future, staff suggest that such changes could be further studied and additional amendments to Chapter 16, Article 26 can be presented at a later date.

- Provided definitions within Article 2 of Chapter 16 to define "Price Capped For Sale Housing" and "Price Capped Rental Housing." The Town's Community Housing Guidelines (Article 26) include requirements for for-sale and for-rent units to be deed restricted (capped) and available for certain affordability levels, but the guidelines do not currently define price caps. Here are the two new definitions:

*Price Capped For Sale Housing* means housing subject to a deed restriction requiring that the Housing meet Initial Sales Prices, resale price appreciation limits, quality, and other criteria set forth in the Guidelines and Administrative Procedures.

*Price Capped Rental Housing* means rental housing subject to a deed restriction requiring that the Housing meet Rental Rate Restrictions, quality, annual compliance and other criteria set forth in the Guidelines and Administrative Procedures.

- Clarified that the Town, when evaluating housing plans for new developments, will consider the entirety of any phased development plans.
- Created a provision/requirement that deed restrictions will not only cap initial sales price but also annual appreciation that may be captured for subsequent re-sales. This (restricting price appreciation on re-sales) is typical in most inclusionary housing regulations and is one way to address affordability throughout the life of a deed restricted unit. Staff will need to update the Community Housing administrative standards (which were approved by resolution, separate from the Housing Guidelines/Article 26 originally) to provide details on eligible improvements that a unit owner can make over time while still capping appreciation.

## **ANALYSIS:**

### **Supporting Policies**

Pursuant to Objective 4.6 of the 2023 Imagine Minturn Community Plan, Ordinance No. 10, Series 2024 is presented for review on first reading by the Council as a means to 1) address the recommended community (affordable) housing-related actions of the 2019 Town of Minturn Housing Action Plan and 2023 Imagine Minturn Community Plan, and 2) to address ongoing, documented housing needs within the Town of Minturn at a time when the Town is experiencing an uptick in the number and type of residential development proposals.

Objective 4.6 of the Community Plan provides: *“Prioritize housing for full-time residents; ensure that residents of all ages and income levels are able to find housing.”*

Action 4.6.1 under Objective 4.6 recommends that the Town *“Amend the 200% AMI requirement for inclusionary housing in Minturn to promote more equitable and inclusive access to housing. Further assessment may be necessary to determine the most appropriate thresholds for the community, and many communities require units at a variety of thresholds. A 120% AMI requirement should be available for at least a portion of units.”*

Action 4.6.2 under Objective 4.6 recommends that the Town *“Use deed restrictions to require full-time residency in the community in homes created through housing regulations or preserved with public funding such as a buy-down program.”*

With these goals and recommended actions in mind, and with the direction of the Town Council and the Planning Commission, staff evaluated the current housing regulations (Article 26), as well as other housing regulations used by other jurisdictions to provide the proposed amendments.

As noted above, the Planning Commission reviewed this ordinance on May 8, 2024, and forwarded a recommendation for approval to the Council with one suggested condition or revision to lower the deed restricted, price capped for sale (initial sales price) maximum AMI – from 140% to 120%.

To better understand or compare the difference between 120% and 140% AMI, the following table breaks down 2021 income and affordability figures at different AMI levels:

**Table 8. Eagle County AMI and Maximum Housing Costs, 2021**

| Eagle County                 | 80% AMI   | 100% AMI  | 120% AMI  | 140% AMI  |
|------------------------------|-----------|-----------|-----------|-----------|
| Household Income (3-persons) | \$72,000  | \$90,000  | \$108,000 | \$126,000 |
| Max Affordable Home Price    | \$259,800 | \$352,900 | \$446,000 | \$539,300 |
| Max Affordable Monthly Rent  | \$1,800   | \$2,250   | \$2,700   | \$3,150   |

Source: HUD; Economic & Planning Systems

#### COMMUNITY INPUT:

Public notice for the public hearing to consider Ordinance No. 10, Series 2024 was provided in accordance with the requirements of the Minturn Municipal Code. The ordinance was presented for review by the Minturn Planning Commission at their regular meeting of May 8, 2024. No members of the public testified regarding Ordinance No. 10 during the Commission hearing.

#### BUDGET / STAFF IMPACT:

Upon approval of Ordinance No. 10, Series 2024, staff will continue to work with the Eagle County Housing and Development Department to draft additional amendments to the Town’s community housing administrative standards and guidelines and will bring forth a resolution to amend that document to include administrative requirements and guidelines for price appreciation for deed restricted units. This may include minimal costs (up to 5 hours, billed hourly) for Eagle County staff time.

#### STRATEGIC PLAN ALIGNMENT:

Amendments to Chapter 16, specifically to for the purpose of ensuring that the Town’s zoning and development regulations are monitored for their efficacy as well as their consistency with the Town’s adopted community plan, align with the following key strategies:

#### PRACTICE FAIR, TRANSPARENT AND COMMUNICATIVE LOCAL GOVERNMENT

THE TOWN WILL SEEK TO MAKE INFORMED, DATA-BASED DECISIONS WITH A STANDARD OF “DOING IT RIGHT.” WITH AN HONEST APPROACH TO ALL ASPECTS OF LOCAL GOVERNMENT AND A FOCUS ON THE PUBLIC PROCESS, THE TOWN COUNCIL AND STAFF ARE COMMITTED TO SERVING MINTURN WITH THE HONESTY AND INTEGRITY EXPECTED OF A SMALL-TOWN GOVERNMENT.

**ADVANCE DECISIONS/PROJECTS/INITIATIVES THAT EXPAND FUTURE OPPORTUNITY AND  
VIABILITY FOR MINTURN**

THE ABILITY FOR MINTURN TO APPROACH DEVELOPMENT AS **RESILIENT, SUSTAINABLE, CREATIVE AND DIVERSE** WILL ALLOW THE TOWN TO CONTINUE EMBRACING WHAT HAS “**MADE MINTURN, MINTURN.**” THE TOWN CAN FURTHER LEVERAGE ITS CROSSROADS LOCATION AS A VALLEY-WIDE BENEFIT AND **COMPETITIVE ADVANTAGE.**

**RECOMMENDED ACTION OR PROPOSED MOTION:**

Approve Ordinance No. 10, Series 2024 on first reading and direct staff to make any suggested revisions prior to second reading.

**ATTACHMENTS:**

- Ordinance No. 10, Series 2024