

ATTACHMENT 1

Brown Ranch Annexation Committee (BRAC)
Wednesday, May 24, 2023
Meeting Summary

Attendance: Robin Crossan, Joella West, Gary Suiter, Leah Wood, Kathi Meyer (virtually), Jason Peasley (BRAC); Jason Lacy (third-party facilitator); Angela Cosby, Kim Weber, Jon Snyder, Mark Beckett, Rebecca Bessey, Dan Foote, Chuck Cerasoli, Matt Barnard (City staff); Emily Katzman (YVHA staff) Sheila Henderson, Robin Schepper (BRAC outreach)

A. PRIOR MEETING RECAP

1. **Approval of Minutes** – Minutes (the official video recording) from the May 10, 2023 meeting were approved unanimously.
2. **Affordability and Attainability of Housing** – Jason Peasley, YVHA Executive Director, presented additional information on affordability and attainability at Brown Ranch as a follow-up to the May 10, 2023 conversation. [Note: this meeting summary is not intended to capture the details of the presentation. Please see the [presentation slides](#) and meeting recording at approximately 0:29 for additional details.]
 - Area Median Income – Used universally in affordable housing sector to establish income limits to qualify for housing, as well as maximum rent prices.
 - [New AMI figures](#) recently updated by HUD. AMI in Routt County increased by just under 6% in 2023. In 2022, there was a 12% increase in Routt County AMI. Implications of AMI increase:
 - As AMI increases, a greater range of people can qualify for income-restricted housing.
 - Rental rates tied to AMI also increase.
 - Following direction provided by BRAC during the May 10, 2024 meeting, YVHA drafted its proposed [Community Affordability Agreement](#), which will function like a deed restriction to maintain affordability of ownership housing units at Brown Ranch. Key provisions in the document include:
 - Local work requirement:
 - Resident: 30+ hours/wk annual average for business physically located in Routt County.
 - Retired: worked for business physically located in Routt County for 5+ consecutive years.
 - Partially retired: work for business physically located in RC for 15+ hours/wk and used to work for business physically located in RC for 30+ hours/wk for 7+ consecutive years.
 - Disabled: Unable to work due to disability; worked for business physically located in RC for 30+ hours/wk for 5 consecutive years prior to disability.
 - Self-employed: 30+ hours/wk for business located within and serving RC + requires physical presence within RC to furnish the service.

- Income limits tied to AMI.
- Sole residency requirement: unit must be owner occupied; owner does not own other residential real estate in Colorado.
- Asset test or debt-to-income rules not included in Community Affordability Agreement.
 - Promotes accessibility to program (YVHA does not want to “punish” people for saving for retirement).
 - Promotes simplicity in administration.
- No short-term rentals at Brown Ranch, no exceptions.
- Provisions for formula to set initial sales price and maximum resale price.
- YVHA will manage lottery system and transactions to provide simplicity and reduce costs to seller at resale.
- Provisions to prevent loss of deed restriction to foreclosure.
- YVHA drafted its proposed Use Covenant, which is an agreement YVHA enters with co-developers to maintain affordability of rental housing. Key provisions include:
 - Requires “Project Owner” (YVHA and co-developer, who have created a joint venture) to construct income and residency-restricted rental housing. Restriction is transferred with title.
 - Units tied to Area Median Income (30% - 200% AMI).
 - Annual rent increases restricted to no more than 50% of increased published in HUD AMI tables or 2% of existing rent.
- Other follow-up on questions/clarifications posed during 5/10/23 meeting:
 - YVHA shared the housing demand segmented by Area Median Income. Based on input from community, YVHA increased share of ownership units beyond what was indicated in demand study.

	TOTAL (2026-2040)	SHARE (2026-2040)
OWNER DEMAND		
Less than 60% AMI	0	0%
60%-80% AMI	157	16%
80%-120% AMI	295	31%
120%+ AMI	508	53%
CUMULATIVE DEMAND	960	100%
RENTER DEMAND		
Less than 60% AMI	507	39%
60%-80% AMI	209	16%
80%-120% AMI	275	21%
120%+ AMI	312	24%
CUMULATIVE DEMAND	1,303	100%

- Neighborhood A detail:
 - Mixed use w/commercial and multi-family units.
 - Large Low-Income House Tax Credit Project (LIHTC) to serve people up to 60% AMI.
 - Single-family attached townhomes for higher AMI levels.

- Exhibit G in Annexation Agreement: YVHA has requested to exempt a 4.8-acre part of Brown Ranch from the affordability requirements. This is the only part of Brown Ranch that would be exempt from affordability requirements. Reasoning: the topography of the land isolates it from Brown Ranch. It would have to be accessed through the Overlook subdivision, rather than Brown Ranch. YVHA contemplating selling the raw land and/or improved lots to help offset cost of developing Brown Ranch.

Discussion/Questions:

Q: Gary Suiter: In the draft Community Affordability Agreement, do you have a requirement for earned income to limit people who are able to live off their investment portfolio?

A: Jason Peasley: Currently, YVHA is proposing an income test and local work requirement and using tax returns and pay stubs to verify. YVHA is open to workshopping ways to test for passive income but wants to keep the process of qualifying for housing simple and accessible.

Q: Robin Crossan: What does YVHA's 2% transaction fee cover?

A: Jason Peasley: YVHA's overhead for handling the compliance and sales transaction for a unit. The goal is that YVHA breaks even and does not make profit on resale of units at Brown Ranch.

Q: Robin Crossan: Why limit ownership of other residential real estate just to Colorado, rather than across the country?

A: Jason Peasley: This is primarily an administrative issue. Because real estate assets can be hidden in LLCs, qualification and enforcement would be incredibly difficult to track beyond the state of Colorado. However, this is a draft deed restriction, and we are open to workshopping this question. YVHA has learned through management of over 100 deed restrictions in Steamboat Springs that more restrictions, more complexity, is not always better. The goal with this draft deed restriction is to find a "sweet spot" between simplicity and effectiveness, with strong remedies to address the "bad actors" who try to take advantage of the system.

Feedback and next steps:

- Robin Crossan: need to ensure transparency in the process so people who are saving, who aspire to live at Brown Ranch, know what to expect in terms of qualifying.
- Joella West: YVHA is committing to a massive enforcement program. This is important since YVHA and the City are contemplating massive investment into Brown Ranch.
- City Council representatives like the provision for YVHA to purchase units going into foreclosure to maintain the Community Affordability Agreement (deed restriction).
- City Council representatives appreciate YVHA leaning more toward ownership opportunities based on community feedback.
- City Council will provide additional feedback at next BRAC meeting.

3. Sustainability Measures – No feedback or follow-up from the May 10, 2023 meeting.

4. Parks and Recreation – Angela Cosby, City of Steamboat Springs Parks & Recreation Director and Matt Barnard, Development Manager, presented the direction staff and BRAC negotiating

team received from City Council regarding YVHA's proposed parks and open space plan. [Note: this meeting summary is not intended to capture the details of the presentation. Please see the [presentation slides](#) and meeting recording at approximately 42:00 for additional details.]

- On Tuesday 5/23/23, the BRAC negotiating team received the following direction from the full City Council in response to YVHA's proposed Parks & Open Space Plan, which includes 70 acres of parkland including a Special Use Facility and 125 acres of open space within 420 acres subject to annexation.
 - Categorize Park H (~12 acres contemplated to be a Special Use Facility w/outdoor fields and indoor sports complex) in Regional parkland category because it's intended to be programmed like a regional park. This results in a deficit in Mini and Neighborhood parkland acreage.
 - To make up deficit noted above, add 8 pocket parks located off greenways. Can double-up as snow storage in the winter.
 - City Council requiring 46-acre Regional Park which includes the requested expansion of Park H, noted above.
 - Open space: Plan acceptable to City Council, provided RCRC easement is removed.
 - Trails: Plan acceptable to City Council, provided RCRC easement is removed.
 - Construction and maintenance:
 - YVHA to construct and maintain mini, neighborhood, and greenways.
 - City to construct and maintain community parks, regional parks, trails, and open space.
 - Phasing: mini, neighborhood, community parks, and greenways to be phased. Provide access to open space, trails, and regional park in first phase of development.

Questions and Discussion:

- Q: Leah Wood: Has City explored the City-owned land near the Bob Adams Airport and whether that is an option for a regional park?
A: Jon Snyder: If the land was purchased using FAA funds, it cannot be utilized as parkland.
- Q: Robin Crossan: Is it possible to utilize 114-acres not being annexed for regional park?
A: Leah Wood: YVHA's concern is twofold: conserving that land for future needs, whatever those may be and 2. Traffic from region going through Brown Ranch to access regional park.
- Angela Cosby: City believes 46-acre regional park should have been included in the Brown Ranch plan from the start.

Next Steps:

- YVHA will circle up internally and about maintenance of parks and impact on Fiscal Impact Analysis, as well as other items noted in City Council's position.
- YVHA and City Police Department to meet with Routt County Rifle Club re shot fall easement. Additional conversations and agreements needed.

5. **Agenda Topic Schedule** – No changes were made to the schedule. Jason Lacy reminded the group he will not be able to attend the meeting on 6/7/23.
6. **Communications and Public Outreach** – Robin Schepper, BRAC communications consultant, shared key findings from the [BRAC survey](#) distributed by the Young Professionals Network and the Steamboat Springs School District. Two more town hall events have been scheduled.

Questions and Discussion:

- Q: Robin Crossan: How can we share these survey results with the broader community? Suggested guest commentary from YPN, City, or YVHA, and broadly share with various media outlets.
A: Robin Schepper: The communications team has prepared a press release to share with media outlets.
- Q: Robin Crossan: can we send the survey to other large employers in the community to get more input? Hospital staff, Steamboat Resort, etc.?
A: Robin Schepper: BRAC outreach team is happy to reach out to large employers to facilitate additional surveys.
- Comment: Joella West: discouraged to see there are some people who do not know anything about Brown Ranch or annexation.

B. CURRENT DISCUSSION

7. **Post Annexation Land Use Approval Process** - Rebecca Bessey, Planning and Community Development Director, presented City staff questions, concerns, and recommendations regarding YVHA's proposed land use approval process. Please see [packet materials](#) and meeting recording at 1:36:00 for additional details.
 - YVHA proposal based on May 4, 2023 draft Annexation Agreement. CDC to be amended to provide for:
 - New TND transects to facilitate development of Brown Ranch Community Development Plan
 - By-Right uses: residential, restaurants, parking, and all civic, public, and institutional use (excluding utilities)
 - Administrative review / approval: Preliminary Plats and Final Plats, Development Plans and Conceptual Development Plans, Major Adjustments, and Major Variances
 - New Variance criteria related to affordable and attainable housing
 - Exempt from collateral requirements
 - Exempt from subdivision and TND open space requirements
 - Exempt from development phasing standards
 - Staff Comments
 - Zoning: City is collaborating with YVHA and is in process of drafting new TND transect zones. However, the City does not intend the zone districts to be exclusive to Brown Ranch; zoning could be applicable and utilized in other parts of

the community. New TND transects intended to provide greater flexibility, uses, and building forms than existing transects.

- City drafting new design guidelines applicable to health equity.
 - Development review: City staff relatively comfortable with administrative review of preliminary plat, final plat, conceptual development plan, and development plan, provided new zoning standards accommodates the type of development proposed at Brown Ranch.
 - Development review: City staff not comfortable with administrative review of major adjustments and major variance. Zoning should accommodate most development. If there are special circumstances, that is the appropriate time to go to a public hearing.
 - Variance Criteria: YVHA proposing an additional variance criterion: “the proposed variance is necessary to achieve the affordability and/or attainability goals of the proposed development.” City staff is currently uncomfortable with this proposal because language proposed by YVHA is broad and not quantifiable, could apply to any standard in the Community Development Code (landscaping, building height, etc.) However, the concept could have support if language is tightened up.
 - Development and Subdivision Standards: YVHA requesting exemption from phasing and collateral requirements. Collateral provided to City to ensure certain improvements are completed to City standards. City staff unsure of YVHA intent. Concerned about safeguarding future owners and renters if there is no way to ensure improvements are complete.
 - Parks and Open Space standard exemption: More discussion needed; issues could be addressed through TND amendments.
- City Staff Recommendation:
 - Allow City and YVHA staff to continue working together toward draft TND zoning amendments. Much of what YVHA is looking for could be addressed by the code, rather than in the Annexation Agreement.
 - Explore options to incorporate affordable / workforce housing into Acceptable Alternative variance criteria.
 - Maintain public hearing process for Major Adjustments and Major Variances.
 - Maintain collateral requirements.
 - YVHA Response: Jason Peasley provided the follow response on behalf of YVHA:
 1. New TND transects: YVHA appreciates the City is creating custom zoning that fits the vision and looks forward to continued collaboration on this effort.
 2. By-Right uses: YVHA’s objective is to make sure most of what YVHA builds is allowed by-right and can be administratively approved.
 3. Administrative review process: Public hearing process creates significant increase in project workflow for all parties. YVHA wants to make process as streamlined as possible to deliver housing units efficiently. YVHA willing to work with City and find common ground re: what threshold should require public hearing.
 4. Variance criteria: same as above response.
 5. Collateral requirement: This is very important to YVHA. Collateral requirements create a challenging and inefficient use of capital that creates a lot of extra cost to a project (eg: raise

\$80M to do \$40M project). YVHA understands why this requirement exists but believes it is unnecessary for Brown Ranch since YVHA is an extension of the City. Will allow YHVA to be nimble in phasing to deliver units in streamlined process and would be a meaningful change that could make a big difference in deriving affordability to future residents.

Questions and Discussion:

- Q: Robin Crossan: how do we protect residents if developers walk away from a project? What if someone goes bankrupt? Who is going to pay for the rest of it?
A: Jason Peasley: When YVHA partners with developers, we require guarantees on projects. If a developer doesn't perform, YVHA can "go after them" per remedies in the contract to make sure a project is completed.
- Q: Jon Snyder: Is it YVHA's intention to file preliminary plat prior to building infrastructure?
A: Jason Peasley: Yes. For construction sequencing, it is much more efficient to start foundation work while excavators are working on utilities so we're only mobilizing them once.
- Jon Snyder clarified that collateral also plays important role in enabling City to complete improvements if developer walks away.
Jason Peasley clarified that YVHA is not requesting exemption from warranty collateral (need to edit Annexation Agreement).
- Robin Crossan: City Council is strong on its position that Major Adjustments and Major Variances should go through existing process.
- Rebecca Bessey clarified that the City accepts public comment on all projects, whether or not it is in public hearing.

Follow-up and Next Steps: City staff, consultants and YVHA to workshop:

- Phasing and collateral issues among staff. Present potential remedies to BRAC and/or City Council.
- Variance criteria related to affordable housing: tighten language so it achieves goals but isn't so broadly applicable.
- Clarify language re exemption from phasing issues in Annexation Agreement.

D. PUBLIC COMMENT

Public comment was held at 11:30 pm. One community member provided comment.

Mackenzie Finlay – Live in deed restricted apartment. Single parent. In need of housing that would be built at Brown Ranch; experienced housing insecurity. Discouraging to hear that affordability is first priority. Concern about AMI targets going up to 250%. Has reached out to YVHA for help and been told to "get on the waiting list." Beyond affordability, what other demographics are you looking for? Also concerned about proximity of shooting range to Brown Ranch.

8. DRAFT Annexation Agreement

- City Council did not have an opportunity to schedule an extra meeting to go through Annexation Agreement and review the “green, yellow, red” version of the document together. City will provide full feedback on the Annexation Agreement for the next BRAC meeting on 6/07/23. Dan Foote, City Attorney, provided high-level summary of “red, yellow, green” points.
 - “Red”: City consulting to creation of districts; References to utilization of STR tax; Transit
 - Outstanding items to workshop as staff, anything that lacks clarity, requires feedback etc.? Assignment language.

9. DRAFT Fiscal Impact Analysis - Dana Schoewe, Principal RCLCO, presented the draft Fiscal Impact Analysis. See 2:44:00 in meeting recording and [packet materials](#) for details.

Key takeaways:

- Fiscal Impact Analyses are useful tool but shouldn’t be the only consideration when evaluating annexation decision.
- Brown Ranch will generate negative net fiscal impact on City budget. The questions: how negative? How does it relate to existing dynamics? How do we mitigate? This negative impact is a function of City’s existing funding model.
- Net fiscal impact based on per household basis. Different approach than total population basis.
- Analysis focused on City operations. Capital and STR revenues have not been included in analysis. Brown Ranch expected to deliver \$32 million in capital projects revenue that could mitigate negative impacts.
- Analysis focuses on direct impacts. There should be an acknowledgement that there is going to be growth throughout the City, and Brown Ranch will support economic growth in the community by housing workforce (indirect impact).

Existing Fiscal Conditions: Existing full-time households and part-time households are a net negative to the City’s budget. Tourists and Steamboat employees who live outside Steamboat are a net positive to the City’s budget. Given the City’s existing tax structure, it is unlikely that the City could ever annex land and develop housing for full-time residents without creating additional net cost to the City.

Net Fiscal Impact: RCLCO has worked closely with City departments and City’s economics consultant (EPS) to build three scenarios of fiscal impact compared against existing fiscal conditions. Revenue assumptions are consistent, but cost scenarios utilize varying methodology [please see page 14 of [packet materials](#) for scenario details.]

- Revenue: City revenue projections are lower for Brown Ranch households compared to existing Steamboat Springs households because BR residents will have lower incomes, lower spending capacity, and sales tax is huge driver of City budget.
- Revenue: Property tax revenue will be impacted because a share of rental housing will be exempt from property tax, and home values will be lower due to deed restrictions. (Note: rental housing serving 80% AMI and below is currently exempt from property tax).

- Notes on expense calculations:
 - General administration and public works: assumed large share of fixed costs.
 - Transit: assumed new full-service route. Expenses include bus replacement, summer and winter servicing.
 - Parks and recreation: cost per acre. Needs refinement.
- Net negative impact is between \$1.5M - \$4.5M. The question is: where do we go from here?

Questions and Discussion:

- Robin Crossan: it's not just Brown Ranch that drives the need to improve basic services in the community.
- Gary Suiter: This is a long-term planning exercise. Can we scale back scope closer to real-time (focus on Neighborhood A?)
- Expense assumptions that need to be refined:
 - Transit: currently attributes costs of entire western route to Brown Ranch. Reduce bus route to serve Brown Ranch only?
 - Fire and Police.
 - Key question: How do we close the gap? Need direction from City Council, though solutions would involve community-wide conversation.
 - Metro district?
 - Property tax?
 - Other?

Next steps:

- RCLCO and EPS provide information on background tourism growth that can be forecast?
- Analyze all options on the table. – future packet material needs to include full synopsis of all options to make up net negative impact to City budget.

Capital Cost and Revenue Forecast – Brian Duffany, Economic Planning Systems (EPS), and Kim Weber, City Finance Director, presented an initial draft of a capital cost and revenue forecast for Brown Ranch. This forecast is intended to be used as a complement to the fiscal impact analysis, which focuses on operations/general fund.

- Background: Brown Ranch will generate revenue to the City from 2 one-time taxes paid as development occurs. The City also has an STR tax. Question: how can these revenues be utilized to pay for on and off-site improvements at Brown Ranch?
 - Building Use Tax
 - Development Excise Tax – One-time tax paid at building permit @ 1.2% construction value.
 - STR Tax – annual ongoing revenue generated on room night sales of short-term rentals.
- Development Cost Background:
 - On-site improvements – typically developer responsibility. Paid for using equity, financing, or metro district.

- Off-site improvements – Developer responsibility with cost sharing and/or adjacent property owners.
- Other projects w/City-wide benefit – Examples: regional parks, transit, fire stations, some road projects. Development typically pays its proportionate share and a city pays its proportionate share. Complicated formula to be treated on case-by-case basis.
- Jason Peasley clarified YVHA would intend to utilize revenues in priority order: 1. City-wide benefit 2. offsite improvements 3. onsite improvements
- Key findings: See page 4 of the [packet materials](#).
 - Total Estimated Capital Revenues (full buildout of Brown Ranch) = \$59,448,112
 - Total Estimated Offsite Capital Costs (full buildout of Brown Ranch) = \$355,989,574
 - Brown Ranch share = \$152,840,279
 - City share = \$203,149,295
 - Note these cost share estimates are based on cost framework noted by Brian Duffany earlier in presentation.
 - Clarification: costs assume no support from other sources/partners: CDOT, bonding of water/wastewater enterprise fund, etc.
 - STR tax could be a significant financing source for Brown Ranch: could provide roughly \$140M in project capacity from 2023-2042.
- Outstanding questions:
 - What are the on-site infrastructure costs needed for a first phase of development?
 - On-site costs are not included in this analysis
 - Sources and uses / financing plan for on-site (and necessary off-sites) needed to further evaluate allocation of use tax, excise tax, and STR tax revenues
 - Need to understand what we all can feasibly pay for
- Next Steps:
 - Develop project proforma w/focus on on-site infrastructure analysis (YVHA, City, and both consultant teams collaborate).
 - Need to understand the revenue and cash flow potential of Brown Ranch to cover some of these costs.
 - Include revenue from development.
 - Include ranges of grant funding, CDOT funding.
 - Possible to break into smaller time horizons (costs per neighborhood?)
 - Indicate development milestones that trigger major capital outlays.
 - Include total costs, not just those attributed to Brown Ranch (water treatment, fire station, US40).
 - ***Acknowledge this will be a work in process. What was presented today will change significantly in a few weeks as points are negotiated, grant funding comes in, etc.

C. NEXT MEETING - June 7, 2023

1. Contingencies
2. Annexation agreement
3. Fiscal Impact Analysis