

SKETCH PLAN SUPPLEMENT

February 7, 2018

BRUSH CREEK ROAD WORKFORCE HOUSING PROJECT

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Introduction

APT Brush Creek, LLC (the “Applicant”) is providing this Supplement to the original sketch plan application in order to summarize the changes to the project that have been made during the Sketch Plan Review, and to provide additional information requested by the Planning Commission.

Synopsis of Housing Needs Assessment

The 2016 Housing Needs Assessment

The 2016 Housing Needs Assessment (HNA) reported widespread housing problems. The gap between housing needs and the housing supply is growing and will result in the need for an additional 960 housing units in the Gunnison Valley by 2020. The assessment anticipates free market construction will supply 540 units by 2020, leaving a shortfall of 420 units. This tight housing marketing has driven vacancy rates below one percent and is pushing rental rates and home sale prices significantly higher.

The study also identified an imbalance between the North Valley and South Valley in terms of where jobs are located and where employees live. The North Valley accounts for 42 percent of jobs, but only 23 percent of employees. In contrast, the South Valley accounts for 63 percent of employees, but only 51 percent of jobs.

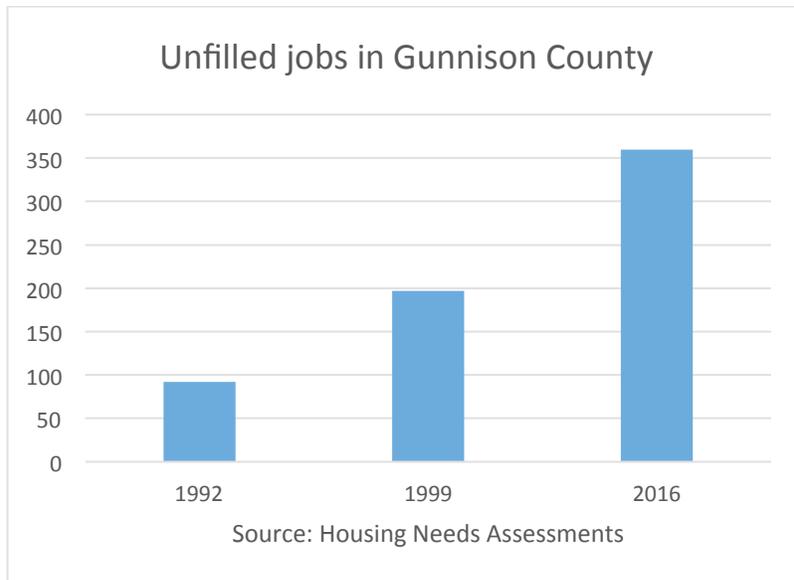
The result of this jobs/employees imbalance is that South Valley residents must commute north to fill approximately 845 jobs. Given that each employee works 1.24 jobs on average, this means that 680 people must commute north to work. This corresponds to the traffic count data reported in the 2014 Gunnison County Economic Indicators Report.

In regard to residential preference, the 2016 HNA found approximately 12 percent of the South Valley’s 9,580 residents want to live in the North Valley or 1,150. A study conducted by WSCU found that 92 percent of Gunnison residents who work in the North Valley would be willing to move closer to work for more affordable housing options.

Historical trends

Prior to 2016, Gunnison County Housing Needs Assessments were conducted in 1992, 1999, and 2009. Each of these studies characterized housing problems in terms of low vacancy rates, rising prices, cost-burdened households, overcrowding and unfilled jobs.

The 1992 Housing Needs Assessment found 92 unfilled jobs in Gunnison County. By 1999, this figure had grown to 197 unfilled jobs. By August 2016, there were 360 unfilled jobs as shown in the chart below.



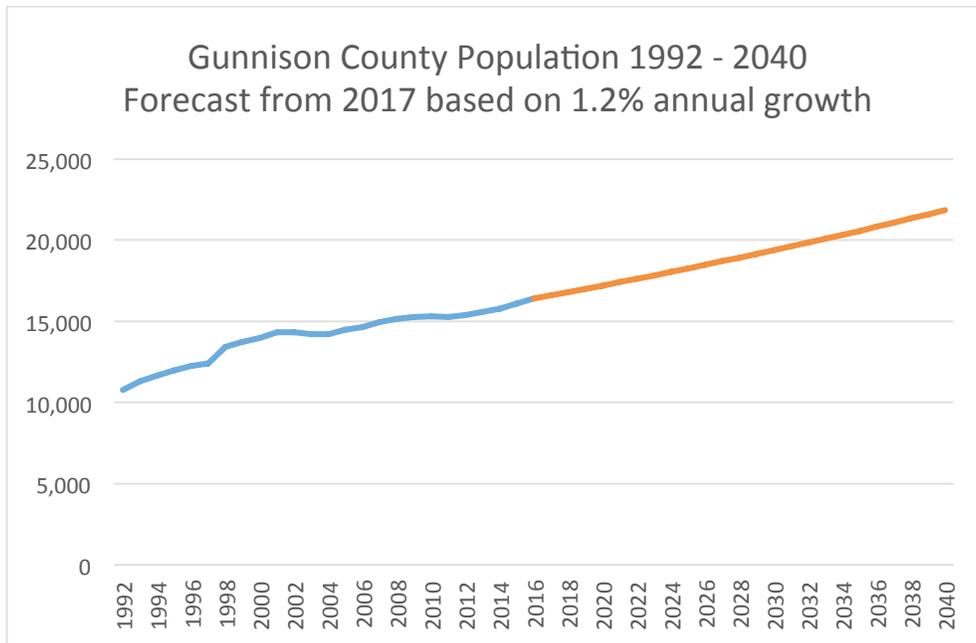
The 2009 Assessment predicted 350 new units would be needed by 2014 and 720 new units would be needed by 2019, which is remarkably consistent with the 2016 finding of 960 new units needed by 2020.

Future forecasts

Forecasting future housing needs well beyond 2020 will allow us to make informed decisions today. Our research projects population growth, housing construction and economic development through 2040.

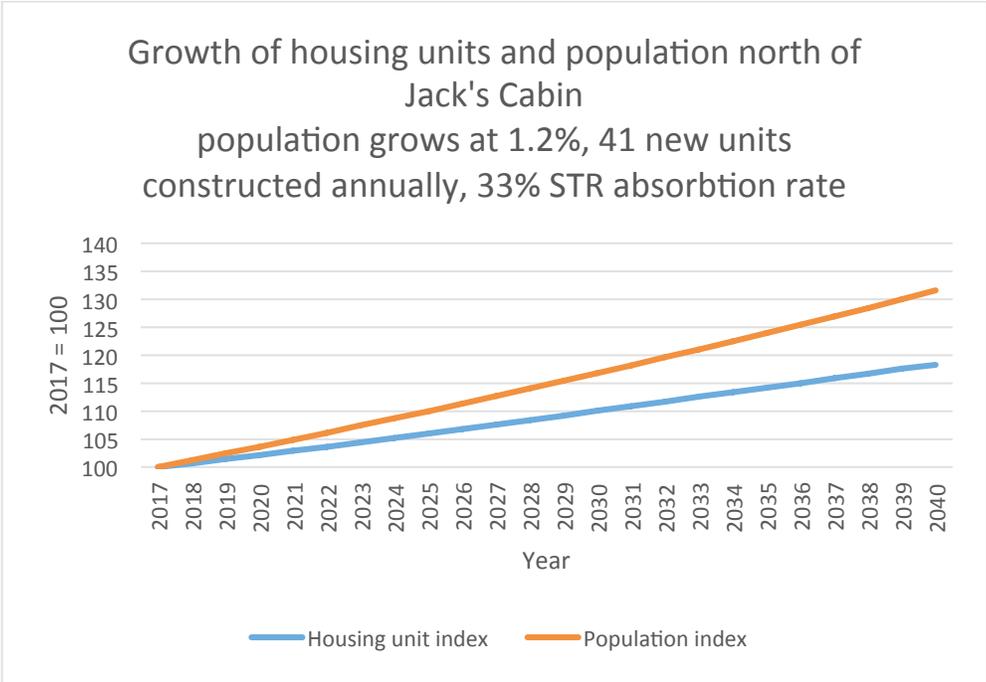
The Gunnison County Assessor’s database accounts for all units within the county as well as vacant parcels by location and type of use. The tax bill address can be used to estimate whether units are owned by local residents or not. Other county data shows whether the unit is likely to be used as a short-term rental.

From 1992 through 2016, the county’s population grew at an annual average of 1.8 percent. Over the past decade, the growth rate has averaged 1.1 percent annually. The chart below shows an annual growth rate of 1.2 percent from 2017 through 2040 in addition to actual populations prior to 2017.



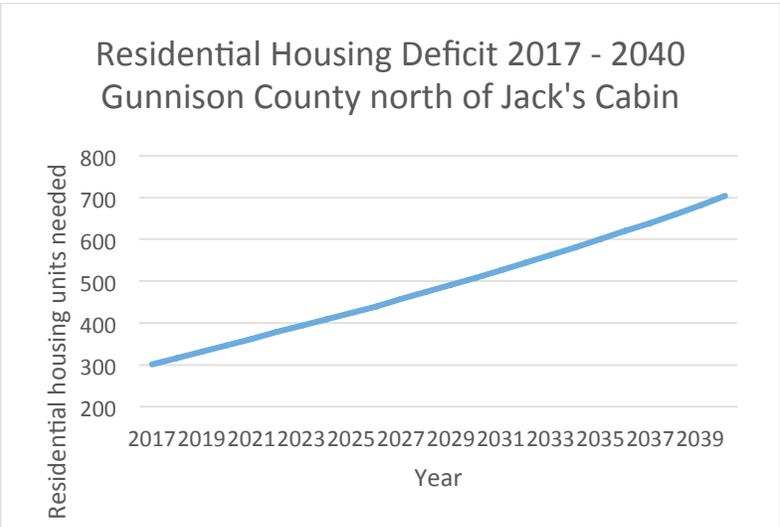
Building permits show past constructions rates vary considerably depending on economic conditions. The 2014 Indicators Report shows single family permits in the north half of the county ranging from less than 10 per year to over 60. Total permits range from 100 to 150. The forecast in the chart below assumes new residential units are constructed at a rate of 41 per year. While this is a moderate estimate in the short run, over time this amounts to an ever smaller percent growth resulting is a conservative estimate.

The chart below shows the growth of population relative to the growth of residential housing units indexed to 2017. The total number of units in 2017 is 4,823 which is remarkably similar to the 4,914 figure reported in the 2016 HNA, which was based on DOLA estimates from 2014 and 2016. The total number of short-term rental units increases from 1,178 in 2017 to 1,638 in 2040.



By 2040, population will have increased by 32 percent but the residential housing supply will only increase 18 percent. The result will be ever increasing housing prices and exacerbated housing problems. In future reporting, we will estimate housing price increases as well as impacts and benefits.

The 2016 HNA estimates a housing shortfall in the north half of the county to be approximately 300 by 2020. Based on our estimates of population and housing unit growth, we estimate the shortfall will increase to 704 by 2040 as shown in the chart below.



Our future forecasts are consistent with the four previous housing needs assessments.

Summary of Significant Sketch Plan Improvements

More units reserved for lower income households

In its proposal submitted to the RFP for the Brush Creek parcel, the Applicant proposed to restrict 120 units (50% of the total units) to households earning 140% of AMI or less. In the Sketch Plan Application, the restrictions were modified so that half the units were reserved for households earning 120% of AMI or less, and an additional 15% of the units were restricted for households earning 180% of AMI or less. In the revised plan, the Applicant has significantly increased the number of units reserved for the 50%, 80%, and 120% of AMI levels.

RFP Submittal			
Unit Type	Incremental Units	Cumulative Units	Cumulative % of Total Units
Restricted: <50% AMI	16	16	6.66%
Restricted: <80%	42	58	24.16%
Restricted: <120%	56	114	47.5%
Restricted: <140%	6	120	50%
No Income Restriction	120	240	100%



Sketch Plan Submittal			
Unit Type	Incremental Units	Cumulative Units	Cumulative % of Total Units
Restricted: <50% AMI	16	16	6.66%
Restricted: <80%	42	58	24.16%
Restricted: <120%	62	120	50%
Restricted: <180%	36	156	65%
No Income Restriction	84	240	100%



Revised Plan			
Unit Type	Incremental Units	Cumulative Units	Cumulative % of Total Units
Restricted: <50% AMI	40	40	16.66%
Restricted: <80%	60	100	41.16%
Restricted: <120%	30	130	54%
Restricted: <180%	20	150	62.5%
No Income Restriction	90	240	100%

Reduced Density

Fewer bedrooms and a smaller population

In response to concerns about population density, and in an effort to address the market demand and harmonize this project with other workforce housing projects in the pipeline, the bedroom mix was changed to increase the number of studio and one bedroom units while reducing the number of two and three bedroom units.

Unit Type	Sketch Plan Application	Revised Plan
Studio	32	40
1 Bedroom	64	90
2 Bedroom	120	98
3 Bedroom	24	12

The net result of these changes is that the total number of bedrooms has been reduced from 408 to 362, a reduction of 46 bedrooms.

The Sketch Plan Application indicated that using CDPHE standards for designing wastewater treatment systems, which use a conservative estimate of 2 people per bedroom and assume 100% occupancy, the build-out population would be 816 people. However, using more reasonable occupancy statistics based on Applicant's institutional knowledge, the build-out population would be closer to 600 people. After further study of demographics and occupancy patterns in the Housing Needs Assessment, at a Planning Commission work session the population projection was revised to be in the mid-500s.

Reducing the number of bedrooms has the effect of reducing the CDPHE population estimate to 724, and reducing the realistic population estimate to near 500 people.

Less square footage

There has been a reduction in overall estimated residential building square footage from close to 280,00 SF to approximately 217,000 SF. This has been accomplished by increasing the number of studio and 1 bedroom units, for which there is a higher demand, and decreasing the number of 2 and 3 bedroom units. Reductions in square footage have also been obtained by design development and creating more efficient floor plans.

Changes to the Site Plan

The reduction in population density and building square footage described above also allowed for changes to the site plan that allow for fewer buildings, increased setbacks, more open space, and more snow storage. Revised site plan maps reflecting these changes are attached.

Fewer buildings

There has been a reduction in the building count from 32 buildings to 26 buildings. The revised plan includes 6 buildings along Brush Creek Rd. (down from 10). This change reduces the perceived density along Brush Creek Rd. and allows for more landscape buffer planting and

open space along this corridor. In addition, this plan proposes fewer buildings around the central open space and park to allow for stronger pedestrian connections and site lines into this core amenity area.

Increased setback along Brush Creek Road

The buildings along Brush Creek Road are now expected to be at least 45 feet away from the edge of the improved surface of Brush Creek Road.

Open space

The revised site plan maintains over 50% open space (7.6 acres). This includes 2.6 acres for the central park area with a playground, multi-purpose playing field, picnic and gathering areas, 1.6 acres for the community park and natural drainage amenity area, 1.5 acres for the perimeter trail and associated buffer and 2.1 acres for landscape islands and buffer planting throughout the site plan.

Snow Storage

Due to the increase in the number of covered parking spaces, the overall exposed area of paved parking and roadway has only slightly increased (1,813 SF) despite the overall increase in parking spaces (45 spaces). The area designated to snow storage is 47% of the exposed paved parking and drive surface area (73,705 SF). This is well above the Town of Crested Butte’s recommendation of 33%. Snow storage areas have been modified so that they do not overlap onto any of the site paths. All pedestrian/bike circulation routes (concrete walks & soft surface paths) may be kept clear of snow throughout a typical winter.

More Parking

As a result of the reduction in number of bedrooms and changes in the site plan described above, and in response to concern expressed by the public, the Applicant was able to increase the amount of parking that is available. The number of parking spaces was increased from 361 to 400 spaces in the residential area. The transit center parking lot was increased from 69 to 75 spaces.

The net effect of the reduced bedroom count and increased parking is that the plan now provides 1.66 parking spaces per unit, and 1.1 parking spaces per bedroom, as shown in the following table:

	Original Plan	Revised Plan
Residential Parking Spaces	361	400
Parking Spaces Per Unit	1.5	1.66
Parking Spaces Per Bedroom	0.88	1.1

The above figure do not account for any on-street parking, which should be available in certain locations throughout the site.

The Housing Needs Assessment identified overly conservative parking requirements as one of the key barriers to affordable housing (p. 16) (“A minimum number of spaces per unit (often two) that do not take into account the small size of units, the number of occupants allowed, and/or proximity to transit increase development costs and reduce the number of homes that sites can accommodate.”). Also, the information provided in the Density and Parking Studies section below shows that many multi-family projects in similar mountain communities have significantly less than two parking spaces per unit (often one parking space per bedroom, or even one parking space per dwelling unit.) As such, the Applicant is not opposed to providing a number of parking spaces that is fewer than 400 but that the County finds acceptable. For example, using the metric of one parking space per bedroom would call for 362 parking spaces.

Building Types and Square Footage Estimates

Building Type	Quantity	Estimated Square Footage Per Building	Aggregate Square Footage
Duplex	6	3,200 SF	19,200 SF
8-Plex	7	8,000 SF	56,000 SF
10-Plex	6	9,000 SF	54,000 SF
16-Plex	3	12,800 SF	38,400 SF
32-Plex	2	25,000 SF	50,000 SF
Transit Center	1	4,500 SF	4,500
Maintenance & Waste Water	1	3,000 SF	3,000
TOTAL			225,100 SF

Building Heights

Estimated building heights will be between 26’ to 35’.

Phasing

Due to the change in site plan and building design, the number of units to be constructed in Phase 1 is now 108. Construction phase 2 includes 132 units.

Water and Wastewater

The reduction in the number of bedrooms reduced the projected water demand and the needed wastewater treatment capacity. Under the original plan, it was anticipated that the project would divert approximately 72 acre-feet of water per year. Under the revised plan, projected diversions are reduced to approximately 65 acre-feet per year. With wastewater returned to the Slate River, the amount of water consumed out of the Slate River will be approximately 5.8 acre-feet per year.

These changes increase the feasibility of the Applicant’s proposed water supply and wastewater treatment plans. However, the reduction in water supply was not substantial enough to make connection to the East River Regional Sanitation District a feasible option.

Lease Terms

The original Application proposed 6 month minimum lease terms on deed restricted units and 3 month minimum lease terms on free market units. The Applicant understands that County staff and the Housing Authority have expressed a preference for longer lease terms.

As the Applicant has explained in writing and at work sessions, turnover costs residential landlords a lot of money. The landlord is strongly incentivized to minimize turnover. The Applicant has provided information indicating that its turnover rates in the Houston area are less than the industry average. Unlike VRBOs, where landlords charge a premium rate and hefty cleaning fees, residential landlords cannot charge more than the prevailing residential rental rate. There is no way to increase revenues to make short term renting more profitable than long term renting. With express prohibitions on VRBO operations and, at a minimum, 3 month lease terms, the County can be assured that the units will not be used for VRBO or hotel-like operations. However, the Applicant understands that the County and Housing Authority would like some assurance that units will indeed be occupied by long term residential renters.

In light of the tightened affordability restrictions in the revised proposal, the Applicant must ensure that units are filled, particularly during the initial lease up phase. The Applicant proposes a compromise by which the minimum lease terms during initial lease up are 6 months (deed restricted) and 3 months (free market) as originally proposed. After initial lease-up, only half of the deed restricted units could have 6 month lease terms, the rest would require one year lease terms. This will provide a balance between assuring the units are available for long-term residential renters, but also accommodate seasonal workers and help ensure units are filled.

Density and Parking Studies

Review of Information Previously Provided

The development proposes a density that will help meet the critical need for workforce housing and make the project feasible. The proposed density of the project with 240 units on approximately 14.5 acres is roughly 16.5 units per acre. The Housing Needs Assessment explained that such densities will be needed if current housing needs are to be met and workforce housing developments are to be feasible: “Maximums on the number of units allowed per acre are a frequently cited barrier to the financial feasibility of workforce housing development. At least 15 units per acre is typically needed; higher densities of over 20 units/acre are necessary on some sites.” (p. 16).

County staff recommended that the application complied with the density standards in the Land Use Resolution even prior to the density reduction described above.

The Applicant, County staff, and the Gunnison Valley Regional Housing Authority have all previously provided information regarding density and parking requirements for similar projects and similar jurisdictions. That information is briefly summarized in the table below.

The projects referenced in this section are not all necessarily provided as direct evidence that the density of the project is compatible with the surrounding area. While the information pertaining to other multi-family projects in the Brush Creek Corridor does demonstrate that the

Brush Creek Corridor includes a diverse mix of housing options including dense multi-family projects, some of the other projects are highlighted to aid the Planning Commission in understanding what a project of this density and scale might look like on the ground. Projects in other jurisdictions illustrate that similar mountain communities have accepted that projects must be of a certain density and scale to be viable and to make a meaningful impact on housing shortages, and that it is common to locate multi-family rental projects near low density single family development.

Source	Project	Location	Density Information
Application	Skyland Lodge	Brush Creek Corridor	55 units on 1.37 acres 35,000 sq-ft building
December 1, 2017 work session; Application	Stallion Park	Brush Creek Corridor	32 units on 2.13 acres 15 units / acre
December 1, 2017 work session	Golf Villas	Brush Creek Corridor	53 units on 6.42 acres 8.3 units / acre
December 1, 2017 work session	Fairway Park Townhomes	Brush Creek Corridor	29 units on 5.72 acres 5.06 units / acre
December 1, 2017 work session	Skyland Lodge + Links	Brush Creek Corridor	78 units on 4.95 acres 15.75 units / acre
December 1, 2017 work session	Pitchfork	Mt. Crested Butte	102 units on 7.88 acres 12.94 units / acre
December 1, 2017 work session; 11/28/2017 Staff Memo*	Anthracite Place	Crested Butte	30 units, one building, on 0.5 acre parcel 60 units / acre
11/28/2017 Staff Memo*	North Star Townhomes	CB South	20 units on 1.4 acres 14.28 units / acre
GVRHA, 11/17/17	Shandoka	Telluride	134 units on 10.25 acres 13 units / acre
GVRHA, 11/17/17	Buffalo Ridge II	Avon / Eagle Vail	176 units
GVRHA, 11/17/17	Pinewood II	Breckenridge	45 units on 2.93 acres 15.36 units / acre
1/5/2018 work session	Dos Rios Multifamily near Water Wheel Inn	Gunnison	139 units on 13.84 acres 15.79 units / acre 33.01 beds / acre
1/5/2018 work session	Pitchfork + adjacent	Mt. Crested Butte	153 units on 14.5 acres 24.76 beds / acre
1/5/2018 work session	Outrun Condos + adjacent	Mt. Crested Butte	231 units on 14.63 acres 33.01 beds per acre

*The Staff Report includes numerous other density comparisons

At the December 15, 2017 work session, the Applicant provided information from similar communities regarding parking requirements for multi-family projects. That information is summarized in the following table:

Jurisdiction	Parking Requirement
Breckenridge	1.1-1.5 spaces per dwelling unit
Telluride	1 space per dwelling unit
Steamboat Springs	1-3 spaces per dwelling unit

Additional Information

In response to a request from the Planning Commission, the Applicant researched similar communities for projects of a similar scale and for a comparison of parking requirements for projects of this nature.

Village Court Apartments, Mountain Village, CO

Village Court Apartment Building



The Village Court Apartments are operated as a workforce housing project by the Mountain Village Housing Authority. The project currently includes 222 units in 12 buildings spread across 11.2 acres. In June of 2017, the Town authorized the addition of 50 units to the project, bringing the total number of units to 272. The current density is 19.8 units per acre, and the future density will be 24.28 units per acre. The project provides a range of studio to 3 bedroom units.

The as-built density, scale, building size, and unit mix are very comparable to the Corner at Brush Creek.

1 parking space per bedroom is provided.

The project is served by public transportation 6 months out of the year. Similar to Brush Creek, the project is adjacent to a large public parking lot.

Similar to Brush Creek, the project is adjacent to very low density single family development and near a high end golf course, tennis facility, and club. The two neighboring houses immediately to the west are on 2-acre parcels. One is valued at \$3.3 Million, and the other is valued at \$6.8 Million.

Village Court Apartments Vicinity Map



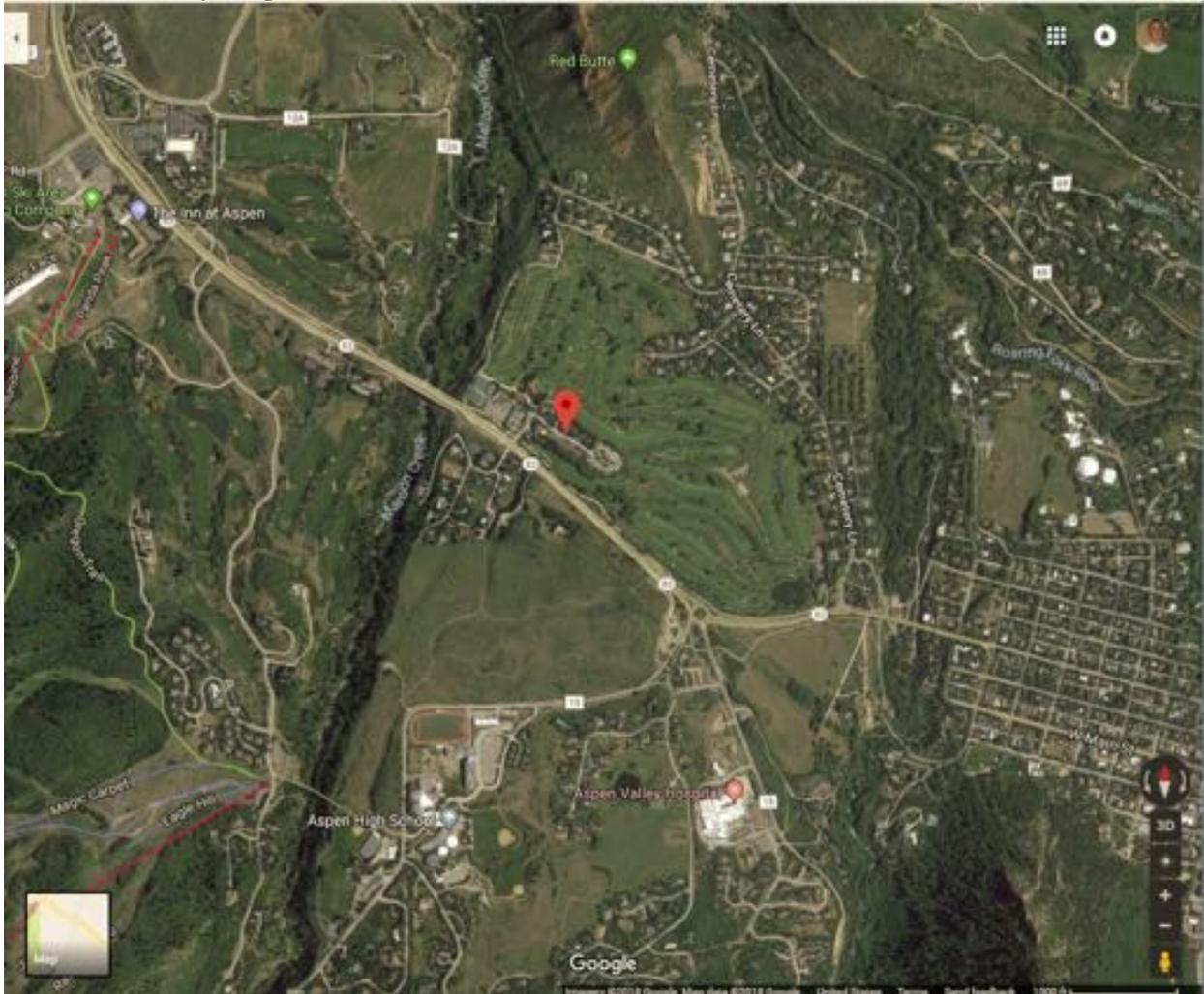
Pitkin County

Burlingame Apartments. The Burlingame Apartments are operated as a joint venture between the City of Aspen and Aspen Music Festival. The project includes 100 units, 92 two-bedroom and 8 one-bedroom apartments. The two-bedroom apartments are used as student housing for the Aspen Music Festival during the summer, and used by the city as seasonal workforce housing the remainder of the year. Parking is available for \$75 per month. The project is located on 3.88 acres, resulting in a density of 25.77 units per acre.

Truscott. The Truscott apartments include 196 units on 5.9 acres, or 33 units per acre. Parking is provided on the basis of one vehicle per unit, provided that household with two full time working

adults are allowed two vehicles. The property is located next to the Aspen Golf & Tennis Club, and is approximately one mile from the main Aspen town grid. The project is surrounded by extremely high end single family low-density development. Immediately across the highway there is a 2,200 square foot house on one acre valued at \$2.7 Million, and a 9,000 square foot house on 4.5 acres valued at \$14.3 Million.

Truscott Vicinity Map



Truscott Structures



Other workforce housing apartments in Pitkin County operated by the Aspen Pitkin County Housing Authority include the 40 unit Aspen Country Inn, where parking is provided on the basis of one parking space per unit, and Smuggler Mountain, also with one parking space per unit.

Private affordable apartment projects include the Castle Ridge Apartments (80 units on 8.3 acres), and the Centennial apartments (148 units on 10.6 acres).

Eagle County

EagleBend Apartments are located in Avon, a 10 minute drive from Vail and a 5 minute drive from Beaver Creek. The complex has 294 units on 7.4 acres, giving a density of 39.8 units per acre. Parking spaces are provided at the required one or two spaces per unit according to square footage.



River Run and Kayak Crossing: Combined for 152 units on approximately 12 acres, or 12.66 units per acre. River Run provides up to two free parking spaces per unit, with a parking space allotted for each person on the lease. If there are more than two people on a lease, additional parking spaces are available for purchase at \$25 per month. Kayak Crossing provides parking spaces at one space per bedroom.



Buffalo Ridge and Buffalo Ridge II: 244 units on 17.2 acres, or approximately 14 units per acre. Each unit is allotted 1 parking space, and two and three bedroom units also come with a one car garage.

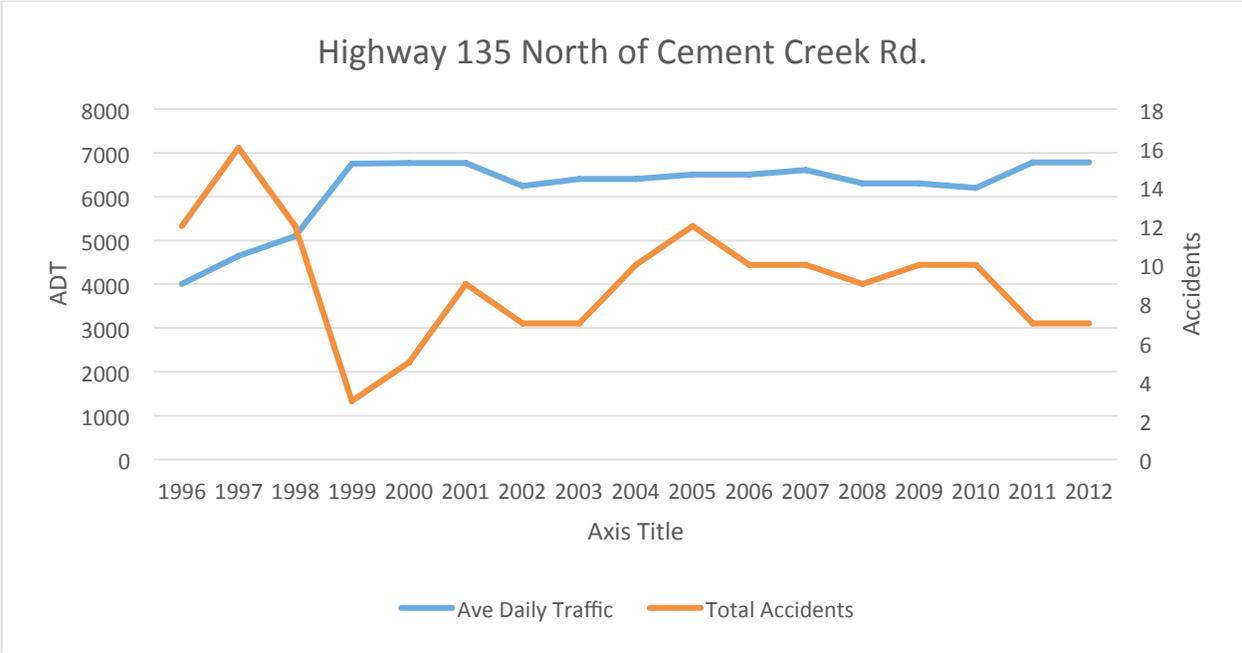


Traffic and Accident Reports

As requested by the Planning Commission, the Applicant attempted to gather traffic and accident data for Highway 135 for the past 20 years. Information specific to the Brush Creek Intersection was sparse. The CDOT intersection priority report from the year 2011 indicated that there were 2 total accidents at the intersection between the years 2004 and 2008.

Average daily traffic estimates and accident counts were available from CDOT for the stretch of Highway 135 north of Cement Creek Road to the Town of Crested Butte for the years 1996 to 2012.

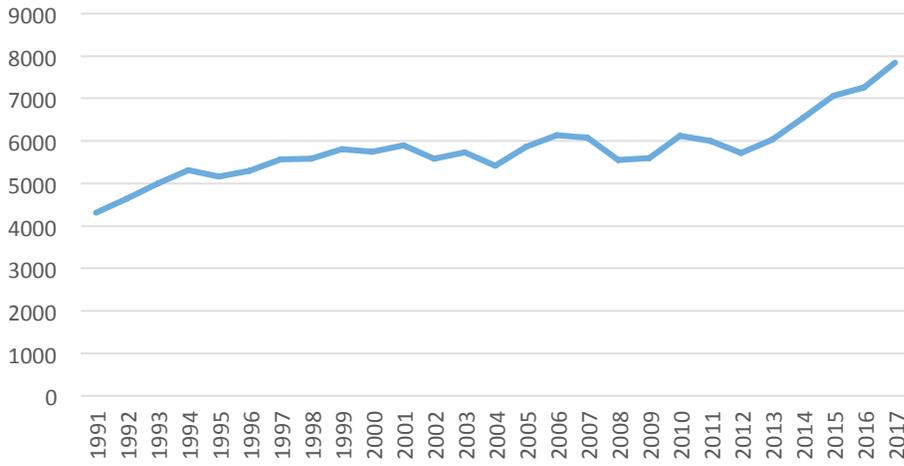
The traffic counts were estimated based on one or two day spot measurements taken once every three or four years. Notably, the traffic counts were always conducted on a weekday, so they would not capture any changes in weekend traffic over time. CDOT projects average daily traffic in this segment to increase to 9722 vehicles by the year 2038.



Accident data for the years 2014-2017 was gathered from the Mt. Crested Butte Police Department and Colorado State Patrol. The data was acknowledged by both sources to be incomplete, and therefore it was not included in the chart above.

CDOT does have more robust traffic data for Highway 135 at Ohio Creek Road. Unlike the Brush Creek segment data, these traffic counts are based on continuous recordation. The charts below illustrate that Highway 135 has seen a significant uptick in traffic over the last five years.

Highway 135 and Ohio Creek Road-July



Highway 135 and Ohio Creek Road-
Monthly Average

