



Meeting Date: February 21, 2023

AGENDA MEMORANDUM

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Tara Vargish, Development Services Director
Matt Gohl, Special Projects Manager

Title: Discussion/Direction: Meadowmark Fee Waiver Request

Executive Summary

Town staff received a fee waiver request from Castle View Owner, LLC in a letter dated November 22, 2022 (**Attachment A**) associated with the planned Meadowmark development. In partnership with the Douglas County Housing Partnership, the owner is requesting a \$500,000 fee waiver for the development of 200 rent-restricted units for seniors whose income is 70 percent, or less, of the Area Median Income (AMI).

Town code allows up to 100 percent of applicable fees to be waived for attainable housing projects. Fees that can be waived include application and permitting fees, development impact fees and system development fees. Total Town fees for this project, as shown in the request, are estimated to be \$4.18 million; the requested fee waiver amount reflects roughly 12 percent of these fees. Town Council has approved fee waivers in the past including for Auburn Ridge senior housing in 2013 and for senior housing at Oakwood Apartments in 2020.

This project is located on Filing 19, Lot 2 North Subdivision of the Meadows Master Development, north of Castle Rock Parkway and west of Highway 85, situated within Councilmember Hollingshead's District. The vicinity map is provided here for reference.

Meadowmark has received an award of Low Income Housing Tax Credits (LIHTC) from Colorado Housing Finance Authority (CHFA) and also received a funding commitment from the Colorado Division of Housing (CDOH). CDOH funding requires support from the local municipality which would be satisfied by approval of this fee waiver request.



Vicinity Map

Discussion

Project Information

The Meadowmark is a planned 200-unit senior housing facility located north of Castle Rock Parkway and west of Highway 85. All units will be rent restricted for seniors whose income is 70 percent, or less, than the AMI. The development will utilize high-quality materials, will be designed to meet all ADA requirements and will offer shuttle services and community events. Meadowmark also plans to include energy and water efficient products throughout the facility. A rendering of the project is shown below and reflects a goal of blending with the neighboring community. Additional project details are included in **Attachment A**.



Meadowmark Project Rendering

Total project costs for Meadowmark are \$58,445,000 including Town fees of \$4,180,000. Funding sources for the project include mortgages, tax credit equity and a loan from the Division of Housing. The tax credit mechanism has been in place since 1986 for the purpose of supporting development of low-income attainable housing.

Castle View Owner LLC has requested waiver of \$500,000 of Town fees into order to fully finance this project. The fee waiver request specifically identifies the transportation impact fee of \$1,596,600 which they believe is too high given the type of facility and that they will provide shuttle services.

As of December 2022, The Meadowmark has submitted their site development plan (SDP), construction documents (CDs), temporary erosion and sediment control (TESC) documents and building permit to the Town. The SDP is also being considered at this February 21 Town Council meeting. Staff is providing review comments and working through project construction and building permit plans with the developer at this time.

Waiver Authority

Town code provides for development impact fee (§3.16.050) and system development fee (§13.12.080J) reductions of up to 100 percent for attainable housing projects. Per code, "A qualifying attainable housing project and unit shall be defined as a housing project or unit participating in an attainable or affordable housing program through the Douglas County Housing Partnership, Colorado Housing Finance Authority or other certified local, state or federal attainable housing program." Waivers of this type require Town Council approval. Additionally, section 15.01.030 allows Town Council to waive, reduce or defer payment of building fees if it determines "in its sole and exclusive discretion, that there are unique and compelling circumstances that render the imposition of such fees in strict accordance with this Chapter inequitable with respect to

a particular application, site or building.” Full text of applicable Town code sections is available in **Attachment B**.

For projects other than attainable housing, Town Council is authorized by Town code to approve waivers for various project costs including development impact fees (§3.16.070) and development services fees such as building permit and inspection fees (§15.01.030). Note that waiving use tax is not permitted but is not applicable to this request due to the applicant’s tax-exempt status.

Use of Fee Waivers

The Town has utilized the fee waiver programs for attainable housing and economic development projects in the past. In 2013, Town Council approved a development impact fee waiver of \$200,000 related to the Auburn Ridge project that included construction of 80 affordable housing units. The Town utilized the General Fund to backfill impact fee funds that were affected by the waiver, but this is not required by Town code. The decision to offset fee waivers can be made at the time of each request, factoring in available funds and the best interest of the Town at the time. In 2020, Town Council approved a \$200,000 fee waiver for the Oakwood Senior II project that added 45 attainable units. Affected Town funds were not made whole for the waived fees as part of this agreement.

Budget Impact

Approval of the requested fee waiver would result in \$500,000 less revenue for Town funds and affected funds will not be made whole for lost revenue. Waived fees would reduce impact and system development fees proportionally as shown in the following table:

	<u>Project Fees*</u>	<u>Fee Waiver</u>	<u>Revised Fees</u>
Permit & Other Fees	\$ 352,865	\$ -	\$ 352,865
Parks & Recreation Impact Fee	1,054,000	(137,650)	916,350
Municipal Facilities Impact Fee	55,400	(7,235)	48,165
Fire Impact Fee	163,600	(21,366)	142,234
Police Impact Fee	84,800	(11,075)	73,725
Transportation Impact Fee	1,596,600	(208,512)	1,388,088
Stormwater System Development Fee	258,000	(33,694)	224,306
Water System Development Fee	94,586	(12,353)	82,233
Water Resources System Development Fee	439,972	(57,459)	382,513
Wastewater System Development Fee	81,592	(10,656)	70,936
Total	\$ 4,181,415	\$ (500,000)	\$ 3,681,415

**Based on 2022 Development Fee Schedule*

Recommendation

Staff recommends approval of Castle View Owner, LLC’s fee waiver request totaling \$500,000 of fees, distributed proportionally across the Town’s impact fee and system development fees. It is further recommended that this fee waiver be contingent on Castle View Owner, LLC pulling a building permit no later than December 31, 2023.

Proposed Motion

“I move to approve Castle View Owner, LLC’s \$500,000 fee waiver request as presented.”

Alternate Motions

“I move to approve Castle View Owner, LLC’s fee waiver request, with the following conditions: (list conditions).”

“I move to continue this item to the Town Council meeting on ___date to allow additional time to (list information needed).”

Attachments

Attachment A: Castle View Owner, LLC Fee Waiver Request

Attachment B: Town Code – Fee Waivers