



**Meeting Date:** May 6, 2025

## **AGENDA MEMORANDUM**

**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Tara Vargish, Development Services Director  
BrieAnna Simon, Senior Planner

**Title:** A Resolution Approving a Fee Waiver for the Unity on Wolfensberger Project

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### **Executive Summary**

Town staff received a fee waiver request from Wellspring Community in a letter dated April 7, 2025 (**Attachment A**) associated with the planned Unity on Wolfensberger project. Wellspring Community is requesting a \$538,640.27 waiver for the renovation of the old Quality Inn in Castle Rock. The renovation will result in a 24-unit condominium complex with half of the units set aside for households with disabilities, especially those with intellectual and developmental disabilities (I/DD), and the remaining units offered as neurotypical/traditional multi-family units. The project is considered a “qualifying attainable housing project” as defined in Town code. The project is to be financed with estimated \$3,200,000.00 in project costs through mix of the Colorado Medicaid Home and Community-Based Supported Living Services Waiver (HCBS-SLS) and the Home and Community-Based Services Waiver for Persons with Developmental Disabilities (HCBS-DD), and a fundraising campaign.

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 \$538,640.27. Unity on Wolfensberger is requesting that the Town waive 100 percent of these fees. Town Council has approved fee waivers in the past for Wellspring Community’s Unity on Park apartment facility, Auburn Ridge senior housing in 2013, senior housing at Oakwood Apartments in 2020 and Meadowmark senior housing in 2023. Each of these projects were a qualified attainable housing project, with some to all of the fees waived.

Unity on Wolfensberger is located at 200 Wolfensberger Road in Castle Rock, situated within Councilmember Davis District. The vicinity map is provided here for reference.



*Vicinity Map*

Staff recommends approval of the Resolution (**Attachment B**) waiving permit and impact fees associated with the Unity on Wolfensberger project.

## **Discussion**

### **Project Information**

Unity on Wolfensberger will renovate the old Quality Inn located at 200 Wolfensberger Road in Castle Rock to create 24 condominium units, of which 14 will be dedicated for households with disabilities, especially those with intellectual and developmental disabilities (I/DD). Within the building four units will be owned by Wellspring for their staffing and six units will be owned by neurotypical (non I/DD) adults. The renovation will also consist of converting the first floor of the building into Wellspring's new headquarters, including classrooms, work opportunity spaces, and office space. Additional project details are included in **Attachment A**.

The applicant has submitted a rezoning application to allow multi-family as a permitted use in the new zone district. The rezoning proposal was presented to the Planning Commission on April 24, 2025, who unanimously recommended approval. Additionally, Unity on Wolfensberger has submitted their site development plan (SDP) and building permit documents. While they have not yet submitted for site construction documents (CDs), staff is providing review comments and working through project planning with the developer at this time. Unity on Wolfensberger is ready to move forward with interior demolition and renovations on the existing building this year as soon as final Town Council and building permit approvals are ready.

### **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.”

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 2023, Town Council approved a development impact fee waiver of \$661,365 for the Unity on Park housing project. This project consisted of converting the La Quinta Inn hotel into 42-unit apartment complex with half of the units set aside for households with disabilities, especially those with intellectual and developmental disabilities (I/DD), and the remaining units offered with attainable rents for residents earning between 30 – 80% of the Area Median Income (AMI).

In 2013, Town Council approved a partial 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 partial fee waiver for the Oakwood Senior II project that added 45 attainable units. In 2023, Town Council approved a \$500,000 partial fee waiver for 200 attainable senior housing units at Meadowmark Senior Apartments. Affected Town funds were not made whole for the waived fees under the Oakwood, Meadowmark, and Unity on Park agreements.

### **Budget Impact**

Approval of the requested fee waiver would result in \$538,640.27 less revenue for Town funds and affected funds will not be made whole for lost revenue. Note that there are no new Castle Rock Water fees since this is a renovation of an existing facility and additional water services are not required. Waived fees would reduce permit and impact fees as shown in the following table:

	<u>Project Fees</u>	<u>Fee Waiver</u>
Permit & Other Fees	\$34,817.92	(\$34,818)
Parks & Recreation Impact Fee	\$157,512.00	(\$157,512)
Public Land Dedication Cash Fee-in-Lieu	\$66,368.00	(\$66,368)
Municipal Facilities Impact Fee	\$7,717.88	(\$7,718)
Fire Impact Fee	\$22,334.86	(\$22,335)
Police Impact Fee	\$13,922.92	(\$13,923)
Transportation Impact Fee	\$235,966.69	(\$235,967)
<b>Total</b>	<b>\$538,640.27</b>	<b>(\$538,640)</b>

*\*Based on 2024 Development Fee Schedule*

### **Recommendation**

Staff recommends approval of Wellspring Community's fee waiver request totaling \$538,640.27. It is further recommended that this fee waiver be contingent on Unity on Wolfensberger being issued a building permit no later than December 31, 2026.

### **Proposed Motion**

*"I move to approve the Resolution as introduced by title."*

### **Alternate Motions**

*"I move to approve the Resolution, 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:** Unity on Wolfensberger Fee Waiver Request

**Attachment B:** Resolution