

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY August 1, 2022

Meeting Convened: 5:30 p.m. The meeting was held in person at the Fire Department Training Room, 625 Ute Avenue, and live streamed via GoToWebinar.

City Councilmembers Present: Councilmembers Chuck McDaniel, Phil Pe'a, Randall Reitz, Dennis Simpson, Rick Taggart, Mayor Pro Tem Abe Herman and Mayor Anna Stout.

Staff present: City Manager Greg Caton, City Attorney John Shaver, Community Development Director Tamra Allen, Housing Manager Ashley Chambers, Finance Director Jodi Welch, City Clerk Amy Phillips, and Deputy City Clerk Selestina Sandoval.

1. Discussion Topics

a. Mind Springs Presentation

Roger Sheffield, President of the Mind Springs Foundation, and Lloyd Dressler, Facilities Manager, provided a general update regarding the organization and its 2022 use of funding provided by the City of Grand Junction. They explained, due to cost increases, Mind Springs is requesting a modification to the 2022 funding for Mind Springs Health Little Bookcliff Apartments, a Section 8 housing facility. The 2022 funding was originally to support a new fire alarm system (\$84,080.37), new kitchen and bathroom amenities, updates for the group therapy and meeting room (\$172,089), and paint and stair updates to the exterior of the facility (\$22,170).

Mind Springs Health is requesting \$168,458 of the \$276,000 grant received from the City in 2022 to fund resident safety measures including the installation of a new fire alarm system in 2022. They are also requesting that the remaining \$107,542 be combined with an additional 2023 grant request of approximately \$230,000 from the City to complete the remaining renovations as outlined in the 2022 grant request.

Council questions and concerns were brought forward and addressed during the presentation. Final direction from Council was for Mind Springs to come back after the new leadership is in place, provide Council with a copy of Mind Springs three-year Strategic Plan, the Corrective Action Plan and formal bids for the installations and renovations.

b. Housing Strategy Implementation

Ashley Chambers, Housing Manager and Mollie Fitzpatrick of Root Policy Research lead a discussion on next steps for implementing various adopted strategies from the 2021 adopted Grand Junction Housing Strategy and

will work with community housing partners, the housing coalition and Root Policy to advance the implementation of those strategies.

Staff provided a brief review of the work completed on Strategies #1, #2 and #3, and focused the discussion on next steps for Strategies #4, #6 and #7. Staff presented background information and asked for direction from City Council on the strategies and the formation of a Housing Advisory Board.

Housing Strategy # 4. Encourage the Development of Accessory Dwelling Units (ADU)

Council supported staff's recommendations to:

- provide stakeholders with additional supportive and educational resources including an ADU toolkit that incorporates a checklist, planning details and examples, and quick guides to construction and terms.
- develop a pilot project for a quarterly ADU Info/Webinar Session to target future and interested ADU with key planning and building department staff, information about affordable housing, and the ADU toolkit.
- explore the use of a pre-approved design and architectural plan for ADU construction.

City Council agreed to consider as part of the Code Update process:

- relaxing, reducing, or eliminating current code requirements that may serve as barriers to ADU construction, which include:
- eliminating/changing the current parking requirement to be deleted altogether or revised to allow for the parking space to be provided on-street (if available) or within walking distance of a public transit route.
- eliminate the side/rear entry requirement unless the property is served by an alley.
- allow ADUs to be built on any lot size (that meets other minimum lot size requirements of each zoning district).
- increase the maximum ADU size to 1200 sq ft if the ADU remains subordinate to the primary dwelling structure.
- allow for a second ADU.
- allow two-family dwellings (duplex) to add an ADU to their properties.
- consider limiting the neighborhood concentration of short-term rentals.
- consider incentivizing ADUs used as long-term rentals by:
- waive Impact Fees for new ADUs that will be used as long-term rentals, so long as there is a dedicated revenue source to cover the cost of the fees. A short-term rental tax could cover the payment of city impact fees for approximately 16-27 ADUs annually.
- modify the "unsubdivided" restriction in the City policy allowing for charging the "unsubdivided" impact fee rates for ADUs.
- provide financing to assist in homeowners' ability to build ADUs.

Housing Strategy #6: Allocate City Owned Land (and/or Strategically Acquire Vacant and Underutilized Properties) for Affordable and Mixed-Income Housing.

Staff provided information on land acquisition strategies including Land Banking and Land Trusts and recommended that City Council consider a city focus on strategic land acquisition and land banking as a means of assisting in the supply of available properties for affordable housing development. Once acquired, the City would work with existing and future housing entities to develop affordable units and maintain the properties.

Housing Strategy #7: Create a dedicated revenue source to address housing challenges.

Ms. Fitzpatrick presented various types of revenue sources, and recommended Council approve dedicated funding source(s) for the housing strategies.

After an active discussion Council's consensus was to:

- begin the process of developing and placing a 6% to 10% short-term excise rental tax question before the voters at the November 8, 2022, coordinated election. Based on 2021 reported revenues, a short-term rental tax at such rates is estimated to generate between \$138,090 and \$230,150 annually, based on the current count of 150 units inside city limits, which will increase in future years.
- begin the process of developing and placing a 1% lodging tax increase question before the voters at the November 8, 2022, coordinated election.
- begin the process of developing and placing a Charter amendment to increase the length of leases of City property for housing from 25 to 75 years before the voters at the November 8, 2022, coordinated election.
- entertain a resolution committing 2% of current sales tax collected from the sale of Cannabis to be dedicated to affordable housing. Based on current estimates of Cannabis sales, 2% sales tax revenue on Cannabis sales could range from approximately \$400,000 to \$530,000 annually.

Concluding discussion, Council directed staff to establish a Housing Advisory Board complete of its general mission, composition, and objectives.

Council took a 10-minute break at 7:44 p.m.

c. Infill and Affordable Housing Incentives

Tamra Allen, Community Development Director reported that the City has been asked by several market rate developers to contribute to their projects, including the Slate on 25 (168 units), The Junction by Richmark (257 Units), and The Lofts on Grand Avenue (78 units). Council requested a policy be developed to provide predictability and equity regarding projects qualifying for development incentives. Currently, the City has a

Redevelopment Area Incentive and Staff has developed two additional incentives focused on corridor infill and affordable housing for Council consideration.

Current Redevelopment Area Incentive: "Redevelopment Area" whereby Transportation Capacity Payments (TCP) are reduced by at least 50%, and often greater if new construction has multiple stories. TCP credit is also provided when a former use is demolished and replaced with a new building.

Staff proposed two additional Incentives.

Corridor Infill Incentive: The purpose of this new incentive is to encourage redevelopment and infill in the City center and along important commercial corridors that have been recognized in City plans such as the North Avenue Overlay and Greater Downtown Overlays. In these areas, the City would utilize a tiered approach to an incentive that is relative to the value of the private investment.

The Mayor noted that Councilmember Taggart requested the Horizon Drive and Mall corridors be added to this incentive, but Council consensus was to move forward with only the corridors identified in the proposed incentive.

Affordable Housing Incentive: The purpose of this new incentive is to encourage the development of affordable housing units anywhere within the City of Grand Junction. This incentive would waive all development impact fees (TCP, police, fire, parks) and plant investment fees (water, sewer) for units that are affordable at 60% AMI or below for rental housing and have an affordability term of at least 30 years. The units/projects could be located anywhere in the City.

Agenda documentation noted that the Redevelopment Area (TCP incentive), Corridor Infill Incentive, and Affordable Housing Incentive could be simultaneously applied or "stacked" for a project to receive the maximum available incentive. Other public incentives may also be secured through the DDA. Both Impact Fee and Plant Investment Fee waivers require the City to backfill the lost revenue from the fees.

Staff recommended establishing, as part of the annual budget, a line item to pay fees for projects that may utilize either new incentive and to distribute the incentive on a first-come first-served basis.

Discussion addressed affordable housing and economic development (corridor incentive) and the use of different revenue sources to backfill waived fees, as well as developing a policy outlining fee allocations in the annual budget and how those incentives will be backfilled to the appropriate funds.

Council directed staff to refine the proposed incentives and bring them back to Council in the form of resolutions.

a. City Council Communication

Councilmember Simpson voiced concerns regarding the total unrestricted reserves identified in the fund balance. He would like to have a discussion regarding this issue.

Next Workshop Topics

City Manager Caton stated the August 15th Workshop is slated a Chamber of Commerce and Grand Junction Economic Partnership presentation.

Councilmember Pe'a was appointed to sit on the interview committee for the Forestry Board.

There being no further business, the Workshop adjourned at 8:50 pm.