

MEMORANDUM

TO: Mayor and City Council

FROM: Jessica Garrow, Long Range Planner
Ben Gagnon, Special Projects Planner
Chris Bendon, Community Development Director

DATE OF MEMO: December 2, 2011

MEETING DATE: December 5, 2011, 5pm, Council Chambers
December 6, 2011, 4:30pm, Council Chambers

RE: Review of 2011 Aspen Area Community Plan - Housing and Managing Growth for Community and Economic Sustainability

REQUEST OF COUNCIL: No action is requested at this time. These are the final two work sessions to review the 2011 AACP before Council public hearings and adoption. The meeting on Monday, Dec 5th will focus on the Housing chapter, and the Managing Growth for Community & Economic Sustainability chapter if time allows. The meeting on Tuesday, Dec 6th will focus on the Managing Growth for Community and Economic Sustainability chapter.

REVIEW OF AACP CHAPTERS: Each chapter review is organized in the following format:

1. Overview of the chapter's main concepts and policy direction.
2. Review the evolution of the chapter's major policies and themes over the past three years.
3. Highlight changes the P&Zs have made to the chapter since Council received the August 15th draft.
4. Staff recommendation on changes to the chapter. Each chapter will be attached to the work session memo and staff changes will be incorporated into them using track changes.

Housing:

1. The Housing chapter focuses on the importance of Community Workforce Housing (CWH) to ensure a strong and diverse year-round community. The AACP uses the term "Community Workforce Housing" in place of affordable housing, deed-restricted housing, or workforce housing. This change was made to reflect the fact that housing serves both our workforce and our community in general. The policies are consistent with the 2000 AACP, and includes a number of references and direct quotes from that plan.
2. This chapter has remained consistent throughout the P&Z's review. There were some changes in language related to Accessory Dwelling Units (ADUs), outlined in Table 1 on page 2.
3. The P&Zs made a few minor changes to this chapter after the August 15th draft. These changes were made to clarify the document and were not substantive.

4. Staff from APCA and the City have a number of comments on this chapter. There were some concerns expressed regarding some of the policies as they relate to ADUs and Buy-downs, which are outlined below.

Retirees in Housing: The chapter states that we need to prepare for the growing trend of retirees in CWH (Program Improvements Policy II.2). Some city staff expressed concern that this policy may result in a shift in focus in the housing program away from housing employees to housing retirees. The intention of the language is to recognize the growing trend of retirees in housing units and to ensure that in the future the community explores how to address the trend. City Council may want to consider language changes given the questions raised by city staff.

Buy-downs: APCA staff expressed concerns regarding how buy-downs are addressed in the plan. The P&Z draft includes a policy (Program Improvements Policy II.5) that states we should "redefine and improve our buy-down policy of re-using existing housing inventory." APCA staff has expressed concerns that a buy-down policy is not feasible because of the high cost of free-market units in our community. Planning staff is supportive of the P&Z's language because it calls for a thorough study and evaluation of buy-downs as well as for the creation of a formal policy related to buy-downs. The Implementation Steps outline a number of steps that could be used to evaluate the option and create a formal policy. The intent of the policy is to "finally determine if the community is willing to pay the price for providing long-term CWH by converting existing free-market homes, and/or CWH, rather than building new development." (Housing chapter, pg 20) Staff believes this is a responsible approach.

Accessory Dwelling Units (ADUs): The P&Z draft includes a policy (Program Improvements Policy II.6) that calls for eliminating the ADU program unless mandatory occupancy is required.

Table 1: Accessory Dwelling Units

Draft:	September 2010	March 2011	November 2011
Evolution of draft policy language	Increase the rate of occupancy for existing Accessory Dwelling Units and Caretaker Dwelling Units and ensure new ADUs and CDUs are occupied by local working residents.	Same as Sept 2010	Eliminate the Accessory Dwelling Unit (ADU) program, unless mandatory occupancy is required. (Proposed Code Amendment)

APCHA staff has expressed support for eliminating the ADU program, possibly by allowing current ADU owners to "buy out" their ADU, with the proceeds going into the housing fund. Table 1, above, outlines the evolution of language changes related to ADUs. Planning Staff

recommends two new policies, combining elements from the September 2010 and November 2011 drafts. The first policy would remain in the housing chapter, and the second policy would be moved to the “Mitigating Impacts” policy section in the Managing Growth for Community & Economic Sustainability chapter.

1) Increase the rate of occupancy for existing Accessory Dwelling Units and Caretaker Dwelling Units.

2) Evaluate the ADU, Cash in Lieu and Certificate of Affordable Housing Credit program in terms of providing effective housing mitigation, and consider program changes based on the findings.

Staff supports a survey on the current occupancy rate of ADUs. A 15-year-old study that found a 30% occupancy rate is still quoted today. Regardless of the future direction of the ADU program, updated occupancy information would be helpful.

Staff is open to the possibility of eliminating the ADU program, as well as APCHA's suggested "buy out" option, especially in light of the new mitigation option represented by the new Affordable Housing Certificate program which reflects a fundamentally better housing mitigation method compared to the voluntarily rented ADU. However, staff believes an evaluation of the existing program is an important first step.

Staff has completed a white paper on the subject, which outlines the history of the program, and is intended to assist Council in evaluating the effectiveness of the ADU, Cash in Lieu and Certificate of Affordable Housing Credit programs. This is attached as Exhibit D.

Location of Housing: Land Use and Zoning Policy IV.2 states that all CWH should be located within the Urban Growth Boundary. This is a policy issue that has been discussed in the community for a number of years. In the 2007 Housing Summit, there was direction to pursue down-valley housing opportunities. If this is the direction City Council wishes, the policy could be changed to state "CWH should be located in the Aspen Area UGB whenever possible" or "CWH should be located within community UGBs, including Aspen and Basalt." Planning staff is supportive of the current P&Z language and recommends it remain unchanged, especially as it relates to housing provided as mitigation.

Managing Growth for Community & Economic Sustainability:

1. The Managing Growth for Community and Economic Sustainability chapter focuses on supporting a healthy year-round community and a vibrant resort economy. The chapter combines managing growth and economic considerations because of the close inter-relatedness of the two topics. The chapter addresses development in the residential, commercial, lodging, and public/non-profit sectors, as well as mitigation of various development impacts. The chapter includes a policy section related to the land use review process and attempts to ensure clarity and consistency in the land use review process.
2. This chapter has evolved throughout the P&Z review. There are a number of specific policies that was significantly changed during the review, including mitigation, pacing construction,

and house size. The evolution of various policies are outlined below. In addition, the P&Zs added new sections related to the Urban Growth Boundary and Mitigation, and added a definition for Mass & Scale.

Table 2: Economic Sustainability

Draft:	September 2010	March 2011	November 2011
Evolution of draft policy language	Maintain and improve the Aspen Area’s tourist-based economy.	Maintain and improve the Aspen Area’s tourist-based economy.	<p>I.1. Achieve sustainable growth practices to ensure the long-term viability and stability of our community and diverse visitor-based economy.</p> <p>I.2. Ensure there is an on-going economic analysis of the Aspen Area economy that uses a consistent metric and provides broad community understanding of the state of the economy.</p> <p>I.3. Explore and evaluate qualitative improvements to the Aspen area’s visitor-based economy, that address the interests of future generations.</p> <p>I.4. Identify opportunities to reduce the “boom-bust” nature of the economy.</p> <p>I.5. Through good land use planning and sound decision making, ensure that the ultimate population density of the Aspen Area does not degrade the quality of life for residents and the enjoyment of visitors.</p> <p>I.6 Establish lower maximum building heights to maintain Aspen’s small town character.</p> <p>I.7 Our public policies should be informed by reliable data on population segments and their impacts.</p> <p>I.9. Our public policies should be informed by reliable data on population segments and their impacts.</p>

Table 3: Size of Homes

Draft:	September 2010	March 2011	November 2011
Evolution of draft policy language	<p>Control the location and reduce the size of homes in order to:</p> <ul style="list-style-type: none"> • Protect the natural visual quality of river and stream corridors and mountainsides; • Protect our small town community character and historical heritage; • Reduce environmental degradation and protect the quality of our rivers and streams; • Limit consumption of energy and building materials; • Limit the burden on public infrastructure and ongoing public operating costs; • Reduce short- and long-term job generation impacts, such as traffic congestion and demand for affordable housing; and • Limit zoning variances to reduce impacts on the neighborhood and the community. 	<p>Preserve and protect environmentally sensitive and scenic areas by controlling the location and size of homes in those areas.</p>	<p>Control the location and limit the mass and scale of homes, in order to:</p> <ul style="list-style-type: none"> • Protect visual quality of rivers and mountains • Protect small town character • Reduce environmental degradation • Limit energy consumption • Limit burden on public infrastructure • Reduce job generation impacts • Limit zoning variances to reduce neighborhood impacts • Limit site coverage

Table 4: Lodging Policy

Draft:	September 2010	March 2011	November 2011
Evolution of draft policy language	<p>Maintain and encourage a diverse lodging inventory.</p>	<p>Replenish declining lodging base w/ emphasis on a diverse & balanced inventory</p>	<p>Replenish the declining lodging base w/ an emphasis on a balanced inventory, and diverse price points.</p>

Table 5: Lodging Design

Draft:	September 2010	March 2011	November 2011
Evolution of draft policy language	<p>Lodging should be modest in bulk, mass & scale, in order to:</p> <ul style="list-style-type: none"> • Prioritize mountain views • Protect community character • Limit energy consumption • Reduce impacts of job generation • Limit burden on public infrastructure • Protect existing lodges • Create certainty in land development 	<p>New lodging should be compatible and in harmony with the massing, scale and character of the neighborhood.</p>	<p>Zoning and land use processes should result in lodging development that is compatible and appropriate within the context of the neighborhood, in order to:</p> <ul style="list-style-type: none"> • Prioritize mountain views • Protect community character • Limit energy consumption • Reduce impacts of job generation • Limit burden on Public infrastructure • Protect existing lodges • Create certainty in land development

Table 6: Design of Commercial Buildings

Draft:	September 2010	March 2011	November 2011
Evolution of draft policy language	<p>Ensure that the City code supports (commercial) development that reflects the contextual architectural heritage in terms of site coverage, mass, scale, form and a diversity of heights.</p>	<p>Ensure that the City code supports innovative (commercial) development that respects our architectural heritage in terms of site coverage, mass, scale, form and a diversity of heights.</p>	<p>Ensure that the City Land Use Code results in (commercial) development that reflects our architectural heritage in terms of site coverage, mass, scale, density and a diversity of heights, in order to:</p> <ul style="list-style-type: none"> • Create certainty in land development • Prioritize maintaining our mountain views • Protect our small town community character and historical heritage • Limit consumption of energy and building materials • Limit the burden on public infrastructure and ongoing public operating costs, and • Reduce short- and long-term job generation impacts, such as traffic congestion and demand for Community Workforce Housing

Table 7: Mitigation of Community Impacts

Draft:	September 2010	March 2011	November 2011
Evolution of draft policy language	All development should provide housing to accommodate 100% of its employees.	<p>Ensure that new residential development and redevelopment mitigates all reasonable, directly-related housing impacts. (See Colorado Revised Statutes 29-20-104.5)</p> <p>Ensure that impact fees fully offset the associated costs of development on the community.</p> <p>All development should provide housing to accommodate 100% of the employees it generates.</p>	<p>VII.1. Study and quantify all impacts that are directly related to all types of development.</p> <p>VII.2. Ensure that new development and redevelopment mitigates all reasonable, directly-related impacts.</p> <p>VII.3. Allow abatements in mitigation for certain types of development that provide significant community benefits and are in the public interest.</p>

Table 8: Pace of Construction

Draft:	September 2010	March 2011	November 2011
Evolution of draft policy language	Establish a construction pacing system that respects the quiet enjoyment of our community and neighborhoods.	Explore better methods to manage adverse construction impacts, including a construction pacing system that respects the quiet enjoyment of our community and neighborhoods.	Develop better methods to manage adverse construction impacts, including a construction pacing system that respects the quiet enjoyment of our community and neighborhoods.

3. The P&Zs have made a number of changes since Council received the August 15th draft. These include relocating some policies to a new policy section called “Urban Growth Boundary.” In addition, the P&Zs made significant changes to the “What’s Changed Since 2000” section related to infill code changes. The P&Zs refined and clarified language related to population caps in the “What’s New in the 2011 AACP” section. A new Policy regarding lowering building heights has been added (Achieving Community & Economic Sustainability Policy I.6).

4. Staff has a number of proposed changes to the chapter. Language changes related to specific policy sections are outlined below. In addition, staff recommends returning to language in the March 2011 draft for the "What's Changed Since 2000" section. Staff believes the current language is confusing and has a slightly negative tone. The draft chapter has been redlined to reflect this change. In addition, public feedback figures that are relevant to some of the policies outlined below have been included in Exhibit C.

Economic Sustainability: There were a number of changes throughout the P&Z review process related to Economic Sustainability. Table 2, above outlines the evolution of this policy area. Relevant public feedback on this topic is located in Exhibit C.

Staff recommends adding the policy from the September and March drafts to the document, as this is a general policy that provides general direction for this policy area. Staff recommends some changes to the language in the November draft, including moving some of the policies to Implementation Steps. Staff supports the following Policies:

- *Maintain and improve the Aspen Area’s tourist-based economy.* (From the Sept 2010 and March 2011 draft)
- *Achieve sustainable growth practices to ensure the long term viability and stability of our community and diverse visitor-based economy.* (From Nov 2011 draft)
- *Explore and evaluate qualitative improvements to the Aspen area’s visitor-based economy that address the interests of future generations.* (From Nov 2011 draft)
- *Explore changes to all dimensional requirements in order to maintain Aspen’s small town character.* (Edited from Nov 2011 draft)
- *Our public policies should be informed by reliable data on population segments and their impacts.* (From Nov 2011 draft)

Staff recommends that Policy I.4, “Identify opportunities to reduce the “boom-bust” nature of the economy.” become an Implementation Step under Policy I.1.

Staff recommends that Policy I.3, “Ensure there is ongoing economic analysis of the Aspen Area economy that uses a consistent metric and provides broad community understanding of the economy” become an Implementation Step under Policy I.1.

Staff recommends eliminating Policy I.5, “Through good land use planning and sound decision making, ensure that the ultimate population of the Aspen Area does not degrade the quality of life for residents and the enjoyment of visitors.” because it is too vague to provide helpful direction. Staff is unsure how this would be implemented.

Staff suggests Council consider amending Policy I.8, “Establish lower maximum building heights to maintain Aspen’s small town character.” Staff believes that direction on dimensional limits, including heights, should grow out of a community dialogue called for in other policies, including Lodging Sector policy IV.4 and Commercial Sector policy V.3. Staff supports Implementation Steps IV.4.a and V.3.a, which encourage the use of Sketch-Up technology to examine the implications of the Commercial and Lodging Design Guidelines. There was no public feedback related to maximum heights. Staff believes height should be included as part of future code amendment discussions related to the design of development. Staff is not philosophically opposed to lower maximum heights, but staff believes it should

be comprehensively examined in the context of other dimensional requirements, including floor area, open space, site coverage, etc. Potential revised language could be: “Explore changes to all dimensional requirements in order to maintain Aspen’s small town character.”

Many of the existing Implementation Steps appropriately focus on steps that local government can take to improve the long-term sustainability of the local economy. Focusing on realistic parameters of action is important, including the type and style of special events, which helps to define and reinforce Aspen’s character and identity. Other Implementation Steps include a welcoming and accessible Visitor’s Center, adequate way-finding and aesthetically pleasing and multi-functional public spaces.

It is important to recognize that there are limits to what local government can do regarding the strength or weakness of the local economy. “The Aspen Economy” white paper clearly shows that the Aspen Area thrives when the national economy is strong, and suffers when the national economy is slumping.

House Size: There were a number of changes throughout the P&Z review process related to house size. Table 3, above outlines the evolution of this policy. Relevant public feedback on this topic is located in Exhibit C.

Staff supports returning to the March 2011 policy language. The redlined draft has been updated to reflect this change.

The P&Zs supported an across-the-board approach to reducing house size in the September 2010 draft. After hearing direction from Council and Commissioners in January 2011, and after similar extensive public feedback, the P&Zs shifted their approach. The March draft focused on the location and size of homes only in scenic and environmentally sensitive areas. However, the current draft reflects a return to the September 2010 policy.

The March draft is consistent with long-held community values of preserving scenic and visual quality, including mountainsides and natural riparian areas. While extensive and protective regulations were adopted in the 1970s, staff recognizes deficiencies in the code, and believes significant improvements could be made.

Overall, the focus on protecting “natural capital” has been a fundamental aesthetic and economic benefit to the area. The March draft ties new regulation to an environmental purpose, as well as retaining the remaining scenic qualities of the area. The Implementation Steps in the current draft appropriately reflect a focus on environmentally sensitive and scenic areas.

Lodging Policy: The chapter states that we need to replenish our declining lodging base, with an emphasis on price-points (Lodging Sector Policy IV.2). Table 4, above outlines the evolution of this policy.

Staff supports the March 2011 version of the policy, and the document has been redlined to reflect this change. Staff is concerned about the reference to “price-points” in the current

draft, as staff does not believe the public sector should involve itself in attempting to establish lodging rates. Past discussions have typically encouraged a wide range of product types in order to achieve a diverse and balanced inventory. Considerations can include room size, flexibility of units, overall size of lodge, location, historic integrity etc.

Lodging Design: The chapter addresses how new lodging should be designed (Lodging Sector Policy IV.4). This language has evolved throughout the process. Table 5, above outlines the evolution of this policy.

Staff suggests Council consider whether they are comfortable with the bullet points in the November 2011 draft. Staff has some concern that the bullets are all limiting and do not describe a vision for new lodging development.

Design of Commercial Buildings: The chapter addresses how new lodging should be designed (Lodging Sector Policy IV.4). This language has evolved throughout the process, and has been the subject of significant community discussion. Table 6, above outlines the evolution of this policy. Relevant public feedback on this topic is located in Exhibit C.

Staff suggests Council consider whether they are comfortable with the bullet points in the November 2011 draft. Staff has some concern that the bullets are all limiting and do not describe a vision for new commercial development. The document has been redlined to return to the March 2011 draft, which staff believes is a clearer and more direct policy and is a better reflection of the community feedback.

Mitigation: The chapter includes a section related to mitigation. The Policy Section, titled “Mitigating Community Impacts” is intended to address all types of mitigation, including affordable housing mitigation. The language related to mitigation has evolved throughout the process, and has been the subject of significant community discussion. Table 7, above outlines the evolution of this policy. Relevant public feedback on this topic is located in Exhibit C.

Staff supports the changes made by the P&Z in the November draft. Staff believes it reflects the community feedback throughout the public process, and establishes a reasonable and thorough method for updating our mitigation standards. Policy VI.1 calls for a re-evaluation of community impacts, which staff believes is an important first step in updating and refining mitigation requirements.

Staff also believes Policy VI.2 calling for mitigation of “reasonable, directly related impacts” is a good starting point for any future discussion on appropriate rates of mitigation. In the interest of consistency, staff suggests a minor change to the Philosophy section of the chapter, which is included in the redlines: The first sentence of paragraph four on page 5, under “Mitigating Impacts on Community Infrastructure” should read: “ ... private sector development should not place a financial burden on the tax-paying public, and *should mitigate for all reasonable, directly related impacts.*”

Finally, Policy VI.3 is consistent with current practices, and recognizes that some development creates community benefits that might not be created unless some tradeoffs in mitigation are made.

Pace of Construction: The “Mitigating Impacts” policy section includes a policy related to managing construction impacts. The current language evolved from earlier policy statements that called for a construction pacing system. Table 8, above outlines the evolution of this policy. Relevant public feedback on this topic is located in Exhibit C.

Staff supports the current draft, with minor changes. Staff suggests two separate policies:

1) *Develop better methods to manage adverse construction impacts.*

2) *Explore a construction pacing system.*

Although significant improvements were made in managing construction impacts from 2006-2008, learning from the past and making continual improvements is vital to the health of the community and resort.

An annual construction pacing system has been a stated goal since at least 1977, and has been explored several times, most recently in 2006/07. While it has been a challenging subject, further research and public discussion could result in effective new concepts.

PUDs & COWOPs: The P&Zs included a number of Policies and Implementation Steps regarding the PUD and COWOP processes. In general, staff believes the Policies outline worthwhile goals related to making the land use review process clearer and fairer. Review Process Policy VIII.1 calls for “Restor(ing) public confidence in the development process.” Staff believes this is an important goal.

However, staff recommends amending or eliminating a number of Implementation Steps. Implementation Step VIII.1.e under this policy calls for amending the PUD process so significantly as to render it pointless. Basic zoning is important, but it is a blunt tool. PUDs, COWOPs, and SPAs provide added flexibility that staff believes is important. Staff supports exploring amendments to these processes, including a maximum height for the PUD process. Staff does not support eliminating the COWOP process and believes the current liaison role of the P&Z is effective.

ADDITIONAL BACKGROUND: Staff is currently working on a layman’s guide to the Growth Management Quota System (GMQS) since its inception in 1977, including historical themes, trends and context. Staff has completed papers are on lodging, the commercial sector and mitigation for residential-only zone districts (including the history of the ADU). Staff thought it may be helpful to include this optional reading in the packet, as they provide some context for Council’s review of the new AACP.

ATTACHMENTS:

Exhibit A: Housing Chapter - proposed staff changes

Exhibit B: Managing Growth for Community & Economic Sustainability Chapter - proposed staff changes

Exhibit C: Relevant Public Feedback

Exhibit D: White Paper on ADUs

Exhibit E: White Paper on Lodging

Exhibit F: White Paper on Commercial Sector

Vision

We believe that a strong and diverse year-round community and a viable and healthy local workforce are fundamental cornerstones for the sustainability of the Aspen Area community.

Philosophy

We are committed to providing Community Workforce Housing (CWH) because it supports:

- A stable community that is invested in the present and future of the Aspen Area
- A reliable workforce, also resulting in greater economic sustainability
- Opportunities for people to live in close proximity to where they work
- A reduction in adverse transportation impacts
- Improved environmental sustainability
- A reduction in downvalley growth pressures
- Increased citizen participation in civic affairs, non-profit activities and recreation programs
- A better visitor experience, including an appreciation of our genuine, lights-on community, and
- A healthy mix of people, including singles, families and seniors.

It's important to note that this plan refers to Community Workforce Housing (CWH), rather than employee housing or affordable housing. This is an effort to acknowledge that housing is intended both to encourage a local workforce and to build a sense of community. Although the name has changed, many of the philosophical statements in the 2000 AACP still ring true today:

"We believe it is important for Aspen to maintain a sense of opportunity and hope (not a guarantee) for our workforce to become vested members of the community. .. (We seek) to preserve and enhance those qualities that has made Aspen a special place by investing in our most valuable asset – people."

"Our housing policy should bolster our economic and social diversity, reinforce variety, and enhance our sense of community by integrating affordable housing into the fabric of our town. A healthy social balance includes all income ranges and types of people. Each project should endeavor to further that mix and to avoid segregation of economic and social classes ..."

Living in Community Workforce Housing is not a right or a guarantee, but a privilege, carrying with it responsibilities to future generations, such as long-term maintenance and regulatory compliance.

The creation of Community Workforce Housing (CWH) is the responsibility of our entire community, not just government. We should continue to explore methods that spread accountability and responsibility for CWH to the private sector, local taxing districts and others.

We continue to support the following statements from the 1993 and 2000 AACP: *"Housing should be compatible with the scale and character of the community and should emphasize quality construction and design even if that emphasis increases [initial] costs and lessens production, [within reason]."* At the same time, new construction should emphasize the use of durable and renewable materials in order to improve our environmental stewardship.

Housing



We should demonstrate our commitment to future generations by providing educational outreach regarding long-term maintenance and regulatory compliance, by adopting a strategic plan for long-term maintenance of publicly-owned rental properties, and for handling “unique” properties, such as those with a sunset on deed restrictions. At the same time, we need a new focus on the issues surrounding retirement in CWH, as we are on the brink of a rising retiree demographic. In addition, we should continue to provide housing that accommodates the needs of people with disabilities.

The provision of CWH remains important due to several factors, including the continued conversion of locally-owned homes to second homes, a trend of a more costly down-valley housing market and the upcoming trend towards retirement in CWH. With limited vacant land in the Aspen Area and limited public funds, we cannot build our way out of this challenge.

Our CWH program is continually encountering new crossroads that demand creative thinking, understanding and thoughtful action.

What’s Changed Since 2000

Since the adoption of the 2000 AACP, a total of 652 new community workforce housing units have been constructed, with another 181 approved but not yet built. By any measure, these are impressive accomplishments, but various relevant trends have continued to challenge the goal of establishing and maintaining a “critical mass” of working residents, as stated in the 2000 AACP.

While the ratio of local workers living in Community Workforce Housing units increased from 25% to 32% from 2000 to 2008, the ratio of local workers living in free market homes dropped from 22% to 13%, the result of continued conversion of locally-owned free market homes to second homes.

At the same time, the economic boom period of 2004 to 2007 saw a dramatic increase in the cost of downvalley land and homes, reducing opportunities for Aspen workers to find free market ownership options in the valley. While the recession has rolled back prices, this plan must assume that the economy will experience another period of prosperity during the life of the plan. In addition, the number of retirees in deed-restricted housing is estimated to jump from approximately 310 today to more than 800 in 2021.

The 2007 Housing Summit considered all these factors and more. The primary outcome of the Summit was to encourage additional “land-banking,” which ultimately resulted in the purchase of the BMC West property, a parcel at 488 Castle Creek Road and others. The 2008 Affordable Housing Plan evaluated 15 potential sites for community workforce housing units, identifying a range of up to 685 possible housing units.

Definitions

Community Workforce Housing (CWH): Housing created to support a strong year-round community and a strong workforce. Also known as deed-restricted housing, and Affordable Housing.

On the Horizon

As the community continues to provide Community Workforce Housing, it is important to recognize and understand future challenges.

We must continue to track changes to the Colorado Common Interest Ownership Act (CCIOA) and update our housing policies on a timely basis.

APCHA should vigorously promote adoption of CCIOA by existing associations, and require new associations to adopt CCIOA.

Lending practices are changing, resulting in new and potentially difficult financing.

What's New in the 2011 AACP

The re-use of philosophical language from past community plans is due largely to the long-term support in the Aspen Area for Community Workforce Housing as a critical tool to maintain a strong year-round community.

Some shifts in policy direction for the 2011 AACP can be attributed to the long-term growth and maturation of the housing program, bringing greater awareness of the need for long-term capital reserves and maintenance for individually-owned and rental properties, as well as publicly-owned rental properties.

Another difference in the 2011 AACP is the decision not to establish a specific number of housing units to be developed during the 10-year life of the plan. This should not be perceived as a wavering of support for community workforce housing units. The plan calls for exploring the potential of a new housing unit goal, but specific research on this topic was not conducted as part of this update.

This plan focuses on the ongoing challenges of establishing and maintaining a "critical mass" of working residents. The policies outlined in the Housing chapter and related housing mitigation policies in the Managing Growth & Economic Sustainability chapter are intended to meet these challenges as the community continues to provide CWH.

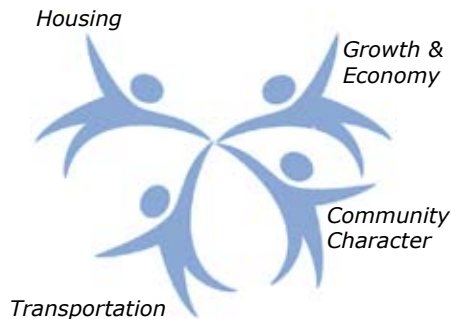
At the same time, the 2011 AACP calls for further research on the physical limits to development in the form of ultimate build-out, projected future impacts related to job generation, demographic trends, the conversion of local free market homes and other factors. This kind of statistical analysis will help inform future decision-making and goal-setting in a more meaningful way.

~~Instead,~~ This plan emphasizes the need to spread accountability and responsibility for providing community workforce housing units beyond the City and County governmental structures, and continuing to pursue CWH projects on available public land through a transparent and accountable public process.

While past plans have supported "buy-down" alternatives, there has been little comprehensive effort in this regard. A "buy-down" program may be an expensive proposition, but this plan calls for exploring it more thoroughly. The idea is to finally determine if the community is willing to pay the price for providing long-term CWH by converting existing free market homes, and/or CWH, rather than building new development.

Linkages

The creation of Community Workforce Housing can help reduce pressures on the valley-wide transportation system by providing housing opportunities for our local workforce in the Aspen Area, while reducing air quality impacts associated with a commuting workforce. CWH is also critical to a viable economy, and helps to ensure a vital, demographically diverse year-round community. At the same time, limited opportunities and funds mean we cannot build our way out of the housing problem, and we recognize that new CWH includes infrastructure costs ranging from transportation to government services, schools and other basic needs. Controlling growth and job generation can reduce the pressure to provide CWH.



Housing Policies

Policy Categories

I. SUSTAINABILITY AND MAINTENANCE

I.1. Community Workforce Housing (CWH) should have adequate capital reserves for major repairs and significant capital projects.

Collaborative Initiative

I.2. Deed-restricted housing units should be utilized to the maximum degree possible.

Collaborative Initiative, Work Program for APCHA

I.3. Deed-restricted housing units should be used and maintained for as long as possible, while considering functionality and obsolescence.

Collaborative Initiative, Work Program for APCHA

I.4. Provide educational opportunities to potential and current homeowners regarding the rights, obligations and responsibilities of homeownership.

Collaborative Initiative

I.5. Emphasize the use of durable and environmentally responsible materials, while recognizing the realistic lifecycle of the buildings.

Incentive Program, Proposed Code Amendment

II. PROGRAM IMPROVEMENTS

II.1. The housing inventory should bolster our socioeconomic diversity.

Community Goal

II.2. Community Workforce Housing (CWH) should be prepared for the growing number of retiring Aspenites.

Community Goal, Work Program for APCHA

II.3. Employers should participate in the creation of seasonal rental housing.

Collaborative Initiative, Incentive Program

II.4. Employers who provide housing for their workers through publicly-owned seasonal rental housing should assume proportionate responsibility for the maintenance and management of the facility.

Collaborative Initiative, Incentive Program

II.5. Redefine and improve our buy-down policy of re-using existing housing inventory.

Work Program for APCHA

II.6. Increase the rate of occupancy for existing and new Accessory Dwelling Units (ADUs) and Caretaker Dwelling Units (CDUs). ~~Eliminate the Accessory Dwelling Unit (ADU) program, unless mandatory occupancy is required.~~

Proposed Code Amendment

III. FISCAL RESPONSIBILITY

III.1. Ensure fiscal responsibility regarding the development of publicly-funded housing.

Collaborative Initiative

III.2. Promote broader support and involvement in the creation of non-mitigation Community Workforce Housing, including public-private partnerships.

Collaborative Initiative, Incentive Program

Housing Policies

Policy Categories

IV. LAND USE & ZONING

IV.1. Community Workforce Housing (CWH) should be designed for the highest practical energy efficiency and livability.

Incentive Program, Proposed Code Amendment

IV.2. All CWH must be located within the Urban Growth Boundary.

Proposed Code Amendment

IV.3. Track trends in housing inventory and job generation to better inform public policy discussions.

Data Needs

IV.4. The design of new CWH should optimize density while demonstrating compatibility with the massing, scale and character of the neighborhood.

Proposed Code Amendment

IV.5. The residents of CWH and free-market housing in the same neighborhood should be treated fairly, equally and consistently with regard to any restrictions or conditions on development such as parking, pet ownership, etc.

Proposed Code Amendment

V. HOUSING RULES AND REGULATIONS

V.1. The rules, regulations and penalties of Community Workforce Housing (CWH) should be clear, understandable and enforceable.

Work Program for APCA

V.2. Ensure effective management of CWH assets.

Work Program for APCA

Aspen Area Housing History

In the early 1970's, free-market housing that had primarily housed local employees was being demolished and redeveloped as second homes. By 1974, the City and County began addressing this trend by establishing separate affordable housing programs and 14 years later formed the joint Aspen/Pitkin County Housing Authority (APCHA). APCHA is currently funded through a City of Aspen sales tax and a Real Estate Transfer Tax (RETT).

The State enacted legislation in 2001 granting Housing Authorizes across the state specific powers to raise revenue through sales taxes, use taxes, an ad valorem (property) tax, and/or a development impact fee. To date, APCHA has not pursued these revenue sources. The City of Aspen has a housing sales tax, and both the City of Aspen and Pitkin County have Housing Mitigation fees.

APCHA operates under the 4th Amended Intergovernmental Agreement between the City of Aspen and Pitkin County. This agreement has eliminated APCHA's role as an active developer of workforce housing; that role has been assumed by the City of Aspen.

Currently, APCHA is principally involved in the qualification, sales, and enforcement of the workforce housing program and is involved in the oversight of over 2,800 units of deed-restricted housing. The APCHA Board of Directors alone, or in concert with other entities, suggests new policy, programmatic changes, and legislation, or makes recommendations, as required by the City, County or State.

Housing Implementation Steps

I. SUSTAINABILITY AND MAINTENANCE

I.1. Community Workforce Housing (CWH) should have adequate capital reserves for major repairs and significant capital projects. (Collaborative Initiative)

- I.1.a Require new CWH to complete a Capital Reserve Study and regular updates. (I – APCA)
- I.1.b Ensure CWH assess adequately for major repairs and reserves based on the study. (I – APCA)
- I.1.c Conduct Capital Reserve Studies of publicly-owned rental inventory and set priorities for maintenance of existing housing stock. (I – APCA, City Manager, County Manager)
- I.1.d Create a requirement for existing HOAs to prepare Capital Reserve Studies. (I – APCA)

I.2. All deed-restricted housing units should be utilized to the maximum degree possible. (Collaborative Initiative, Work Program for APCA)

- I.2.a Update and standardize deed restrictions as practically as possible upon re-sales. (I – APCA)
- I.2.b Review seasonal and rental usage of CWH to ensure the policy is being implemented. (I – APCA)

I.3. All deed-restricted housing units should be used and maintained for as long as possible, while considering functionality and obsolescence. (Collaborative Initiative, Work Program for APCA)

- I.3.a Conduct a cost/benefit study of housing inventory to determine whether it is more cost effective to maintain existing housing stock or to rebuild it. (I – APCA)

I.4. Provide educational opportunities to potential and current homeowners regarding the rights, obligations, and responsibilities of homeownership. (Collaborative Initiative)

- I.4.a Create and implement an education program for buyers and existing owners of CWH that addresses the issues of funding, buyer's rights and obligations, and homeowner's responsibility to maintain units for future generations. (LT – APCA)
- I.4.b Create and implement a community education program that outlines the purpose of the CWH program and the trade-offs made by the community to build CWH. (LT – APCA)
- I.4.c Educate applicants regarding all costs and ongoing expenses related to living in CWH, including taxes, heating and water rates, snow removal, special assessments, etc. (LT – APCA)
- I.4.d Revise APCA guidelines to ensure applicants can only purchase units in a category that is within their financial means. (I – APCA)
- I.4.e Require professional home inspections by CWH home buyers when housing units are purchased. (I – APCA)

I.5. Emphasize the use of durable and environmentally responsible materials, while recognizing the realistic lifecycle of the buildings. (Incentive Program, Proposed Code Amendment)

- I.5.a Educate CWH residents on existing energy efficiency and safety incentives, and create new ones. (I – APCA, EH, CI, B)
- I.5.b Amend the Housing Guidelines to establish standards for materials, equipment and utility systems that emphasize durability, environmental stewardship and safety. Allow for amendments to keep pace with technological improvements. (I – APCA, P, B, EH)

II. PROGRAM IMPROVEMENTS

II.1. The housing inventory should bolster our socioeconomic diversity. (Community Goal)

- II.1.a Explore the value of creating a new housing unit goal, similar to goal included in the 2000 AACP. (I – APCA, City, County)

II.1.b Review and revise APCA Guidelines to reflect current and future category demand using 3-5 year projections. (I – APCA)

II.1.c Create options to provide greater flexibility for movement of existing residents within APCA inventory to accommodate shifts in housing needs. (I – APCA)

II.1.d Review current mix, categories, and incentives to ensure opportunities for a broad spectrum of workers. (I – APCA)

II.1.e Study the CWH model used by Aspen Volunteer Fire Department for possible implementation on a larger scale. (I– APCA)

II.2. Community Workforce Housing (CWH) should be prepared for the growing number of retiring Aspenites. (Community Goal, Work Program for APCA)

II.2.a Gather data on the current and future trend of retiring Aspenites and analyze the potential impacts on CWH. Amend the Housing Guidelines to address those impacts. (LT – APCA)

II.3. Encourage employers to participate in the creation of seasonal rental housing. (Collaborative Initiative, Incentive Program)

II.3.a Create a working group of interested parties to explore the creation of new seasonal rental housing. (I – APCA, Housing Frontiers, City Manager, County Managers, private sector)

II.4. Employers who provide housing for their workers through publicly-owned seasonal rental housing should assume proportionate responsibility for the maintenance and management of the facility. (Collaborative Initiative, Incentive Program)

II.4.a Explore methods to place proportionate responsibility on employers for the management and use of existing seasonal housing. (I – APCA, City Manager, County Managers, private sector)

II.5. Redefine and improve our buy-down policy of re-using existing housing inventory. (Work Program for APCA)

II.5.a Amend the City and County Land Use Codes and Housing Guidelines to clarify the parameters of buying down a property to address issues such as requirements of condominium declarations, allocation of assessments, physical condition and long term maintenance. (I – P, APCA)

II.5.b Explore amending the City and County land use codes to define the parameters of a buy-down mitigation unit, in other words, whether buy-down applies solely to free market units, or can also occur within CWH categories. (I – P)

II.5.c Conduct a study to determine the financial feasibility of the public sector engaging in the buy-down of free-market units compared to constructing new CWH units. (LT – P, APCA)

II.5.d Explore the creation of a buy-out program. (I – APCA)

II.5.e Require a Capital Reserve Study, plan and adequate assessments for maintenance and proportionately-funded reserves when a buy-down or buy-out is being considered. (I – APCA)

II.6. Increase the rate of occupancy for existing and new Accessory Dwelling Units (ADUs) and Caretaker Dwelling Units (CDUs). ~~Eliminate the Accessory Dwelling Unit (ADU) program, unless mandatory occupancy is required.~~ (Proposed Code Amendments)

II.6.a Increase the rate of occupancy for existing Accessory Dwelling Units & Caretaker Dwelling Units. Explore incentives and penalties. (I - APCA)

II.6.b Explore buy-out program for existing ADUs. (I – APCA)

II.6.c Conduct a study of the ADU and CDU program, including current occupancy rates to determine the effectiveness of the program. Amend the City and County programs based on the findings of the study. (I – APCA, P)

III. FISCAL RESPONSIBILITY

III.1. Ensure fiscal responsibility regarding the development of publicly-funded housing. (Collaborative Initiative)

III.1.a Evaluate current funding sources for sustainability and develop a list of potential funding options. (I – APCHA, City Manager, County Manager)

III.1.b Explore APCHA's taxing authority as an option to fund CWH. (I – APCHA)

III.1.c Explore the potential to obtain grants from FHA and other entities. (I – APCHA)

III.1.d Update housing cash-in-lieu fees to reflect the total cost of development. (I – APCHA)

III.1.e Establish criteria or attributes that help identify and rank desirable housing locations. (I – APCHA, City Manager, County Manager)

III.1.f Conduct a cost/benefit analysis in order to prioritize existing publicly-owned property to be developed for CWH within the UGB. (I – APCHA, City Manager, County Manager)

III.1.g Identify all housing that carries an expiration date on its deed-restrictions, such as Centennial, Castle Ridge, and evaluate the feasibility of keeping them in the inventory. (I – APCHA, City Manager, County Manager)

III.1.h Require the City and County engage a local real estate broker, appraiser and inspector as buyer's agents before the purchase of any real estate. (I – City Manager, County Manager)

III.2 Promote broader support and involvement in the creation of non-mitigation Community Workforce Housing, including public-private partnerships. (Collaborative Initiative, Incentive Program)

III.2.a Establish a working group of people who represent the City, County, public agencies, and the private sector in the development of CWH to implement the policy. Explore models of producing CWH units, including quasi-public housing development corporations. (I – APCHA, Housing Frontiers, City and County Managers, private sector, taxing districts)

III.2.b Explore the creation of a program where the City or County would provide a tax benefit, payment or life-estate planning or other financial incentive to a free-market homeowner to include their property in the City/County's land banking of future CWH. (I – City Manager, County Manager)

III.2.c Explore creating a program for deed restrictions for a defined duration. (I – APCHA)

III.2.d Explore the benefits of expediting specific CWH projects through the development and construction phase. (I – P, B, APCHA)

IV. LAND USE & ZONING

IV.1. Community Workforce Housing (CWH) should be designed for the highest practical energy efficiency and livability. (Incentive Program, Proposed Code Amendment)

IV.1.a Amend the Housing Guidelines to establish standards for materials, equipment and utility systems that emphasize durability and environmental stewardship, while keeping pace with technological improvements. (I – APCHA)

IV.1.b Amend the Housing Guidelines to establish livability standards that promote pride of living in CWH. These could include soundproofing and storage that meets the needs of a community that enjoys an active, outdoor lifestyle. (I – APCHA)

IV.2. All CWH must be located within the Urban Growth Boundary. (Proposed Code Amendment)

IV.2.a Explore any code amendments required to implement this policy. (I – P)

IV.3. On-site housing mitigation is preferred. (Work Program for Planning & APCHA, Proposed Amendment)

IV.3.a Amend the City and County codes to include the following prioritization for housing mitigation for all types of development: on-site, off-site (buy-down, buy-out, and Housing Credits), and cash-in-lieu (I – P)

IV.3.b **Explore amending** Amend the City and County codes to prohibit the conversion of existing lodge units to affordable housing. (I – P)

IV.3.c Update the Housing Guidelines to provide a mechanism to reject mitigation offered by developers when it does not meet APCA guidelines/policies. (I – APCA)

IV.3.d Amend the City and County codes to allow off-site housing only through a special review process. (I – P)

IV.3.e Amend the City and County codes to require all development that generates jobs within the Aspen UGB to provide the required mitigation within the UGB. (I – P)

IV.4. Track trends in housing inventory and job generation to better inform public policy discussions. (Data Needs)

IV.4.a Develop and implement a system to reliably track the gain and loss in free-market housing traditionally used by local workers. (I – P, City Manager, County Manager, APCA)

IV.4.b Gather information on the existing CWH inventory, include unit type, number of bedrooms, category and track changes in the inventory. (I – APCA)

IV.5. The design of new Community Workforce Housing (CWH) should optimize density while demonstrating compatibility with the massing, scale and character of the neighborhood. (Proposed Code Amendment)

IV.5.a Examine the City and County codes to ensure they support the policy. (I – P)

IV.5.b Amend the code to define “neighborhood.” (I – P)

IV.6. Residents of Community Workforce Housing (CWH) and free-market housing in the same neighborhood are treated fairly, equally, and consistently, with regard to any restrictions or conditions on development such as parking, pet ownership, etc. (Proposed Code Amendment)

IV.6.a. During the review of any new CWH development, the prohibitions, constraints, and permissions generally found in the neighborhood, such as those regarding parking and pets, should be consistently applied to the proposal. New CWH development must not be the subject of discrimination. (I – P)

V. HOUSING RULES AND REGULATIONS

V.1. The rules, regulations and penalties of Community Workforce Housing (CWH) should be clear, understandable and enforceable. (Work Program for APCA)

V.1.a Rewrite the Housing Guidelines (APCA rules, regulations, and penalties) in a clear and concise format. (LT – APCA)

V.1.b Review and revise enforcement methods with specific placement of authority, recognizing monetary resources needed to implement. (I – APCA)

V.1.c Clarify the roles and authority of APCA in the City-County Inter-Governmental Agreement (IGA), and revise as necessary. Review the objectives of the IGA and determine how the IGA should operate. This should be a meeting that is facilitated by an independent party. (LT – APCA, City Manager, County Manager)

V.1.d Amend the Housing Guidelines to require people to sell their free-market home before they are able to move into CWH. (I – APCA)

V.2. Ensure effective management of CWH assets. (Work Program for APCA)

V.2.a Create a formal governance/management agreement between APCA and individual homeowners associations. (I – APCA)

V.2.b Review local, state and federal guidelines and laws related to homeowners associations to ensure compliance. (I – APCA)

V.2.c APCA should vigorously pursue requiring all associations to adopt the Colorado Common Interest Ownership Act (CCIOA). (I – APCA)

V.2.d Actively review state law, and lobby when appropriate, regarding the development and funding of CWH. (LT – APCA, City Manager, County Manager)

Managing Growth for Community & Economic Sustainability

Vision

We are committed to achieving sustainable land use practices that support a healthy year-round community and a thriving, vibrant visitor-based economy.

Philosophy

This community plan recognizes that managing growth and economic sustainability are closely related. And have therefore ~~been~~ combined these topics into one chapter for the first time.

~~We have~~ The Aspen Area has a long-standing history and strong ethic of growth management. Beginning in the mid-1970s, land use regulations were based on the desire to preserve the natural environment, a socially diverse community, and the unique heritage of our built environment.

Both the City of Aspen and Pitkin County have a history of implementing growth management and other land use tools to preserve open space and rural character, encourage a diverse lodging base, and maintain a critical mass of permanent residents.

The City and County growth management systems are effective tools that can help the community reach desired goals. Growth within a community needs to be like that of an individual, with the need to keep various functions balanced. The economic impact of growth management and other land use tools have been debated for many years, and should continue to be a focus of discussion and study.

Since the mid 20th Century, Aspen’s primary economy has been visitor-based. Scenic views, riparian areas and a pristine natural environment reflect the Aspen area’s basic values. The preservation of this natural capital has resulted in a highly attractive destination with a competitive advantage in the resort industry. This has contributed to substantial economic benefits, as well as continual development pressure.

But in many other ways we have fallen short of achieving important community goals. In the last 20 years, our economy has been eclipsed and surpassed by development-driven industries. Development has played a positive role in the community, but at times we have seen growth that is inconsistent with the history, scale, density, and context of our built environment; the social diversity of our residents and



visitors; the provision of local-serving business; the outdoor lifestyle; and small town character. The intensity of construction during booming economic periods has made us more aware of the shortcomings of our existing land use tools. Since the early 1970s, the Aspen area has taken the position that managed growth is essential in order to maintain quality of life for residents and visitors to the community. We feel that the time is fast approaching where we will be at the maximum in economy, physical space, and quality of life.

Therefore, one of the broad themes of this plan is to manage future development so that it contributes to the long-term viability of a sustainable, demographically diverse visitor-based economy and a vital year-round community.

The Urban Growth Boundary

We continue to support an Urban Growth Boundary (UGB) where density is concentrated in the commercial core and gradually tapers to the boundary and rural area of the County. The UGB was first adopted in the 2000 AACP, and provides an important tool against sprawl. Additional density within the commercial core should result in preservation of rural lands and must not erode our small town character. (See also the West of Castle Creek Corridor chapter)

Managing Construction Activity

Intense periods of construction activity compromise our community character and the long-term sustainability of the visitor-based economy. Therefore, we must coordinate amendments to the City and County codes to manage the impacts of construction. The purpose of managing construction impacts is to maintain our high quality of life by limiting traffic congestion, noise, dust, disturbances, air pollution and the disruption of the visual and aesthetic character of our neighborhoods and the downtown area. This plan calls for a renewed focus on managing the impacts of intense construction activity.

While citizen plans going back to 1976 have shown consistent support for some kind of annual building permit pacing system, specific methods have met substantial opposition in the past, and none have been implemented. A comprehensive effort to explore pacing models must be deliberate and transparent, including substantial public outreach and feedback.

The Residential Sector

While some potential remains for the residential development on vacant lots, the primary source of future residential construction will be redevelopment. History shows that residential redevelopment typically means the demolition of existing homes which are then replaced with expanded structures that are almost always built to the maximum square footage allowed, a trend that has had many negative impacts on our community.

This plan focuses on the zoning on either side of City/County boundaries, where allowable house size differs dramatically and can result in sudden changes in neighborhood character.

By continuing to limit regulate mass and scale of residential development, and more rigorously governing the location of homes in environmentally sensitive areas, we will:

- Preserve scenic mountain views
- Protect the natural environment
- Limit the public financial burden of additional infrastructure and annual local government operations
- Manage construction impacts
- Maintain the safety and enjoyment of our outdoor lifestyle
- Limit the unnecessary use of resources and energy, and

Definitions

Growth: Any increase in the size or activity of the community. Growth can be an increase in population, jobs, infrastructure, demand for public services or an increase in the size or use of buildings. Growth can be a result of new development, changes in use, redevelopment or fluctuations in the economy (jobs and public services).

Infrastructure: The physical and operational systems that support the Aspen Area. This includes traditional concepts of infrastructure, such as roads, the sewer system, water system and the trail system. Infrastructure also includes systems that make the Aspen Area a healthy, lively and socially balanced community, such as, affordable housing, a balanced lodging inventory, a lively and interesting downtown, unique restaurants, historic landmarks, engaging outdoor areas, recycling programs, clean air and water, compelling special events, healthy civic and non-profit organizations, essential businesses and renewable energy systems.

Density: The number of dwelling units per unit of land.

UGB: Urban Growth Boundary. The Aspen Area's Urban Growth Boundary was adopted as part of the 2000 AACP. It delineates the boundary within which growth should be accommodated.

Infill: A planning concept that encourages new building/construction in already developed areas rather than in undeveloped or pristine lands.

Mass & Scale: Refers to the dimensions of a building, including height, width and length; also including considerations such as the articulation of sections, modules and fenestration of a building.



The Aspen Area is home to many special events that draw a wide-range of visitors. These include Food and Wine (pictured above), Winter X-Games, the Music Festival, Ruggedfest, Jazz Aspen Snowmass events, and events held by the Aspen Institute.

- ~~Reduce short- and long-term job-generation impacts, such as traffic congestion and demand for community workforce housing, and~~
- Encourage a return to our visitor-base economy

The Lodging Sector

During the last 10-15 years, the market has favored, and the land use codes have allowed many small to mid-sized lodges to convert to other uses. This has resulted in the development of projects that are inconsistent with our town's bulk, mass, and scale

The formulation of a strategy that replenishes the lodging base, and favors a diverse lodging inventory is important to the long-term sustainability of a visitor-based economy that purposefully seeks to attract a diverse visitor base. Without a diversity of lodging options, we limit the ability of future generations of visitors to experience the Aspen Area and its surrounding public lands. Many of today's longtime locals first experienced Aspen thanks to "entry-level" lodging. The concept of providing equal access to Aspen has been present in long range plans dating back to 1976.

We seek a broader demographic in order to sustain a diverse visitor-based economy. Finally, we recognize that a diverse lodging inventory ensures there are places to stay for those who produce and participate in many of our critically important special events, workshops, and other activities.

The Commercial Sector

There is a concern that businesses providing basic necessities will be replaced with businesses providing non-essential goods and services. High-profile locations in the downtown have steadily converted from restaurants to retail spaces, retail spaces over time have transformed to offices, and high rents have resulted in a continuing shift towards exclusivity. The character of our community is bolstered by a diverse commercial mix. While we have taken some steps to increase retail diversity, we must pursue more aggressive measures to ensure the needs of the community are met, and to preserve our unique community character.

Public, Institutional, and Non-Profit Sector

The Aspen Area has a rich history of active involvement in civic and non-profit organizations, many of which arose from and further the Aspen Idea. Our non-profits are part of our community's distinct identity and their continued existence is integral to our character and economic health. Our sense of community depends on the continued strength of these important and historically significant institutions. It is critical the find methods of sustaining these organizations. In addition, the public sector should be a model for the ideals reflected in this plan.

Mitigating Impacts on Community Infrastructure

This plan calls for a comprehensive re-evaluation of the impacts that development has on community infrastructure. We need a clear and reliable understanding of the wide range of impacts that development can have on the Aspen area before we can make sound decisions on fair and equitable mitigation.

The City of Aspen and Pitkin County currently require new development and redevelopment to at least partially offset impacts on the community, such as the need for parks, schools, air quality, Community Workforce Housing, adequate roads, public transit, water, sewer, stormwater runoff, etc.



In March 2006, the Aspen City Council identified four "themes" to explore as part of a moratorium on land use applications: One of them was "Commercial Mix." Concerns ranged from whether there were enough "locally-serving" businesses for local residents, to whether retail stores were too "high-end" for tourists. This Plan attempts to address these concerns.

Some of our mitigation methods are sound and reliable, but others may not be achieving community goals in an equitable or efficient way.

Generally speaking, private sector development should not place a financial burden on the tax-paying public, and ~~impacts should be fully offset through various forms of mitigation~~ should mitigate for all reasonable, directly related impacts. At the same time, this plan recognizes that certain types of land uses are beneficial to the community as a whole, and requiring fewer mitigation costs for such uses is in the public interest. In these cases, we must be fully aware of the level of public subsidies being granted in order to have an informed discussion on such issues. Being fully informed of how community infrastructure costs are allocated is a basic responsibility to the public.

Maintaining Our Visitor-Based Economy

Our long-term sustainability as a community and visitor-based economy depends largely on our ability to remain an attractive, welcoming, accessible and affordable place for future generations.

As a resort community, it is important to ask ourselves: How will Aspen continue to be appealing in the next 10-20 years? Aspen has a history of innovation and reinvention, and that creative and groundbreaking spirit should serve us well in the future.

At the same time, there are a set of community values that are critical to sustain: These include preserving scenic landscapes, protecting the natural environment, creating an extensive trail network, providing unparalleled winter and summer recreational opportunities, preserving our unique architectural heritage, supporting arts and cultural institutions, maintaining a safe community, facilitating an interesting, vital and walkable downtown and fostering a sense of small town character.

What's Changed Since 2000

In 2000, the Aspen Area Community Plan re-adopted the Aspen Area Urban Growth Boundary (UGB), in an effort to prevent further urban sprawl. The concept was to encourage higher density development that met community goals in urbanized areas, with much lower density development outside of the UGB.

During the economic downturn of 2001-2003, the City of Aspen focused on allowing more "infill" within the City. At the same time, a Economic Sustainability Committee identified its top priority as replenishing the lodging base.

Just as new code changes were adopted to encourage infill and lodging, the national economy dramatically improved and several major land use applications for the downtown were submitted. The public expressed serious concerns that the downtown would lose its character, and turn into a series of tall monolithic buildings. At the same time, some longtime local-serving businesses such as Aspen Drug were converting to other uses. The City Council responded by adopting a moratorium in April 2006.

In 2007, the Council adopted new zoning regulations and extensive changes to the Commercial and Lodging Design Standards, including new restrictive regulations and a mandate to substantially vary heights. No major development has come forward to put the 2007 design standards into practice.

~~In 2000 the AACP called for an Urban Growth Boundary (UGB) "to~~

Quality of Life

"Quality of life" is a term used to describe various factors, sometimes intangible, that make a community attractive to live, work and visit. While the term is hard to define, we believe the Aspen Area has a high quality of life, and that the AACP helps to preserve this for future generations. Below is a list of just some of the things that contribute to our high quality of life.

Community Engagement:

We have an active, engaged community with diverse ideas and solutions. Whether it's for a social or environmental cause, we have a strong ethic of volunteerism and dedication to the community. We engage in broad, inclusive and respectful civic participation and we value and respect individuality.

Natural Environment: Our commitment to environmental quality is community-wide. The Aspen Area is home to many businesses and non-profits dedicated to environmental stewardship, and our local governments have made significant strides in this area over the last 10 years. The Aspen Area has clean water and air, and is committed to preserving our natural environment. We are all able to enjoy public lands through the extensive trails, parks and open space systems.

Small Town Character: The Aspen Area has many unique buildings that contribute to our small-town character. Our built environment respects historical context while allowing for innovation. We have welcoming, non-exclusive and casual gathering places that promote interaction among locals and visitors. Our lively and diverse downtown is an important asset that contributes to our overall character.



A new home being constructed in the Cemetery Lane neighborhood.

conserve resources.” In connection with the UGB, the 2000 plan stated that, “The City agrees to accept greater density within the boundary in exchange for the preservation of important open space in the outlying County and key parcels in the City, maintaining the separation between communities, and the prevention of sprawl.” The concept was that the City would accept County TDRs for increases in density within the urban area.

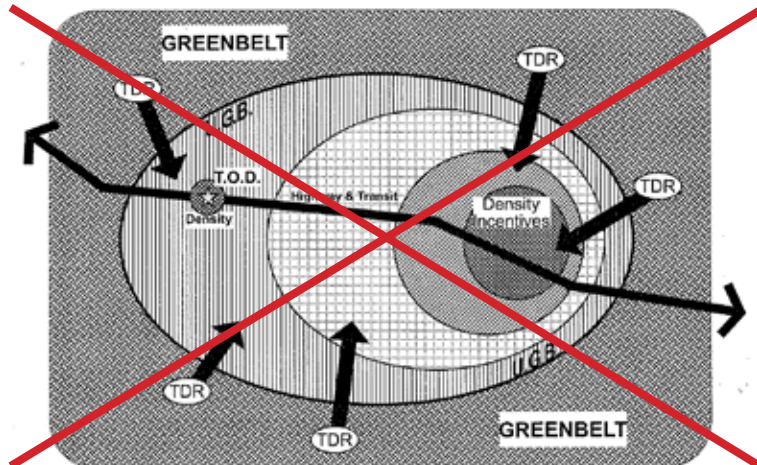
In mid-2000, the City rezoned much of the central core, in some instances tripling the allowed floor area, as well as increasing allowed heights. No TDRs were required in connection with the rezonings and mitigation requirements were relaxed. A flurry of land use applications resulted, primarily luxury fractional interest projects and high-end commercial with luxury penthouses on top. These developments met the underlying city code but many were not supported by the public.

In this plan, we call for an analysis along with computer modeling of the city’s zoning in the urban core. While the adopted design standards may be helpful on some level, the initial premise for the rezonings (i.e. the preservation of rural lands) should be reexamined.

After the rezonings were adopted, several major land use applications for the downtown were submitted. The public expressed serious concerns that the downtown would lose its character and turn into a series of tall monolithic buildings. At the same time, some longtime local-serving businesses such as Aspen Drug were converting to other uses. Concerned about potential negative changes to the built environment and the erosion of local-serving uses, the City Council responded by adopting a moratorium in April 2006.

As a result, some changes were made to the City Land Use Code, including some reductions in allowed floor area and heights, along with the adoption of “design standards.” Nonetheless, due to the density and intensity allowed by the current regulations and flexible processes like PUDs and COWOPs, there continues to be considerable opposition of most new development under the code. This results in substantial uncertainty for both the public and land owners.

The drawing at right (taken from the 2000 AACP) illustrates the direction the Aspen Area would like to grow, with greater densities located in town and the downtown core and alternative development near transit-oriented development (TOD) sites. Transferable Development Rights (TDRs) indicate the desire to transfer development rights from areas in the county to developments within the Urban Growth Boundary (UGB).



Between 2000 and 2010, the majority of construction activity consisted of the demolition of over 270 homes and their replacement with homes that nearly doubled the original square footage built on the lot. Single-family homes that were demolished between 2000 and 2007 averaged about 3,000 square feet, while the home that replaced it averaged about 5,500 square feet.

Since adoption of the 2000 AACP, Pitkin County modified the Land Use Code to limit house size to 5,750 square feet, allowing larger homes up to 15,000 square feet within the UGB only upon purchase of transferable development rights (TDRs) from remote or agricultural properties in the County or through an enhanced review process.

Since 2000, there has been a focus on public projects, including the Aspen Recreation Center, Colorado Mountain College (CMC), the Pitkin County Animal Shelter, extensive redevelopment at the Aspen School District campus, a new downtown fire district headquarters and a new fire district substation at the Aspen Airport Business Center. More recently, City Council approved an expansion of Aspen Valley Hospital and a new Aspen Art Museum. Today, preliminary planning continues for a renovated Galena Plaza an expansion of the Pitkin County Library, as well as implementation of the Airport Master Plan.

Regarding Community Workforce Housing (CWH), the continued conversion of locally-owned homes to second homes and higher real estate prices downvalley have limited options for Aspen area workers. While the retirement of workers in Community Workforce Housing is a minor phenomenon at this time, demographic projections clearly show it will become a critical issue over the next 10 to 20 years.

In March 2010, the City Council adopted an Affordable Housing Certificate Program to encourage private sector involvement in the creation of Community Workforce Housing, and as a method to provide mitigation in a more timely manner.

What's New in the 2011 AACP

One of the broad themes of the 2011 AACP is to ensure the sustainability of a demographically diverse visitor-based industry as the centerpiece of our local economy. Continuing to limit the mass and scale of homes is part of this long-term strategy. Regulating growth in the interest of preserving small-town character as well as our natural capital is in our economic self-interest, and provides a range of economic benefits for property owners and businesses.

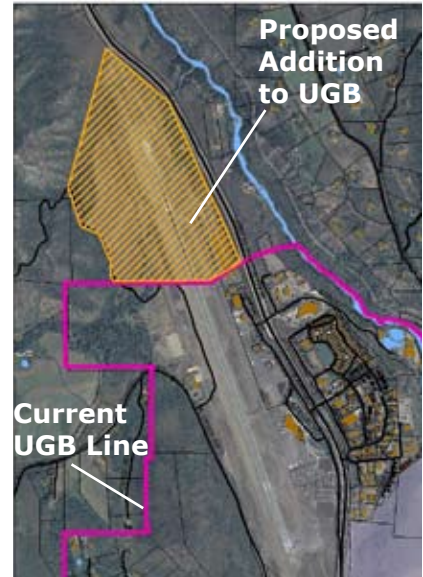
Seeking to replenish and diversify the lodging inventory is a significant new policy compared to past AACPs. The intent is to ensure a broad visitor base over the long-term, bolstering the sustainability of our visitor-based industry. In addition, this plan calls for more aggressive measures to ensure that the commercial sector provides essential products and services, and to ensure balance between a local-serving and visitor-oriented commercial sector.

This plan also calls for a comprehensive re-evaluation of the impacts that development has on community infrastructure. Private sector development should not place a financial burden on the tax-paying public, but we also recognize that certain types of land uses are beneficial to the community as a whole, and require fewer mitigation costs for such uses in the public interest.

This plan continues to call for an Urban Growth Boundary (UGB) in an effort to limit and control sprawl. The UGB that was adopted in 2000 remains in effect, with one modification to include the entire airport runway. (See the image at right)

Unlike the 2000 AACP, this plan does not identify a recommended maximum population. This decision was not made lightly, but was based on several important conclusions. First, staff research showed that population calculations made prior to the 2000 AACP were flawed, and should not continue to be relied upon for planning purposes. Staff then conducted studies on population segments, such as the number of year-round residents, commuters, lodging visitors, second home visitors and others. The exercise of breaking population down into segments is a valuable way of illustrating important trends that can help the community in future decision-making. This population segment analysis is located in the Appendix.

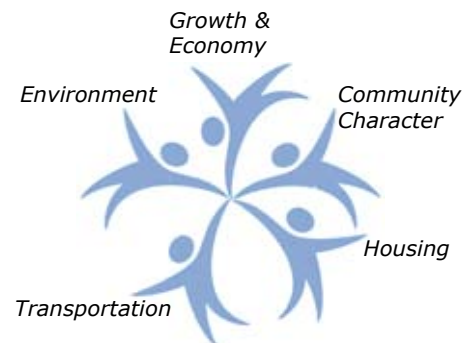
This plan also encourages examining a wide range of impacts on infrastructure that could occur as we approach build-out. Additional study to estimate and understand these impacts will help the community make important decisions during the life of this plan.



*Changes to the Urban Growth Boundary -- The P&Zs reviewed the existing Urban Growth Boundary (UGB) and proposed one change to the boundary in the West of Castle Creek Corridor area. The map above illustrates the proposed change to add a portion of the Airport Property into the UGB (in orange hatching). The 2004 Airport Master Plan covers the entire Airport Property; the current UGB line bisects the Airport runway and does not include all the areas in the 2004 Airport Master Plan. **The P&Z recommended This plan recommends extending the UGB line to portions of the Airport property that are zoned Public.***

Linkages

We manage growth to ensure different community functions and uses are in balance, and to help reach community goals in the broadest sense. When we discuss the different ways to manage growth, topics include ultimate build-out, job generation, affordable housing needs, environmental impacts, infrastructure expansion, the transportation system, and the viability of our visitor-based economy. We rely on the tools of growth management to encourage the uses needed by the community, and to discourage uses that don't contribute to our vision for the future.



Managing Growth for Community & Economic Sustainability Policies

Policy Categories

I. ACHIEVING COMMUNITY & ECONOMIC SUSTAINABILITY

I.1. Achieve sustainable growth practices to ensure the long-term viability and stability of our community and diverse visitor-based economy.

*Community Goal, Work
Program for Planning
Department*

~~I.2. Ensure there is an on-going economic analysis of the Aspen Area economy that uses a consistent metric and provides broad community understanding of the state of the economy.~~

~~*Community Goal, Data-
Gathering*~~

I.3.2. Explore and evaluate qualitative improvements to the Aspen area's visitor-based economy, that address the interests of future generations.

*Community Goal,
Collaborative Initiative*

~~I.4. Identify opportunities to reduce the "boom-bust" nature of the economy.~~

~~*Community Goal,
Collaborative Initiative*~~

~~I.5. Through good land use planning and sound decision-making, ensure that the ultimate population density of the Aspen Area does not degrade the quality of life for residents and the enjoyment of visitors.~~

~~*Community Goal, Proposed
Code Amendment*~~

I.6.3 Establish lower maximum building heights Explore changes to all dimensional requirements in order to maintain Aspen's small town character.

~~*Community Goal, Proposed
Code Amendment*~~

I.7.4. Our public policies should be informed by reliable data on population segments* and their impacts.
(*See Appendix)

Data Gathering

I.5. Maintain and improve the Aspen Area's tourist-based economy.

*Community Goal,
Collaborative Initiative*

II. URBAN GROWTH BOUNDARY (UGB)

II.1. Maintain ~~at~~the UGB to ensure development is contained and sprawl is minimized.

Community Goal

II.2. Urban densities should be located within the commercial core ~~of Aspen~~, and appropriate increases in density should only occur if they result in the preservation of land in the proximity of the UGB through Transferable Development Rights (TDRs) or other land use tools.

*Community Goal, Proposed
Code Amendment*

Managing Growth for Community & Economic Sustainability Policies

Policy Categories

III. RESIDENTIAL SECTOR

III.1. Protect the visual quality and character of neighborhoods by minimizing site coverage, mass and scale.

Proposed Code Amendment

III.2. Preserve and protect environmentally sensitive and scenic areas by controlling the location and size of homes in those areas.

Proposed Code Amendment

~~Control the location and limit the mass and scale of homes in order to:~~

- ~~• Protect the natural visual quality and scenic value of river corridors and mountainsides, while also preventing environmental degradation and protecting water quality~~
- ~~• Protect our small town community character and historical heritage~~
- ~~• Limit consumption of energy and building materials~~
- ~~• Limit the burden on public infrastructure and ongoing public operating costs~~
- ~~• Reduce short and long term job generation impacts, such as traffic congestion and demand for Community Workforce Housing~~
- ~~• Limit zoning variances to reduce impacts on the neighborhood and the community, and~~
- ~~• Limit site coverage~~

III.3. Ensure City and County codes are consistent in the vicinity of City/County boundaries to prevent shifts in the character of neighborhoods, and to encourage smoother cross-boundary transitions regarding house size and density.

Proposed Code Amendment

III.4. Ensure that the County and City Transferrable Development Rights (TDR) programs continue to effectively preserve backcountry areas/agricultural lands and historic structures, respectively.

Work Program for Planning Department, Proposed Code Amendment

IV. LODGING SECTOR

IV.1. Minimize the further loss of lodging inventory.

Community Goal, Collaborative Initiative, Proposed Code Amendment

IV.2. Replenish the declining lodging base with an emphasis on a balanced inventory ~~and diverse price points.~~

Community Goal, Proposed Code Amendment

IV.3. Lodging amenities should be designed to facilitate interaction between visitors and residents.

Community Goal, Proposed Code Amendment

IV.4. Zoning and land use processes should result in lodging development that is compatible and appropriate within the context of the neighborhood, ~~in order to:~~

Community Goal, Proposed Code Amendment

- ~~• Create certainty in land development~~
- ~~• Prioritize maintaining our mountain views~~
- ~~• Protect our existing lodges~~
- ~~• Protect our small town community character and historical heritage~~
- ~~• Limit consumption of energy and building materials~~
- ~~• Limit the burden on public infrastructure and ongoing public operating costs, and~~
- ~~• Reduce short and long term job generation impacts, such as traffic congestion and demand for Community Workforce Housing.~~

Managing Growth for Community & Economic Sustainability Policies

Policy Categories

V. COMMERCIAL SECTOR

V.1. Encourage a commercial mix that is balanced, diverse, vital and meets the needs of year-round residents and visitors.

V.2. Facilitate the sustainability of essential businesses that provide basic community needs.

V.3. Ensure the Land Use Code supports innovative development that respects our architectural heritage in terms of site coverage, mass, scale, form and a diversity of heights.

~~Ensure that the City Land Use Code results in development that reflects our architectural heritage in terms of site coverage, mass, scale, density and a diversity of heights, in order to:~~

- ~~• Create certainty in land development~~
- ~~• Prioritize maintaining our mountain views~~
- ~~• Protect our small town community character and historical heritage~~
- ~~• Limit consumption of energy and building materials~~
- ~~• Limit the burden on public infrastructure and ongoing public operating costs, and~~
- ~~• Reduce short and long term job generation impacts, such as traffic congestion and demand for Community Workforce Housing.~~

*Community Goal,
Collaborative Initiative*

*Collaborative Initiative,
Incentive Program, Work
Program for Planning
Department*

*Work Program for Planning
Department, Proposed Code
Amendment*

VI. PUBLIC, INSTITUTIONAL AND NON-PROFIT SECTOR

VI.1. Zoning and land use processes should result in public, institutional and non-profit development that is appropriate and respectful within the context of the neighborhood, and should clearly reflect its use.

VI.2. Public sector development should be a model for the ideals reflected in this plan, and should comply with the Land Use Code.

VI.3 Preserve and enhance our non-profit and quasi-public facilities and spaces. (see also Aspen Idea Chapter)

VI.4. New or expanded non-profit facilities in the UGB should be located within the City limits, excepting non-profits with missions that reflect rural values and activities.

*Community Goal, Proposed
Code Amendment*

Community Goal

Collaborative Initiative

Proposed Code Amendment

Managing Growth for Community & Economic Sustainability Policies

Policy Categories

VII. MITIGATING IMPACTS

VII.1. Study and quantify all impacts that are directly related to all types of development.

VII.2. Ensure that new development and redevelopment mitigates all reasonable, directly-related impacts.

VII.3. Allow abatements in mitigation for certain types of development that provide significant community benefits and are in the public interest.

VII.4. Evaluate the ADU, cash-in-lieu, and Certificate of Affordable Housing Credit Program in terms of providing effective housing mitigation and consider program changes based on the findings.

VII.4.5. Develop better methods to manage adverse construction impacts, ~~including a construction pacing system that respects quiet enjoyment of our community and neighborhoods.~~

VII.6. Explore the creation of a construction pacing system.

Community Goal, Work Program for Planning Department

Work Program for Planning Department & APCHA, Proposed Code Amendment

Community Goal, Proposed Code Amendment

Work Program for Planning Department & APCHA, Proposed Code Amendment

Community Goal, Proposed Code Amendment

Work Program for Planning Department, Proposed Code Amendment

VIII. REVIEW PROCESS

VIII.1. Restore public confidence in the development process.

VIII.2. Create certainty in zoning and the land use process.

VIII.3. Ensure that PUD and COWOP processes result in tangible, long-term community benefits and do not degrade the built or natural environment through mass and scale that exceeds Land Use Code standards.

Community Goal, Collaborative Initiative

Community Goal

Community Goal, Proposed Code Amendment

Managing Growth for Community & Economic Implementation Steps

I. ACHIEVING COMMUNITY & ECONOMIC SUSTAINABILITY

I.1. Achieve sustainable growth practices to ensure the long term viability and stability of our community and diverse visitor-based economy. (Community Goal, Work Program for Planning Department)

- I.1.ba Explore amending the GMQS objective points system to encourage community benefits. (I – P, AO)
- I.1.ab Explore ~~revisions to~~revising the Growth Management Quota System (GMQS) to include quotas for residential demolition and replacement. (I – P, AO)
- I.1.c Update the GMQS to reflect latest job generation and mitigation studies (see Mitigating Impacts Action Items in Section VII). (I – P)
- I.1.d Examine City and County codes to ensure they reflect the ideals articulated in the plan. (LT – P)
- I.1.e Establish a routine process and consistent metric to ensure an on-going economic analysis of our economy is conducted. The analysis should take a holistic approach, including analysis of construction, job generation, business/economic sectors, tax revenues, etc. (I – P)
- I.1.f Explore opportunities to reduce the “boom-bust” nature of the economy by diversifying the economy and addressing “boom-bust” cycles. (LT – community groups, CM)

~~I.2. Ensure there is an on-going economic analysis of the Aspen Area economy that uses a consistent metric and provides broad community understanding of the state of the economy. (Community Goal, Data-Gathering)~~

- ~~I.2.a Establish a routine process and consistent metric to ensure an on-going economic analysis of our economy is conducted. The analysis should take a holistic approach, including analysis of construction, job generation, business/economic sectors, tax revenues, etc. (I – P)~~

I.3.2. Explore and evaluate qualitative improvements to the Aspen area’s visitor-based economy, that address the interests of future generations. (Community Goal, Collaborative Initiative)

- I.3.2.a Proactively promote a diversity of community events, activities and experiences that broaden the area’s attractiveness as a destination and draw new visitors. (LT - P)
- I.3.2.b Explore the creation of an “Aspencorps” that would draw visitors to learn new skills and volunteer their time in the Aspen community and connect to the community. (LT- P)
- I.3.2.c Explore the creation of a coordinated, attractive signage program that promotes way finding & safety. (LT - P)

~~I.4. Identify opportunities to reduce the “boom-bust” nature of the economy. (Community Goal, Collaborative Initiative)~~

- ~~I.4.a Explore opportunities to diversify the economy and address “boom-bust” cycles. (LT—community groups, CM)~~
- ~~I.4.b Establish a collaborative working group including major institutions, the public sector, ACRA, the retail sector, the SkiCo and larger lodges to develop a community wide strategic resort analysis and plan to maintain sustainability of the tourist economy. (LT—P, ACRA, etc)~~
- ~~I.4.c The working group should conduct market research and amenity and lodging product demand analysis, including examining what other resort communities are doing to attract visitors. (I—P, SE)~~

~~I.5 Through good land use planning and sound decision making, ensure that the ultimate population density of the Aspen Area does not degrade the quality of life for residents and the enjoyment of visitors. (Community Goal)~~

~~I.5.a Explore amendments to the Land Use Code that address the policy. (LT – P)~~

I.6.3. Explore changes to all dimensional requirements in order ~~Establish lower maximum building heights~~ to maintain Aspen’s small town character. (Community Goal, Proposed Code Amendment)

I.6.3.a Amend zoning, the Commercial Design Guidelines, Residential Design Guidelines and Historic Design Guidelines as needed to implement the policy. (I - P)

I.6.3.b AExplore a reduction in heights on the south side of the street to accomodate solar considerations. (I - P)

I.7.4. Our public policies should be informed by reliable data on population segments and their impacts. (Data Gathering)

I.7.4.a Use the Population Segment Chart as a starting point for tracking population data in the Urban Growth Boundary. Require yearly updates to be included in City and County Annual Reports. (I - P)

I.7.4.b Project growth/decline in future population segments by using Population Segment Chart, build-out studies, job generation estimates, Census tracking and State Demographer’s Office reports. (LT - P)

I.7.4.c Ensure there is a reliable method for tracking all new square footage and redeveloped square footage, by use. Require yearly updates to be included in City and County Annual Reports. (I - P)

I.5. Maintain and improve the Aspen Area’s tourist-based economy. (Community Goal, Collaborative Initiative)

I.5.a Establish a collaborative working group including major institutions, the public sector, ACRA, the retail sector, the SkiCo and lodges, to develop a community-wide strategic resort analysis and plan to maintain sustainability for the tourist economy. (LT - P)

I.5.b The working group should conduct market research and brand development, including examining what other resort communities are doing to attract visitors. (I - P, SE)

I.5.c The working group should conduct periodic analyses of our competitive advantages and disadvantages, and then explore ways to ensure that resort amenities appeal to visitors. (LT - P)

II. URBAN GROWTH BOUNDARY (UGB)

II.1 Maintain ~~a~~the UGB to ensure development is contained and sprawl is minimized. (Community Goal)

II.1.a Revise the Land Use Codes to require any amendments to the UGB to consider how it will increase or decrease sprawl. (LT - P)

II.2 Urban densities should be located within the commercial core ~~of Aspen~~, and appropriate increases in density should only occur if they result in the preservation of land in the proximity of the UGB through Transferable Development Rights (TDRs) or other land use tools. (Community Goal, Proposed Code Amendment)

II.2.a Explore the potential to use County TDRs in the City to preserve more and build less. (I - P)

II.2.b Explore amending the City and County Land Use Codes as necessary to implement the policy. (I - P)

III. RESIDENTIAL SECTOR

III.1. Protect the visual quality and character of residential neighborhoods by reducing site coverage. (Proposed Code Amendment)

III.1.a Amend City and County Land Use Codes to reduce allowable site coverage and create Residential Design Standards customized by neighborhood. (I - P)

III.1.b Explore amending the City and County Land Use Codes to ~~the potential of~~include form-based design standards, and volumetric floor area calculations. (I - P)

III.1.c Study development in historic town-site areas of Aspen and other similar mountain communities in order to create standards that preserve visual quality and character. (I - P)

III.1.d Amend the County Land Use Code to establish a sliding scale floor area ratio (FAR) for substandard size parcels in the AR-10 zone. (I - P)

III.1.e Amend the City and County Land Use Codes to reduce or eliminate FAR exemptions for items such as multi-level sub-grade space and garages. (I - P)

III.2. Preserve and protect environmentally sensitive and scenic areas by controlling the location and size of homes in those areas. ~~Control the location and limit the size of homes in order to:~~

- ~~• Protect the natural visual quality and scenic value of river corridors and mountainsides, while also preventing environmental degradation and protecting water quality~~
- ~~• Protect our small town community character and historical heritage~~
- ~~• Limit consumption of energy and building materials~~
- ~~• Limit the burden on public infrastructure and ongoing public operating costs~~
- ~~• Reduce short and long term job generation impacts, such as traffic congestion and demand for Community Workforce Housing~~
- ~~• Limit zoning variances to reduce impacts on the neighborhood and the community, and~~
- ~~• Limit site coverage~~

(Proposed Code Amendment)

III.2.a City and County Planning and Zoning Commissions should jointly and comprehensively examine and improve the following Land Use Code regulations:

- City 8040 Greenline regulations
- City and County slope requirements (FAR, Density)
- City and County Stream Margin Review
- County site plan review on slopes
- County scenic review (I - P, P/OS, AO)

III.2.b Explore prohibiting development on slopes of 30% or greater. (I - P, AO)

III.2.c Amend City and County Land Use Codes to address proper location and solar orientation of homes. (I - P, B, CI)

III.2.d Expand and strengthen the County's scenic view protection standards, especially along roads such as Highway 82 toward Independence Pass, up Castle Creek Road, and up Maroon Creek Road, to limit the visual impacts of growth. (I - P)

III.2.e Explore amending the ~~City's~~ County's Scenic View Protection Standards to include additional roads. (I - P)

~~III.2.f Explore amending City and County Land Use Codes to establish a lower house size hard cap. (I - P)~~

III.3. Ensure City and County codes are consistent in the vicinity of City/County boundaries to prevent shifts in the character of neighborhoods, and to encourage smoother cross-boundary transitions regarding house size and density. (Proposed Code Amendment)

III. 3.a Amend City and County Land Use Codes to implement the policy, including a smoother transition in house sizes from the city to the county. (I - P)

II.3.b Establish an Inter-Governmental Agreement regarding an annexation policy in the area within the UGB. (I - P)

III.3.c Explore mechanisms for a joint review by the City and County Planning & Zoning Commissions of development in the UGB. (I - P)

III.3.d Amend City and County Land Use Codes to make variance criteria more stringent in order to limit the impact of those variances on neighborhoods. (I - P)

III.4. Ensure that the County and City Transferrable Development Rights (TDR) programs continue to effectively preserve backcountry areas/agricultural lands and historic structures, respectively. (Work Program for Planning Department, Proposed Code Amendment)

III.4.a Evaluate the City and County TDR programs to ensure they are serving a valuable public purpose. (I - P)

III.4.b Ensure the viability of the County's Transferable Development Right (TDR) program. Scope of work would include:

- Estimate future TDR supply
- Review potential adjustments such as reducing the FAR awarded for a TDR, to ensure adequate demand
- Explore a sliding FAR scale for TDR value based on scenic or other resources related to the sending site
- Explore potential for inter-jurisdictional TDR exchange between County and City
- Explore other possible uses for TDRs on receiving sites (aside from FAR). (I - P)

III.4.c Explore a new square footage buy-back program, such as a Purchase of Development Rights (PDR) program or a conservation easement approach, for projects that are vested for more than 5,750 square feet to encourage owners not to exceed or reduce that size. (LT - P)

III.4.d Explore expanding the City and County TDR Programs to address additional community goals, including incentivizing locally-serving commercial spaces and moderately sized lodging. (LT - P)

IV. LODGING SECTOR

IV.1. Minimize the further loss of lodging inventory. (Community Goal, Collaborative Initiative, Proposed Code Amendment)

IV.1.a Explore amending the City Land Use Code to eliminate the provision for new multifamily free market residential as the sole non-lodging use on a parcel in the Lodge Zone District. (I - P)

IV.1.b Explore allowing the conversion of existing multi-family, free-market buildings to lodging uses. (I - P)

IV.1.c Explore amending the City and County Land Use Codes to eliminate the provision of free-market residential incentives in lodging development. (I- P)

IV.1.d Explore amending the City and County Land Use Codes to limit the ability to convert lodging to other uses. (I - P)

IV.2. Replenish the declining lodging base with an emphasis on a balanced inventory, ~~and diverse price points.~~ (Community Goal, Proposed Code Amendment)

IV.2.a Update the City and County lodging database, including information on room sizes, age, bed base and amenities provided. (I - ACRA, SkiCo)

IV.2.b Identify and describe a desirable mix of lodging inventory and use this desired balance to incentivize product type for new lodging development with a goal of establishing a balanced inventory. (I - P, ACRA, SkiCo, SAS)

IV.2.c Explore methods to maintain the inventory of smaller lodges. (I- P)

IV.2.d Explore the potential for incentives to encourage voluntary deed-restricted economy/moderate lodging. (I - P)

IV.2.f Amend the City Land Use Code to allow for flexibility in lodging unit sizes and configurations that can respond to seasonal and economic change. (I - P)

IV.2.g Explore potential public/private partnerships to produce economy/moderate lodging. (I - P)

IV.3. Lodging amenities should be designed to facilitate interaction between visitors and residents. (Community Goal, Proposed Code Amendment)

IV.3.a Amend the City and County Land Use Codes and design guidelines to incentivize publicly accessible, on-site amenities to be conveniently accessible and welcoming to both visitors and residents. (I - P)

IV.3.b Encourage a diversity of lodging amenities between lodges to ensure a balance within the community. (I - P)

IV.4. Zoning and land use processes should result in lodging development that is compatible and appropriate within the context of the neighborhood, ~~in order to:~~

- ~~• Create certainty in land development;~~
- ~~• Prioritize maintaining our mountain views;~~
- ~~• Protect our existing lodges;~~
- ~~• Protect our small town community character and historical heritage;~~
- ~~• Limit consumption of energy and building materials;~~
- ~~• Limit the burden on public infrastructure and ongoing public operating costs; and~~
- ~~• Reduce short and long term job generation impacts, such as traffic congestion and demand for Community Workforce Housing~~

(Community Goal, Proposed Code Amendment)

IV.4.a Use the City's 3-D model of the downtown area to illustrate the maximum development that could result from the City's existing zoning and Lodging & Commercial Design Guidelines. (I - P)

IV.4.b Amend zoning and the City's Lodging & Commercial Design Guidelines based on the findings of IV.4.a if necessary to ensure compatible and appropriate development. (I - P)

IV.4.c Explore the creation of new solar and view easements. (I - P)

V. COMMERCIAL SECTOR

V.1. Encourage a commercial mix that is balanced, diverse, vital and meets the needs of year-round residents and visitors. (Community Goal, Collaborative Initiative)

V.1.a Conduct a Market Study to identify the aggregate retail demand of local residents and determine whether there are adequate local-serving businesses to meet that demand, and if there are types of business that are over-represented in the downtown and consider creating tools, such as quotas, limited prohibitions, zoning, etc, to manage imbalances. (I - P)

V.1.b Explore incentives, such as Growth Management, for the use of non-prime commercial space including basements, 2nd floors and alleys. (I - P)

V.1.c Explore amending zoning to encourage locations for products and services identified as needed in the Market Study outlined in Implementation Step IV.1.a, above. (I - P)

V.1.d Explore creating a program to encourage limited-use commercial spaces, which would be charged lower rents or rents based on a percentage of sales. (I - P)

V.1.e Explore adopting an Existing Use Zone District in specific areas in order to prohibit new uses from displacing existing ones. The new Zone District might allow a limited list of commercial uses subject to a conditional use process. (I - P)

V.1.f Explore the potential to use public sector or non-profit owned commercial spaces to implement policy. (I - P)

V.2. Facilitate for the sustainability of essential businesses that provide basic community needs (Collaborative Initiative, Incentive Program, Work Program for Planning Department)

V.2.a Identify products and services that are considered basic community needs. (I - P)

V.2.b Create an inventory of existing essential commercial uses and businesses and explore measures to keep them viable. (I - P)

V.2.c Establish a working group including representatives of City, ACRA, Aspen Retail Association, CCLC and other groups or individuals to reach out to property/business owners who provide essential products in an effort to explore succession planning, including cooperatively owned stores. (LT - P)

V.3. Ensure the Land Use Code supports innovative development that respects our architectural heritage in terms of site coverage, mass, scale, form and a diversity of heights. Ensure that the City Land Use Code supports innovative development that respects our architectural heritage in terms of site coverage, mass, scale, form and a diversity of heights, in order to:

- ~~• Create certainty in land development~~
- ~~• Prioritize maintaining our mountain views~~
- ~~• Protect our small town community character and historical heritage~~
- ~~• Limit consumption of energy and building materials~~

- ~~Limit the burden on public infrastructure and ongoing public operating costs, and~~
- ~~Reduce short and long term job generation impacts, such as traffic congestion and demand for Community Workforce Housing~~

(Work Program for Planning Department, Proposed Code Amendment)

- V.3.a Generate development scenarios using 3-D modeling to test whether Commercial Design Guidelines and Historic Preservation Guidelines would implement the policy. (I - P)
- V.3.b Amend the Commercial Design Guidelines, Historic Design Guidelines and zoning as needed to implement the policy. (I - P)
- V.3.c Re-evaluate the assumptions behind the Infill codes, such as what is the appropriate historic pattern of development to model. (I - P)
- V.3.d Engage in a community dialogue about the appearance and function of the commercial zone districts and amend our codes to reflect the community will. (I - P)

VI. PUBLIC, INSTITUTIONAL AND NON-PROFIT SECTOR

VI.1 Zoning and land use processes should result in public, institutional and non-profit development that is appropriate and respectful within the context of the neighborhood, and should clearly reflect its use. (Community Goal, Proposed Code Amendment)

- VI.1.a Amend zoning, the Commercial Design Guidelines, and Historic Design Guidelines as needed to implement the policy. (I - P)
- VI.1.b Explore changes to the land use review process as needed to implement the policy. (I - P)
- VI.1.c Generate development scenarios using 3-D modeling to test whether Commercial Design Guidelines and Historic Preservation Guidelines would implement the policy. (I - P)

VI.2. Public sector development should be a model for the ideals reflected in this plan, and should comply with the Land Use Code. (Community Goal)

- VI.2.a Explore methods and projects that enable the City and County to model the ideals set forth in this plan. (LT - CM)
- VI.2.b Amend the Land Use Code as needed to implement the policy. (I - P)

VI.3. Preserve and enhance our non-profit and quasi-public facilities and spaces. (see also Aspen Idea Chapter) (Collaborative Initiative)

- VI.3.a Address the potential future loss of civic buildings and spaces through a variety of methods, including public-private partnerships. (I - P, City Manager, County Manager, non-profit groups, etc)
- VI.3.b Explore community partnerships, amendments to codes and other methods to ensure the continuation of publicly-accessible spaces used and/or owned by non-profits, institutions and civic organizations. (I - P, City Manager, County Manager, non-profit groups, etc.)
- VI.3.c Explore the creation of a multiple-use community gathering place that serves as a hub for activities. The center should be easily accessible and close to complimentary community amenities. (LT - SrS, non-profit groups)
- VI.3.d Explore the creation of new open air or quasi-pedestrian "market places" that utilize public spaces. (LT - City Manager, P)
- VI.3.e Explore establishing a highly visible and central visitor welcome and information center to provide visitors with information on activities, attractions, businesses and lodging in the area. (LT - ACRA, P)
- VI.3.f Encourage adaptable use of public spaces, including downtown streets, for events. (LT- P)

VI.4. New or expanded non-profit facilities in the UGB should be located within the City limits, excepting non-profits with missions that reflect rural values and activities. (Proposed Code Amendment)

- VI.4.a Examine the Pitkin County Land Use Code to ensure it implements this policy and amend the code accordingly. (I - P)

VII. MITIGATING IMPACTS

VII.1. Study and quantify all impacts that are directly related to all types of development. (Community Goal, Work Program for Planning [Department](#))

VII.1.a Conduct a comprehensive review and study of all impacts (both positive and negative) resulting from new development. (I - P)

VII.1.b Explore amendments to the City and County Codes to address impacts. (I - P, AO)

VII.2. Ensure that new development and redevelopment mitigates all reasonable, directly-related impacts. (Work Program for Planning [Department](#) & APCHA, Proposed Code Amendment)

VII.2.a Conduct a comprehensive review of all mitigation options. (I - P)

VII.2.b Review the effectiveness of existing impact fees in the City and County with regard to schools, parks, roads, Transportation Demand Management, stormwater, etc, and revise as necessary. (LT - P, AO)

VII.2.c City and County shall conduct an updated study on short- and long-term job generation impacts of both part- and full-time residential development. The study should account for different job generation rates based on property types and neighborhoods, e.g., downtown condominiums, West End, larger county properties, and should be updated as needed. (I - P, APCHA)

VII.2.d Create a "mitigation menu" based on the job generation study, including:

- Incentivize the provision of on-site Community Workforce Housing (CWH). This could include prioritization in receiving a building permit, points in growth management, etc. (I - P)
- Recalculate City and County cash-in-lieu payment amount to reflect the job generation study, as well as all actual costs of providing off-site CWH, such as the soft costs of locating developable property, planning, designing, conducting the appropriate public processes, identifying buy-down properties, etc, as well as the traditional hard costs of construction (I - P, APCHA)
- Consider establishing an official list of deed-restricted housing projects and potential buy-down properties that developers could buy into to mitigate their CWH impacts. (I - P, APCHA)
- Explore public-private partnerships to create and manage CWH. (I - P, APCHA)
- Consider amending the County code to allow for the creation of housing credits that developers can buy for their own mitigation. (I - P)

VII.2.e Examine the County's fee/mitigation policy regarding Resident-Occupied (RO) homes. (I - P, APCHA)

VII.2.f Explore an impact fee dedicated to capital improvements for health and human services. (I - P, HHS, PH)

VII.3. Allow abatements in mitigation for certain types of development that provide significant community benefits and are in the public interest. (Community Goal, Proposed Code Amendment)

VII.3.a Explore the creation of a partial exemption process if clearly defined "community benefits" are provided. If a partial exemption process is pursued, consider a minimum threshold of required housing mitigation. (LT - P, APCHA)

VII.3.b Define "community benefits". (I - P&Z, APCHA)

VII.3.c Develop and codify review standards that allow the mix of on-site versus off-site community housing to be evaluated objectively based on the community housing benefits list. (LT - P)

VII.3.d Explore amendments to the City and County Codes to:

- Ensure, to the greatest extent possible, the categories of housing mitigation / cash-in-lieu fees match the income level of the jobs created by the development.
- Require housing mitigation to be provided prior to or concurrent with the development that generates it.
- Ensure that public sector projects are subject to housing mitigation requirements. (I - APCHA, P)

[VII.4. Evaluate the ADU, cash-in-lieu, and Certificate of Affordable Housing Credit Program in terms of providing effective housing mitigation and consider program changes based on the findings. \(Work Program for Planning \[Department\]\(#\) & APCHA, Proposed Code Amendment\)](#)

[VII.4.a Conduct a study of the ADU and CDU program, including current occupancy rates to determine the effectiveness of the program. Amend the City and County programs based on the findings of the study. \(I - APCHA, P\)](#)

VII.4.b Analyze the current housing cash-in-lieu requirements to determine if they accurately reflect the cost of providing new housing. Amend the City and County code, and Housing Guidelines. based on the findings of the study. (I – APCHA, P)

VII.4.c Analyze effectiveness of the City’s Affordable Housing Certificate Program. Explore the creation of a similar program in the County. (I – APCHA, P)

VII.45. Develop better methods to manage adverse construction impacts, ~~including a construction pacing system that respects quiet enjoyment of our community and neighborhoods.~~ (Community Goal, Proposed Code Amendment)

VII.4.a Review the effectiveness of recent construction management plan codes and expand and improve as needed to address policy. (I – P, E)

VII.6. Explore the creation of a construction pacing system. (Work Program for Planning Department, Proposed Code Amendment)

VII.46.b Explore amending and coordinating City and County codes to pace the level of construction activity on an annual basis. (I – P)

VII.46.c Explore amending codes to include residential demolition and replacement (“scrape and replace” development) in the pacing system. (I – P)

VII.46.d Explore not pacing certain types of development, including Community Workforce Housing (CWH), conversion of free-market housing to CWH, and projects that apply for a building permit and act on it within one year of a development order. (I – P)

VII.46.e Explore generating an objective list of community benefits through which an applicant may earn “points” under a pacing system to gain preferential treatment, such as being moved toward the “head of the line.” As an example, preferential treatment could be awarded for construction associated with older homes that have not undergone significant redevelopment to date. (I – P)

VII.46.f Explore UGB-wide pacing system that is based on a percentage square footage increase that is allowable per year . (I – P)

VII.46.g Explore the role of the duration of vested rights as a tool in a pacing system. (I – P, AO)

VII.46.h Explore a “target” year, determined to be acceptable in terms of construction activity, to be used as baseline for a building permit cap. (I – P)

VII.46.i Where development quotas have been established to address inadequate infrastructure, explore allowing the restriction to “sunset” at such time as specific infrastructure improvements or other accomplishments have been made to ensure improved quality of life. (LT – P)

VIII. REVIEW PROCESS

VIII.1. Restore public confidence in the development process. (Community Goal, Collaborative Initiative)

VIII.1.a Amend City and County Land Use Codes to create a greater expectation of certainty and predictability in the review process. (I – P)

VIII.1.b Create a publicly accessible UGB-wide 3-D model that shows what development is permitted under the City and County Land Use Codes. (I – P)

VIII.1.c ~~Amend~~Explore amending the PUD regulations to address the placement of allowable mass, scale and density, rather than using the PUD process to exceed underlying dimensional requirements. (I – P)

VIII.1.d ~~Amend~~Explore amending City and County codes to establish an absolute height limit that can be achieved through a PUD or other process. (I – P)

~~VIII.1.e Amend City and County Land Use Codes to prohibit the use of the PUD process to exceed underlying zone district requirements. (I—P)~~

VIII.1.f Update standards for public notices to include a non-technical summary about proposed projects and links to on-line development plans, staff reports, 3-D modeling, and meeting schedules. (I – P)

VIII.2. Create certainty in zoning and the land use process. (Community Goal)

VIII.2.a Explore amendments to the noticing and vested rights requirements as necessary to implement the policy. (I - P, AO)

VIII.2.b Explore amendments to the City and County Land Use Code as necessary to implement the policy. (I - P)

VIII.2.c Improve and codify a clear definition of what "conceptual" review and "final" review address. (I - P)

VIII.3. Ensure that PUD and COWOP processes result in long-term community benefits and do not degrade the built environment through mass and scale that exceed Land Use Code standards. (Community Goal, Proposed Code Amendment)

~~VIII.3.a Eliminate the COWOP process, or amend the COWOP section of City code to include full Planning & Zoning Commission review of projects as if the proposal were a Conceptual & Final PUD. (I - P)~~

VIII.3.**ba** Review City and County Planned Unit Development (PUD) and COWOP land use code provisions with the intention of strengthening language to require strong and demonstrable community benefits in perpetuity in exchange for any dimensional variance, ~~and limit the capacity to exceed Land Use Code standards.~~ (I - P)

VIII.3.**eb** Conduct a comprehensive study of PUD and COWOP projects from the past 5 years comparing the code in place at the time and what was actually approved, e.g. dimensional standards, community benefits, etc. (I - P)

Exhibit C: Public Feedback

Commercial Building Feedback

2011 Survey, Opinion on Downtown Development	
New building should be only 2 stories high	17.5%
New buildings should be only 3 stories high	17.7%
A new building should fit into its context	43.4%
Buildings can be taller if the public benefits justify it	18.3%

Affordable Housing Mitigation Feedback

2010 Keypad Polling: Opinion on Affordable Housing Mitigation	
There should always be some flexibility	49.4%
Current mitigation rates should be lowered	18.1%
Housing should be provided for 100% of the jobs generated	16.3%
Current mitigation levels are adequate	13.8%
No opinion	2.5%
2011 Survey: Opinion on Affordable Housing Mitigation	
There should always be some flexibility	44.7%
Current mitigation rates should be lowered	17.4%
Housing should be provided for 100% of the jobs generated	14.3%
Current mitigation levels are adequate	15.3%
No opinion	8.3%

Pace of Construction Feedback

2009 Keypad: Should there be an annual limit on homes being demolished and replaced?	
Yes	31.7%
No	60%
No opinion	8.3%
2010 Keypad: Should there be a pacing system on construction activity?	
I'm against it	24.5%
Focus on managing construction impacts instead	43.6%
I support it	22.7%
2011 Survey: Should there be a pacing system on construction activity?	
I'm against it	20.2%
Focus on managing construction impacts instead	35.7%
I support it	30.6%

House Size Feedback

2009 Keypad: Statement you agree with most for Aspen neighborhoods	
Our neighborhoods are seeing larger houses that don't reflect my vision for the Aspen Area	53.8%
Homes are getting larger and neighborhoods are changing but they are evolving in a way I can live with	35.4%
No opinion	4.5%
Doesn't matter to me	9.5%
2009 Keypad: Statement you agree with most for County neighborhoods around Aspen	
Our neighborhoods are seeing larger houses that don't reflect my vision for the Aspen Area	47.6%
Homes are getting larger and neighborhoods are changing but they are evolving in a way I can live with	38.35%
No opinion	4.5%
Doesn't matter to me	9.5%
2010 Keypad: Which of the items below do you agree with the most as reasons to limit the size of the largest homes? (Top 3 responses shown)	
Small town character	25%
No need to limit house size	22.4%
Consumption of energy	14.5%
2011 Survey: Which of the items below do you agree with the most as reasons to limit the size of the largest homes? (Top 3 responses shown)	
Small town character	27.3%
Visual quality	21%
No need to limit house size	12%
2011 Survey	
There is great benefit to limit the building of large homes	26%
There is little benefit to limit the building of large homes	31%

Growth Management & the Residential Lot:

ADUs, Cash in Lieu Fees and Affordable Housing Certificates

Offsetting the impacts of second homes has been one of the City of Aspen's biggest challenges since the inception of the Growth Management Quota System (GMQS) in November 1977.

From the beginning, the City exempted existing single-family and duplex lots from GMQS, largely for legal reasons. But throughout the 1980s, a troubling phenomena continued to repeat itself.

- ✓ Locals sold their property and disappeared from town and the workforce;
- ✓ Out-of-town buyers knocked down the modest old house and replaced it with a much larger second home;
- ✓ The need for more employees was generated by the maintenance of the large homes and the needs of their occupants.

It was this ongoing phenomena that attracted growing political support for affordable housing. In 1989 and 1990, City voters approved a Real Estate Transfer Tax for affordable housing, and a housing and day care sales tax. Amidst this backdrop, the City Council adopted the Accessory Dwelling Unit (ADU) program in February 1989.

The concept of scattering small rental units throughout town came from the Planning and Zoning Commission, which supported "small, dispersed housing opportunities rather than in large complexes."¹

Like many new concepts, the ADU program faltered out of the gate. First, they were not required for mitigation, but were instead totally voluntary. Second, they required approval from the P&Z. In the first year of the program, only one property owner applied to build an ADU.

Requiring Mitigation, and Providing a 'Menu'

In February 1990, the City Council took a critically important step:

The City started requiring affordable housing mitigation from those who demolished, rebuilt and expanded a single-family home or duplex.² An exemption from Growth Management was granted only if the property owner:

- Constructed an on-site ADU; or
- Paid the new affordable housing impact fee; or
- Placed a Resident Occupancy deed restriction on the single-family dwelling.
(*Property owners rarely, if ever, chose this last option.*)

In November 1990, the Council adopted a square footage bonus up to 350 square feet for ADUs that were totally above-grade, and entirely detached from the main house.³

¹ P&Z Resolution No. 2, Series of 1984

² Council Ordinance No. 1, Series of 1990

Exhibit D

However, ADUs were not required to be rented, partly because the City didn't believe it could legally force a property owner to be a landlord. Even if the City offered the mandatory occupancy ADU as an option, officials believed that property owners would not choose it.

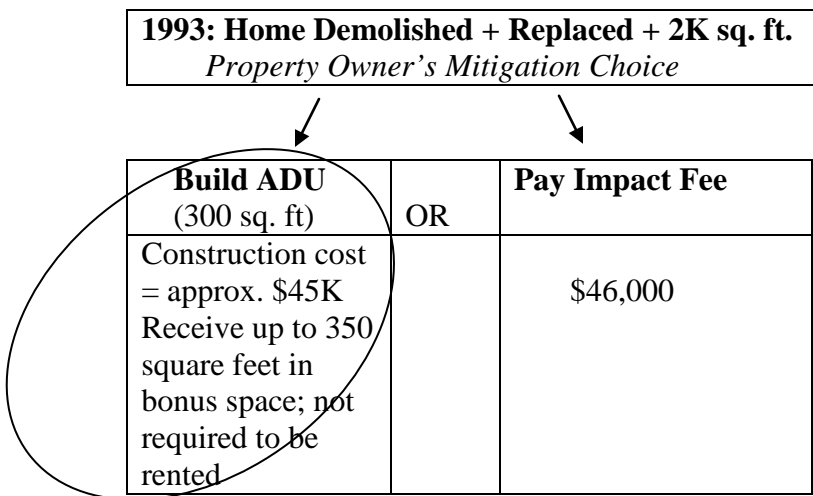
Instead, the City code ensured only that if the ADU was rented, the Housing Authority had to confirm that the renter was an eligible working resident.

Property Owners Choose ADUs

ADU approvals jumped from two in 1990 to nine in 1991, and four more in 1992. And the ADU option was about to become even more attractive.

In April 1993, the Aspen/Pitkin Housing Office doubled the cash in lieu fee (applied to net additional square footage, after demolition). The fee increase was partly in response to the 1993 Aspen Area Community Plan, which called for "making the cash-in-lieu payment commensurate with the cost to build dwelling units."

The number of ADUs tripled from four in 1992 to 13 in 1993. Another 29 were approved from 1994 to 1996.



At the same time, debates emerged over the usefulness of ADUs. Critics argued that the City was granting valuable bonus square footage to property owners while receiving no guarantee the ADUs would be rented out. A survey showed that 30% of ADUs were being rented, a rate far lower than hoped.

³ Council Ordinance No. 60, Series of 1990

Exhibit D

“The structures are being built with no consequent benefit to the City and with negative impacts on neighborhoods,” said Housing Authority Director Dave Tolen, at the time. Deputy Planning Director Julie Ann Woods added, “... the frustration comes at the tail end, because no one is living in these units.”

On March 10, 1997, City Council changed the rules regarding occupancy, but the new code did little to alleviate the problem.⁴ Square footage bonuses would now apply only if the “units (are) deed restricted, registered with the Housing Office and *available for rental* to an eligible working resident ... The owner retains the right to select the renter for the unit.”

P & Z Frustration Grows

While the new wording said ADUs had to be “available for rental,” the City’s interpretation and practice remained the same – property owners were not required to rent their ADU. Records suggest the P&Z remained confused and frustrated.

In May 1997, the P&Z granted two ADUs at 570/580 Riverside Dr., with the following oddly worded condition: “Owners of the principal residence shall have the right to place a qualified employee of his or her choosing in the ADU; however if the owners do not rent the ADUs, the Housing Department will not take the initiative of finding a qualified renter ...”⁵

The issue came to a head on September 15, 1998, when the P&Z imposed mandatory occupancy for two ADUs at 934 West Francis Street in exchange for bonus square footage.⁶ But three months later the P&Z amended the Resolution and withdrew the imposition of mandatory occupancy.⁷

In November 1999, the Council finally clarified the occupancy question. They retained the 350 square foot bonus for property owners who agreed to mandatory occupancy, but eliminated the bonus for property owners who wished to rent the ADU on a voluntary basis.⁸ At the same time, Council made the ADU process easier by allowing for administrative review, rather than requiring P&Z review.

But the biggest impact on the ADU program may have been the 50% increase in the cash in lieu fee – from \$28.83 per net additional square foot in 1998, to \$42.85 in 1999. The dramatic jump in 1999 appeared to be based on increased land costs, according to Appendix E of that year’s Housing Guidelines.

⁴ Council Ordinance No. 8, Series of 1997

⁵ P&Z Resolution No. 11, Series of 1997

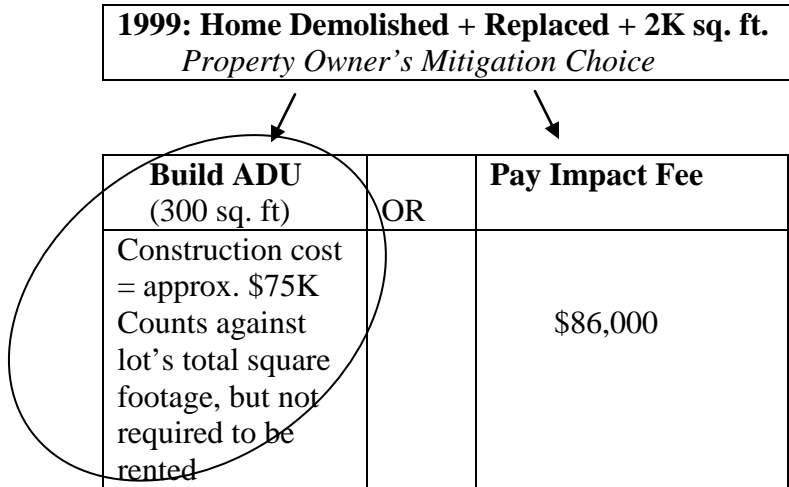
⁶ P&Z Resolution No. 23, Series of 1997

⁷ P&Z Resolution No. 39, Series of 1997

⁸ Council Ordinance No. 44, Series 1999

Higher Fees Make ADUs Popular

Now, the choice for homeowners was increasingly clear, especially for those who planned to construct a substantially expanded home: Building an ADU was far cheaper than paying the higher impact fee – and it could still be used as a “mother-in-law” unit.



The City approved 20 ADUs in 2000, the most ever for the program, followed by 10 each in 2001 and 2002. The tide had turned towards ADUs: Action Item #2 in the 2000 Aspen Area Community Plan stated a preference for ADUs, and called for discouraging cash in lieu payments.

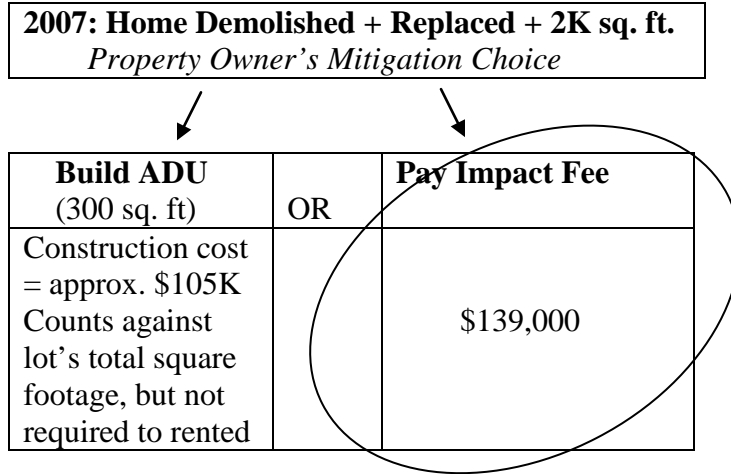
In an effort to attract interest in “mandatory occupancy” ADUs, the City Council doubled the square footage bonus from 350 square feet to 700 square feet in 2001, and allowed them to be sold as a separate property.⁹ Although records are difficult to research, planning and housing staff say property owners very rarely chose the “mandatory occupancy” option.

The 00s Trend: ADUs Grow Unpopular

It's unclear exactly why property owners stopped choosing ADUs as a mitigation option after 2005. Although the housing impact fee continued to rise (\$66.40/sq. ft. in 2005), the fee paled in significance for home buyers at a time when the cost of a home in Aspen easily eclipsed \$5 million. (Every square foot was worth about \$1,500)

As new home buyers demolished old structures and designed their new second home, they chose to utilize every square foot exactly the way they wanted – not for a tiny apartment above the garage.

⁹ Council Ordinance No. 47, Series of 2001



Between 2003 and 2008, about 120 single-family homes and duplexes were demolished and replaced with larger homes, but only 24 ADUs were approved during that time. During those five years, the City collected \$13,053,093 worth of cash in lieu payments for affordable housing, or about \$2.2 million a year.

Today, three things are certain about the ADU program: 1) The most recent occupancy study was at least 15 years ago; 2) Despite the lack of new ADUs, there is a growing frustration with the program, specifically regarding the lack of mandatory occupancy; and 3) There is a brand new option for the mitigation of replacement single-family and duplex homes.

The Certificate of Affordable Housing Credit

In March 2010, the City Council approved the Certificate of Affordable Housing Credit program.¹⁰ The “Purpose” statement of the new code section states: “Establishing this transferable Certificate creates a new revenue stream that can make the development of affordable housing more economically viable.”

Previous to the new Certificate program, the private sector rarely volunteered to build affordable housing, largely because of the artificially low sale or rental rates they were allowed to charge for the units. The new Certificate program allows the private sector to not only sell/rent the units, but also to sell the Certificates to others in the private sector who needed to meet City mitigation requirements. This change made it more financially viable for the private sector to build affordable housing.

Within 18 months of establishing the new program, Council approved two private sector affordable housing projects – eight affordable housing units at 301 W. Hyman and 40 more at the former Boomerang Lodge.

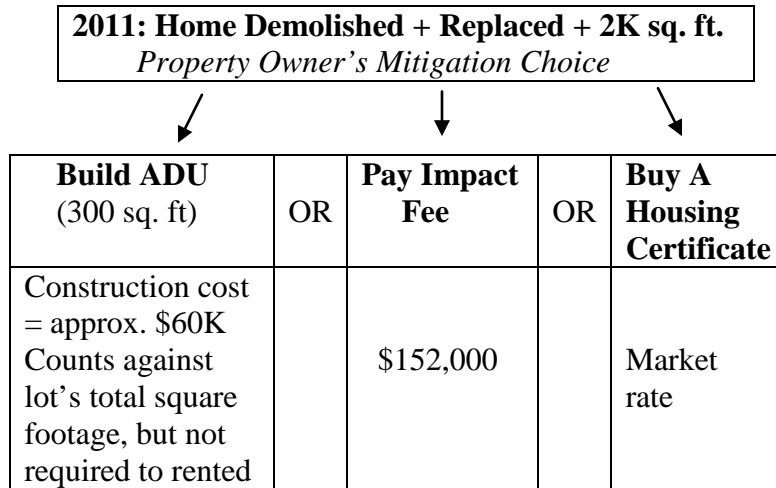
¹⁰ Council Ordinance No. 6, Series of 2010

Exhibit D

When both projects are completed and ready for sale or rent through the Housing Authority, the City will issue Certificates of Affordable Housing Credit to the private sector developers.

At that time, the developers holding the Certificates can sell them to other developers and property owners who need to provide mitigation for other projects. Buying a Certificate will be a new mitigation option for property owners who demolish a single-family home or duplex and replace it with a bigger one.

“Establishing this transferable Certificate establishes a new option for mitigation that reflects built and occupied affordable housing,” said the Purpose statement of the new code section.



The new Certificate is a legal instrument memorializing the fact that fully deed-restricted affordable housing has been built. The City of Aspen issues the Certificates to the development company that voluntarily built the affordable housing. The holder of the Certificate can then sell them to someone who needs to provide housing mitigation in connection with some other project. The sale price is determined between the buyer and the seller of the Certificate.

For example, a property owner who plans to demolish a house and replace it with a much larger structure would presumably be interested in buying a Certificate if it was priced somewhat lower than the affordable housing cash in lieu fee.

From a public policy perspective, it can be argued that the Certificate program is a superior form of mitigation compared to a voluntarily-rented ADU or cash that will eventually be spent on building affordable housing.

Exhibit D

However, City code still gives property owners the option to construct an ADU that won't necessarily be rented, as a way to fulfill required mitigation. During the most recent construction boom (2003-2008), property owners routinely decided against the ADU option, but there is no guarantee this trend will continue if the economy picks up again. If the option to build an ADU remains in the code, it has the potential to undercut the new market for Certificates of Affordable Housing Credit.

Ultimately, the stakes are high: A recent staff study showed there is more than 575,000 square feet that can be built in the form of larger single-family homes and duplexes in the City of Aspen. Although all of this square footage may not be built for decades to come, it is still a very significant amount for long-range planning purposes.

For example, if every property owner chose:

- To pay cash in lieu, it would generate more than \$40 million;
- To build ADUs, it would mean about 200-400 additional ADUs;
- To buy Certificates of Affordable Housing Credit, it would translate into fully deed-restricted affordable housing for 192 people.

New AACP Suggests Eliminating the ADU Program

After hearing input from the Housing Authority staff and board, the City and County P&Zs final draft of the 2011 AACP endorsed the following policy statement: "Eliminate the Accessory Dwelling Unit (ADU) program, unless mandatory occupancy is required."

If the ADU program is dropped, it would eliminate one mitigation option for property owners who demolish older houses and replace them with larger ones. The options remaining would include the cash in lieu payment and buying a Certificate. (Placing a Resident Occupied deed restriction on at least one of the units, or providing a fully deed-restricted affordable housing unit elsewhere within the Infill Area are the two other options in the code, but they are rarely chosen).

Today, there are approximately 155 ADUs in the City of Aspen. There is no clear or reliable understanding of how many are rented. There may be dozens of homeowners who don't understand that the little apartment on top of their garage is a deed-restricted ADU. There has been no comprehensive effort to match existing ADUs with potential renters.

The Cash in Lieu Fee: History, Calculations & Context

There are several elements that are part of the methodology of establishing the Cash in Lieu Fee, and some have changed over time.

The first step was estimating how many new jobs were created when new residential square footage was constructed. City Council Ordinance No. 1, Series of 1990, established that for every 3,000 new square feet of free market residential, the need for one Full-Time Employee (FTE) was generated.¹¹

¹¹ "The employee generation rate came from a political decision based on fairness and acceptability at the time," according to Jim Curtis, Chair of the Housing Authority in 1990.

Exhibit D

The second step was determining how much cash subsidy was required to place one person in affordable housing. In 1992, the Housing Authority reviewed the costs and sale prices of the West Hopkins affordable housing project to establish a subsidy amount for one FTE. In 1995, the Housing Authority looked at the costs and sale prices at the Juan Street and Benedict Commons projects to further refine the subsidy estimate.

The per square foot fee is calculated by taking the subsidy amount necessary to house one FTE and dividing it by 3,000 square feet. For 1996, the amount of subsidy needed to place one FTE in affordable housing was \$69,064. If 3,000 new square feet of free market residential generates one FTE, then the Cash in Lieu Fee would be \$69,064 divided by 3,000, or \$23 per square foot. The fee for someone who tore down an old house and replaced it with one that was 1,000 square feet larger would be \$23,000.

Rather than continuing to perform subsidy studies, the Housing Authority has used the Denver Area Consumer Price Index (CPI-W) for Urban Wage Earners and Clerical Workers to approve annual increases in the fee since 2001. Using CPI has been a fairly common practice in the public sector, but has been critiqued by groups such as the Associated General Contractors of America.

A March 2008 article on the group's website¹² said the producer price index for inputs to construction industries rose a cumulative 30.2 percent since 2004, compared to a 14.5 percent increase in the CPI.

¹² Agc.org/galleries/econ/AGC_CIA08_webFinal.pdf

The City's Role in Aspen's Lodging Sector

Lodging as Resort Infrastructure v. Lodging as Growth

Alpine Lodge & Cabins: Enjoy rustic, intimate atmosphere. With bath, \$10. Shared bath, \$8. Original Bavarian zither music at fireside lounge. Breakfast \$1.

-- 1970 advertisement

City government has played a wide variety of roles in Aspen's lodging sector over the years, ranging from the philosopher-sociologist to the market economist – and at times, financial supporter.

One of the earliest statements about lodging came in the 1966 Aspen Area General Plan, which defined the purpose of the Accommodations/Recreation Zone District as “ ... encouraging varied and interesting development as a means of perpetuating Aspen's prominence as a quality resort....”

This perspective reflected a belief that local government should treat lodging as infrastructure for the local economy. Without a solid lodging base, a resort is not a resort – and every other sector of the economy suffers. Over the years, this viewpoint meant sometimes giving lodge development a break from Aspen's rigorous regulations and mitigation requirements.

On the other hand, growth management advocates have supported annual development limits and tough mitigation requirements on lodging, just as they would on any other kind of private sector development. These different positions have been debated through the years – often favoring lodging during economic slumps, and favoring stronger growth restrictions during boom periods.

The philosophical side of the lodging debate emerged in the Aspen/Pitkin County Growth Management Policy Plan of 1977:

“In short, we have a responsibility to vacationing, working Americans who hold the vision of one or two weeks a year in a quality Colorado mountain environment ... (rather than) a setting for the fortunate few who are wealthy enough ...” In other words, working Americans are entitled to enjoy the public lands surrounding Aspen, and high costs shouldn't act as a barrier.

The other side of this argument has been to let the market decide what kind of lodging is built, how much it costs and what demographic is targeted. This viewpoint often takes note that a destination resort is expensive by definition, due to high travel costs.

Evidence that this split in attitudes remains embedded in Aspen's political life was illustrated in early 2009, when about 400 people attending an instant voting session:

Let's talk about price of lodging. Which statement do you agree with most? (Select one)

This is a world class resort, so we should focus on deluxe accommodations.	15%
We need to focus on inexpensive lodges that provide a place for the next generation of ski bums to discover Aspen.	61%
I don't think prices are a problem.	24%

Early Growth Controls on Lodging

Beginning in 1977, the scoring of development applications under the Growth Management Quota System (GMQS) reflects community priorities for lodging development.

For example, the 1977 point system for lodging development valued the physical compatibility of the proposed building with the neighborhood (3 pts.) and maximizing public views of surrounding scenic areas (3 pts.) just as highly as “Services Provided for Guests” (6 pts.), which included the “spaciousness and quality” of lobbies, restaurants, conference facilities, proximity to skiing and “overall tourist appeal.”

The political tension between lodging-as-resort-infrastructure and lodging-as-creating-negative-growth-impacts is also found in the 1977 GMQS point system: Points were awarded for “reduction of tourist rental space below maximum allowable (square footage).”

In addition, affordable housing for lodging projects had to be provided on-site, potentially creating conflict with the emphasis on limiting mass and scale, and physical compatibility with the neighborhood.

As the national economy suffered, the Lodge at Aspen (26 rooms) was the only lodging development to apply for GMQS approval between 1977 and 1981.

The City commissioned a lodging study in 1981, which concluded that “most of the lodging available today was built many years ago and consequently do not reflect current standards for maintaining a premier resort classification.”¹

The report also found that a mid-1970s downzoning “resulted in severe limitations for their opportunity to expand and modernize” in some neighborhoods, including the Shadow Mountain area. The report claimed the City had lost about 4% of its lodging base each year during the 1970s.

Loosening Regulations & Lodging as Infrastructure

City Council responded in July 1982, by increasing the annual lodging allotment from 18 to 35 units.² A month later, Council stopped awarding GMQS points for smaller lodges,

¹ Of Community Concern: Comprehensive Land Use Code Amendments and the Change in Aspen's Lodge Inventory: 1981

removed the mandate for on-site affordable housing and increased the percentage of points awarded for guest amenities from 10% to 20%.³

In August 1983, Council created a Lodge Preservation Overlay Zone, making it easier for dozens of older lodges in areas such as Shadow Mountain to renovate and expand. At the same time, Council awarded new GMQS points for “rehabilitation and reconstruction,” and set aside a quota of 10 lodge units per year for development in the new Overlay Zone.⁴

Between 1982 and 1987, many lodges underwent renovations, including Independence Square, Snowflake, Aspen Club Lodge, Endeavor Lodge, Shadow Mountain Lodge, the Inn at Aspen, Red Roof and the Prospector Lodge.⁵

Four lodges added units between 1982 and 1987: The Aspen (+3), Hotel Lenado (+4), the Sardy House (+21) and the Jerome Hotel (+67). The Aspen Mountain Lodge project essentially replaced the Aspen Inn and Blue Spruce, and The Little Nell (92 units) opened in 1989.

In 1987, the City Council stepped squarely into the role of financial supporter for lodging, by establishing the Aspen Lodge Area Special Improvement District. Council authorized \$5.4 million to pave streets, install storm drainage, sidewalks, landscaping, streetlights etc., with the City picking up the large majority of the bill. The public works project was focused on neighborhoods featuring small lodges and condos, including the Shadow Mountain neighborhood, and from Spring Street to the Roaring Fork River.

Ritz-Carlton as Symbol: The Upscale Trend

As the 1980s wound down, the Aspen area was experiencing a whole new level of popularity and celebrity. Home prices were increasing dramatically, many locals were selling their modest houses – and the percentage of commuting workers jumped from 40% to 55% between 1987 and 1991.

During that same period, the proposal for a massive Ritz-Carlton Hotel was being hotly debated, and was slowly making its ways through the City’s review process. Council approved non-binding Resolution No. 29 in 1988, setting the size at 294 units and 305,000 square feet.

In July 1989, City Council responded to growth management advocates by cutting the annual quota for free market residential units from 39 to 20, and decreasing the lodging quota from 45 to 22.

In February 1990, a much-debated City ballot election on the Ritz-Carlton was a snapshot in time of political feeling about lodging:

² Ordinance No. 26, Series of 1982

³ Ordinance No. 27, Series of 1982

⁴ Ordinance No. 25, Series of 1983

⁵ Aspen Pitkin County Annual Growth, Population and Housing Report / 1987

- Option A would approve the 294-unit Ritz-Carlton Hotel.
- Option B would reduce the size of the hotel by 60,413 square feet (about 20%), reduced the height and required much more employee housing.

Sixty percent chose Option A, with 1,561 in favor and 1,059 opposed.

The approval of the Ritz-Carlton symbolized a distinct trend away from economy or moderate rate hotels, and towards more deluxe accommodations. The economy/moderate rate Grand Aspen Hotel was demolished to make way for the Ritz-Carlton, which partially met its mitigation requirements by converting the 43-unit Alpina Haus Lodge and the 14-unit Copper Horse Lodge into affordable housing.

Perhaps in response to the controversy, the 1993 Aspen Area Community Plan (AACP) emphasized the importance of small lodges.

“Small lodges immediately set the stage for the guest experience in Aspen,” according to the AACP Growth Action Plan. “These lodges promote a sense of scale and feel that provide the visitor with a transition into the uniqueness of Aspen.”

The 1993 AACP called for lowering mitigation costs for small lodges, but it turned out to be a losing battle. Throughout the 1990s, older lodges were converted either to free market homes or affordable housing, including, to name a few:

- The 20-unit Fireside Lodge converted to townhomes.
- The 22-unit Bell Mountain Lodge converted to five free market homes and five affordable units.
- The 11-unit Alpine Lodge converted to four free market homes and 10 affordable units.
- The Aspen Country Inn was converted entirely to affordable housing

All told, the number of “Economy” lodge pillows dropped from 1,012 to 704 during the 1990s, a 31% drop. By 1998, the percentage of “Economy” lodge pillows had dropped to a mere 12% of the total.⁶

Oddly, the 2000 Aspen Area Community Plan barely touched on the subject of lodging. The Economic Sustainability chapter called for “a lively, small-scale downtown with ...a varied choice of accommodations, including small lodges.”

In winter, taxable lodging sales eroded significantly between 1997 and 2003, a pattern linked to a decline in skier visits and a slowdown in travel after 9/11. Winter lodging rebounded after 2003, along with the national economy.

⁶ Aspen Area Community Plan: 1998 Existing Conditions Report

While Aspen's lodging inventory continued to shrink (a 27% decline from 1994 to 2007), it was the "Economy" (-79%) and "Moderate" (-47%) lodges that were disappearing the fastest. The decrease was smaller for "Deluxe" lodge" (-7%).

Despite the declining base, taxable lodging sales jumped 49% from 2003 to 2007, reflecting an estimated 40% increase in average prices.⁷ It was no great surprise that new lodges approved during this boom period featured large rooms and deluxe amenities, including 40 units at the Residences at Little Nell, 21 units at The Chart House and 18 at the Dancing Bear.

City Tries to Re-Balance the Lodging Inventory

While a few luxury lodges were being approved in the 2000s, city government was launching an effort to replenish the overall inventory, and was also trying to encourage the return of so-called "moderate" lodges.

In its 2002 report, the Economic Sustainability Committee made the deteriorating lodging base its "#1 Issue," at the same time the Infill Advisory Committee was drafting code changes to encourage more downtown area development, including lodging.

In 2005, City Council approved the Lodge Incentive Program, encouraging the development of lodging with rooms that averaged no more than 500 square-feet – relatively small compared to recent deluxe lodge approvals.

The Lodge Incentive Program cut the housing mitigation rate in half, and allowed the development of free market residential condos on 25% of the same parcel (also at half the usual mitigation rate), to make the overall development financially viable.

Also in 2005, the Limelite Lodge applied to demolish its 60-year-old facility next to Wagner Park, along with the similarly dilapidated Snowflake Inn next door, proposing to replace 115 rooms with 125 rooms in one large new building. The development application argued that "Preserving and expanding mid-priced lodges such as the Limelite will allow the community to provide accommodations for a 'diverse visitor population,' as emphasized in the (2000) AACP." Along similar lines, the application quoted the AACP Vision for the Aspen Area; "Our nature has been consciously inclusive and has abhorred exclusivity ..."

In addition, the Limelite argued that mid-priced lodges are a "staging area for supporting personnel and participants ... in the special events that are a vital element of the local economy." (The point was made following the recent departure of the HBO Comedy Festival, which publicly blamed the lack of affordable lodging for its relocation to Las Vegas.)

Although the Limelite proposed to use 40% of its lot area to build condos (more than the 25% that code changes allowed), it did meet the incentive program's small-room requirement. Other "Infill" code changes from 2005 allowed for greater height and

⁷ The Aspen Economy white paper, by Economics Research Associates

massing in the Lodge Zone District, and the large Limelite building drew many critics, but Council approved the project in 2005.

In 2007, Council adjusted the Lodge Incentive Program, creating a sliding scale that reduced affordable housing mitigation as room size grew even smaller. Lodge projects with room sizes of 300 square feet or less would have to mitigate only 10% of employees generated, and additional GMQS points were awarded for projects that average 400 square-feet or less.

Current Status

As part of the 2008 State of the Aspen Area Report, a build-out analysis showed that zoning could allow for about 330,000 square feet more lodging, with the most potential in the Lift 1A neighborhood.

In November 2011, City Council approved a lodging proposal at in the Lift 1A neighborhood, including 22 lodging units with a room configuration allowing them to be broken down into 84 units averaging 524 square feet. Although technically eligible for reduced housing mitigation (60% to 40%, due to a room size between 500 and 600 square feet), the developer proposed 100% housing mitigation for the lodging, five condos and 6,000 square feet of commercial space.

At the same time, former lodges continue to convert to other uses, the most recent being the Boomerang Lodge, which received approval to convert its existing rooms and build an expansion, all as affordable housing.

The 2011 AACP calls for “replenishing” the lodging base, while seeking to balance the inventory by encouraging a wide range of product types. Aside from the Lift 1A area, the greatest potential for a new lodging development is at Buttermilk Ski Area, which is under Pitkin County jurisdiction.

Tourist-Oriented vs. Local-Serving

A Growth Management History of Aspen's Commercial Sector

The balance between serving the tourist population versus serving year-round residents has always been at the center of debate when it comes to Aspen's downtown commercial core.

Downtown Aspen in the mid-1970s still featured a lumber yard on Hopkins Street, light industrial shops and vacant lots. The tourist experience was shaped by unique shops like The Great White Buffalo Leather Co., Monika's Scandinavian Imports, 3 Corners of the Earth and the Leather Dragon, to name a few.

When the Growth Management Quota System (GMQS) was established in November 1977, the issue of tourist-oriented versus local-serving commercial uses first made its way into the City Land Use Code.

New commercial applications could achieve a total of 42 points under GMQS, with 14% of the total (6 out of 42) granted if the new commercial space was going to serve local residents as opposed to tourists. At the time, providing affordable housing earned a maximum of three points.

The "Community Commercial Uses" section of the point system "shall evaluate the probability of its supplying commercial and office uses and housing to satisfy the needs of the residents of the community as opposed to being designed to accommodate the area's tourist needs ..."

The GMQS granted a new commercial project:

- ✓ One point if its "main emphasis (was) on supplying tourists services with little or no on-site housing."
- ✓ Two points if it provided "housing and uses that will be relied on by both the tourist and residential populations."
- ✓ Three points if "it is designed almost exclusively to satisfy the needs of the community's residential population with only incidental tourist use and no tourist housing ..."

An additional three (3) points could be awarded under "Medical and Other Service Needs." This evaluation was based on "the extent to which the project supplies medical, dental and similar professional office space; as well as banking, appliance supplies and repair, grocery, hardware, drug store, laundry, and similar uses designed and intended to serve the routine trade and service needs of the community."

The balance of the GMQS process (30 out of 42 points) focused on more aesthetic considerations, such as "Quality of Design," and "Historic Features," including massing, visual impact, neighborhood compatibility, pedestrian and bikeways, maximizing public

views of the mountains and “compatible contemporary design as opposed to imitating historic architectural features.”

From 1975 to 1983, an impressive average of 46,213 square feet of commercial space was added each year, or about 4.5% annually.

Growth management advocates pushed for a slowdown in commercial growth, and the 1977 GMQS established a quota of 24,000 square feet per year. Although the original intent was to limit *actual new square footage* on an annual basis, the GMQS actually limited the amount of *Council-approved square footage* on an annual basis. (Pre-GMQS commercial projects were being built through the late 1970s and early 1980s.)

Commercial Growth Slowdown

As commercial development continued to proliferate in 1982, City Council reduced the annual limit on commercial square footage approvals from 24,000 to 10,000 in the downtown commercial core.¹

Council also established annual caps for commercial zones that previously had no limits:

- 7,000 square feet in the Neighborhood Commercial and Service/Commercial/Industrial zone districts;
- 4,000 square feet in the Office Zone District;
- 3,000 square feet in the Commercial Lodge and other zone districts.

From 1983 to 1990, annual commercial growth dropped dramatically to .07% per year, or an average of 9,542 square feet annually. Whether the market had become saturated due to previous high commercial growth rates, national economic slumps inhibited growth or the GMQS review intimidated developers, no one can say for sure – perhaps some combination of these factors.

In the late 1980s, the downvalley flight of locals and the need for affordable housing was taking center stage.

City Council overhauled the GMQS points system, making affordable housing a primary goal for new commercial projects. Before 1988, only three out of 42 GMQS points focused on affordable housing, or just 7%.

After 1988, the number of points for commercial projects focused on affordable housing jumped to 15 out of 42, or 36%. Even small commercial expansions (less than 500 square feet) now had to offset housing impacts.

Although actual annual commercial growth was modest, growth management advocates cited downtown/retail commercial growth as the greatest job-generator, at 5.25 jobs per 1,000 square feet, according to a study at the time. This was more than any other type of commercial use, and critics argued that it was contributing to Aspen becoming more and

¹ Ordinance 26, Series of 1982

more of a commuter-culture. In 1989, Council ratcheted down on commercial growth quotas even more:

- For downtown commercial zones: from 10,000 Sq ft. to 8,000;
- For Neighborhood Commercial and S/C/I: from 7,000 sq ft. to 6,000;
- For Office: No change;
- For Commercial Lodge; from 3,000 sq ft. to 2,000

A Blow to 'Local-Serving' Advocates

In 1988, Council had completely eliminated both the “Community Commercial Uses” section and “Medical and other Service Needs” from the GMQS points system.

While housing was becoming the top issue, the difficulty of rating “Community Commercial Uses” may have contributed to dropping the local-serving “points” completely. Defining a local-serving use has always been a prickly challenge, as reflected in the 1993 Aspen Area Community Plan, Commercial/Retail Action Plan item #1: *Create an acceptable, enforceable definition of “locally serving” uses.*

Even if an “enforceable” definition was established, guaranteeing that such a commercial use remained local-serving in perpetuity was even more difficult, as reflected in Commercial/Retail Action Plan item #2: *Ensure that (neighborhood commercial) projects receiving incentives are restricted as local serving uses.*

Most current planners agree that these tasks have never quite been accomplished. In fact, after the “local-serving” versus “tourist-oriented” language of the 1977 GMQS was removed from the land use code in 1988, such language has never made its way back into the code.

1993 AACP: Reversing the Trend?

But the “local-serving” debate was far from over. As more locals left town and the ratio of commuters climbed, the economic demand for “local-serving” stores was declining, and the 1993 AACP tried to address the problem.

The new plan said, “People should be able to shop in the community where they live,” and worried about losing stores that provide basic, every-day merchandise.

“In order for Aspen to provide the basic essentials, the community must find ways to strike a balance between the local and tourist shopping opportunities,” according to the Philosophy of the Commercial/Retail chapter.

Beyond providing basic necessities, the plan worried about quality of life: “Our small town lifestyle would be significantly altered if we were not able to see our business people on the streets of town as we walked from place to place.” The 1993 AACP included many prescriptions to reverse the trend:

- Study GMQS incentives for local serving neighborhood commercial uses.
- Explore FAR bonuses ... for locally servicing uses.
- Explore buy down of commercial space for locally oriented uses and deed

- restricted local space.
- Zone additional areas for Neighborhood Commercial.
 - Halt the erosion of locally serving businesses through change in use: ... prohibit loss of local serving business through change in use.
 - Study locations for vertical zoning (diff uses on diff floors) and businesses along alleys for local serving uses.
 - Study location for a Neighborhood Office zone district.

None of these goals were accomplished, although eventually the GMQS added a section providing incentives for alley stores. (No one has ever applied for the alley store incentive.)

The Gucci Era Arrives

At the same time, a new era of tourist-oriented retail was starting to take hold.

When the 1993 AACP was adopted, local maverick and property owner Harley Baldwin was launching his personal effort to bring designer-brand luxury stores to Aspen. Commercial brokers say Baldwin gave Gucci a very favorable lease in order to attract other international chains. Within a few years, chains like Fendi, Brioni and Louis Vitton had arrived, and downtown rents were exploding.

Although growth in new commercial space continued to crawl along at just under 1% a year from 1983 to 1997 – total retail sales were growing dramatically at 8% each year during that time. In other words, the price of merchandise being sold was climbing steadily.

From 1993 to 1998, the City worked on a public-private partnership with City Market and Bell Mountain Lodge to establish a major new retail and housing complex. The intent was to expand City Market in a new, sub-grade complex, including parking. The project also aimed for “a variety of locally-owned and locally-serving businesses at street level, and arrange of affordable and free market units (above),” according to the “Aspen ‘Superblock’ Close-Out Report.

However, before city officials got into the details of how to limit the retail to locally-owned and locally-serving, the partnership fell apart, as City Market backed away from the sub-grade location, and the lodge chose to convert to free market townhomes.

Meanwhile, the trend toward specialty tourist retail continued, as sales from 1998 to 2007 increased for jewelry stores (43%); galleries (89%); fur stores (336%); and general/home furnishings (59%). While the tourist-oriented “Specialty Retail” category dropped by 23%, and “Clothing” increased only 1.9%, a resort industry analyst believes this is largely attributable to an increase in the practice of mailing costly merchandise directly to out-of-state buyers, thereby avoiding the City’s 8.5% sales tax.

The Aspen Retail Analysis and the Infill Concept

The 2000 Aspen Area Community Plan reflected many of the same concerns as the 1993 AACP: “ ... both residents and a diverse visitor population ... demand a lively, small-scale downtown with diverse and unique shops ... local ownership of business helps maintain our community’s unique character ...”

As the national economy slumped due to the dot.com bubble and 9/11, the City focused on ways to increase vitality in the downtown, including a study by BBC Research called “Aspen Retail Analysis.” The report identified a number of problems, including:

- Lack of downtown vibrancy
- Eroded store mix – loss of unique stores
- Narrow market niche – too many high-end stores
- Lack of entertainment, loss of nightlife
- No incubator space, difficult for start-ups
- High vacancy, high rent, too many offices

Several recommendations to counter the trends were to be implemented by forming a Business Improvement District (BID). But when the study was issued in January 2004, the economy was recovering, and the retailing community tended to focus again on competition versus collaboration. The BID was never formed.

The City was also focusing on a mandate from the 2000 AACP to increase density in the downtown core, while lowering density outside the Urban Growth Boundary – all part of an anti-sprawl effort.

With the economy suffering in 2001 and 2002, the Infill Advisory Committee (IAC) found that the City code was making it almost impossible to develop or redevelop commercial space in the downtown due to the level of mitigation requirements and other exactions. The last substantial commercial space constructed in the downtown was the Boogies building in the early 1990s.

In fact, the code made it easier for developers to convert lodges or commercial space into second homes than it was to develop or redevelop commercial space. Developers in the extremely lucrative second home market were asking if they could build on the pedestrian malls. The IAC was worried that the code was actually a recipe for less commercial space, and more second homes that stand empty much of the time.

In the spring of 2005, as the economy was picking up dramatically, the code was changed to make commercial development more viable – this meant less mitigation, greater heights and massing and other changes.

With the economy on the upswing, development applications flooded into City Hall, and the City Council shared a sense of nervousness with the public. All the applications were for sizeable three or more story-buildings, and there was a concern that the downtown would end up looking all the same – big, imposing and a barrier to mountain views.

In March 2006, the City Council adopted a moratorium on new development applications. A year later, Council made some reductions in height and massing, and adopted new Commercial Design Guidelines that included a focus on maintaining the diversity of heights in the downtown.

Renewed Focus on Commercial Mix and Character

While some were focused on the physical appearance of downtown, others were even more worried about what was happening inside the buildings. A series of beloved businesses had closed or converted to new uses:

- Tipplers nightclub, the Smuggler Bar and the somewhat seedy but unique Roaring Fork Tavern were gone;
- Favored local restaurants such as La Cocina and the Motherlode closed – they were located in buildings targeted for redevelopment;
- A development application for Cooper St. Pier, with its two restaurants and 2nd floor pool hall, meant the space was likely to convert to retail;
- Aspen Drug became a real estate office, leaving one pharmacy in town;
- The historic and locally beloved Red Onion (bar/restaurant) was closing, with renovations anticipated, and no guarantee that a restaurant would re-open at the Pedestrian Mall site.

While Aspen’s long roster of unique (non-chain) restaurants and bars has always been a strong asset for the downtown, a study showed the number of restaurants, bars and coffeehouses dropped from 87 in 1992 to 76 in 2006 – a 13% decline. Job statistics confirm the trend, with a five percent drop in employment at restaurant/bars from 2001 to 2006.² (A 5% increase in total taxable sales for restaurant/bars during the same period suggests an increase in prices.)³

From 1992 to 2006, there were 11 new beauty salons, eight additional clothing/accessory stores, four additional jewelry stores and three new banks. The number of sporting goods stores stayed about the same (one more).

In December 2006, Council adopted a moratorium prohibiting new building permits for commercial space, an action that stalled the renovation of the Red Onion. The Council’s rationale was: “the preservation of the current vitality, character and history of the City’s central business area; (and) the preservation, conservation and protection of uses ... within the central business area of the City ...”⁴

At the same time, the City launched a “Commercial Mix” study, roughly based on two Action Items in the 2000 AACP:

- Action Item #91: Support Locally Owned Businesses. Study and consider ways to support a diversity of small, locally-owned businesses in the commercial core as opposed to national chain stores and tourist-oriented retail.
- Action Item #94: Study Potential to Limit Chain Stores. Investigate efforts by

² Report on State of the Aspen Area: 2000-2008 / Economy chapter

³ Report on State of the Aspen Area: 2000-2008 / Economy chapter

⁴ Ordinance No. 51, Series of 2006

other communities for managing the impacts of chain stores.

Staff soon discovered that Aspen's situation was unique. Most other cities and towns were trying to manage fast-food and retail chains like McDonalds, Hooters and Wal Mart. These cities and towns were often looking for ways to keep the chains out of a unique "historic district" they wanted to protect – to preserve a unique retail environment for tourists.

In Aspen, the only type of chain store that was proliferating was selling international designer-brand luxury goods. The City study included an instant keypad voting session at the Jerome Hotel in 2007, attracting about 100 people. Some of the results were:

- 65% favored "a diversity of small businesses as opposed to national chain stores and tourist-oriented retail."
- 64% agreed that the funky boutiques of Aspen's past were "part of the unique charm that attracted tourists."
- 59% wanted to see more restaurant and nightclubs on the pedestrian malls.
- 50% agreed that the retail mix was too "high end"
- 44% favored a cap on the number of chain stores that sell "designer/luxury brand merchandise."

The most popular tools to address the problem were "public/private partnerships" and growth management incentives for new commercial space on 2nd floors, basements and alleys. The idea was that these less-than-prime commercial locations would tend to be locally-serving.

Ultimately, the City Council declined to adopt new regulatory tools such as quotas for jewelry stores, galleries or designer-brand luxury chains. Arguments against local government trying to interfere in the commercial market prevailed. The only code change was a placeholder in GMQS: "D. Community Objective Scoring Criteria #4 – Community Commercial. This section is reserved for a future community objective."⁵

As the process wound down, staff focused on the potential of losing businesses that provide every-day necessities. There was a concern that a property owner could get a much higher return on a high-end retail space rather than a pharmacy or laundromat. Locals recalled that the last gas station in Snowmass Village almost closed in recent years. Staff suggested:

- Identifying stores that are needed to serve year-round residents;
- Exploring "succession planning" with such business owners, seeking to ensure their continuation;
- Exploring options for creating space or raising revenues to ensure the continuation of local-serving businesses needed by the local community.

⁵ Ordinance No. 14, Series of 2007.

A Case-by-Case Basis

Without adopting sweeping new code rules, the City has intervened in the commercial sector in specific cases, including the Isis Theatre, the Red Onion, the redevelopment of the Weinerstube and the redevelopment of the Cooper St. Pier.

Isis Theatre: When the owners of the last cinema in town (Isis Theatre) threatened to close it, the City stepped in and negotiated a redevelopment deal that retained three of five screens and included local non-profits such as Aspenfilm.

The Red Onion: During the 2006/'07 moratorium, the City negotiated with the owners of the Red Onion building, ultimately requiring that interior historic elements be retained, along with a restaurant use. (The land use code could not require either action, but the moratorium gave the City leverage to negotiate the agreement.)

The Weinerstube: As City Council prepared to reject this redevelopment application, the applicant departed from the code, pledging to limit rents on certain, less-prime commercial spaces. Council rejected the project. After the owners filed a lawsuit, the City negotiated a settlement that included a new Aspen Art Museum.

Cooper St. Pier: After Council rejected a redevelopment application and the owners filed suit, the parties reached a settlement that included a limit on food prices in a sub-grade bar/restaurant: "The pricing of the tenant's menu shall be within the lower one-third of the average price of food of all the restaurants in the City of Aspen," according to the settlement.

Fiercely Local: The name of the restaurant that will replace Bentley's in the City-owned Wheeler Opera House building. The City's Request for Proposals called for "an affordable local-serving eating and drinking option at the Wheeler, preferably offering lunch and dinner on a year-round basis."

Although other cases have raised the public's ire, such as the imminent closure of one of two local bookstores (Explore Booksellers) several years ago, the Council declined to get involved. Ultimately the property was purchased and the bookstore/restaurant was retained by a philanthropist.

Overall Trends

The amount of new commercial space created since 1983 has been minimal.

From 1983 to 1997, annual growth in new commercial space was just under 1% a year, or less than 10,000 square feet annually. From 1996 to 1999, not a single square foot of commercial space was constructed. From 2000 to 2008, an average of less than 4,000 square feet was built each year.

Today, there is very little vacant space in the downtown core that could become commercial. A build-out study conducted by City staff in 2009 showed the potential for

about 84,000 square feet of new commercial space in the downtown core, including basements, and 1st and 2nd floors.

Perhaps the most significant vacant parcel is the 9,000 square foot parking lot at Hunter and Hyman. An application to develop about 15,000 square feet of commercial on the 1st and 2nd floors was submitted to the City in November 2011.

Amidst this backdrop, the future of Aspen's downtown commercial core will continue to be much more about conversion of existing uses than new commercial space. As the availability of new commercial space dwindles, the GMQS becomes less and less of a factor – as it provides incentives or imposes exactions based on new development.

As part of the educational portion of the 2011 AACP, the City commissioned a “white paper” called The Aspen Economy, issued by Economics Research Associates in October 2008. It included an overall look at Aspen's retail sector:

“Aspen's downtown retailing environment is crucial to the appeal and functioning of Aspen as a resort community,” the report said. “The importance of retailing to Aspen's economic health is fully recognized by community leaders, and some of the trends in the retailing environment are perceived to have eroded the traditional appeal of the downtown district, such that the appropriate policies to improve the downtown environment have been vigorously debated over the years.”

The report noted that of all the money spent on commercial products and services in the Aspen Area every year, only about 10% is spent by local residents. The 2011 AACP includes Implementation Step V.1.a, calling for a “market study to identify the aggregate retail demand of local residents and determine whether there are adequate local-serving businesses to meet that demand ...”

Policy V.1 and V.2 reflect some of the perspectives from past AACPs:

- V.1) Encourage a commercial mix that is balanced, diverse, vital and meets the needs of year-round residents and visitors.
- V.2) Facilitate for the sustainability of essential businesses that provide basic community needs.