

PEAK ONE NEIGHBORHOOD

FRISCO, COLORADO

Summary

The Town of Frisco, in Summit County, Colorado, enjoys the tourist economy of Colorado mountain towns but is also familiar with the housing challenges typical of resort communities: a rapidly growing population, high housing and construction costs that outpace wages, and many second homes with part-time occupancy. To address the need for affordable housing for local year-round working residents, Frisco undertook an intensive planning and development process, partnering with Ten Mile Partners, LLC to produce the Peak One Neighborhood, a community of 69 single-family homes and duplexes.

Dealmakers

- Donation of town-owned land for affordable housing development
- Local affordable housing policies
- Dedicated funding to support affordable housing
- Successful public engagement and comprehensive master planning
- Deed restrictions for qualified incomes and residency
- Limited equity appreciation for permanent affordability

Overview

Location	Frisco, Colorado (Summit County)
Project Type	Mixed-income
Development Partners	Town of Frisco Ten Mile Partners, LLC (Brynn Grey Partners, LTD and Wolff Lyon Architects) Summit County Housing Authority
Housing Types	Single family detached and duplex, owner-occupied
Site Size	12.68 acres
Units	69 units: <ul style="list-style-type: none"> • 61 limited-equity (80 to 160 percent adjusted median income, or AMI) • 8 market-rate
Development Costs	\$25,745,650
Development Timeline	2008: Master planning process completed 2009: Development partnership established 2010: Construction started 2014: All units sold/pre-sold 2016: Final phase completed
Funding Sources	Town of Frisco: Land donation and fee waivers Brynn Grey Partners, LLC: self-generated, private equity, construction lending fund.
Website	http://www.peakoneneighborhood.org/

Planning and Policy

Frisco is in Summit County, in a region that is home to famous ski resorts, including Breckenridge, Vail, Keystone, and Copper Mountain. The tourist economy of Colorado mountain towns has created housing challenges familiar to resort communities: a rapidly growing population, high housing and construction costs that outpace wages, and many second homes with part-time occupancy. In 1990, the gap between the median home price and the area median income for a one-person household in the county was three times higher than income; by 2008 the gap was 14 times higher. In addition, since it is surrounded by U.S. Forest Service properties, Frisco has constraints on developable land.

In 2015, the Summit County population was 29,400; but during the ski season and summer holidays, the county population swells to over 100,000. In 2015, 61 percent of homes in Summit County were not occupied year-round.

The Summit Combined Housing Authority (SCHA) was founded via an intergovernmental agreement in 2002 (updated in 2006) and currently serves the Towns of Breckenridge, Dillon, Frisco, Silverthorne, and Montezuma. SCHA provides information regarding affordable housing projects in the county and home buyer education classes, loan options, downpayment assistance, and home rehabilitation assistance for eligible residents. In 2005, SCHA commissioned a county-wide Housing Needs Assessment Survey that raised awareness about local housing challenges.

In 2006, voters approved Measure 5A, which authorized a dedicated .125 percent sales and use tax and a \$2.00 per square foot development impact fee to fund local resident and affordable workforce housing within Summit County. 5A revenues also support SCHA. The development impact revenues come from a tiered fee structure tied to the size of new development, and the money stays in the jurisdictions where it's collected. Between 2007 and 2015, 5A generated more than \$13 million in revenue, which was used to purchase and develop land for workforce housing and create 335 housing units. In 2015, 76 percent of voters approved a renewal of the 5A funding measure.

In addition, in 2008 Summit County voters approved Measure 1A, a twelve-year property tax levy used to fund a variety of community needs, including affordable housing. Measure 1A generates an estimated \$1.5 million in revenues annually.

With the support of 5A and 1A revenues, public-private partnerships emerged as an important element to address housing needs for the local workforce. To support affordability of the units in the Peak One Neighborhood, Frisco officials used 5A funds to waive a variety of development fees—including application fees for the submittal, development approval fees, building application fees, utility connection fees, and real estate transfer taxes; pay the Frisco Sanitation District fees; and set aside funds for downpayments and home-financing assistance.

The Town of Frisco established its local Affordable Housing Policies in 2008, modeled after county and state affordable housing policies. The town's priority is to support programs and incentives that provide housing opportunities for persons who are actively employed in Frisco and Summit County. The Town of Frisco works closely with the Summit Combined Housing Authority to coordinate the Town's housing projects and programs with other County-wide efforts.



Photo Courtesy of Blynn Grey Partners Ltd.



Deed Restrictions to Meet Housing Needs

To increase housing access for local residents, the Summit Combined Housing Authority monitors deed restrictions for applicable units for towns around the county. For the Peak One Neighborhood, the developer paid SCHAs an upfront \$10,000 fee to provide deed restriction professional services before and during the development process. These services include initial review of home buyers' incomes for compliance with AMI limits and annual monitoring for compliance with income and employment deed restrictions. There are about 20 deed-restricted affordable housing communities in towns throughout Summit County, as well as over 100 scattered-site, deed-restricted units.

Under these deed restrictions, in exchange for a lower sales price enabled by subsidy with taxpayer dollars, home buyers sign a deed containing certain provisions. Deed restrictions vary but generally require homeowners to work at least 30 hours per week year round within Summit County and to occupy their unit full time. Some units require that total household income must be at or below a certain percentage of the Area Median Income (AMI).

In order to keep prices within reach of local residents, deed-restricted properties also often have appreciation caps, as well as limitations on the dollar amount of capital improvements that can be added to the sales price. To maintain the integrity of the program, homeowners must report annually to the Summit Combined Housing Authority with documentation, to prove their compliance with the applicable deed restrictions.

The Town of Frisco's Affordable Housing Policies include "Master Deed Restriction Guidelines," (based on a SCHAs standard deed restriction agreement), which specify that in order to qualify for affordable housing supported by the town, homeowners must work a minimum of 30 hours per week year-round in Summit County. Frisco has nine deed-restricted neighborhoods, including the Peak One Neighborhood.

The project partners (Brynn Grey, Town of Frisco, and Summit Combined Housing Authority) identified where the greatest shortage of available housing was and crafted a development program to meet that need. Sixty-one of the 69 homes are priced to be available to households earning between 80 percent and 160 percent AMI, or \$68,000–\$136,000 for a family of four. The homes are also subject to limits on market appreciation. The limited-equity Peak One Neighborhood homes are priced in the \$250,000 to \$400,000 range, about 30 percent below market-rate area homes—the average home price in Summit County is \$465,700, according to 2010 Census data. The remaining eight homes are sold at market rates but require that homeowners work in Summit County year round at least 30 hours a week.

“The developer focused on the historic context and architecture for the Peak One Neighborhood. The 12 different housing designs all fit well together and helped mix it up.”

Jocelyn Mills

Community Development Director,
City of Littleton, Colorado
*Former Community Development Director,
Town Of Frisco*

“There was some concern about the complexity of the deed restrictions and whether there could be a way to simplify income qualifications.”

Jocelyn Mills

Community Development Director,
City of Littleton, Colorado
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Site Development

The Town of Frisco contributed 12.68 acres of undeveloped land for the Peak One Neighborhood. The town had originally purchased the Peak One parcel from the U.S. Forest Service in 1998 for municipal purposes. Surrounded by U.S. Forest Service land, Frisco is 98 percent built out residentially. The challenges of rising local housing costs made affordable residential development a top priority.

In 2007–2008, the Town commissioned the creation of a Peak One Master Plan to guide the development of a residential neighborhood that would respect existing adjacent neighborhoods, the natural environment and create a sense of community. The plan offers direction

for a sustainable, human-scale residential neighborhood with a variety of housing designs, architectural elements that complement nearby neighborhoods, a pedestrian-friendly street network integrated with existing trails and paths, and enhanced trail connections to adjacent public land.

Once the parcel was identified as a site for housing, the town annexed the Peak One Parcel and adopted applicable Residential Neighborhood (RN) zoning. The RN Zone District uses include detached single-family homes, accessory or carriage house units, duplexes, and cabin housing developments. It provides for smaller lot sizes and floor area ratios for structures and also requires that a minimum of 30 percent of the site be set aside as open space.

In 2009, the Town of Frisco issued an RFQ/RFP to identify and select a prospective developer. A review committee comprised of community members, Town Council and staff considered prospective development teams based on their experience with affordable housing projects, affordable housing finance, public-private partnerships, and sustainable development. In August 2009, the Town of Frisco entered into a public-private partnership with Ten Mile Partners, LLC, a joint venture between Brynn Grey, LLC, and Wolff Lyon Architects, for the multi-year phased production of 69 single-family homes to create the Peak One Neighborhood.

Public Outreach

The 2007–2008 master planning for the Peak One Neighborhood was an intensive collaborative public process that involved three public meetings with more than 200 residents and business owners. Convened by Perry Rose, LLC and Calthorpe Associates, the planning process sought to engage a variety of interest groups and community stakeholders about the future use and development of the site. The public planning process included financial feasibility analysis and site planning alternatives for the Peak One Parcel. The goal was to create a high-quality, financially feasible plan with the necessary political support to ensure its implementation.

The “Town of Frisco Peak One Parcel: Vision to Neighborhood” plan was recognized with a 2010 Excellence Award in the Category of Outstanding Planning Project from the Colorado Chapter of the American Planning Association. The Peak One project was selected due to its public process, the positive effect on the community, the leadership of the Town Council, and its comprehensive planning.

“The master plan process had full community involvement, which provided a lot of guidance for goals and objectives for the Peak One Neighborhood.”

Jocelyn Mills

Community Development Director,
City of Littleton, Colorado
*Former Community Development Director,
Town Of Frisco*

Design

Extensive research and collaboration with the community established a variety of building styles designed to be compatible with Frisco's mountain character for the Peak One Neighborhood. The twelve different designs include details such as using an exposed structure reminiscent of older buildings, wood siding, and varied roof and trim colors. Designed to meet the Town's affordable housing goals, homes range from 800 square-foot cabins to duplexes and single-family homes up to 2,000 square feet in size. Homes across price points are indistinguishable and mixed throughout the neighborhood.

“Only 35 percent of our housing stock was for full-time residents. The rest were for vacation homes. Town council leadership recognized that we needed people to live and work in the community and directed staff to work on a master planning process on how to develop the Peak One parcel.”

Jocelyn Mills

Community Development Director,
City of Littleton, Colorado
*Former Community Development Director,
Town Of Frisco*

Existing trails, both formal and informal, were studied, with the goal of enhancing the connectivity for the residents of the new homes as well as their surrounding neighbors. The neighborhood has two parks, two greens, and a garden and is adjacent to existing neighborhoods and infrastructure. The neighborhood benefits from connections to Peaks Trail and national forest access and to the Summit County bicycle path, and the location is within walking distance of Main Street and Frisco Historic Park. Residents can also access recreational activities in Summit County on the free Summit County shuttle. Having a location within walking distance of a mix of uses makes it easy for residents to leave their cars at home when possible.

Another important goal of the project is to create homes that are as energy efficient as possible so that homeowners will benefit with lower utility bills over the life span of their home. The sustainability of the Peak One Neighborhood is reflected in its central location close to downtown and the local elementary school, compact neighborhood layout, and building details that include high-efficiency heating and cooling and ENERGY STAR appliances.

Financing

The Town of Frisco's land contribution for the Peak One Neighborhood served to lower the cost of housing as well as provide a level of control of the land if the developer defaulted on its services and/or the project failed. The Town also provided in-kind support by waiving multiple fees.

Otherwise, the project was expected to rely on private financing rather than public money to fund the project. But as Phase 1 began in 2010, there was a major hurdle: the Great Recession. As a result of the recession, loans were not available to the local residential construction market. To address this challenge, the developer created HILL V, LLC, a private equity construction lender, to make short-term construction loans. Then, the loan participations were sold to development team members, friends, and family as investors. A first deed of trust for a specific home secured the loan, with 100 percent of the loan proceeds applied to building that home. This creative, private-equity construction lending fund successfully raised over \$20 million in private sector project financing, and the Peak One Neighborhood opened on time and on budget.

Marketing

Ten Mile Partners oversaw marketing of the units to prospective purchasers. Ten Mile Partners, along with the Summit Combined Housing Authority, were responsible for ensuring that purchasers met all of the pre-qualification terms. The Summit Combined Housing Authority provided buyer education, buyer qualification, new home marketing assistance, downpayment and financial assistance, and resident compliance monitoring.

The priority guidelines to select purchasers for the housing units included:

1. People who work in Frisco town limits and immediately surrounding work centers;
2. Town of Frisco government employees residing in long-term rental units;
3. People who work in other areas of the Ten Mile Basin; and
4. Other workers in Summit County.

Observations and Lessons Learned

Acting regionally on housing works. Collective town support to establish the Summit Combined Housing Authority created an important resource to support the development of affordable and workforce housing throughout the county.

Data tells the story and creates political will. The 2005 Housing Needs Assessment commissioned by the Summit Combined Housing Authority created an important awareness and specific numbers that documented the growing housing challenges in the community. This assessment, updated in 2013, also helped to generate substantial voter support for funding for affordable housing in the county via Measures 5A and 1A. Each town makes local decisions about how to use the 5A/1A housing funds.

Advance planning offers opportunities. The Town of Frisco's 1998 purchase of the Peak One Parcel created an opportunity for the town to donate the land for housing needs a decade later. This foresight was especially valuable given the limited developable land in the town.

Policy sets the stage. The Town of Frisco's Affordable Housing Policies have established an important foundation that supports the consistent production of affordable and workforce housing in the community.

Public process benefits the final result. The intensive public involvement and careful master planning to produce "Town of Frisco Peak One Parcel: Vision to Neighborhood" resulted in an end product that is an outstanding asset to the community.

A successful project promotes itself. A neighborhood designed for year-round residents who work locally offers an attractive sense of community and stability that can be elusive in a resort town. In each of the five phases, the majority of the homes were presold prior to the issuance of construction and building permits.

Deed restrictions can get complex. Ongoing compliance with deed restrictions can be tricky. When households have a worker who gets a raise or has a job relocation, this can create challenges for the income qualifications or employment requirements for their home. In recent years, local officials have sought greater flexibility in the income levels and residency requirements that determine who qualifies for deed-restricted units.

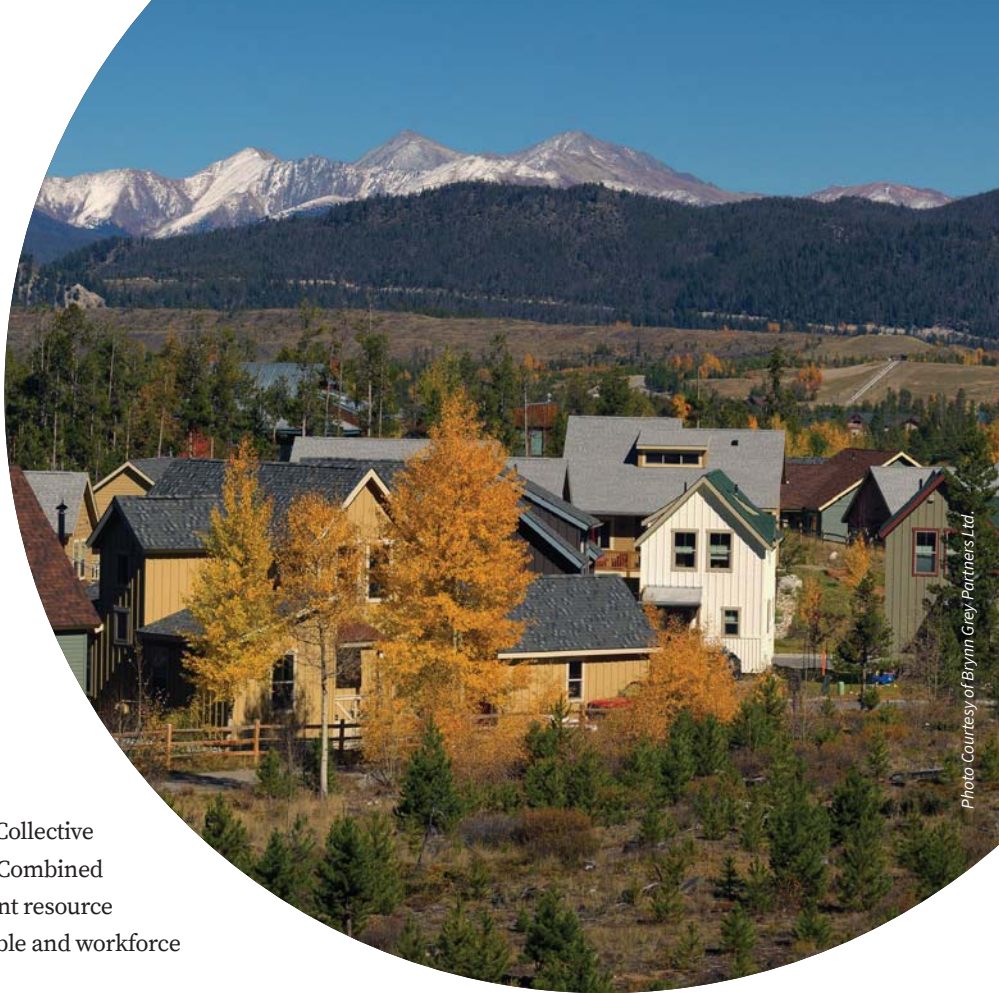


Photo Courtesy of Brynn Grey Partners Ltd.

This document is a portion of NAHB's report
How Did They Do It? Discovering New Opportunities for Affordable Housing.

[Click here to view the full report.](#)

How Did They Do It?

Discovering New Opportunities
for Affordable Housing

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