

BOARD OF COUNTY COMMISSIONERS
March 26 , 2019
(Continued from the March 12, 2019 Meeting)
PLANNING CASE #PLN18-059: KEYSTONE MINOR PUD AMENDMENT
UPDATE TO THE EMPLOYEE GENERATION RATES

PUBLIC HEARING

PLANNING CASE #18-059: Class 6 - A Minor Modification to the Keystone PUD to update the Employee Generation Rates, as required by Section B.6.C.iii.c of the PUD, and other modifications to accomplish the foregoing.

PROJECT INFORMATION:

Location: Keystone Minor PUD Amendment
Project/Request: A Minor Modification to the Keystone PUD to update the Employee Generation Rates, as required by Section B.6.C.iii.c of the PUD, and other modifications to accomplish the foregoing.

SNAKE RIVER BASIN PLANNING COMMISSION RECOMMENDATION:

The Snake River Planning Commission does not review Minor PUD Amendments

RESOLUTION STATUS

Resolution to be drafted subsequent to BOCC decision

STAFF RECOMMENDATION:

Approval with 7 findings and 2 conditions.

ATTACHMENTS:

Attachment A: Applicant's Narrative, Supplemental Information - Dated March 20, 2019
Attachment B: Staff Report dated March 12, 2019
Attachment C: Revised Draft Keystone PUD



PLANNING DEPARTMENT

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STAFF REPORT

TO: The Board of County Commissioners (“BOCC”)

FROM: Lindsay Hirsh, Senior Planner

FOR: Meeting of March 26, 2019

SUBJECT: PLN18-059: A Minor Modification to the Keystone PUD to update the Employee Generation Rates, as required by Section B.6.C.iii.c of the PUD, and other modifications to accomplish the foregoing.

APPLICANT: Vail Summit Resorts, Inc.

REQUEST: Class 6: A Minor Modification to the Keystone PUD to update the Employee Generation Rates, as required by Section B.6.C.iii.c of the PUD, and other modifications to accomplish the foregoing.

PROJECT DESCRIPTION:

Location: Keystone Resort PUD

Legal Description: See PUD

Existing Zoning: Keystone Resort PUD

BACKGROUND:

On March 12, 2019 the BOCC opened a public hearing on the subject request and subsequently continued the application to the March 26, 2019 meeting in order to allow additional time for the applicant and staff to further research and analyze specific aspects of the employee generation rate report and the Keystone annual employee housing report.

One of the issues that the Board requested additional information on was related to generation rates for multi-family units; specifically why the generation rate for 526 multi-family units that are not managed by a property management company are not incorporated into the overall annual housing generation numbers, especially given the demonstrated increase in short term rentals (“STRs”) throughout the County. Please note that the information in the attached memo (Attachment A) has minor variations from the information contained in the 2017/2018 annual report, as the use and management of multi-family units changes over time. The applicant has explained the discrepancy in the memo.

Staff reviewed the evolution of the employee generation rates dating back to the original Keystone Resort PUD designation approved on March 27, 1995 and recorded under Reception No. 489686. The original PUD included generation rates that were to be submitted each time development was to be proposed.

The original 1995 PUD set the initial generation rates. It was not until the PUD was amended in 2002 that the employee generation rate requirement was significantly modified to include the two classifications and the required three year update, in addition to an increase in the generate rates.

The increases in the 2002 generation rates were likely due to additional restaurants and retail establishments coming on line with the establishment of the River Run Neighborhood. The 2011 amendment updated all rates and included a condition of approval to add a single family rate at the next update. The 2014 amendment added the single family rates and updated all other rates.

Keystone PUD Generation Rates

	1995	2002	2011	2014	2019 (proposed)
Hotel/ Lodge (Class 1 & 2)	0.6	0.6	0.48	0.23	0.31
Multifamily (Class 1 & 2)	0.3	0.3	0.27	0.2	0.24
Retail Estab (Class 1)	3.25	2.77	2.9	2.58	2.92
Food & Bev (Class 1)	3.25	5.15	4.0	4.77	4.33
Retail/ F&B (Class 2)		3.46	3.6	3.61	3.63
Single family <2000				0.08	.07
Single family 2000-3999				0.15	.13
Single family 4000-5999				0.32	.30
Single family 6000+				0.47	0.45

As indicated above, there have been variations between the original generation rates and the four subsequent updates, however the changes that have occurred are likely a result of development, obtaining better comparable data, and possibly some minor changes in trends (i.e. STRs).

Staff has been observing shifts in trends in property management over the past several years as it relates to multi-family units. Staff developed the following table from past annual housing reports that illustrates the changes that have occurred to the management of multi-family dwelling units since 2008:

Year	Total Multi- Family Units	Total Units Not Managed by Keystone	Total No- Management Contract	Total Keystone
2018	2108	775	568	765
2017	2091	885	506	700
2016	2086	943	537	606
2015	2086	974	522	590
2014	2086	1012	526	548
2013	2085	1123	445	517
2012	1800	969		831
2011	1800	929		871
2010	1800	1410		390
2009	1800	1686		114
2008	1800	1686		114

The most notable change occurred between 2012 and 2013 as a result of improved third party property management data collection. The other interesting change was that in 2013 the applicant started reporting Total Units with No Management Contracts. This was added to increase accuracy and develop a better understanding of the rental units. These numbers show a trend from units being managed by Keystone Property Management towards third-party and self-managed STRs, which still generate employees.

As stated in the attached memo, the applicant has two branches of their property management: rental management and association management, from which the supplemental information was garnered. To further address the issue of total units with no management contract, three additional categories were needed: Full Time Resident, Pure Second Home/Lock Service, and Other.

As indicated above, for the properties that are managed by the applicant, there are a total of 24 units that have been identified as being occupied by full time residents, representing 1% of the total units managed by the applicant's association management branch. The second new category, Pure Second Home/Lock Service, provides residents with access to their units, and are not allowed to be rented. The applicant controls access to these units by administering the lock or key service and as such monitors the use of these units. A total of 195 units are governed by this method, representing 10% of the total units managed by the applicant's association management.

Based on a review of previous Annual Employee reports it does not appear that multi-family units with no management contracts have been factored into the employee generation rate calculation. To address this issue, the applicant has provided additional analysis regarding this issue (Attachment A). The applicant is indicating that there are a total of 1931 multifamily units that are managed by the applicant's association management branch, so the applicant therefore has good data on how these units are being used. Within the HOAs managed by Keystone, there are 307 units that are likely being utilized as STRs, without a management contract through Keystone or any other third party management company. There are 177 multifamily units located within the PUD with HOAs that are not managed by Keystone (i.e. The Seasons, Elk Run Villas, Expedition Station, Keystone Gulch, and Montezuma). Of those 177 units, Keystone Property Management manages 54 of these as part of their rental pool. In the absence of better data, the applicant is proposing that a similar proportion of multifamily units used as full-time residences, second homes and STRs exist across the remaining units, leading to an estimate of 28 additional privately managed STRs in the non-Keystone managed HOAs, for a total of 335 privately managed multi-family STRs (units with no management contract).

The applicant is proposing to either apply the 0.20 multi-family generation rate or the 0.08 single family generation rate. When these generation rates are applied, it results in an additional 27.87 credits, or 13.13 credits respectively needed. Staff believes that the multifamily generation rate should be utilized as it is more likely to approximate the actual employees generated by STRs, which experience high occupant turnover and are more likely to require services commonly associated with temporary occupancy, such as laundry, cleaning, maintenance, and reservation/guest management.

The applicant concurs that there appears to be a gap and that there should be a generation rate applied to the units which have no management contract, which could be used as full time residences, second homes, or as privately managed STRs, in the next iteration of the generation rate report. As reflected in the applicant's proposed condition of approval, the applicant wants to work with the County over the course of the next year to further analyze the STR data that the County will be gathering. Both RRC and EPS were contacted and there is no real solid data out on the potential generation rates associated with STRs yet. Summit County with its new STR regulations should have some data on this issue in the upcoming year. Staff concurs that additional data regarding STRs will be helpful in updating the generation rates to accurately reflect today's resort housing market. In addition, staff is interested in further exploring the data used to supply and calculate the generation rates to ensure that there are no other categories of units or employees that have gone uncounted, such as contract housekeeping or maintenance employees.

As reflected in the 2018 Annual Employee Report, there is a surplus of 118.88 employee housing credits for Peak Season Employees and a surplus of 285.59 employee housing credits for Seasonal Employees. Including the credits which would be generated by the privately managed STR still suggests a surplus of the required employee housing credits is available. In addition, there will be an additional 207 credits available with the Wintergreen seasonal and LITHC units coming on line this summer. It is anticipated that 180 additional long term credits at Wintergreen will be coming on line in 2020.

At the March 12th meeting, the BOCC also requested conformation that all the Hidden River Lodge units (16 units / 30 Employee Housing Credits) were in compliance with all applicable housing covenants/ restrictions. Staff has reviewed the available information and it appears that there are no known compliance issues associated with the applicable deed restrictions. The County Housing Department staff, KEHRB, and the applicant will continue to investigate the deed restricted units at Hidden River Lodge to ensure compliance. The next round of deed monitoring is just starting between the KEHRB and the SCHA. The Housing Department, working with the County Attorney's office, recently requested that KEHRB call a meeting (2 members are required to call a meeting) to create some needed rules/policies to provide better clarification and guidance for KEHRB when questions regarding the deed restriction and/or the Hidden River Lodge PUD arise.

Lastly and as mentioned in the previous staff report, Staff is aware of concerns related to parking and traffic that are impacting the Keystone area, but feels that because the issue appears to be tied to the existing language in the PUD failing to adequately address the original intent of the PUD to provide for adequate parking, it may be better addressed in a more comprehensive PUD amendment. As it stands, this minor PUD amendment to update the Employee Generation Rates is consistent with the intent and integrity of the original PUD.

STAFF RECOMMENDATION:

Staff recommends that the BOCC approve PLN 18-059, a Minor Modification to the Keystone PUD to update the Employee Generation Rates, as required by Section B.6.C.iii.c of the PUD, and other miscellaneous modifications to accomplish the foregoing with the following findings and conditions:

Findings:

1. The modification is consistent with the efficient development and preservation of the entire PUD in that no additional density is being proposed and the goals and objectives of the PUD will continue to be met specifically including to meet the housing requirements of employees who work within the PUD and who work within the adjacent resort operation.
2. The modification does not affect, in a substantially adverse manner, either the enjoyment of land abutting upon or across a street from the PUD or the public interest because no new development, permitted uses, or density are proposed under this amendment.
3. The modification is not granted solely to confer a special benefit upon any person. This modification amends the generation rates in the employee housing section of the report and further fulfills an obligation set forth in the PUD that must be met by Vail Summit Resorts.
4. The proposed PUD modification is in general conformance with the goals, polices/actions and provisions of the Summit County Countywide Comprehensive Plan and the Snake River Master Plan because the changes proposed will continue to ensure that there is adequate employee housing for employees working within the Keystone PUD.
5. The proposed PUD modification is consistent with the County's Zoning and Rezoning Policies because, without limitation; a) the PUD modification does not affect established setbacks, permitted uses, density, landscaping, open space, parking or other development

standards; b) the PUD modification will continue to ensure the compatibility of land uses, efficient and economical use of land and adequate light and air in development projects; c) areas of environmental hazards will continue to be avoided; d) development projects will continue to be functional, exhibit good design and aesthetics and protect the County's natural resources and scenic beauty; and e) the modifications will not affect the PUD provisions in place which ensure that land with development constraints are avoided, that new development is compatible with existing development, that there is adequate infrastructure, and that wildfire hazards are mitigated.

6. In light of the purpose and intent of PUD designations and modifications, the proposal furthers the public health, safety integrity and general welfare, as well as efficiency and economy in the use of land and its resources because the modification continues to ensure that the PUD Owner/Developer provides accurate documentation of the number of employees generated by the resort operations and associated uses and complies with the employees housing requirements of the PUD.
7. The proposed PUD modification amendment is not substantial and conforms to the intent and integrity of the original PUD and the PUD modification has been determined to be a minor amendment in accordance with Section 12202.04 because, without limitation, a) the PUD modification is not substantial and maintains the intent and integrity of the original PUD; b) the PUD modification does not increase in the total number of units or floor area; c) no new uses are requested, except for converting one (1) type of permitted use to another similar type of permitted use; and d) there is no significant decrease in the amount of open space.

Condition:

1. The applicant shall work with Staff to provide a comprehensive update to the PUD generation rates to include and account for all residential and commercial units, including Short Term Rentals, as well as appropriately account for all employees generated by such uses, including the use of alternative employment arrangements. Unless otherwise agreed to in writing by the County and the Applicant, the applicant shall submit a minor PUD amendment to incorporate the update no later than December 31, 2020.
2. The applicant shall apply the same methodology as Comparison 1 provided in the Supplemental information provided for PLN18-059 as part of its annual reports until such time as a new generation rate is approved and/or the County is able to provide the applicant information on the number of short term rentals in the PUD.

Attachments:

Attachment A: Applicant's Narrative, Supplemental Information - Dated March 20, 2019

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Attachment C: Revised Draft Keystone PUD