

The Estin Report: Aspen Property Owners Notice: City Council Considers Making Affordable Housing Mitigation Costs 3X More

The city has two ordinances up for second reading January 28th, 2013 which will affect most every property owner in Aspen.

One ordinance changes the ADU mitigation option to require ADU'S to be sold to qualifying Aspen employees at Category 3 rates, or about \$150,000. The option to build an ADU on site for rentals would be eliminated. In effect, every new home would become a duplex. The legal and practical implication of this is enormous. Consider for example, a struggle over whether the house needed to be painted and who would pay for it!

The second ordinance, prepared by Aspen Pitkin County Housing Authority (APCHA), proposes changing the Cash-in-Lieu for Employee Housing mitigation of up to \$709 per square foot for each square foot of Free Market FAR that is built. The underlying idea is to change the basis of the calculation to a "Market-Affordability Gap" methodology. The \$709/sq ft is today's calculated gap using the Market-Affordability Gap.

It is a significant change to go from the current mitigation theory - based on what it costs build and house employees - to a system based on the difference between free market cost of housing and what an employee can afford.

The proposed approach measures the difference between what a 900 square foot free market unit costs in Aspen and what a Category 3 employee can afford.

Each year the amount would be adjusted by any change in the cost of free market housing. City staff proposes initially using a 30% Multiplier on the Free Market rate for the Cash-in-Lieu, or \$212/sf of Free Market FAR. While less than the calculated "gap", this initial change is almost 3 times today's rate of \$76/sf. If the Affordable Housing mitigation fees are moved up to the Market Affordability Gap as of today (\$709/sq. ft), the increase would be almost 10x today's Cash-in-Lieu rate.

Who is Affected?

- Anyone who cannot build an ADU on their land and sell it outright to an employee
- Anyone in the R15B Zone which prohibits ADUs (Knollwood Eastwood, Aspen Grove). This is a double "whammy " to those neighborhoods because residents have a smaller FAR to begin with.)
- Anyone who has the ability to or plans to expand their home
- Anyone with a vacant lot will be significantly affected by this

Even if Council adopts a lower number to begin with, it is only a matter of time until it creeps up to the \$709/sf benchmark figure.

The next, and possibly only, chance to speak out against this is the January 28th City Council meeting. Aspen property owners are urged to attend this meeting.