



## AGENDA BRIEF

**MEETING:** Town Council - 02 Jul 2024

**FROM:** James Dickhoff, Community Dev Director

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**PROJECT:** Resolution 2024-11, Supporting the Submittal of a “More Housing Now” Grant Application to the Department of Local Affairs and associated Developer Agreement.

**ACTION:** Council action

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### **PURPOSE/BACKGROUND:**

Resolution 2024-11, Supporting the Submittal of a “More Housing Now” Grant Application to the Department of Local Affairs and associated Developer Agreement.

The Developer, Colorado Outdoors, LLC., is proposing to include up to 96 middle income rental apartments as part of their proposed Major Subdivision development on the 99-acre parcel east of the Pagosa Springs Medical Center, known as the Pagosa Lakes Plaza Minor Impact Subdivision, located at the SE corner of Hwy 160 and Pagosa Blvd. The proposed “Pagosa Peaks” rental apartment units will serve at least between 80 – 120% of AMI, with each apartment building containing 24 units. The Developer is also including a subdivision of a 5-acre parcel to accommodate an approximate 30,000 sqft building for the Archuleta County administration offices. These two projects are proposed to occur as part of a phase one of the proposed Major Subdivision development.

To construct these below market rate, moderate income rental apartment housing units, the Developer is seeking support from the Town to apply for a “More Housing Now” grant funding from the Department of Local Affairs (DOLA) for up to \$2 million towards “public infrastructure” improvements that will serve the proposed “Pagosa Peaks” apartments. The Town is required to be the applicant for these DOLA funds. The next grant applications are due August 1st and will likely be the last fully funded grant round for the More Housing Now program. The grant funding requires a 25% minimum cash match, which the developer will provide, as well as a 30-year deed restriction to ensure an average of 90% of AMI is maintained for the entire Pagosa Peaks apartment development. If approved to submit the More Housing Now grant application, Town staff will work with Colorado Outdoors, LLC to draft the grant application for submittal. The grant award is a reimbursable grant, thus there is no financial risk if expenses are not incurred.

Grant eligible publicly-owned infrastructure and streetscape improvements include: water, sewer, stormwater, publicly owned utility infrastructure, sidewalks, and streetscape or placemaking improvements, including high efficiency street lights, accessibility improvements, public electric vehicle (EV) charging stations, and bike or other multimodal improvements associated with an affordable housing project.

Developer Agreement: Staff suggests entering into an initial simple Developer Agreement, attached, setting forth the terms for applying for the More Housing Now grant application with a subsequent required Development Agreement if the grant is awarded. The Developer Agreement is between the Town and ArenaLabs, LLC, the development arm of Colorado Outdoors, LLC. for the Pagosa Peaks project.

The Developer is also preparing a Prop 123 grant application through the Office of Economic Development and International Trade (OEDIT), which does not require the Town’s approval, however, a letter of Support may be requested at a later date.

The Developer is considering forming a Metro District to construct the roadway and infrastructure improvements. This would require approval from the Town, in conjunction with their Sketch or Preliminary Major Subdivision application consideration. This allows the ability to add a mill levy property tax to the lots only within this development that will pay

for the costs associated with infrastructure improvements and maintenance of such. Metro districts ensure that growth pays its own way because metro district property taxes that are paid by the residents of a new community are used to support the financing of the public improvements for that specific community. Metro districts localize the cost of the public improvements to fund new development rather than spreading those costs throughout the entire city, town, or county.

The Developer is working with the Archuleta Housing Authority for monitoring deed restrictions, conducting tenant eligibility review and record keeping for annual audits.

The Developer is interested in requesting Town development application fee exemptions, which will come back to Town Council on July 18th.

#### **Required Development Application Processes:**

It is important to note that this proposed development has not started their development application processes as of yet. The provided concept site plan for the subdivision is very conceptual at this time. The applicant has indicated they will proceed with development application processes while their grant applications are being considered. Development Application processes will include:

Major Subdivision Application processes: Sketch, Preliminary and Final applications.

A Development Improvements Agreement (DIA) will be executed as part of the Final Major Subdivision Application process, requiring Financial Bonding to ensure required public infrastructure and improvements are completed as approved.

Major Design Review Application processes: Sketch and Final applications.

Building Permit Applications: As each building is pursued.

#### **ATTACHMENTS:**

[Res 2024-11 DOLA More Housing Now Grant Application 07.02.24](#)

[Pagosa Peaks Developer Agreement ArenaLabs LLC](#)

[Pagosa Springs Project Executive Summary](#)

[Colorado Outdoors Pagosa Peaks Workforce Housing](#)

#### **TOWN COUNCIL GOALS & OBJECTIVES:**

Town Council adopted 2023-24 Goals and Objectives:

##### **#3. Workforce Housing (High Priority)**

Support private sector and community organizations' efforts to provide housing of all types to ensure housing choices for residents.

**3a: Define the Town's Role and Enhance Strategies for Private and Non-Profit Housing Sector Development of New Inventory:** Creative mechanisms to encourage development, (Town) not be in the housing business.

- Fee waivers, public-private partnerships, land use flexibility, etc.

##### **3h: Establish More Public-Private Partnerships to Build more Units**

- Potential to donate land to developers, ex. fund below ground infrastructure
- Infrastructure grants for property developers with deed restrictions

#### **RECOMMENDATIONS:**

1. Move to Approve Resolution 2024-11, Supporting the Submittal of a "More Housing Now" DOLA Grant Application to the Department of Local Affairs, and Approve the associated Pagosa Peaks Developer Agreement.
2. Move to Deny Resolution 2024-11 and the associated Developer Agreement and provide direction to staff.



**TOWN OF PAGOSA SPRINGS, COLORADO**

**RESOLUTION NO. 2024-11**

**A RESOLUTION SUPPORTING THE SUBMITTAL OF A  
MORE HOUSING NOW GRANT APPLICATION  
TO THE DEPARTMENT OF LOCAL AFFAIRS**

WHEREAS, the Town of Pagosa Springs (“Town”) is a home rule municipality duly organized and existing under Article XX of the Colorado Constitution and the Pagosa Springs Home Rule Charter of 2003, as amended; and

WHEREAS, the Town Council has recognized the importance of a sustainable housing strategy in our community and has prioritized workforce housing development in their annually adopted goals and objectives since 2017, including 2023-2024; and

WHEREAS, the Town Council has adopted and/or implemented “Qualifying Strategies” as defined by House Bill 21-1271 and “Land Use Best Practices” as defined by DOLA’s Strong Communities Program, including: development application fee waivers, density bonus policy, dedicated funding source, smaller minimum dwelling sizes, land banking, and other novel innovative and creative approaches; that will help create more opportunities for attainable and affordable housing options to achieve our community’s housing needs; and

WHEREAS, the Colorado Department of Local Affairs (DOLA) is currently soliciting proposals for grant funding assistance through their More Housing Now grant program for the installation of eligible public infrastructure; and

WHEREAS, the Town of Pagosa Springs is within Archuleta County, a designated Rural Resort Community in Colorado; and

WHEREAS, the proposed Pagosa Peak rental apartments will include up to 96 deed restricted units to serve middle income individuals and families earning between 80%-120% of Area Median Income and will be located in an ideal location in close proximity to medical services, retail/groceries, employment, transit stops, with access to sidewalks and trails; and

WHEREAS, the Town Council supports submitting a More Housing Now grant application to DOLA for assisting with the installation of public infrastructure needed to serve the proposed Pagosa Peaks rental apartments.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PAGOSA SPRINGS, COLORADO as follows:

1. The Town Council of Pagosa Springs strongly supports the submission of a More Housing Now DOLA grant application for funding publicly-owned infrastructure and streetscape improvements that may include: water, sewer, stormwater, publicly owned utility infrastructure, sidewalks, and streetscape or placemaking improvements, including high efficiency street lights, accessibility improvements, public electric vehicle (EV) charging stations, and bike or other multimodal improvements associated with an affordable housing project proposed at the SE corner of U.S. Hwy 160 and Pagosa Blvd.
2. The Town Council supports the submission of the grant application in an amount of up to \$2,000,000, to help fund the Public Infrastructure and facilities needed to serve the proposed Pagosa Peaks moderate income rental apartment project.
3. The Town Council understands that if awarded grant funding, there is an obligation to provide the required minimum 25% local financial match.
4. The Town Council confirms the Town of Pagosa Springs will provide the appropriate staff and staff time to execute the proposed project.
5. If the grant is awarded, the Town Council of Pagosa Springs will work with DOLA to comply with the required expenditure of awarded grant funds pursuant to an executed grant contract.
6. The Town Council authorizes the Town Manager and/or the Town Mayor to sign the grant application and grant contract documents.
7. This resolution is to be in full force and effect from and after its passage and approval.
8. Severability. If any part, section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining provisions.

Effective Date. This Resolution shall take effect and be enforced immediately upon its approval by the Council.

ADOPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2024 BY THE TOWN COUNCIL OF THE TOWN OF PAGOSA SPRINGS, BY A VOTE OF \_\_\_\_ IN FAVOR, \_\_\_\_ AGAINST.

TOWN OF PAGOSA SPRINGS, COLORADO

By: \_\_\_\_\_  
Shari Pierce, Mayor

ATTEST:

By: \_\_\_\_\_  
April Hessman, Secretary

## DEVELOPER AGREEMENT

This Developer Agreement (“Agreement”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, by and between the TOWN OF PAGOSA SPRINGS, Colorado (“Town”), a home rule municipal corporation organized pursuant to Article XX of the Colorado Constitution and Pagosa Springs’ Home Rule Charter effective November, 2003 and as amended, and ArenaLabs, LLC, A Colorado Limited Liability Company (referred to as “Developer”), together known as the “Parties”.

A. WHEREAS, Developer proposes the development of the “Pagosa Peaks” rental apartments to serve individuals and families earning at least between 80-120% of Area Median Income (“Project”) on the Property known as Tract 3 of the Pagosa Lakes Plaza Minor Impact Subdivision (“Property”); and

B. WHEREAS, Developer has requested the Town, as an eligible applicant, apply for “More Housing Now” grant funding from the Department of Local Affairs for the installation of Publicly Owned infrastructure to serve the proposed rental apartments Project; and

C. WHEREAS, the Developer understands the Project shall apply for the appropriate Town Development applications consistent with Land Use Development Code standards for consideration of approvals by the respective decision making bodies.

Now Therefore, the Town and the Developer agree to the following terms of this Agreement:

- 1) Developer shall prepare and provide the More Housing Now grant application narrative with content and document attachments acceptable to the Town on or before July 24, 2024, for the Town’s submission of the grant application.
- 2) The Town shall upon approval of the grant application contents, submit the grant application requesting up to \$2,000,000 to the Department of Local Affairs on or before August 1, 2024.
- 3) If the grant is awarded, the Developer understands their obligation to provide the required 25% financial match for the grant, and that the Town and Developer shall enter into a subsequent development agreement that details the specific public infrastructure improvements the grant funds can be expensed for, grant reporting requirements, and other obligations as identified.
- 4) If the grant is not awarded, this agreement shall be null and void.
- 5) The Developer shall begin the submission of required Town Development Application submittals while the grant application is being reviewed and considered by the Department of Local Affairs, for at least: Major Subdivision Applications (Sketch, Preliminary, Final), Major Design Review Applications (Sketch, Final) and others as identified.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the date first above written.

TOWN OF PAGOSA SPRINGS

By: \_\_\_\_\_  
Shari Pierce, Mayor  
Pagosa Springs Town Hall  
Post Office Box 1859  
Pagosa Springs, Colorado 81147

Attest:

\_\_\_\_\_  
April Hessman, Town Clerk

STATE OF COLORADO )  
 ) ss.  
COUNTY OF ARCHULETA )

The foregoing Development Improvement Agreement was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by Shari Pierce, as Mayor of Pagosa Springs, Colorado.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

DEVELOPER:  
ArenaLabs, LLC

By: \_\_\_\_\_  
David Dragoo,  
Authorized Representative

STATE OF COLORADO )  
 ) ss.  
COUNTY OF ARCHULETA )

The foregoing Development Improvement Agreement was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, by \_\_\_\_\_ as \_\_\_\_\_ of \_\_\_\_\_.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

# Pagosa Springs Workforce Housing Project - Executive Summary

Prepared for the Town of Pagosa Springs  
Council Meeting - July 2, 2024

## Project Overview

[Colorado Outdoors](#) (a Colorado-based real estate development company) proposes a workforce housing project at the Pagosa Peaks site. This 99-acre site is located within the Town limits of Pagosa Springs off of Highway 160. It is the land across the highway from City Market and east of the Pagosa Springs Medical Center.

This project aims to create a diverse housing community that meets the needs identified in the 2021 Regional Housing Needs Assessment. The proposed project would develop the site in phases. Phase I would include approximately 72 to 96 rental apartments with incomes ranging from 80% to 120% of the area median income (AMI).

This AMI range is considered workforce housing and typically includes essential community workers such as police officers, nurses, and teachers. Later phases would include a mix of properties (duplexes, townhomes, and single-family homes for ownership). We are also pursuing market-rate housing, duplexes, senior housing, and more affordable rental housing (60-80% AMI) options.

## Key Details

- This multi-phase housing development project is located within the Town of Pagosa Springs on a zoned MU-R site, which allows for mixed-use, including residential.
- Phase I will build approximately 96 rental units at 80-120% AMI and a multi-modal transit stop.
- Phase II will construct additional housing types for ownership, pending the results of the market study. There is preliminary interest in townhomes, single-family homes, and homes for adults 55+.
- The development also preserves significant open space for trails, parks, and other recreational amenities.
- The site is conveniently located near Highway 160, the Pagosa Springs Medical Center, commercial shopping, Walmart, and City market.
- Because the site is large, it will be able to meet the future need to supply units to keep Pagosa Springs in compliance with Prop 123 additional unit requirements.

## Next Steps

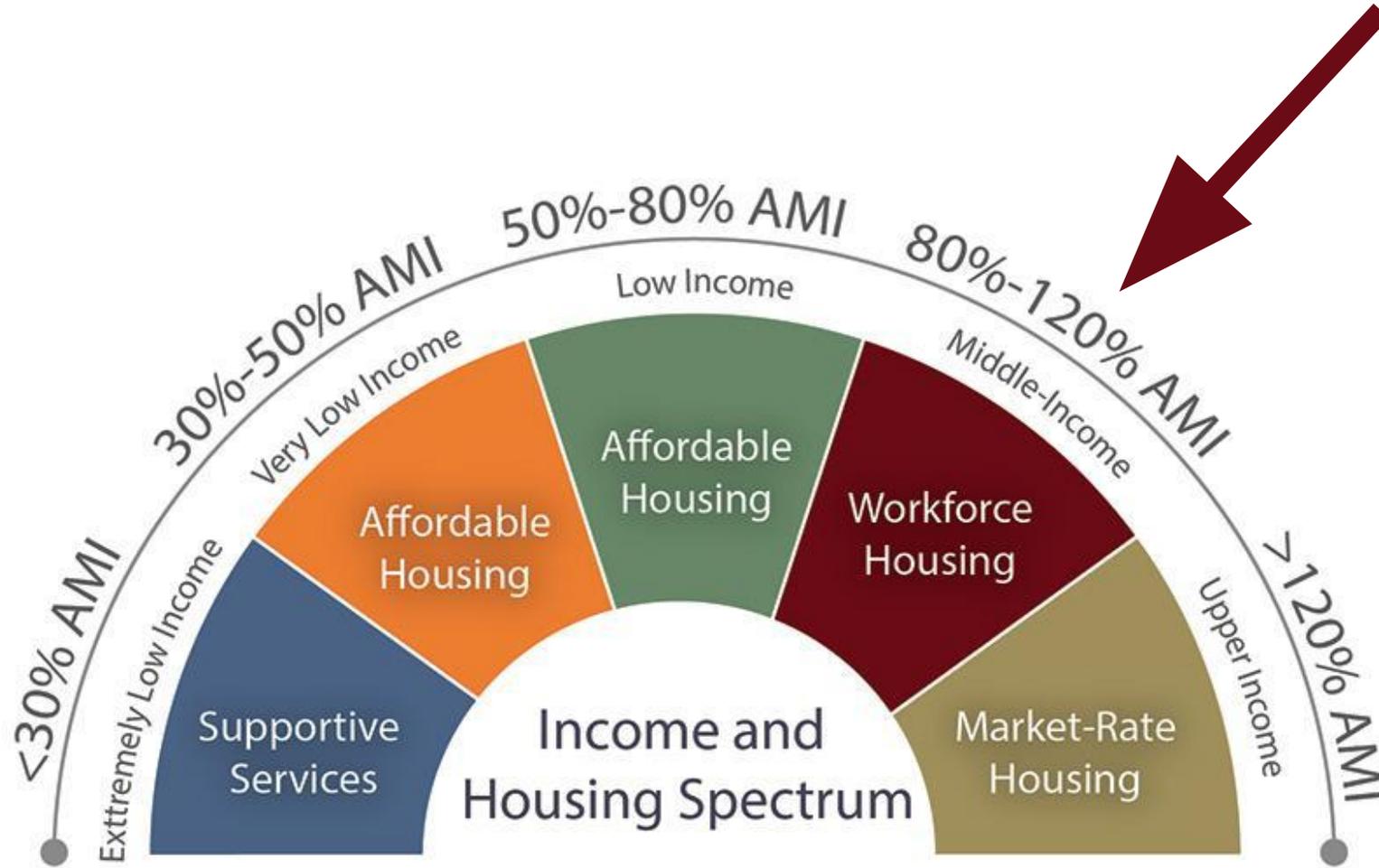
- Partner with the Town of Pagosa Springs on a grant application to support public off-site infrastructure upgrades to support the site's development.
- Explore partnership structure with Archuleta County Housing Authority.
- Obtain letters of support from key partners.

# Town of Pagosa Springs

*Workforce Housing*



# Middle Income Housing (aka Workforce Housing)





City Market

Walmart

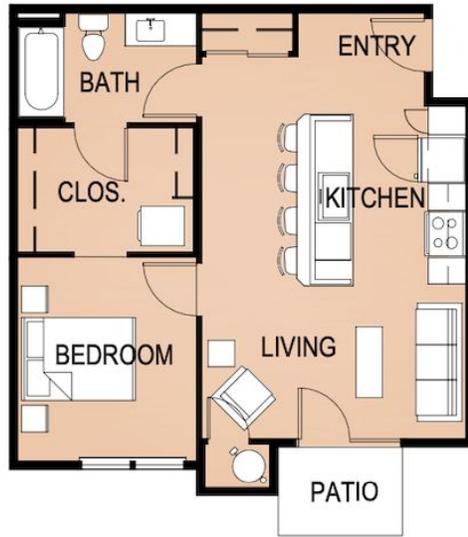
PSMC

Site  
3.5 acres





# UNIT TYPE A

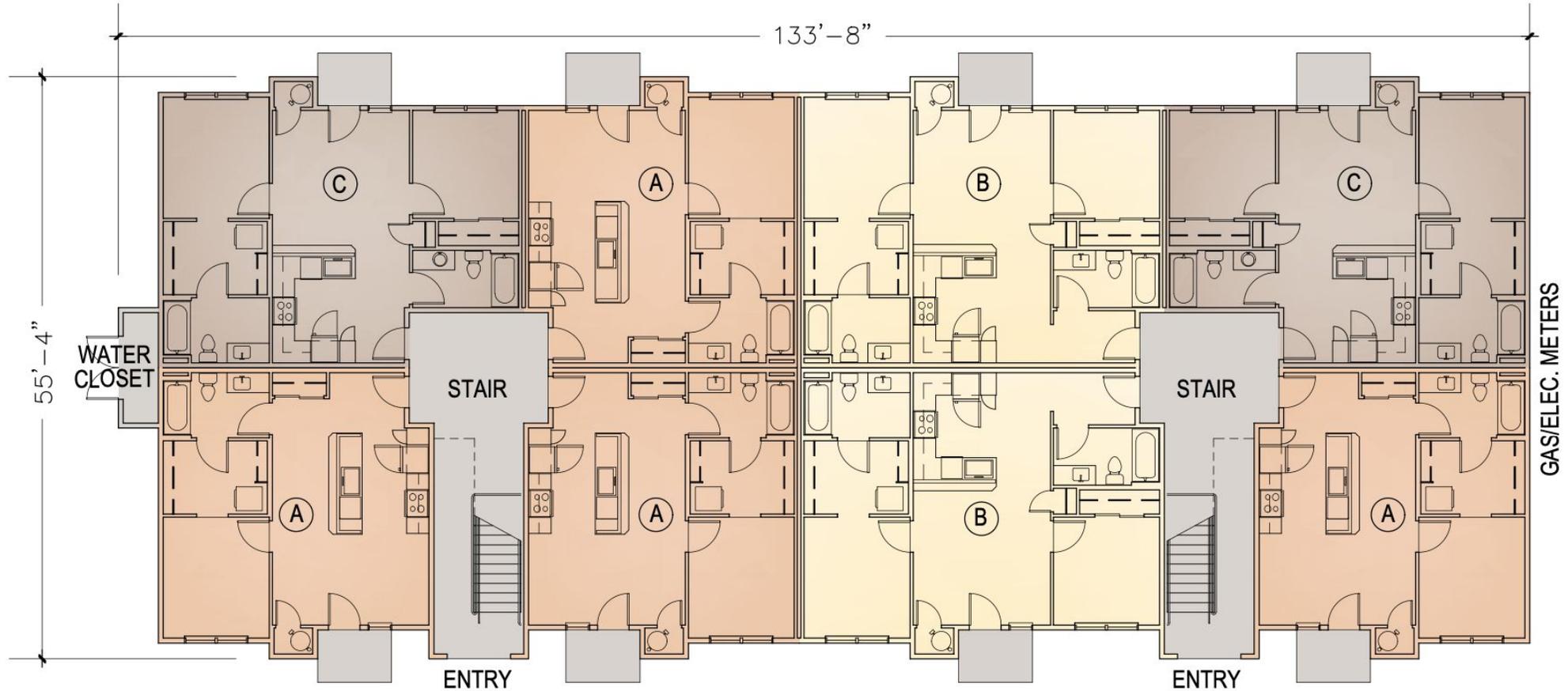


# UNIT TYPE B



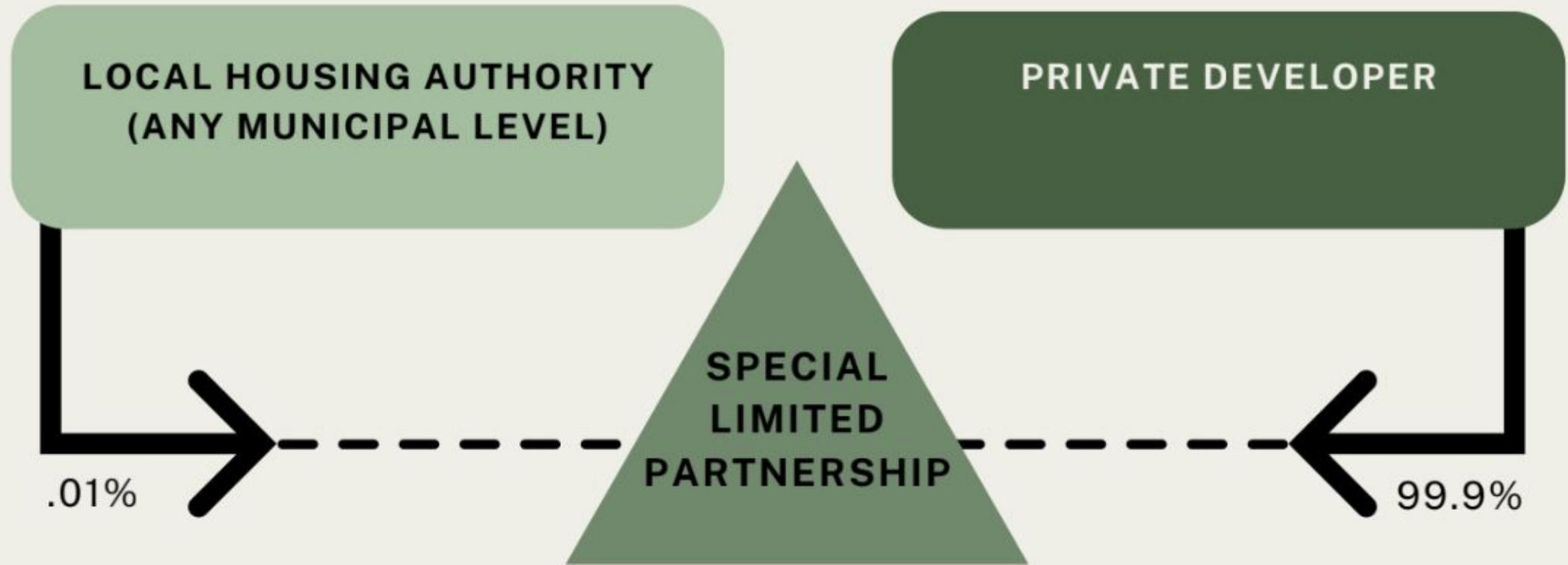
# UNIT TYPE C





## 24-UNIT, 3-STORY BUILDING

UNIT TYPE:	# OF UNITS:	NET AREA/UNIT:
UNIT 'A': 1 BEDROOM / 1 BATH	12 PER BLDG.	613 S.F.
UNIT 'B': 2 BEDROOM / 2 BATH	6 PER BLDG.	817 S.F.
UNIT 'C': 2 BEDROOM / 2 BATH	6 PER BLDG.	774 S.F.
GROSS BUILDING AREA: 20,245 S.F.		



#### Other Benefits to the HA

- Typically the HA will require one or more of the following concessions from the developer:
  - A payment in lieu of taxes (PILOT) or recurring annual fee based on some % of the property tax abatement
  - A portion of the development fee
  - A recurring annual fee at a fixed amount or based on a % (typically 1%) of net operating income
- HAs usually (but not always, depending on capacity) prefer to take a lead role in the prioritization and selection of residents into the deed restricted units, which can be 'first come first serve', via a lottery, or other methods

# Current Partners/Community Organizations

- *Archuleta County*
- *Pagosa Springs Community Development Corporation*
- *Archuleta County Housing Authority*
- *EXIT Realty*
- *SEH Engineering (Durango)*
- *Way Architects, P.C.*
- *Castlewood Capital*
- *Shaw Construction*