

MEMORANDUM

TO: Lauren Gister, Carbondale Town Manager
Carbondale Board of Trustees

FROM: Bob Schultz, RSC LLC

RE: April 19 Trustee Work Session Information

DATE: April 13, 2022

Background

The March 15 work session was intended to share research on the American Tree and Cement and Town Center properties. The Trustees were given a report on due diligence findings and an assessment of the opportunities and challenges for each site.

The April 19 work session is intended to be a chance for Trustees to hear each other's initial thoughts about visions for usage of the properties and what additional processes or input would be useful to an ultimate agreement of use.

A questionnaire was sent out to gather thinking to date rather than to extract a final plan. Responses from future Trustees Colin Laird and Chris Hassig are included in the responses. Below are your responses to the questions and your initial thoughts from the questionnaire. The comments are unattributed and ordered randomly (mostly).

The upcoming work session will be a chance for you to speak to each other about the comments provided and to allow staff to hear your common interests to inform next steps. The expectation is that Trustees will be doing the speaking and consultant and staff will be there primarily as facilitators and note takers.

Attached are several documents for your consideration. There are property reports for the American Tree and Cement and Town Center properties, there is a summary memo about public-private partnerships, and there are two documents from the Urban Land Institute (ULI) about partnering. The two ULI documents are a bit long but they provide the best information that I am aware of about how to succeed in such partnerships. I have referenced them many times over the years of working with government agencies and believe the documents represent lessons learned from partnering successes and less-than-successes.

Summary of Trustee Responses

American Tree and Cement Property

5 Trustees I want to continue planning for the primary purpose of that lot to be future public parking, other accessory uses could be examined if/when structure parking is proposed.

4 Trustees I want to continue pursuing mixed use development of the ATC property now.

Comments:

- I would like it to be used for more than just a parking lot. I believe a mixed use residential, parking and possible some work/live studios would be an appropriate use. Because of its proximity to downtown a limitation on number of vehicles per unit might be appropriate.
- I think a simple two-story structure like the one in GW may make the most sense here. While I hate to dedicate millions of dollars to supporting cars and parking, it seems like something we have to do to maintain easy access to downtown businesses in the long run. I'm interested in exploring how to get some help paying for it from developers of HCC lots; ie, an option to pay a fee to have some of the parking requirement met off-site. I also think this lot should be considered for some of the on-site parking requirements on the Town Center lots, so we can really maximize what's possible there.
- I would add the caveat that my current thinking is to preserve the ATC property as a mobility hub for downtown, which will inevitably require parking, but other mobility-related uses as well. It may also allow for other mixed uses as well, which I support.
- I have always been wanting to make sure we consider mixed use as part of the discussion. Whether that's two stories of parking (maybe we dig down and go underground for part of it) with one story of housing up top.
- I think is a much more challenging site physically and will require more thought. This really is the best spot in the future to build a parking structure and if pursue a mixed-use project here too soon we could compromise that opportunity. I think the TC site offers a more immediate and prudent project that I'd rather see focus maintained on that site.
- Given the ATC parcel's relatively close proximity to high density housing, both incoming and older, I feel that a parking facility would best serve the community at this time.
- It seems like we have a possible template in Colorado Place right next door. I'd be interested in exploring ways to make a duplicate that is all affordable.

- I believe in leaving that lot alone for the foreseeable future and concentrating on Town Center. I do not favor doing any parking structure planning for the site. I don't think the demand is there and the flexibility of the lot is highest currently and does get use from vanlifers who patronize downtown coffee shops, public works leaf collection etc, and overflow First Friday parking. A big dirty lot can be useful. In the long run I would be disappointed to see that site entirely converted to structured parking- I would hope that long term result serves more diverse goals than purely parking and our parking is dispersed and kept to a smaller scale.

Town Center Properties

For me, successful development of the Town Center properties **must** include:

- Mixed commercial (ground floor) and residential units that offer middle-income individual and families an opportunity to reside in town. A building that is zero energy.
- A significant and diverse mix of affordable housing (ie, rentals and ownership opportunities, for a variety of demographics—ie, some general community housing, plus some targeted toward town employees, artists, or others with a specific need, plan and funding).

Some level of commercial use on the primary frontages and on the Promenade. Could be retail (ie, live/work artists spaces with small studios selling art) and/or general commercial (ie, day care, offices).

- A thorough public process that integrates the recent comp plan thinking for downtown with additional public comment on this specific property.

- Housing

Something the community is proud of

- A dominant element of open space.
- Totally mixed use. Some retail and/or office, some residential and some work/live/studios. The work/live studios could possibly bring the vitality to the promenade area. The retail would help provide sale tax revenue to give town funding for other projects.
- It has to have affordable housing. My 'got-to' is 80% of the square footage be attainable at somewhere in the 80-150% AMI range. It has to be high density and take full advantage of the highest and best use of the property. It has to be a project that engages the community so there is participation in the vision for the property. It has to include some retail (though maybe not the full amount as strictly dictated by the current code). It has to represent the most creative aspects of Carbondale and be 'of this Town'. To me this means that from start to finish it should break the mold, be great architecture, house creative industries and people, integrate lively spaces that make people want to visit (think Dairy Block in Denver), house a range of ages, have amazing outdoor spaces, etc.
- Some affordable residential
The development should be net zero
- Diversity of public/commercial/studio uses on first floor, affordable/workforce housing upstairs, arts integration

For me, it would be nice if development of the Town Center properties included:

- It would be NICE to have 100% of the square footage be attainable housing with a mix of 80-150% AMI. It would be nice to be net zero or net zero ready. I would like to see some subsidized commercial/retail space as well (3rd Street like). I'd like to see the commercial space be community focused – senior and youth center, food co-op, affordable restaurant(s) and entertainment, creative spaces, etc. It would be NICE to park underneath a project like this but you know... \$\$

- Day care space

Room for Town offices on a lot retained by the Town

Vibrant corridor of small retail storefronts along promenade

Restaurant space

- I would like to see this property include uses that help to address our most important challenges, including but not limited to workforce and/or senior housing and/or employment opportunities for <80% AMI and/or those with disabilities, local food production, daycare, shelter for the homeless, possibly subsidized commercial space for essential products & services, etc.

- Smaller commercial spaces to support the creatives (if there's a demand) Maybe live/work studio spaces. Small, "affordable" spaces for local businesses to have a place to get their start-up going – whether that's wellness practitioners or traditional artists or craftspeople, etc. Seems like it could be done to make the promenade kind of exciting and it's own artistic haven surrounding the theatre. There are people who are more creative than me, where this kind of opportunity could be further fleshed out.

Adding underground parking.

- Smaller possibly unattached units to house individual boutique-like business.

- Public roof deck ;)

- Artistic (art or music or design such as jewelry or furniture) live work spaces that could provide a market type on promenade on specific days. Limited parking some on site some offsite.

- Affordable commercial space.

USFS visitor center, office space and housing. Is there a way to gauge what the USFS needs and if some kind of agreement could be reached for the Town a portion on the Town Center parcel for the current USFS parcel. It's a long shot, but who though the Town would end up with the Town Center parcel.

- Ideally the town can retain control of the underlying ground for the long term. diversity of structures (less monopoly) can break the project into more discreet pieces that are small enough to chew. be able to accommodate yet to be heard art ideas for the site, growth consideration for thunder river/ downtown performing arts. more room for local serving downtown businesses.

For me, successful development of the Town Center properties **would not** include:

- Too much focus on parking
Significant open space rather than developed space
- Profit that is not agreed-upon and open book, incompatible uses, uses that is/can be provided elsewhere in the community, or uses that require more than 120% of the energy that can be produced on-site (Energy use can exceed production by 20%). We will inevitably partner with for-profit entities, but any profit should be agreed upon and open book to prevent unreasonable gains.
- I'm not sure I have any taboo items. I'd be open to all ideas. They may or may not fit in the end but I can't think of something I'd leave off the table.
- All the commercial space that is requires as per the HCC – it's too much.
Something BORING
- 100 per cent free market residential. This is too valuable a property to not try to maximize the use for all citizens not just a few.
- An over 2 story contemporary structure.
- Subsidizing any of the commercial units.
- Second home/properties. All units should be resident occupied.
- Streetscape deadened with auto-orientation and first floor apartments. majority unrestricted free-market residences. bad building form that is not long-term adaptable.

Comments

- I envision a process in which the town gets lots of public input on priorities and goals, then we invite proposals from developers, non-profits, and other groups that have an idea to help us achieve some of those goals, and we collaborate to move those projects forward one at a time. I don't think we have to develop it all at once, and I don't think the Town has to be the developer. I could see an overall vision within HCC zoning parameters, that then gets built out lot by lot over a decade or so, as funding becomes available for various projects.

- An inclusive project to perpetuate the inclusiveness that Carbondale strives for. Residential, retail, commercial (i.e. professional office space) office space

Both affordable and free market residential with the free market helping to subsidize the affordable. Small areas of either grass, trees or play areas to break up and enliven the development. Multiple bike parking and motorcycle parking to encourage alternatives to auto use.

- Recognizing attainable housing is a nationwide need and driver of the current workforce shortfall. I'm also sensitive to public perception of Carbondale rapidly losing its historic character. The optics of the larger developments currently under construction have been disturbing to many longtime residents. On balance, it would be preferable to me to keep the downtown core as unobtrusive as possible with an emphasis on replicating Carbondale's funky flair.

- Mostly captured above! And I wrote that before reading the next section. We're on a similar page. ;)

- I would be very interested in learning what the larger community thinks about the parcel. This is a massive piece of good fortune for the Town to have control of such an important site downtown. I think it's worth gauging the larger public - a charette perhaps? There could be sections on design, uses, finance, and project management.

- I would like to invite community input for the site and see if there are any obvious community-oriented ideas that deserve to happen there, but I really am more committed to diversity than any one concept, i believe a successful development will combine different kinds of users for greater vitality and cross-pollination which is what I think downtown is best for. Some major level of affordable housing upstairs is a no-brainer to me.

Coloring inside the lines

1 Trustee I want to see development of the Town center comply with the Code without relief

4 Trustees I am comfortable with requests for alternative compliance for parking and/or commercial flexibility if the overall project is in compliance

5 Trustees I think we need the best project possible, without regard to the Code or previous approvals.

Note: one Trustee chose both the second and third options

Comments:

- I am open minded on whether we need to exist within the code or not. There might be radically different options that the code does not provide for. I do not want to exclude them out of hand.
- Assuming the project results in significantly more ‘public benefit’ than a private development, I think its OK to color outside of the lines if the end result is reasonable, compatible, and has reasonable public support.
- Being in town and having a RFTA stop on site, this bldg. should not require the same amount of parking that other residential or mixed-use developments have.
- Parking in general is at odds with the supporting community’s emissions reduction goal. For this reason as well as not being a fan of variances due to the fallout carried forward by precedence, I prefer to press ahead with strict Code compliance.
- Assuming perhaps we are bringing on a partner to help with this, I think we need to be somewhere in between saying all code bets are off and the alt compliance. I also think that this would be a great place for the community to weigh in. The Comp Plan started to touch on this and this effort could dig a little deeper. If there is anywhere to reduce the dependency on cars – this is the place! So, I am certainly willing to entertain what that might look like. Perhaps the ATC property can help. I also think there are many creative ways to think about flexible commercial – live/work, etc. many of the ideas referenced above resonate with me. I think we would need to put some parameters out there that say we are willing to entertain some really creative ideas yet we aren’t ready to entirely throw away the code requirements.
- I think we should explore the issues that have hindered development on this site and throughout the HCC, then update the code to address those issues for the entire HCC. That way, we’re not giving this property any special treatment. We’re solving the root problems for all HCC properties.

I'm open to alternative compliance and re-examining the parking requirements in HCC, but again, I'd like to look at that for the entire zone district, with this property providing a nice case study that illuminates the main issues that need to be addressed.

- I think this process will help inform our code requirements in general for HCC and thus might help us get better projects on the other available downtown lots.
- The initial proposal for the Town Center was a generally good mixed-use development proposal, however, the times and market based only approach to the development have hindered progress on the original vision. I think it's worth exploring what would most benefit the Town and downtown rather than following the initial vision. The fact the Thunder River Theater is one of the few successes of the original development plan says a lot about the potential for some alternative approaches.
- I am willing to violate the code if we do come up with some extraordinary public benefit, but I think we should try to start from the premise that we are playing by our own rules.

Who and How

0 Trustees I want the Town to issue an RFP to developers and select from the proposed plans. I do not see the Town involved in the actual design, construction, or financing due to lack of human and financial resources.

7 Trustees I want the Town to have a stronger role in developing the project and am willing to offer the land, grant application support and some matching funds but will not finance the project. There will be some ongoing commitment of staff time for project oversight, grant applications, and management.

4 Trustees I want this property to develop completely based on Town needs and am willing to dedicate the human and financial resources needed to implement that over time. Development is likely to require a voter-approved bond. Ongoing operation and maintenance of the site is possible but may be performed by contracted professionals.

Note: Two Trustees chose both second and third responses

Comments:

- Fiscally this is the most likely alternative (middle one). I see the town having a leading role in shaping the development with the help of an outside developer. There may be state money available for something like this in which case the town can and should take more of an active role in putting forth our vision for the project.

Realistically a joint venture between town and developer is most likely to give us the input we need to control design considerations while providing developers free market options can help underwrite our desired goals.

- I'm open to all of these options and this needs a lot of discussion for us to really understand the alternatives. At this point, the community land trust concept with phased development of various parcels by various groups over time just seems the most feasible to me. I also think that a phased approach allows new ideas to come to light over time, and for the community to absorb new growth at a pace that it can tolerate.

- As perpetual public perception will be that the property belongs to the Town, the Town would be best served to have a hand in what any eventual development looks like and how it will be used and maintained. Appealing is that there is no direct financial investment other than long term upkeep and staff administrative time.

- There are enough entities throughout the valley (SkiCo, CMC) that could potentially partner with the town to create more workforce housing with this project that I would prefer those conversations start in conjunction with talking to developers about a potential public/private partnership.

- This is the part that I would definitely need more discussion about. The summary you've provided is really helpful, but I'd like to gain a better understanding of the pros and cons of each of those scenarios. Partnering with Habitat, Archdiocese and APEH all seem like that should be part of the conversation. I want to make sure we take advantage of state funding and I'm not opposing to putting a tax question on the ballot in November to get the bonds we would need.

I LOVE the RFSD example. It continues to stand out as a really nice development that people love and the District is proud of.

- This is a tough one. I feel a sense of urgency on this for a few reasons. The current housing crisis, opportunities for funding that may not exist in future years, and our reality as a Town when it comes to our resources. That said I feel uncomfortable making a unilateral decision without going out to the community. We could initiate a very short burn public process that tests the community on the question above as well as the issue of use, code relaxation, etc. This would potentially add value to the project even further in that we could issue an RFP with greater clarity on the public's support.

Either way I see a combination of 1 and 2. I think we NEED a partner on board AND we need to play a strong role in the development. If it is entirely #1 I have seen too many projects set very lofty goals and then left entirely in the hands of a development team outside the Town those goals and aspirations get VERY watered down. I believe if we play a stronger role in assisting with grants, etc. we have a better chance at achieving the economic goals mentioned above.

Essentially, I see us putting some clear brackets on this project (based on the thoughts above) and then getting it out to bid as soon as possible. We would make it clear that we are ready to entertain all types of bidders (profit, non-profit, etc.). From these responses we can evaluate the best next steps and an appropriate vision and team to move forward with.

- I see the greatest risk to the community in pursuing a project like this is engaging a for-profit or a non-profit developer and not articulating our goals well enough such that the result does not meet expectations. Another concern would be to externalize the risk to simplify the development, but in doing so trade away decades of community benefit. I strongly favor maximizing community benefit over reducing risk/hassle. If done well, the \$/benefit will have a very favorable return on investment over the project lifespan.

- I selected options 2 and 3 because I don't think they are exclusive of each other. I am not against option one, but I would prefer to explore possibilities of 2 and 3 because the Town will get more of what it wants.

The parcel might benefit from different developers for different sections of the parcel. As mentioned in the report, the Sixth Avenue side of the project might lend itself more to a private sector developer while the pedestrian plaza side might need more help from the Town and a nonprofit development model to ensure we get the mix of activities we want.

- I would be curious to see what might come out of an RFP process - it could be a good way to discover good partners and unorthodox ideas - but we'd have to be fair upfront about our intentions/ambivalence about going through with any one idea, because we may likely find all the private proposals lacking in value. I am also ok with setting up specific building envelopes and then tackling each one more individually, if we go more of our own route. I'm not sure if I can answer my preference here yet though the middle choice seems closest to where I am - I think the town could be very involved in making whatever construction happens happen, but I don't envision ultimate operations going to the town.

I think the downstairs spaces should ideally be managed in an adaptable manner akin to the third street center, but perhaps with more market-matched rents for potential downtown business space. I like the idea of fairly raw space in many parts with more tenant finish to try to control costs and create leeway for creativity in interior design.

Resources we have, or have access to, that will lead to success:

- As a municipality, we specialize in risk tolerance, and we have better access to cheap money than any for-profit developer. Therefore, I favor the town accepting risk and reward (in the form of community benefit). In my opinion this could include partnering with a non-profit organization, provided its services align with town goals.
- Experienced Public Works, Finance, and property management teams
- We have a huge brain trust in Carbondale (valley) that can help us achieve success. We need to tap into that horsepower. Once educated we can tap into funding that wouldn't be otherwise available to traditional development. Carbondale is in an Enterprise Zone which I am learning has some tax opportunities with it.
- A strong town planning department and UDC as guidelines.
- Strong community partner organizations like those listed.
- Creative people!
- Motivated Trustees and wide-spread support for housing and community-oriented developments
Very engaged population right now – they are ready to weigh in
Local housing non-profit developers
State funding for housing
Excellent housing studies/assessments to reference
- Nonprofit development experience: Habitat for Humanity, Aspen Pitkin Employee Housing Inc., Third Street Center. Community Land Trust Organizations around the state.

Large public sector development experience: Rec Center

- I think working with partner nonprofit organizations could allow us to bring the full philanthropic resource network of those involved organizations to bear - a consortium of nonprofits/entities that want to jointly build employee housing? marquee arts donation with housing to match? We should see what reallocating 90% of lodging tax would generate for housing - feeds also into STR discussion - where would different STR fee/lodging tax collections leave us for financing? I am not as familiar with the budget yet so I don't have a detailed understanding of the general fund.

Resources that we lack that are required for success:

- We currently lack the internal capacity to manage a project like this, regardless of how we develop it. That includes all phases from planning through property management. So, I favor hiring (likely on a contractual basis) the expertise needed to plan, finance, design, construct, and manage the final product. Again, this could include a partnership with a non-profit organization such as was done at the TSC or a land trust, provided its services are aligned with community-stated goals.

- Time

- We do not have the internal staff resources to build this ourselves or even to have the resources to be a successful partner. We need to think about how we have adequate resources on the Town's side to accomplish this project. This does not have to be hiring internally, we could find an appropriate contractor to owner's rep. And we would also need to ensure our staff can appropriately manage that person as well. We should engage this person ASAP so they can assist with the development of an RFP and be a part of the process from the get-go. We can execute this on a T&M basis and ramp up or down their time based on the ebbs and flows of the project and based on acquiring some funds to proceed.

- Experience in this type of project.

- \$\$\$

- Will need additional staff capacity no matter which direction we go it seems

Financing

- Staff capacity – My understanding is staff are maxed with current workload. Developing Town Properties will require additional staff capacity as well as consultant time. The regional housing effort has the potential to eventually help with the capacity question.

There will be a need for some public financing to achieve public goals such as affordable housing and commercial space.

- Clearly we need to figure out construction/project financing without losing too much control over the outcome. Plan should minimize risk to general fund.

We need more research about what kind of grant moneys are out there and where we might be able to go after federal funds or the like if we have a coherent shovel-ready plan.

Mayor Dan has harped on the real-estate transfer tax vote ban in TABOR and I do think the trustees as a whole should press our reps to introduce allowing those kinds of votes at the statehouse - think a long-term reasonable funding source will be necessary for much meaningful affordable housing development to happen and RETT is one of the most obvious ideas.