



**Joint Town Council Work Session  
Brush Creek Work Session  
Crested Butte Town Hall  
507 Maroon Avenue  
September 23, 6:00 p.m.**

- 6:00 I. Review of Crested Butte/Mt. Crested Butte conditions imposed in January, 2019
- 6:10 II. Summary of Gatesco's changes to project proposed since sketch plan approval
- 6:30 III. Public Comment
- 6:50 IV. Discussion among MOA Parties
- 7:50 V. Next Steps
- 8:00 VI. Adjourn



## Staff Report

September 23, 2019

**To:** Mayor and Town Council

**From:** Dara MacDonald, Town Manager

**Subject:** Summary of proposed changes since BOCC sketch plan conditional approval of The Corner at Brush Creek

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### **Background:**

Both Crested Butte and Mt. Crested Butte had expressed concerns about the Corner at Brush Creek project during the sketch plan review with Crested Butte strongly recommending denial of the project. For this reason, the first condition of approval placed by the Gunnison County Board of County Commissioners (“BOCC”) on the applicant is as follows:

*As proposed by the applicant, and accepted as a finding, prior to submittal of the Preliminary Plan, and prior to submittal of the Final Plan, the applicant shall obtain consent of three of the four parties (Gunnison County; Town of Crested Butte; Town of Mt Crested Butte; Crested Butte Mountain Resort) to the MOU.*

Crested Butte and Mt. Crested Butte promptly began joint discussions about whether they would choose to support a preliminary plan application and, if so, if there were additional conditions they would like to place on the approval. It became evident that the elected officials wanted to work together to try and find an acceptable compromise that would allow the project to proceed. There was never complete agreement, but the majority of council members from each jurisdiction did eventually work through an initial list of issues and possible conditions to land the following three:

1. Five (5) acres of the site should be set aside for intercept parking and other possible uses by the MOA Parties, to include, but not be limited to, playing fields, housing and additional parking.
2. The developer shall provide two parking spaces for every unit constructed to be provided contemporaneous with the construction of the units.
3. The maximum number of residential units that may be constructed on the remaining acreage, after the five acres set aside for intercept parking/other uses is determined, is 156.

Both of the Towns subsequently sent Memorandums of Consent to the developer and the County with the Town’s memo being dated January 22, 2019.

### ***Extension Request***

The applicant, Gary Gates or Gatesco, doing business as APT Brush Creek Road, LLC, submitted an extension request to Gunnison County on July 3, 2019.

On August 6<sup>th</sup> the BOCC approved the extension request as follows:

*The deadline for submission of a preliminary plan is hereby extended for a period of one year from today's date, conditioned upon the applicant, by October 31, 2019, obtaining formal consent of at least three of the four parties to the Memorandum of Understanding between Gunnison County, the Town of Crested Butte, the Town of Mt. Crested Butte, and Crested Butte Mountain Resort.*

### **Summary of Gatesco's proposed changes**

Following issuance of the January Memorandum of Consent the Town of Crested Butte received no communication from the developer until Council received an email on July 31, 2019 from Kendall Burgemeister with a letter from Gary Gates dated July 29, 2019. On August 23<sup>rd</sup>, the Gatesco team provided an additional memo dated August 29<sup>th</sup> further explaining their request to modify the conditions imposed by the two towns as well as some of the conditions imposed by the BOCC. The changes proposed by Gatesco since sketch plan approval are summarized below from these two letters.

#### **I. Number of Units**

Gatesco stated in both letters that they can accept moving forward with a limitation of only 156 units with the understanding that some other aspects of the project will need to be eliminated to offset the economic hardship of limitations on the number of units. Following are the requested modifications Gatesco requests in order to offset the "loss" of units. While accepting a reduction in the number of initial units of, Gatesco has requested that an undefined number of additional units would be allowed in the future if certain thresholds are met (see Section IX below). There is no mention of amenities being added back into the project at the time additional units are constructed.

#### **II. Unit Mix**

The 156-unit proposal includes the following mix of units:

Studio	1-bedroom	2-bedroom	3-bedroom	Total
30	60	60	6	156
19%	38%	38%	4%	100%

The original 240-unit proposal included the following mix of units:

Studio	1-bedroom	2-bedroom	3-bedroom	Total
32	64	120	24	240
13%	27%	50%	10%	100%

Generally, there has been a shift in unit sizes with the current proposal including 57% studio and 1-bedroom and the earlier 240-unit proposal having 40% of the units in this size range.

#### **III. Building Size**

The updated proposal from Gatesco includes a reduction in the maximum unit size proposed from an 18,000 sq. ft. 22-plex between 32-35 feet tall to a 12,500 sq. ft. 16-plex with a height of approximately 26.5 feet. The Town has not received detailed information on the sq. ft. of the

other buildings proposed under the 156-unit scenario, however the 5, 16-plexes alone would include 100,000 sq. ft. of building area.

The maximum building size allowed on a parcel in the LUR is 10,000 sq. ft. with an aggregate of all structures not to exceed 12,500 sq. ft. on lots over 6,500 sq. ft. The County did allow for these maximums to be exceeded as part of the sketch plan approval.

Gatesco states in their July 29<sup>th</sup> letter that they could proceed with 156-units at Brush Creek in part because of the ability to realize some cost savings between the Lot 22 project in Gunnison which they are under contract to develop and Brush Creek. One of the cost savings they site is the ability to utilize the same architectural plans for both sites. The following is an example of a 16-plex at Lot 22 that Gatesco presented in March, 2019.



#### IV. Land set-aside

Gatesco has proposed that the set-aside be no more than 2 acres. They state that this could provide for 140-175 parking spaces in the August 27<sup>th</sup> letter and for 200 spaces in the July 29<sup>th</sup> letter.

The Towns of Crested Butte and Mt. Crested Butte previously determined that 5 acres would be the minimum land set-aside for future uses as required in their condition to allow the application to proceed to preliminary plan. The following explanation is from the letter sent to the community by the Town of Crested Butte on February 5, 2019:

Both Towns are limited in our ability to expand or create new additional parking areas within the communities. The parking analysis recently conducted by the Town of Crested Butte identified a shortfall of 232-403 parking spaces during the

peak summer season weekdays and weekends. Mt. Crested Butte has limited public parking and ultimately the capacity of skiers on the slopes will be dictated by how many cars and people the two towns can accommodate. Both communities and CBMR are all actively looking at ways to create additional parking spaces within the existing physical areas that we control, however, we are concerned that this will not be enough in the long run. Shortfalls in parking are a concern for all ski area communities.

It is important for transit parking to be as close to town and the ski resort as possible and this is the only suitable property for which we currently have public control. Our hope is to provide needed parking in an optimal location as our community grows.

While parking appears to be the identified need of greatest concern at this time, the Towns will have to work with the other parties to the MOA, Gunnison County and Crested Butte Mountain Resort, to decide how the property would ultimately be used and to plan for development.

#### **V. Parking for Residents**

Gatesco has stated in their letters that they would provide 1.5 parking spaces per unit in the new project. The LUR requires that a project provide 2 parking spaces per unit. The County did allow for this minimum to be reduced to 1.67 spaces per unit as part of the sketch plan approval.

The Towns of Crested Butte and Mt. Crested Butte previously determined that 2 spaces per unit is appropriate as required in their condition to allow the application to proceed to preliminary plan. The following explanation is from the letter sent to the community by the Town of Crested Butte on February 5, 2019:

The LUR requires two spaces per unit and because this property is outside of town, we believe most people who live here will have cars. By providing for sufficient parking, this will be a community where parking is not an issue that causes conflict amongst neighbors. Guest parking and snow storage will also be accommodated equally throughout the development by requiring the current LUR standard.

The Town of Crested Butte is committed to supporting efforts of RTA and/or Mt. Express to eventually serve this location. However, neither of these publically funded transit services has indicated that they have sufficient funding to begin service in the near future and thus convenient transit may not be immediately available and residents will remain dependent on personal vehicles for some time.

#### **VI. Elimination of For-Sale Units**

The amended sketch plan application for 220-units had included 20 for-sale units. Gatesco has eliminated any for-sale units in their updated 156-unit proposal.

#### **VII. Allocation of Deed Restricted Units**

In the BOCC approval of the sketch plan the number of units was reduced from 220 to 180. Along with that they included condition of approval #5, *“The AMI ratio shall remain proportionally the same for the proposed 180 units and with the consideration that the numbers of units at 120% AMI and below remain the same, as economically feasible, and as identified in the Second Sketch Plan Submittal”*.

On January 11, 2019 I asked Cathie Pagano, Director of Gunnison County Community and Economic Development for her interpretation of this requirement at 180-units and 156-units. The following is her interpretation:

180 Units				
	AMI	Cumulative proportion	Incremental Units	
	<50% AMI	16.50%	30	
	<80% AMI	41%	40	
	<120% AMI	54%	21	
	<180% AMI	60%	10	
			101	of the 180 units

The above numbers are the minimum requirement per Condition 5. Condition 5 also states, "...with consideration that the numbers of units at 120% AMI and below remain the same, as economically feasible..." That number is 108 units. The PC would need to review a preliminary plan application to determine if a proposal complies with Condition 5. Condition 5 mandates the number of units that I've identified in the above table (91) and goes further to ask that 108 units be restricted to below 120% AMI based on the PC's determination of economically feasible (evidence submitted by applicant).

156 Units				
	AMI	Cumulative proportion	Incremental Units	
	<50% AMI	16.50%	26	
	<80% AMI	41%	35	
	<120% AMI	54%	18	
	<180% AMI	60%	9	
			88	of the 156 units

In their letter dated August 27, 2019 Gatesco proposes the following unit mix:

AMI	156 Units		
	Units	Cumulative	Cumul. %
50%	10	10	6%
80%	37	47	30%
120%	30	77	<b>49%</b>
180%	0	77	49%
Local Pref.	79	156	100%
For-Sale	0	156	100%
Total	156		

The new Gatesco proposal does not meet the requirements for BOCC Condition #5 either in the cumulative percentage or the fixed number of units (108 units) at 120% AMI or below.

### **VIII. Transit Center**

The Gatesco letter dated July 29<sup>th</sup> states that the new 156-unit plan “will not include a transit center built at Gatesco’s cost. Alternatively, it will offer to provide an indoor waiting area with accessible bathrooms as an extension of its on-site management office.” The letter dated August 27<sup>th</sup> states that the “156 unit site plan provides a bus stop and shelter similar to those seen throughout the valley. A small indoor waiting area with public bathrooms (similar to what is available at the 4-way stop) would be provided as part of the management office”.

The sketch plan created by Bob Nevins in October, 2018 and used for discussion purposes by the two Councils showed a 5-acre set-aside for future uses and graphically depicted what parking and transit could look like on the 5-acres. That example showed parking for approximately 345 vehicles with sufficient space for snow storage along with a transit center, bus loop and landscaping.

As mentioned by the RTA and Mountain Express during the sketch plan review it is important that any bus access be close to the intersection of Brush Creek Road and SH 135. The Gatesco sketch dated August 15, 2019 shows the bus shelter and associated area for parking at the farthest point on the property from the intersection of Brush Creek Rd and SH 135. The management offices where the bathrooms and indoor shelter would be located are more than 200’ from the actual bus stop making it very inconvenient for users during inclement weather.

### **IX. Future Additional Units**

While Gatesco has agreed that they could proceed with a 156-unit project, as part of that agreement they want to be able to develop an unspecified number of additional units on the site in the future. In their July 29<sup>th</sup> letter they state they would like “to request an increase in the number of lower-income units after the property has reached at least 90% occupancy for three years”. The August 27<sup>th</sup> letter states, “Gatesco requests the flexibility to add additional units in future, contingent upon reaching an agreed-upon trigger that demonstrates a continued need for workforce housing (e.g. at least 90% occupancy for three years), and contingent upon completing the County land use review process (a new application for a new land use change). Any new units would be deed restricted pro-rata with the AMI allocation provided herein”. This request is quite open-ended without agreeing even to the BOCC’s condition of no more than 180-units on the site. Also, it is unclear what income levels would be targeted with any additional units since one letter states they would be “lower-income” and the other says they would be pro-rata with the AMI allocation provided in the August 27<sup>th</sup> letter which, as discussed in Section VII above, fails to meet BOCC Condition #5.

### **X. Approval of Property Sale**

Gatesco has requested that they be allowed to proceed with a purchase contract that would provide them with certainty that the closing would proceed should they obtain final approval through the County’s land use process of a project that “complies with the sketch plan requirements, as modified by the terms described above”.

### **XI. Additional Deviations from BOCC conditions**

In the letter from Gatesco dated July 29<sup>th</sup>, response #5 to Question 2 in the letter states, “Allow Gatesco to request necessary adjustments to the forty-one current conditions to ensure

economic viability, primarily by adjusting the ratio of larger units to smaller units". The first part of this sentence is open-ended with no limitation on what additional adjustments may be requested to ensure that the project is economically viable for the developer.

**Attachments:**

Bob Nevins sample site plan (138 units), 10.01.2018

Site plan from applicant, 07.29.2019

Letter from Gary Gates, 07.29.2019

Gatesco Discussion Points, 08.27.2019



10-1-13

DEVELOPMENT SUMMARY\*

- (5) 8-PLEXES 40 UNITS
- (5) 10-PLEXES 50 UNITS
- (3) 16-PLEXES 48 UNITS
- OFFICE/LAUNDRY BLDG.

9 AC

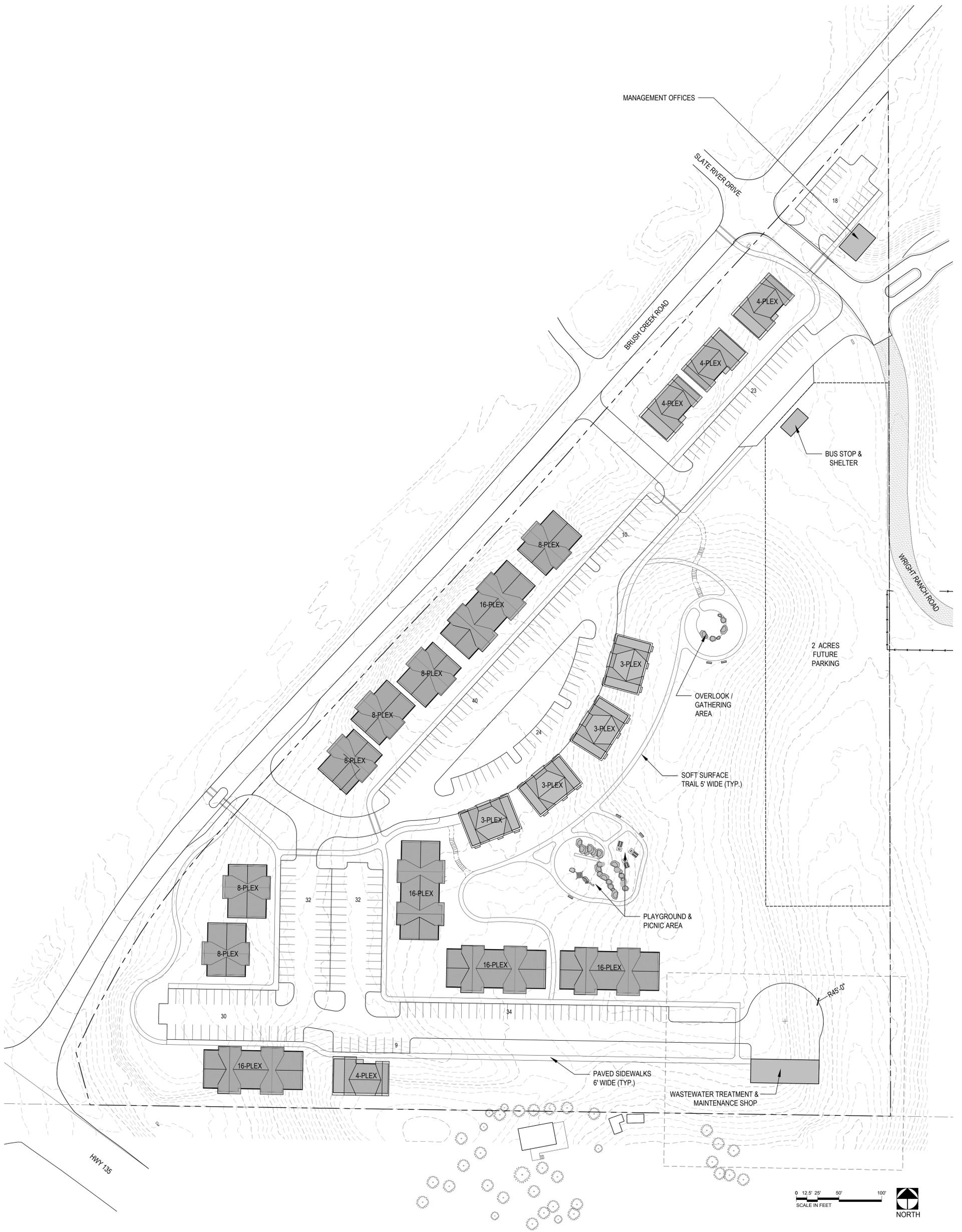
133 UNITS 15.3 UNITS/ACRE  
 276 PARKING SPACES 2 SPACES/UNIT

- TRANSIT CENTER / INTERCEPT PARKING 345 SPACES

\* FOR DISCUSSION ONLY



SH 135



<b>UNITS:</b>	<b>RESIDENT PARKING:</b>
4 - 3 PLEX = 12	1.5 SPACE PER UNIT
4 - 4 PLEX = 16	
6 - 8 PLEX = 48	<b>TOTAL RESIDENT PARKING - 234</b>
5 - 16 PLEX = 80	<b>MANAGEMENT OFFICE &amp; GUEST PARKING - 18</b>
<b>TOTAL - 156 UNITS</b>	

# THE CORNER AT BRUSH CREEK

Gunnison County, Colorado

CONCEPTUAL SITE PLAN - 156

JULY 29, 2019

July 29, 2019

To: Town Councils of Crested Butte and Mt. Crested Butte, County Commissioners, and the community-at-large:

On August 6<sup>th</sup>, the County Commissioners will be voting on Gatesco's request for a one-year extension of the preliminary plan application deadline for the Brush Creek Project, a workforce housing development planned for the Gunnison valley. As this vote approaches, I would like to address several questions that have been raised, but will begin with some basic background information:

**Background:**

The tract is owned by Gunnison County, Crested Butte Mountain Resort (CBMR, now Vail Resorts), the Town of Mt. Crested Butte, and the Town of Crested Butte. When they purchased the property in 1998, they entered into a Memorandum of Agreement that allowed the parcel to be used for certain uses, including affordable housing. In 2016, the four owners put out a Request for Proposals (RFP) and a Request for Qualifications (RFQ) for the development of that project, and Gatesco responded with a proposal for 240 units, which was unanimously selected by the owners.

The Gatesco project included an indoor transit center, a paved parking lot for at least seventy vehicles, and underground parking garages. Approximately 65% of the units would be deed restricted to be made available to those with an annual income less than 180% of the area median income (AMI), and 50% would be further restricted to households earning less than 120% of AMI. Rental rates on the restricted units would be limited to a maximum of 30% of household income. In return, the price of the tract would be reduced to compensate for the lowered revenue that would be generated because of the reduced rents. Gatesco's was the only proposal not asking for taxpayer funds or for tax exemptions, agreeing to be subject to the standard property taxes in the County.

Three of the four owners need to agree to the submittal of the preliminary plan application and the sale of property.

**Question 1. Why is Gatesco requesting this extension of this deadline?**

In August 2018, the Gunnison County Commissioners approved Gatesco's sketch plan application with a reduced 180 units and forty additional conditions. The County and CBMR were amenable to a sale of the property and submittal of a preliminary plan based on these conditions. However, over the course of several months, culminating in a January 22, 2019, memorandum from the Town of Crested Butte to the County, the Towns of Crested Butte and Mt. Crested Butte developed three additional conditions for the project to move into preliminary plan. The conditions are: (1) further reduction in the number of units to 156; (2) setting aside 5 acres of the property (over 1/3 of the property included in the RFP) for intercept parking or other uses; and (3) requiring 2 off street parking spaces per unit. This process consumed six of the twelve months provided to develop a preliminary plan after the sketch plan is approved. Developing a plan that could address these conditions to the maximum extent while maintaining feasibility required additional time.

**Question 2. What is Gatesco's response to the additional conditions imposed by Crested Butte and Mt. Crested Butte?**

Gatesco has concerns with the cumulative impact that these conditions, in addition to the conditions imposed by the sketch plan approval, would have on the cost of the project and the desirability of the project to prospective tenants.

For example, the reduction to 156 units, while maintaining the same proportion of deed restricted units, reduces the number of unrestricted units that can be rented out to cover the significant fixed costs associated with the project.

The set-aside of five acres for future uses including intercept parking significantly reduced the developable area below what was contemplated during the RFP and sketch plan processes. The location of the set aside was not specified. If the five acres was located on the flatter parts of the property, the construction of workforce housing units would be squeezed onto more challenging terrain, dramatically impacting construction costs.

All of the data, including the 2016 Housing Needs Assessment, suggests that off street parking requirements have resulted in developments that over-supply parking spaces, driving up costs, reducing affordability for tenants. Overly burdensome requirements also negatively impact livability by reducing open space. As recognized by the Gunnison County Land Use Resolution, workforce housing projects, which often have smaller dwelling units, demand less parking than a market rate project. No municipal code in the Gunnison Valley would require two parking spaces per dwelling unit for a multi-family project such as this one.

**Question #3. What has Gatesco done to respond to these conditions by Mt. CB and CB and secure an agreement from at least one of them?**

By the time the two towns had sent their letter outlining additional conditions, Gatesco had been selected to develop and own a 76-unit workforce housing project in Gunnison located across from the Recreation Center (the “Gunnison Project”). This approval was formalized in a written contract on July 22, 2019. Gatesco hopes that permits can be issued to begin construction sometime in September so that the property can be completed by Spring of 2020.

With the approval of the Gunnison Project, Gatesco feels that it could make a 156-unit property viable at Brush Creek. The combined projects would be 232 units and by operating and developing them together there can be substantial cost savings: the properties could use the same architectural plans; the same work crews could be used to build both properties; the same management staff could easily manage both properties; and construction and operating supplies would be identical at both properties, creating an economy of scale to save on costs.

Gatesco’s internal team has also worked with outside consultants to evaluate the three conditions imposed by the Towns and to develop a plan that addresses those conditions to the extent feasible.

Accordingly, Gatesco believes its position has improved and that it is better able now to meet the conditions requested by the towns. An extension is necessary in order to wrap up those negotiations.

**Question 4. To what extent can Gatesco meet the new conditions imposed by the two towns? When will Gatesco respond?**

Gatesco anticipates seeking an adjustment to the new conditions as follows:

- 1) Gatesco will agree to construct 156 rental units. The revised site plan places these units predominantly on the flatter sections of the property to keep construction costs under

control. The elimination of for-sale units also enhances feasibility. The overwhelming majority of deed restricted units coming online in the north valley are for-sale projects, and recent developments in the Town of Crested Butte suggests that the demand for for-sale units may be limited. Meanwhile, all of the statistical and anecdotal evidences shows the demand for workforce housing is not going away. We strongly believe that a rental project is the appropriate solution. The elimination of underground parking, economies of scale from the Gunnison Project, and other modifications also support the feasibility of a 156 unit project.

- 2) Increase the set-aside for transit center parking from the seventy-vehicle requirement to a two acre requirement, which should accommodate approximately 200 parking spaces.
- 3) Adjust the off street parking requirement from 2 spaces per unit to 1.5 spaces per unit. Such a ratio is more consistent with the municipal codes throughout the Gunnison Valley, and more commensurate with the number of studio and one bedroom units included in this project.
- 4) Allow Gatesco to request necessary adjustments to the forty-one current conditions to ensure economic viability, primarily by adjusting the ratio of larger units to smaller units.
- 5) Allow Gatesco to request an increase in the number of lower-income units after the property has reached at least 90% occupancy for three years. Such a request would be subject to all of the same LUR conditions in effect and the same public processes to which any new request is already subject.

If the county grants the extension on August 6th, then as soon as either town is able, Gatesco would like to schedule a workshop meeting with each town to discuss these proposed solutions.

**Question 5. Why has Gatesco not done any water tests as required by Condition 28 in the Preliminary Plan?**

Gatesco's hydrological consultant has been monitoring water levels in the existing well on the property for the past two years. At this point, there is no evidence that one or more wells on the property would not be able to provide an adequate physical supply of water for the project without injuring existing nearby wells. It will cost tens of thousands of dollars to complete the specific type of pumping test required for the preliminary plan, and it is not practical to expect Gatesco to invest that much money without Condition 1 (approval by three of the four owners) being met first.

**Question 6. Why has Gatesco failed to apply for sewage treatment per Condition 30?**

It could cost as much as \$100,000 to fulfill this condition. Gatesco's engineering firm has the application ready to submit to the East River Regional Sanitation District (ERRSD) and has met with the board of the ERRSD about treatment options. However, as with Question 5 above, it is impractical to expect ERRSD or Gatesco to expend the time and cost required when Condition 1 has not been resolved.

**Question 7. What is Gatesco's position on the Transit Center?**

Because Gatesco is proposing a project with reduced units—and thus reduced revenue—its new plan will not include a transit center built at Gatesco's cost. Alternatively, it will offer to provide an indoor waiting area with accessible bathrooms as an extension of its on-site management office.

**Question 8. What will Gatesco do if the extension is granted to move forward to completion?**

Gatesco's planned timeline is:

*August through September 2019:* work to obtain consensus with Crested Butte and Mt. Crested Butte for a plan that has 156 residential units, but with modifications to the other two conditions as described above.

*October 2019 through August 2020:* Develop and submit the preliminary plan to the County, conduct all necessary water tests and finalize sewage treatment plan.

*August 2020 through May 2021:* obtain approval of the preliminary plan

June 2021 through August 2021: obtain approval of the final plan

September 2021: Obtain permits, begin infrastructure site work and building construction

*By spring of 2022:* have at least 25% of the projects ready for move-in

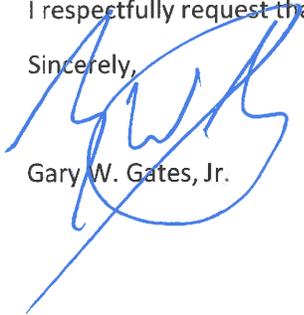
*By end of 2022:* complete the remaining 75% of the project

With construction on the Gunnison Project only weeks away, I have grown even more committed to this community and to helping it solve its out-of-balance housing situation.

I appreciate the opportunity to work with the many stake-holders in Gunnison County to address this solution. It is humbling to see the dedication, experience and commitment of so many people.

I respectfully request that the extension be granted.

Sincerely,



Gary W. Gates, Jr.

Brush Creek  
Gatesco Discussion Points  
August 27, 2019

Town of Crested Butte  
Town of Mt. Crested Butte  
Gunnison County  
CBMR

Gatesco submitted a letter to the Towns on July 31, 2019, outlining the background of the project and discussing at a high level the three conditions that the Towns imposed in January 2019 as a condition for consenting to the project moving into the preliminary plan phase of Gunnison County's land use review process. Significantly, in that letter, Gatesco stated that it would accept the condition of reducing the unit count to 156, which is a 35% reduction in the unit count compared to the proposal that was selected by the Memorandum of Agreement (MOA) parties through the RFQ / RFP process (240 units), and a 13.3% reduction in unit count compared to the unit count allowed by the sketch plan approval (180 units).

As Gatesco has represented through the land use review process, the project does not work when the unit count is reduced below 240 units but all other components of the project are held constant. Therefore, every time the unit count has been reduced, it has been noted that other project components would have to be modified to maintain feasibility. For example, when Gatesco voluntarily reduced the project from 240 to 220 units, it also modified the proposal to provide a paved intercept parking lot to instead dedicate the space necessary for the intercept lot. The subsequent reductions to 180, and then to 156 are no different. As such, the purpose of this letter is to discuss requested modifications to the project in order to maintain feasibility at 156 units. Two of the modifications relate to the other two conditions imposed by the Towns in January 2019, other relate to components of the sketch plan that were approved by the County. Gatesco acknowledges that modifications to the sketch plan will require approval by Gunnison County through its land use review process. However, if Gatesco and the MOA parties are able to reach a consensus on the revised terms, Gatesco is willing to bear the risk of obtaining the County's approval of these modifications in accordance with the Land Use Resolution.

Number of Units.

As stated above, Gatesco will accept the Town's new condition of reducing the unit count to 156, a 35% reduction in the unit count compared to the proposal that was selected through the RFQ / RFP process.

Unit Mix.

The 156-unit proposal is planned to have the following unit mix:

Studio	1-Bedroom	2-Bedroom	3-Bedroom	Total
30	60	60	6	156

### Building Size.

The largest building in the sketch plan was a 22-plex that was approximately 18,000 square feet with a height between 32 and 35 feet. The largest building in the 156-unit plan is a 16-plex that would be approximately 12,500 square feet with a height of approximately 26.5 feet.

### Size of Set-Aside.

The set-aside of five acres for future uses including intercept parking significantly reduced the developable area below what was contemplated during the RFP and sketch plan processes. Gatesco is proposing to increase the set-aside from the original proposal, which included sufficient space for approximately 70 parking spaces, to two acres, which should accommodate 2 to 2.5 times that number of parking spaces.

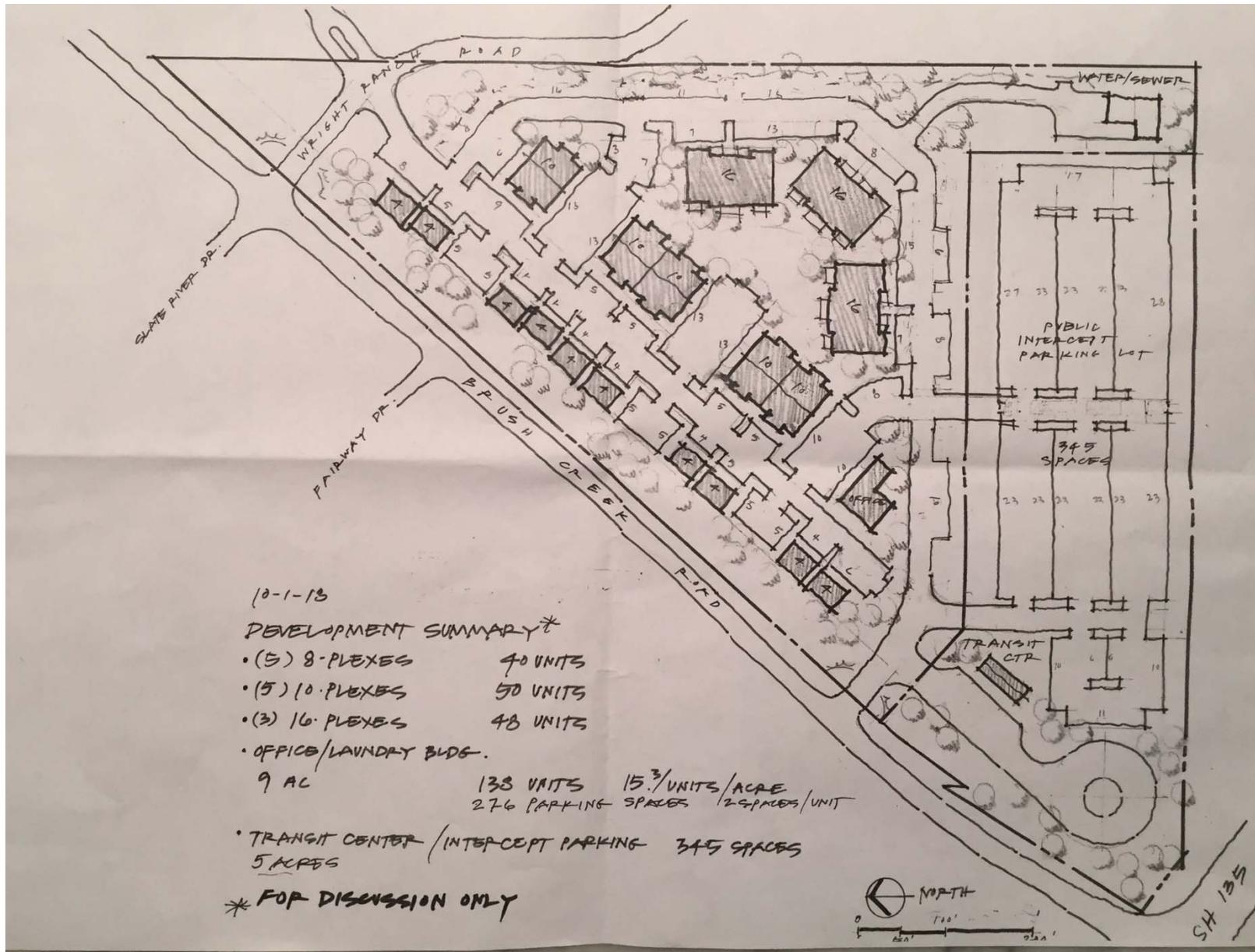
### Off-Street Parking.

The 220 unit proposal had 341 bedrooms, 410 parking spaces (1.2 per bedroom), and ability to add 38 additional spaces if dictated by future demand.

The 156 unit proposal has 226 bedrooms. The proposal to provide 1.5 spaces per unit would provide 234 spaces, which is still more than 1 per bedroom, which is a common metric for determining parking requirements for multi-family properties.

All of the data, including the 2016 Housing Needs Assessment, suggests that off street parking requirements have resulted in developments that over-supply parking spaces, driving up costs, reducing affordability for tenants. Overly burdensome requirements also negatively impact livability by reducing open space. As recognized by the Gunnison County Land Use Resolution, workforce housing projects, which often have smaller dwelling units, demand less parking than a market rate project. No municipal code in the Gunnison Valley would require two parking spaces per dwelling unit for a multi-family project such as this one.

Last winter, Bob Nevins kindly sketched a conceptual site plan with 138 units and 276 parking spaces, with a 5 acre set-aside. Adding 18 unit and 36 parking spaces would not leave much room for open space without shrinking unit sizes and/or increasing building heights. A project with 156 units, 1.5 parking spaces per unit, and a modest set aside for future uses will provide a project that is more livable for residents while still providing ample parking.



### Elimination of For-Sale Units.

The overwhelming majority of deed restricted units coming online in the north valley are for-sale projects, and recent developments in the Town of Crested Butte suggests that the demand for deed-restricted for-sale units has been largely satisfied. Meanwhile, all of the statistical and anecdotal evidence shows the demand for workforce housing is not going away. We strongly believe that a rental project is the appropriate solution and necessary to balance the overall portfolio of affordable housing in the North Valley.

### Allocation of Deed Restricted Units

All 156 units would be deed-restricted to include a local workforce preference.

49% of the units would be further restricted to local households earning less than 120% of area median income (AMI). This is the same percentage as the sketch plan approval. 30% would be further restricted to local households earning less than 80% of AMI. Rent on the 77 income restricted units would be capped based on household income to ensure affordability.

AMI	156 Units		
	Units	Cumulative	Cumul. %
50%	10	10	6%
80%	37	47	30%
120%	30	77	<b>49%</b>
180%	0	77	49%
Local Pref.	79	156	100%
For-Sale	0	156	100%
Total	156		

### Transit Center.

The 156 unit site plan provides a bus stop and shelter similar to those seen throughout the valley. A small indoor waiting area with public bathrooms (similar to what is available at the 4-way stop) would be provided as part of the management office.

### Additional Future Units.

Gatesco requests the flexibility to add additional units in future, contingent upon reaching an agreed-upon trigger that demonstrates a continued need for workforce housing (e.g. at least 90% occupancy for three years), and contingent upon completing the County land use review process (a new application for a new land use change). Any new units would be deed restricted pro-rata with the AMI allocation provided herein.

### Agreement to transfer property contingent upon final land use approval.

After the Gatesco proposal was selected through the RFP process, Gatesco and the MOA parties negotiated a contract that contemplated transferring title to Gatesco prior to completion of the County land use review process. This transfer gave many members of the public concern. Gatesco is willing to enter into an agreement that would only transfer title to the property after

final land use approval from Gunnison County of a project that complies with the sketch plan requirements, as modified by the terms described above. However, before spending hundreds of thousands of dollars on engineering and other studies required for preliminary plan review, it is important for Gatesco (as it would be for any developer) to have assurance that the project will move forward if the project receives land use approval. Gatesco would still be assuming all of the risk of completing the necessary deliverables and obtaining the approval. If approval is not obtained for any reason (for example, lack of adequate water supply), Gatesco would have no interest in the property.