Pitkin County warms up to fee hike as housing debate continues

John Colson
The Aspen Times
Aspen, CO Colorado,

ASPEN — Hoping to avoid doing too much damage to small, locally serving businesses by piling on government-imposed fees, the Pitkin County commissioners asked their attorney Tuesday to keep working on proposed changes to regulations aimed at creating housing for the working class.

In general, the commissioners, meeting in Aspen, were supportive of proposals to raise the fees assessed against developers and landowners as mitigation against the rising cost of real estate.

The skyrocketing costs of real estate is acknowledged as the main reason workers can no longer afford to live in the upper reaches of the Roaring Fork Valley and are being forced to live 20 to 60 miles away or more, and commute to their jobs in Aspen.

“I don’t see whose needs we’re serving by letting development off the hook,” Chairman Jack Hatfield said. “We’ve done that for too many years.”

The commissioners met with County Attorney John Ely on Tuesday, to chat about what is known as Section 8-30 of the county’s land-use code. The section deals with the affordable-housing aspect of the county’s goal of making development pay its own way.

Although the county currently has more than $9 million in a special housing fund, fueled by the existing mitigation fees, the commissioners hope to beef that fund up and possibly use it to either help other local governments build homes or otherwise find ways to make housing affordable to local workers, such as “buying down” existing condos, townhouses and other properties.

The issue dates back to 2005, when the county last raised its housing mitigation impact fee. The county this year ordered a re-evaluation of the mitigation fee, out of concern that the rising costs of land and construction had outpaced the county’s fee structure.

At several different work sessions Ely has presented proposals for changing the mitigation fee that, if adopted, would increase the fee as much as six-fold.

At this week’s work session, Commissioner Rachel Richards proposed a change to one part of Ely’s concept concerning what she called locally serving businesses. She noted that businesses must pay their mitigation fees out of earnings over time, as opposed to a wealthy builder of a second home who typically pays the fee as part of the cost of building a luxury home.

Exemptions have been established for small businesses with less than 1,000 square feet of retail space, but Richards suggested the county should be thinking instead of exemptions for essential services, such as gas stations, pharmacies, hardware stores and the like.

“You don’t really need a flower shop,” she said, later adding a local brewery to that “nonessential” category.

Hatfield said the county should not apply a revised, and considerably higher, housing-mitigation fee to development projects that already have vested interests, meaning construction approvals that will remain in effect for a certain period starting with the approval date.

But Richards argued against Hatfield’s idea, noting that would exempt developers who get approvals but then sit on their projects for months or even years before actually developing. Richards maintained that assessing the fees “at the time a building permit is pulled” is justifiable because it reflects “the real cost of doing business.”

The county has approved many projects that have not been built, “and to say that they’re all immune, that doesn’t make sense,” she said. Hatfield’s concept could lead to a rush of applications by developers who have not real interest in building now, but who simply want to avoid the rising housing mitigation fees, Richards said.

She also said she has regularly asked, whenever a new development proposal is approved, whether newly approved fees or other changes in regulations would apply to projects with prior approvals but that have not been built. She was told yes.

Other commissioners, including Dorothea Farris, argued in favor of writing the regulations in a way that encourages developers and property owners to build affordable housing on-site, so that government does not have to get involved with the complicated process of finding land and building its own projects.

Ely said he would bring back a revised memorandum reflecting the comments and suggestions of the board at a future work session.

jcolson@aspentimes.com