

# Northwest Colorado Council of Governments



## A County and a Town walk into a Housing Project...

#3 - Affordable Housing Paying Its Own Way?

### Continuation

Using Whetstone in Gunnison County as a case study of workforce housing development, this issue builds on our [series from last week](#). The story is complex and serves to illustrate the almost insurmountable details that must be considered, hammered out, negotiated, renegotiated, and ultimately approved for a project to result in livable units. Gunnison County has provided detailed edits and signed off. Stay tuned” to this space as each installment builds on the preceding, to clearly illustrate the complicated story of affordable housing.

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## Can Affordable Housing Be Expected to Pay its Own Way?

Some argue that residential development never pays its own way since long-term assets like streets, underground utilities, and other infrastructure deteriorate over time, leaving maintenance and replacement costs as a burden to taxpayers greater than the new income generated by residents. Others posit that new residents visit local businesses, pay sales taxes, and property taxes, and generally propel the economy forward. The [Sustainable Business Toolkit](#) claims that 73% of money spent locally (at local businesses) stays within the community. In the distant past, cities would extend utilities and streets in a lot and block patterns expecting developers would build and sell houses to grow the city. That was a basic approach to economic development in the last century. Over time all the costs of development became the role of a Community Building developer.

That debate has led local governments to traditionally expect developers to “pay their own way,” at least covering clear up-front costs. That hardline approach gets tested when there is a local government on either side of the table. Increasingly local governments are looking further out, seeking to negotiate for new developments to cover every conceivable cost they can foresee and writing provisions into the annexation and development agreement. That document usually outlines who is responsible for maintaining what infrastructure elements in the future the town or the metro district or in the case of Whetstone, the County will pay for in the future. Inevitably there are liabilities in absorbing the assets paid for by debt incurred by a private developer, usually that translates to passing the costs on to those new residents through a new metro district and homeowners association. Public entities have made

adjustments over time to this model by cost-sharing and partnering with private developers when it comes to affordable housing construction.

Gunnison County, though it has considerable experience and expertise in housing does have a private partner in Servitas, a “minority and woman-owned LLC” according to the project website, ([www.whetstonehousing.weebly.com](http://www.whetstonehousing.weebly.com)). The county has contracted with Trestle Strategy Group and Williford LLC to conduct “extensive outreach and technical exploration to create a Sketch Plan that was approved according to the same source where the concept site plan can be found. Though that expertise can be imported, the same cannot be said for the construction workers and such foundational services as concrete plants and truck drivers. Cattles says, “Our economies are not working well, especially in construction.” Unlike the front range, “there isn’t a workforce to draw from nearby.” This tests the concept of dollars invested locally recirculating at a high rate.

*“Whatever the county does, there is so little workforce available that basic functions of the construction economy are not functioning. We are down to one batch plant in the valley. The other couldn’t keep staff. Even the one operating goes through periods without enough drivers. That is just the construction economy faltering foundationally.”*

Cattles hopes that the county building Whetstone and other projects, “primes the pump,” for the private market. “We need to do that in mountain towns.” In other words, as opposed to “development paying its own way,” the government is paying the way for new development now and learning other lessons.

Look for Part #4 in the series next week.

Photo Credit: Valley Brook, Workforce Housing, Breckenridge.

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