

Northwest Colorado Council of Governments



A County and a Town walk into a Housing
Project...
#1 - The Other Side

Introduction

While writing the recently released [Workforce Housing Report](#) we realized that building enough affordable housing is one of the biggest challenges communities face. As we got into it, we were struck by just how complex that endeavor can be and realized we wanted to tell that story.

Whetstone in Gunnison County came up as the perfect case study. This story grew in complexity 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. Our intention is to publish each of these segments in a weekly newsletter series.

Recent newsletters have highlighted other housing challenges: preserving [LIHTC](#) and [Realtor Fees/RETT](#). 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 complex story of affordable housing.



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Gunnison County Learns “The Other Side” of Developing

“Everybody knows we cannot mess this up, kill it with too much process, too many costs; that is just not an option. If possible, we don’t want to be the reason (our own affordable housing project) doesn’t happen.”

-John Cattles, Assistant County Manager, Gunnison County

Many factors imperil a housing project as it winds from through the public processes of planning and early development review stages before a single shovel of dirt is turned. With public entities constructing housing, some now experience their own public land use processes and regulations from the perspective of a private developer. As they too become frustrated with aspects of the process, some revelations are beginning to occur. Gunnison County is the lead developer and owner of [Whetstone](#), a proposed 240-unit affordable housing project. Some County departments review the project while others usher it through the entitlement process. Whetstone will be 100% deed restricted with a variety of rent rates averaging to rent affordable at 125% AMI. The need for such a project is acute. [Census.gov](#) listed the median household income for the county at \$63,341 per year. In August, [Realtor.com](#) listed \$895,000 as the median home price for the County, up 21% over the previous year. It’s a stunning figure for one of the most remote counties in the state. Demand for Whetstone’s housing price-points remains robust as workers cling to very narrow economic margins.

The largest town, eponymously named as the county, has a population just under 7,000 residents and is 27 miles down a winding road from Crested Butte. Proposed on a county-owned parcel, Whetstone lies two miles down valley from historic Crested Butte and near Mount Crested Butte which together are a vital resort jobs center for the county. The median home price in town exceeds \$1.5M (same source). Like the County, the Town of Crested Butte actively addresses the housing challenge. Already, 25% of the housing

stock in town is deemed restricted for local workers. The town employs a [variety of strategic approaches](#) to preserve the viability of a working community consisting of “locals” including various partnerships, assistance with improvements, rebates, a discounted tap fee program and a tax on vacation rentals. Without a long-term commitment from both local governments to regulate, partner and build affordable housing, it is unlikely any would exist. There isn't much of a private sector construction and development marketplace to incentivize.



In [September of 2022](#), Gunnison County submitted sketch plan for review of Whetstone to its own Planning and Zoning commission after entering into a Memorandum of Understanding (MOU) with nearby Town of Crested Butte to provide water and wastewater utilities. Early successes for Whetstone encouraged both the town and county. In April of 2023 the county was notified by the Colorado Department of Local Affairs that it had been awarded a \$10 million [Transformational Affordable Housing Grant](#) (TAHG) which it intends to use for “horizontal infrastructure such as roads, water, sewer, electric and

sidewalks” according to the [Gunnison Times](#). These are the horizontal investments necessary before vertical construction of residents can begin.

While the project schedule intensifies, constrained by a ticking clock, John Cattles, Assistant County Manager who along with Cathie Pagano, Assistant County Manager is spearheading the Whetstone project for the county appreciates that the Board of County Commissioners (BOCC) has already learned “it is incredibly high-risk to develop housing, including going through our own processes.” He says they are accumulating a list of reforms to implement in coming years. For the County, the land use process not only entails navigating their own red tape and negotiating utility extensions with the Town of Crested Butte, it must also steer the project through an alphabet soup of state agencies that includes the Colorado Department of Transportation (CDOT) for access permits, the Colorado Department of Health and Environment (CDPHE) for a wastewater system and the Colorado Department of Local Affairs (DOLA) Division of Housing (DOH) for the TAHG contract.

Cattles admits to frustrations along the way, a sentiment with which many developers can identify: wishing that government would just “get out of the way” so they can ‘just build the project.’ He appreciates the county is learning it also needs to get out of its own way. He also understands that it is not that simple. For instance, the town has concerns it must assuage, and entities must strive to work together at both a staff and political level. The mutual agreement on the need for the project doesn't change the complexity of the endeavor.

As of October 2023, seven months after an award notice from the DOH, contracting and commencement of construction for infrastructure remains on hold as the county awaits a final grant contract so final engineering and construction procurement can begin. In the meantime, one construction season has passed between the TAHG notice of award and the contract from the state that would allow the county to move forward.

Lumping the County and City reviews into one basket, Cattles says, “it has been an interesting thing to do. In internal conversations we reflect on the town’s processes and our own.” He predicts the county and town approval processes will likely be complete in early 2024, though additional layers of public agency review for the project remain. This is ironically in part because of spending deadlines from the Federal origins of the funds that intentionally placed on the \$10 million grant through DOLA which must be spent by the end of 2026. That may sound like a long time until the brief duration for construction at 9,000’, which is less than half the duration than in the Denver metro area is factored in, leading to fear that for Whetstone, a desperately needed affordable housing project for a county short on workers those delays and deadlines threaten to run out the clock on the opportunity-window for Whetstone. The deadline for utilizing a grant was intended to accelerate the construction of such projects.

While funding from the state of Colorado is crucial to the project, the county learns as it navigates a development through all these public processes that their own barn and stable needs scouring, as does, perhaps, many of the new incentives and policies designed by the State of Colorado. Governor Polis in the Summer of 2023 signed an executive order directing state agencies to review their processes for where they may be slowing the development of housing. Gunnison County has suggestions.

Look for Part #2 in the series next week.

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