

A County and a Town Walk into a Housing Project...

#7 Where State Agencies Can Delay Housing Projects

Conclusion

This is the final installment of the Workforce Housing Project using Whetstone in Gunnison County as our case study. If you've been following along, you might be surprised at the almost insurmountable details that must be considered, hammered out, negotiated, and renegotiated. Special thanks to John Cattles, Gunnison County Assistant Manager, for providing a window into the process. The case study is undoubtedly unique but not unusual in its complexity. Whenever you see a workforce housing development in your area, I hope you'll appreciate the effort it took to make it a reality. If you would like to review the entire process, you can visit our [website](#).



Jon Stavney
Executive Director - NWCCOG
JStavney@nwccog.org



Where State Agencies Can Delay Housing Projects

Gunnison County Assistant Manager John Cattles and Town of Crested Butte Engineer Shea Earley, through interviews for this project, each brought up one thing the two entities agree on—the challenges of working with certain state agencies whose approvals are crucial to the timing of other stages of the development process.

Municipalities and Counties commonly shift part or all of the responsibility and cost of intersection “improvements” near a new development project to the developer when it is deemed that the new “trip count” from the development tips that intersection beyond an acceptable rating. This is common in the “development pays-its-own-way” philosophy. Because those improvements become contractual, often backed by a letter of credit, that government agency remains on the review side of the equation. When it is that or a partner local government agency acting as developer it can alter how that local government views the pace and detail with which a state agency reviews the project. In this case, the county, not the town, needs to redevelop the State Highway 135 access “to align with the valley’s transportation plan.” CDOT also has a process. Both Cattles and Earley noted that the CDOT Access Permitting process is “not mountain friendly,” clarifying that the pedestrian elements they expect may work in the city but “are

destroyed by plows creating a need to maintain but there is no money to do so, and the approval process is cumbersome.” The Colorado Department of Transportation (CDOT) “acknowledges” what these entities are trying to do for this future intersection, including a pedestrian underpass and incorporating a bus stop.

One major plus of the Whetstone development is proximity to transit. [Gunnison Valley RTA](#) has free 30-minute bus service up and down the valley, vital to serving this new community and the affordable housing calculus. Gunnison County is very aware of the benefits of upgrading this intersection because it shared in the valley-wide process of identifying projects necessary to improve mobility up and down the valley. The County is leading the conversation with CDOT. The challenge? Though the Governor seems to be asking for state agencies to streamline any processes related to affordable housing, no one wants to throw a state agency they need to work with under the bus.

It may not be evident to most that CDOT could impact the cost of housing and development. CDOT owns and manages State Highways that connect rural towns throughout the state. CDOT manages [23,000 miles of rural highway](#) throughout all seasons. Those highways often act as a main street for a few blocks through those towns. In the Town of Gunnison, both of their main streets are state highways. Though flexibility has improved recently as towns work on pedestrian and bicycle mobility plans, CDOT management plans and urban sustainability ideas from their planning office don't always align with local plans.

The CDOT part of the equation will likely be streamlined soon if the Governor's office follows through on what it says. According to Elani Angelides, the Governor's point person on SB23-213, speaking at a CML conversation on upcoming housing legislation, the state has ordered departments to review state processes. That became clear when [Executive Order D 2023 014 Concerning State Programs that Support Strategic Growth](#) was issued, ordering state agencies to “inventory each Relevant Agency's policies, plans, procedures and rules for programs that provide support to local government partners... (that) support housing development, transportation... water infrastructure... (IV B). It was a significant announcement that landed somewhat underwhelmingly. The order will reduce the time the Division of Housing within the Department of Local Affairs (DOLA) has to approve loans and grants from 240 to 90 days to speed up housing construction. If that were the only outcome, the gesture would certainly fall flat with local governments working with state agencies such as CDPHE and CDOT. The Governor appears to intend the order to be much more broadly intended. As this story has outlined, the speed of funding by DOLA isn't the only or even the scariest beast in the forest on the way to grandma's affordable housing project in the mountains.

Water supply is another factor that concerns local governments about state-level edicts from a bill such as SB23-213, which was primarily silent on water availability while requiring fast-tracking housing through agencies that must make that determination. In Colorado, water rights are sacred. Water is limited. Certainty is scarce as the region grapples with the impacts of drought, climate change, and legal obligations to protect water for downstream users. Utilities are aware as they approach the limits of their supply. Still, there are so many variables about actual usage, whether tiered pricing impacts use or outdoor use restrictions, for instance, that it is difficult to state with certainty, “We have enough water to serve X number of additional units,” nor do many have a system in place for prioritizing which kind of housing units should get the limited supply. The uncertainty surrounding water supply transfers to intense caution related to new development. Crested Butte has determined they have enough water and water rights to serve the Whetstone project. Many water utilities believe the drive for more housing collides with climate change and scarce water.

For all that, permitting processes and resource scarcity, the Whetstone project is still very much alive. Housing is the top priority of Colorado Governor Jared Polis. It is the identified top priority of leaders and communities across the state. Although the two local governments have different considerations that sometimes lead to conflicting positions, that doesn't diminish the fact that they absolutely share a common interest in more affordable housing being built. Failure this time may not be the final word. Gunnison County is learning for the second time on nearby parcels that being a developer is no walk in the park. The silver lining for developers? The county has now experienced pain through participating in its own entitlement process and that of other agencies firsthand. Cattles says there will be changes to Gunnison County's land use process, if nothing else.

It turns out that private developers have been right about a few things: public processes create uncertainty by being unnecessarily slow and burdensome; margins are thin; time and uncertainty cost money. Suppose affordable housing is to be addressed as a community crisis. In that case, public entities must learn from experience as they navigate the process and come to understand that their traditional ways of doing business need serious reform.

Cattles says, “Our BOCC isn't comfortable making major changes to that process for our own project; they will reform that when they get to the other side.” Will they adapt rapidly enough to get ahead of the housing crisis? Will the Governor succeed in passing additional state legislation that greases the process? All that is yet to be seen. One thing is for sure: Gunnison County, in leading the Whetstone property through two cycles of development proposals, is learning what it is like to be on the other side of their own and their partners' regulatory processes, and the other side is becoming all too familiar.

Previous installments can be seen [here](#).

Northwest Colorado Council of Governments | P.O. Box 2308, 249 Warren Ave., Silverthorne,
CO 80498

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