



# **SAN MIGUEL COUNTY** **Housing Code Update**

## San Miguel County Stakeholder Strategic Roundtable (SSR)

Packet for Meeting #1

Monday, October 6

4:30pm – 6pm

Telluride Library

Join Zoom Meeting

<https://us06web.zoom.us/j/81480116002?pwd=QH8lKy128TwlfEEGUVYla3FloAC4WJ.1>

Meeting ID: 814 8011 6002

Passcode: 445774

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# Section A: Project Basics

## Project Overview

San Miguel County is undertaking a comprehensive land use code audit and update to identify and remove regulatory barriers that constrain housing development in unincorporated areas. The San Miguel County Housing Code Update, funded through Colorado’s Proposition 123 Local Planning Capacity Grant, will assess current zoning regulations, development standards, and permitting processes to identify where unnecessary complexity, costs, or delays prevent housing production and adopt changes that help accelerate affordable housing production.

This project implements key recommendations from the East End Master Plan (adopted June 2024) and other community planning efforts. The goal is to enable more housing choices while preserving community character. The engagement is designed to be transparent about trade-offs: streamlining development processes may mean less lengthy review, while maintaining community character may mean some regulations stay in place.

With a projected countywide need for over 1,100 housing units by 2034—including 218 units needed in the unincorporated areas—and nearly half of all county workers commuting more than 25 miles to work, this effort directly addresses the region’s housing supply shortage by making it easier, faster, and more cost-effective to build housing of all types.

The San Miguel County Housing Code Update builds on experience with community housing initiatives to develop community-supported regulatory reforms. The comprehensive code audit will review all housing-related regulations, including the Community Housing Zone designation, to identify and address barriers to housing development. The process also meets the Proposition 123 “Fast Track Approval” requirement, positioning the County to access state funding for affordable housing.

## Recent History Context

- 1990s: Affordable housing mitigation requirements added to code
- 1992: San Bernardo developed (22 units)
- 1993: Lawson Hill developed (155 units)
- 1996: Two Rivers developed (46 units)
- 2010: Deed Restriction Covenant developed
- 2021: Community Housing zone district created
- 2022: Pinion Park developed (20 units)
- 2022: Diamond Ridge rezone and legal challenge
- 2024: East End Master Plan adopted (June)
- 2025: San Miguel County Regional Housing Needs Assessment completed
- 2025: Current comprehensive code update begins

## SSR's Specific Role

The Stakeholder Strategic Roundtable (SSR) is an application-based, 10-12 member group balanced by geography, sector, and lived housing experience. Members will:

- Serve in an advisory capacity (non-binding recommendations)
- Act as a bridge between technical analysis and community values
- Provide “temperature checks” on proposed solutions through consensus-seeking discussions
- Help identify unintended consequences of proposed code changes
- Review and comment on the project as it develops
- Serve as liaisons—share project information with your networks and bring their feedback back to the Roundtable
- Amplify outreach efforts to ensure broad community input
- Adhere to the SSR Charter, including consensus-seeking norms and a 70% super-majority for formal recommendations

SSR meetings will be held in a hybrid format (in-person and virtual) to accommodate work schedules and commuting distances. All SSR agendas, slide decks, and audio recordings will be posted within 72 hours to ensure transparency.

## Decision-Making Process

The SSR seeks consensus on recommendations through “temperature checks” where members indicate Support, Can live with it, or Cannot support. When 70% or more support a recommendation, it becomes a formal SSR recommendation to the County. All recommendations are advisory, and minority opinions are always included in the record.

## Transparency Requirements

- Meetings are public (not public hearings)
- Audio recorded and posted within 72 hours
- Meeting materials posted online
- “You Said/We Heard” log maintained
- Public comment accepted continuously online

## Ground Rules

- One person speaks at a time
- Challenge ideas, not people
- Share airtime
- Stay on topic and on time
- Phones on silent
- Assume positive intent

## Project Scope Boundaries

To keep discussions focused and productive, we’ve established boundaries on what this code update can and cannot address.

**Within Scope:** All housing-related code provisions including zoning districts, development standards, review processes, affordable housing requirements, and lessons from the Community Housing Zone experience. We're particularly interested in identifying barriers to "missing middle" housing types like duplexes and townhomes.

**Outside Scope:** Water rights policy (separate process), municipal regulations within Telluride/Mountain Village/Ophir/Norwood, past project decisions, state/federal regulations, and tax policy. This focused approach ensures we can make meaningful progress on regulatory reforms within the County's direct control.

## Project Timeline

| TIMELINE                                                          |                    | 2025 |     |     |     |     |     |     | 2026 |     |     |     |     |     |     |     |     |
|-------------------------------------------------------------------|--------------------|------|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|
|                                                                   | Notes              | JUN  | JUL | AUG | SEP | OCT | NOV | DEC | JAN  | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP |
| <b>Task 1: Project Orientation Meeting and Project Foundation</b> |                    |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 1.1: Virtual Kickoff Meeting with Staff                           | Completed 6/23/25  | ✓    |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 1.2: Ongoing Project Coordination                                 |                    | ✓    | ✓   | ✓   |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 1.3: Community Engagement Plan                                    | Completed 7/28/25  |      | ✓   |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 1.4: Preliminary Document Review                                  | Completed 8/1/2025 |      |     | ✓   |     |     |     |     |      |     |     |     |     |     |     |     |     |
| <b>Task 2: Issue Identification and Analysis</b>                  |                    |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 2.1: Community Listening Sessions                                 | in progress        |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 2.2: Existing Code Analysis and Constraints Review                | in progress        |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 2.3: Public Outreach and Preliminary Recommendations              | in progress        |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 2.4: Preliminary Code Audit Report                                |                    |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| <b>Task 3: Final Audit Report and Code Drafting</b>               |                    |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 3.1: Final Code Audit Report and Recommendations                  |                    |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 3.2: Land Use Code Updates                                        |                    |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 3.3: Public Hearing Draft                                         |                    |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |
| 3.4: Final Code Audit Report Presentations and Hearings           |                    |      |     |     |     |     |     |     |      |     |     |     |     |     |     |     |     |

## Section B: Housing Need Context

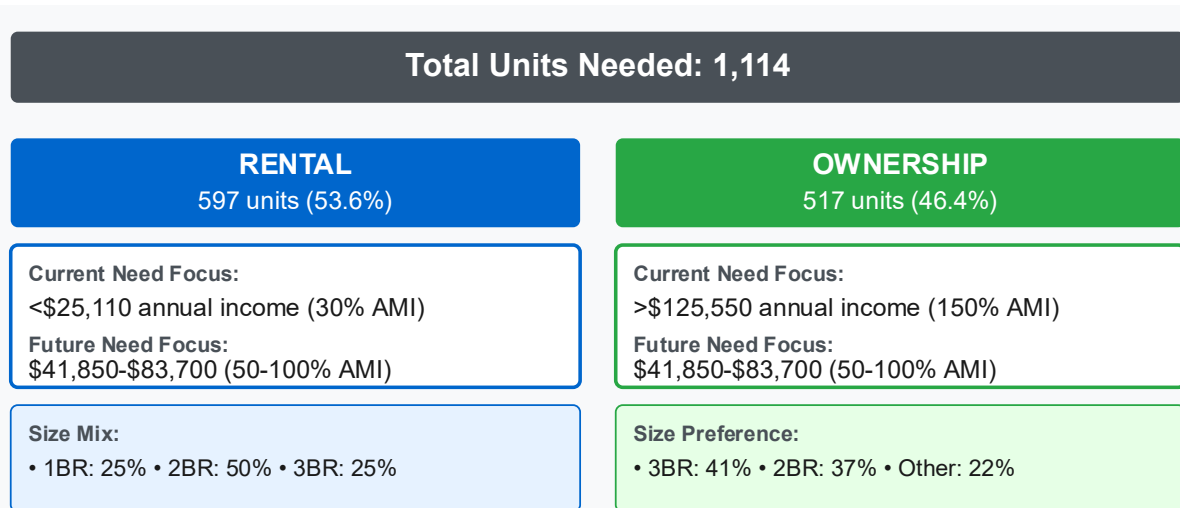
The 2025 Housing Needs Assessment reveals a severe housing crisis that affects every aspect of community life in San Miguel County. The analysis identifies both immediate shortages and future growth needs, providing the quantified foundation for this code update effort.

### Housing Needs Snapshot from the 2025 Housing Needs Assessment

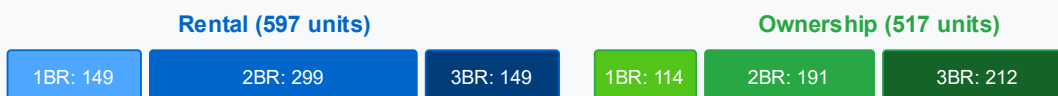
#### *Total Housing Need:*

- **Countywide Total:** 1,114 units by 2034 (total for unincorporated and incorporated areas)

#### *Housing Type & Tenure Breakdown:*



#### Unit Size Distribution by Tenure



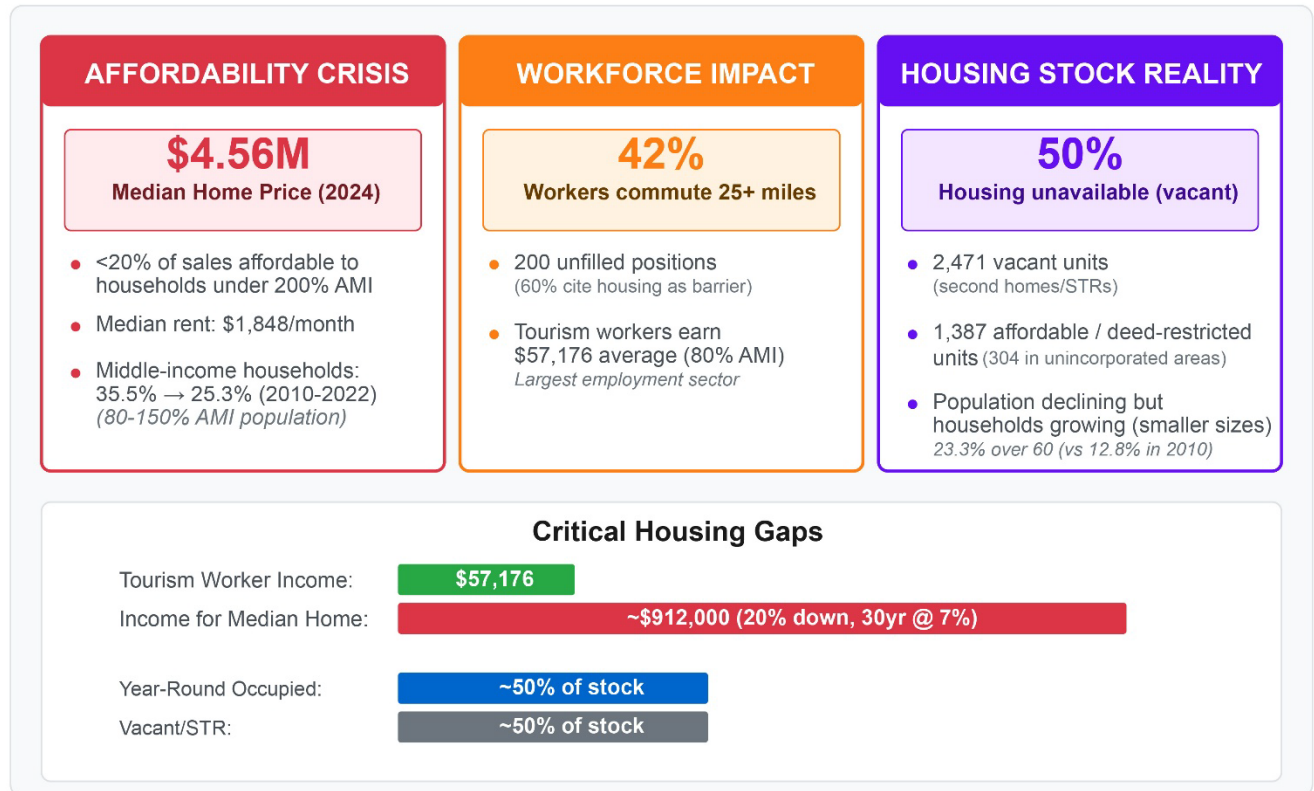
Source: 2025 San Miguel County Regional Housing Needs Assessment

#### *Important Caveats:*

- Numbers reflect need under current economic conditions and commuting patterns
- While these efforts focus on code updates to San Miguel County's Land Use Code, housing needs transcend jurisdictional boundaries within the County—effective solutions require coordinated planning between the County, Telluride, Mountain Village, Norwood, and Ophir to address the regional housing ecosystem.

- Analysis assumes workers would choose to live locally if appropriate housing were available
- Deed-restricted housing costs still burden many residents due to lack of appreciation caps
- Second home/STR market dynamics could shift, affecting available stock
- Climate change and wildfire risk may affect future development patterns

## San Miguel County Housing Market Context



Source: 2025 Regional Housing Needs Assessment

## Missing Housing Types

Housing options beyond single-family housing types include Accessory Dwelling Units (ADUs), duplexes, triplexes, fourplexes. These small single- or multi-family housing types are often more affordable to middle-income households due to smaller footprints, shared land and construction costs, and economies of scale reached through increased density

### *Middle Income Households in San Miguel County (120-200% AMI):*

- In San Miguel County, middle income households earn within the income range of \$100,440-\$167,000 (1-person) to \$189,360-\$315,600 (4-person household)
- Middle-income households declined from 35.5% to 25.3% of population (2010-2022)
- Many current for sale affordable / deed-restricted units are still unaffordable (\$800K-\$1M sales)
- Market-rate rental housing has a median rent of over \$1,800+. While these price points are unaffordable for households earning less than 80% AMI, the median rent is affordable to middle income households earning 120-200% AMI.
- Need for housing between deeply affordable and market rate
- Housing options beyond single-family housing types are often more affordable to middle-income households due to smaller footprints, shared land and construction costs, and economies of scale reached through increased density

### *Specific “Missing Middle” Housing Types Lacking:*

- **Small-Lot Single Family:** Single-family homes on small lots of less than 1 acre (where infrastructure capacity exists)
- **ADUs:** Community priority; currently allowed by administrative approval in the HD, MD and LD Zone Districts but not in the LDR, SR, or CH zones
- **Small Multifamily:** Duplexes, triplexes allowed through administrative approval
- **Senior Housing:** Aging population needs (23.3% over 60); aging-in-place solutions
- **Larger Family Units:** Needed to retain families; 41% prefer 3BR, 37% prefer 2BR
- **Employment-Independent Housing:** Workers in employer housing report low satisfaction/security

## Section C: Understanding the Current Land Use Code

### How the Current System Works

The San Miguel County Land Use Code (LUC) is the regulatory framework governing all development in unincorporated areas. Republished in 2024, it consolidates decades of land use policy into a comprehensive system. Understanding how the current code works—and where it creates barriers—is essential to developing effective reforms.

### How the Code is Organized

The Land Use Code contains seven articles that work together as an integrated system:

### Core Framework (Articles 1-4)

- **Article 1 (Administration):** Defines roles and enforcement mechanisms
- **Article 2 (Land Use Policies):** Contains housing, environmental, and infrastructure policies
- **Article 3 (Procedures):** Details the development review processes
- **Article 4 (Submission Requirements):** Specifies application materials needed

### Development Standards (Articles 5-7)

- **Article 5 (Standards):** Establishes dimensional and service standards by zone district
- **Article 6 (Natural Resources):** Regulates resource extraction and renewable energy
- **Article 7 (Definitions):** Ensures consistent interpretation of terms

## Initial Review

The consultant team conducted a preliminary review of San Miguel County's Land Use Code to gain an initial understanding of barriers in the code that might be obstructing affordable housing development. The findings from this preliminary review are summarized below and will be discussed with the SSR group in October:

### Initial Land Use Code Review and Potential Recommendation Summary:

- **Administrative Review:** Currently, many land use applications are reviewed by the BOCC and PC. County could explore allowing more uses by right or with administrative review to reduce the number of applications reviewed by the BOCC and PC. More efficient review processes would ensure more timely approvals and help reduce costs of housing construction.
- **PUD Zoning:** The County is currently heavily reliant on Planned Unit Development (PUD) Zoning. Could reduce the reliance on PUDs by revising the Land Use Code with new and updated standards for uses and developments to enable Director review.
- **Minimum Residential Lot Size:** The minimum lot size by right in most residential districts is 35 acres (without a PUD). Especially in the medium density (MD), high density (HD), and community housing (CH) zone this lot size should be reduced.
- **Missing Middle Housing Types:** Could allow more diverse housing types through administrative review in more districts, such as ADUs, duplexes, triplexes, and small-lot single-family.
- **Rezoning Process:** Could rethink rezoning applications – emphasize consideration of the proposed use only; then once a determination on use and the appropriate zone is made, consider the details of the development.
- **Dwelling Unit Allowance on Large Lots:** Could consider allowing more than one dwelling unit under relaxed rules on large lots.
- **Organization:** Could update the organization of the Administrative Procedures so they are all in one place and easier to find, use, and apply.
- **Mixed Use Allowances:** Enable more mixed use developments so that residences may be constructed above or behind commercial developments. Allow these units to be occupied by anyone, not just employees (although employees could be given precedence).
- Consider allowing people to live in RVs, especially seasonal workers.

## The Development Review Process

Currently, no development can occur without a development permit (unless specifically exempted). The review pathway depends on project scale and complexity:

| Review Type                         | Timeline    | Decision Body                     | Public Hearing? | Examples                                                                  |
|-------------------------------------|-------------|-----------------------------------|-----------------|---------------------------------------------------------------------------|
| Administrative (Development Permit) | 2-4 weeks   | Planning Director                 | No              | Single Family Homes, ADUs, Caretaker Units, minor amendments              |
| One-Step                            | 6-8 weeks   | Planning Commission OR BOCC       | Yes             | Special Use Permits, medium-scale projects                                |
| Two-Step                            | 10-12 weeks | PC recommendation → BOCC decision | Yes (both)      | Rezoning, substantial amendments, major developments, Special Use Permits |
| Five-Step                           | 18+ months  | Multiple PC and BOCC stages       | Yes (multiple)  | Subdivisions, PUDs                                                        |

## How Housing Gets Stuck: The Complexity Problem

### *Layered Reviews*

A single housing project can trigger multiple overlapping reviews:

- Base zone district requirements
- Special use permits for density
- Scenic overlay standards
- Natural hazard assessments
- Employee housing mitigation

Each layer adds time, cost, and uncertainty.

### *Subjective Standards*

Many requirements use vague language:

- "Compatible with neighborhood character"
- "Harmonious design"
- "Appropriate scale"

This subjectivity creates risk for developers and inconsistency in decisions.

### *One-Size-Fits-All Approach*

Standards designed for large subdivisions often don't scale down well for:

- Infill development
- ADUs
- Small-scale workforce housing
- Adaptive reuse projects

## Key Housing Provisions at a Glance

Three main areas of the code directly affect housing development feasibility.

### 1. EMPLOYEE HOUSING MITIGATION

Requires affordable housing contributions through:

Build Units

Dedicate Land

Pay Fees

### 2. ZONE DISTRICT STANDARDS

Dimensional requirements that vary by zone:

• Lot sizes

• Setbacks

• Height limits

• Parking ratios

### 3. INFRASTRUCTURE & ENVIRONMENTAL STANDARDS

#### Infrastructure Requirements:

- Water & sewer capacity
- Roads & emergency access

#### Environmental Protections:

- Wetlands & natural hazards
- Scenic views & dark sky lighting

## Quick Reference Guide

### 1. Where Can Housing Be Built?

| Zone                              | Primary Purpose          | Allowed Housing                                                             | Typical Density         | Review Path                   |
|-----------------------------------|--------------------------|-----------------------------------------------------------------------------|-------------------------|-------------------------------|
| <b>R</b><br>§5-306                | Single-family            | • Single-family homes                                                       | 1-4 units/acre          | Administrative<br>(2-4 weeks) |
| <b>LDR</b><br>§5-322              | Rural preservation       | • Clustered single-family<br>• Conservation design                          | 1 unit/6-8 acres        | PUD Required<br>(18 months)   |
| <b>LD</b><br>§5-304               | Clustered low density    | • Single-family homes<br>• ADUs ( <i>admin approval</i> )                   | 1 unit/7 acres          | PUD Required<br>(18 months)   |
| <b>MD</b><br>§5-303               | Clustered medium         | • Townhomes<br>• Small multi-family<br>• ADUs ( <i>admin approval</i> )     | 1 unit/3 acres          | PUD Required<br>(18 months)   |
| <b>HD</b><br>§5-302               | Mixed-use                | • Multi-family<br>• Mixed-use buildings<br>• ADUs ( <i>admin approval</i> ) | 10-20+ units/acre       | PUD Required<br>(18 months)   |
| <b>CH</b><br>§5-324               | <b>Workforce housing</b> | • All housing types<br>• Net-zero encouraged                                | <b>15-20 units/acre</b> | Two-Step<br>(10-12 weeks)     |
| <b>AH-PUD</b><br>§5-305           | <b>Deed-restricted</b>   | • R-1 worker housing<br>• Deed-restricted                                   | <b>15 units/acre</b>    | PUD Required<br>(18 months)   |
| <b>WMTR/<br/>WMRR</b><br>§5-319.2 | Wright's Mesa            | • Single-family<br>• Some ADUs                                              | 1-4 units/acre          | Administrative<br>(2-4 weeks) |

### 2. Critical Standards for Housing

- **Lot Sizes:** 5,000 sq ft (town areas) to 35+ acres (rural)
- **Heights:** 25-35 feet typical maximum
- **Parking:** 1 space per unit for studios and 1-bedrooms; 2 spaces per unit for all other dwelling units
- **Setbacks:** Vary by zone, can be excessive for small lots without going through the PUD process
  - Front: varies from 30 – 50 feet by right
  - Side: varies from 20 – 50 feet by right
  - Rear: varies from 10 – 50 feet by right

### 3. Special Housing Tools

- **ADUs and Caretaker Units:** Allowed with administrative review
- **PUDs:** Provide flexibility but require complex 5-step process

- **Employee Housing Mitigation:** Three compliance paths (build units, dedicate land, pay mitigation fees)
- **Community Housing Zone:** Dedicated workforce housing areas

#### 4. Most Important Definitions

- **Dwelling Unit:** Complete living space for one household
- **Affordable Housing:** Deed-restricted for income-qualified households
- **Community Housing:** Local workforce housing, any income level
- **Vested Rights:** Protection from future code changes

#### Where to Find Help

- **Full Code:**  
[https://library.municode.com/co/san\\_miguel\\_county/codes/land\\_use\\_code?nodeId=17300](https://library.municode.com/co/san_miguel_county/codes/land_use_code?nodeId=17300)



- **Project Website:** [www.sanmiguelcountyco.gov/882/Housing-Code-Project](http://www.sanmiguelcountyco.gov/882/Housing-Code-Project)

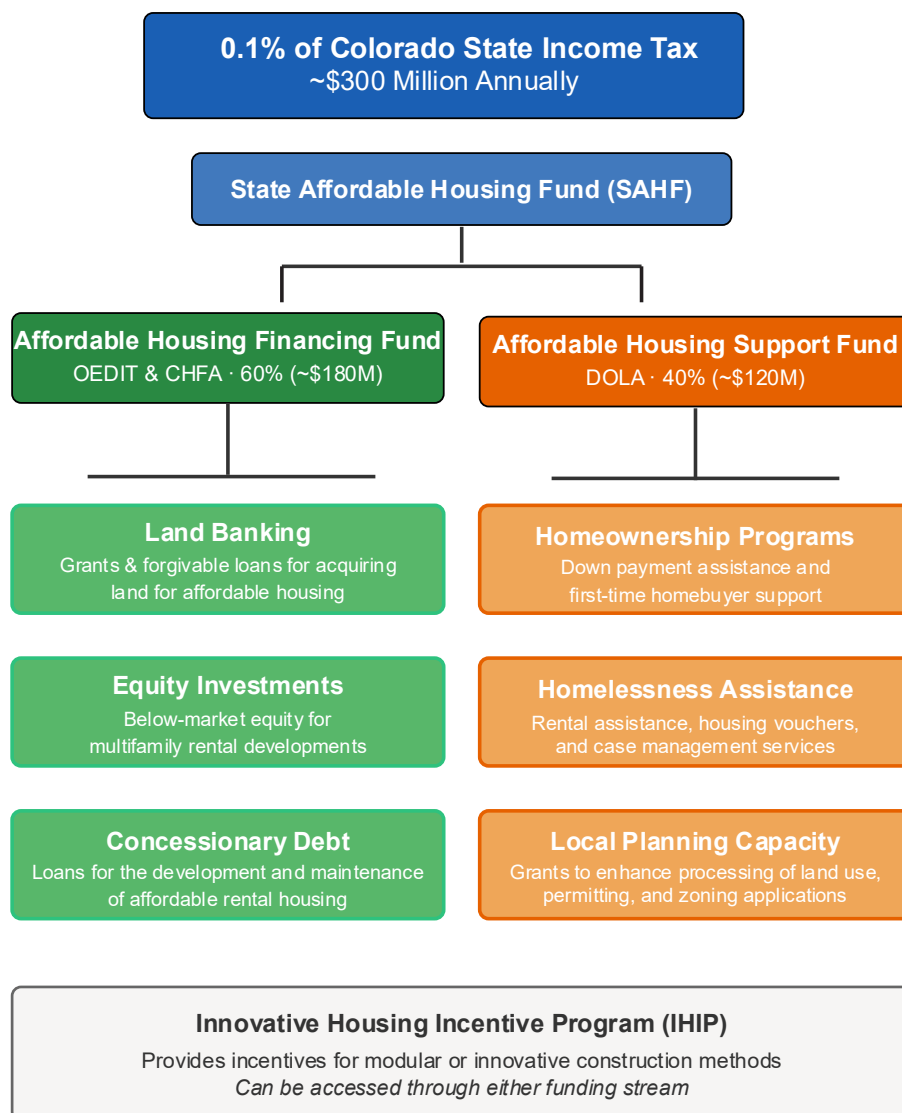


# Section D: Proposition 123 & Fast Track Requirements

## Understanding Proposition 123

Colorado voters approved Prop 123 in 2022, dedicating 0.1% of state income tax (about \$300 million annually) to affordable housing. The funding splits 60/40 between financing programs (OEDIT/CHFA) and support services (DOLA). This is the funding source for our current housing code update project.

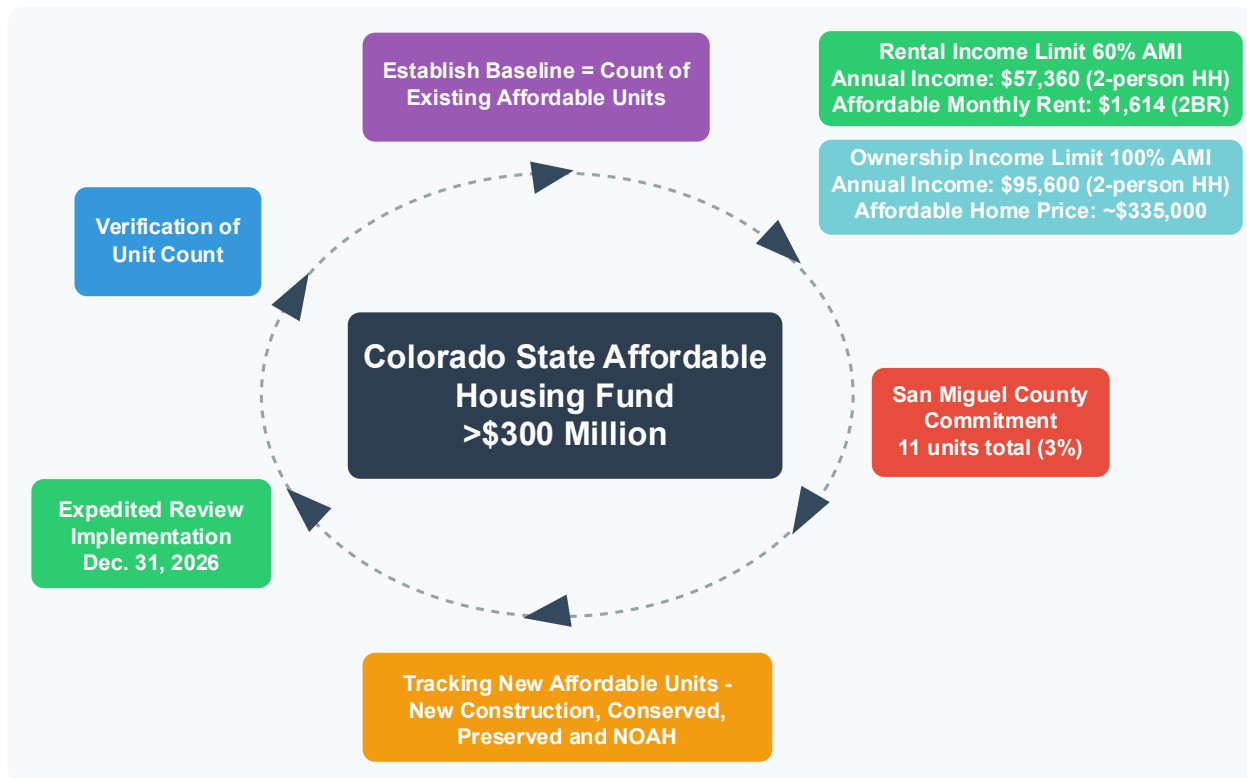
### Proposition 123 Affordable Housing Funding



## San Miguel County's Commitment

Under Prop 123, San Miguel County has committed to:

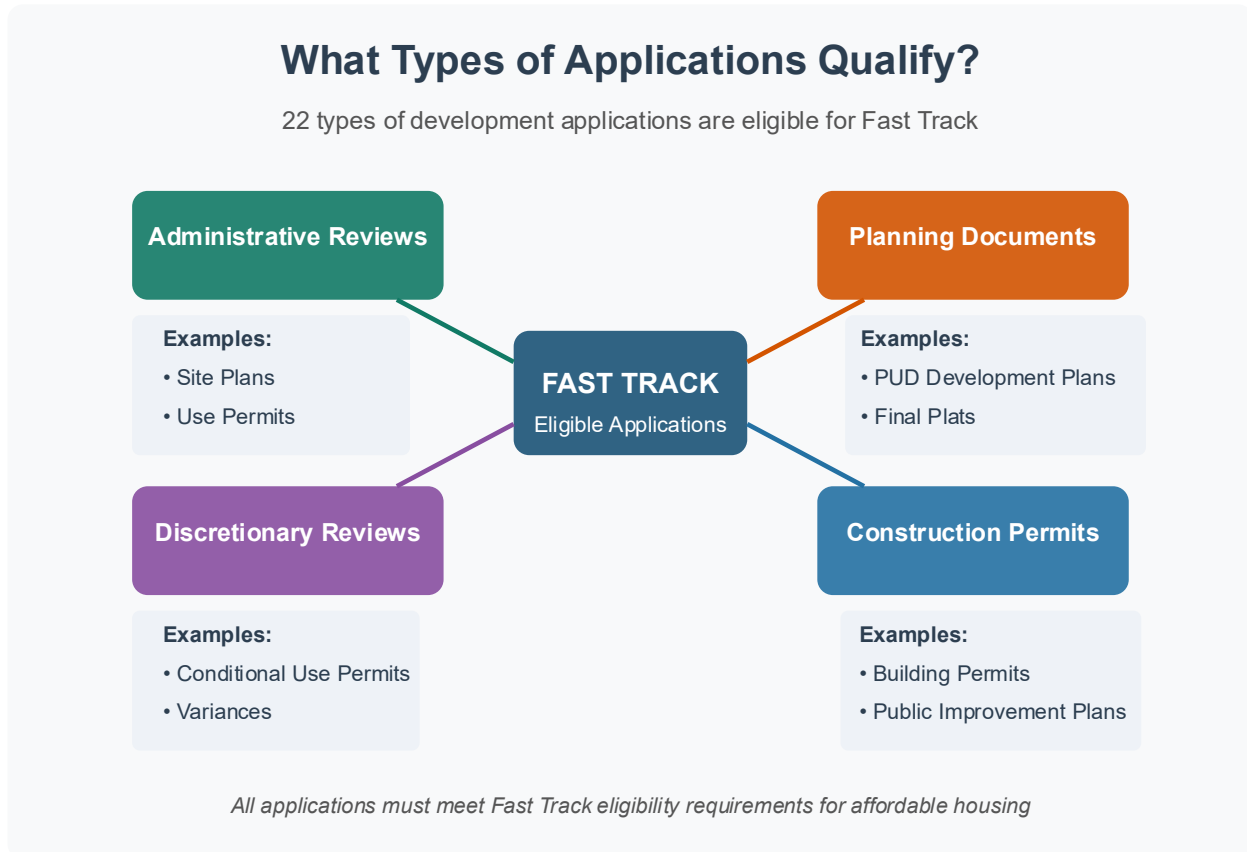
- Produce 11 new affordable housing units by December 31, 2026 (based on the County's baseline assessment and 3% annual growth requirement)
- Implement Fast Track process by December 31, 2026
- Track and report on new affordable units through multiple pathways:
  - New construction of deed-restricted units
  - Preservation of existing affordable housing at risk of conversion
  - Conservation of naturally occurring affordable housing (NOAH)
  - Conversion of market-rate units to affordable through deed restrictions
- Maintain required documentation and reporting to remain eligible for ongoing state funding



**Rural Resort Option:** San Miguel County has not filed for the rural resort income limit petition, but could potentially do so to use CHFA/OEDIT funding programs (Land Banking, Equity, Concessionary Debt) to fund housing at higher AMI limits that better reflect local housing costs. This petition process would also allow units serving higher income levels to count toward the County's 11-unit commitment. The petition requires a Housing Needs Assessment and demonstration that current income limits don't meet community needs.

## Fast Track Process Overview

The centerpiece of Prop 123 is a mandatory “Fast Track” process that jurisdictions must implement by December 31, 2026. Projects with at least 50% affordable units get a guaranteed 90-calendar day timeline from complete application to final decision (approval or denial). The clock runs continuously with limited exceptions, fundamentally changing how we review affordable housing applications.



## Fast Track Design Options

While Prop 123 sets minimum requirements, San Miguel County has flexibility in designing its Fast Track process. Key decision points include:

### 1. Eligibility Expansion Options:

- Lower affordability threshold (e.g., 40% instead of 50% affordable units)
- Higher income limits (e.g., 80% AMI for rental, 120% AMI for ownership)
- Affordability mechanism timeframe (e.g. 15 yrs, 30 yrs., permanent)
- Tiered incentive structure (e.g., if permanent affordability mechanism get additional density bonus)

## *2. Process Streamlining Options:*

- Pre-application conferences to identify issues early
- Concurrent review of zoning and building permits
- Priority processing queue for affordable projects
- Dedicated affordable housing coordinator/liaison
- Administrative approval for certain project types

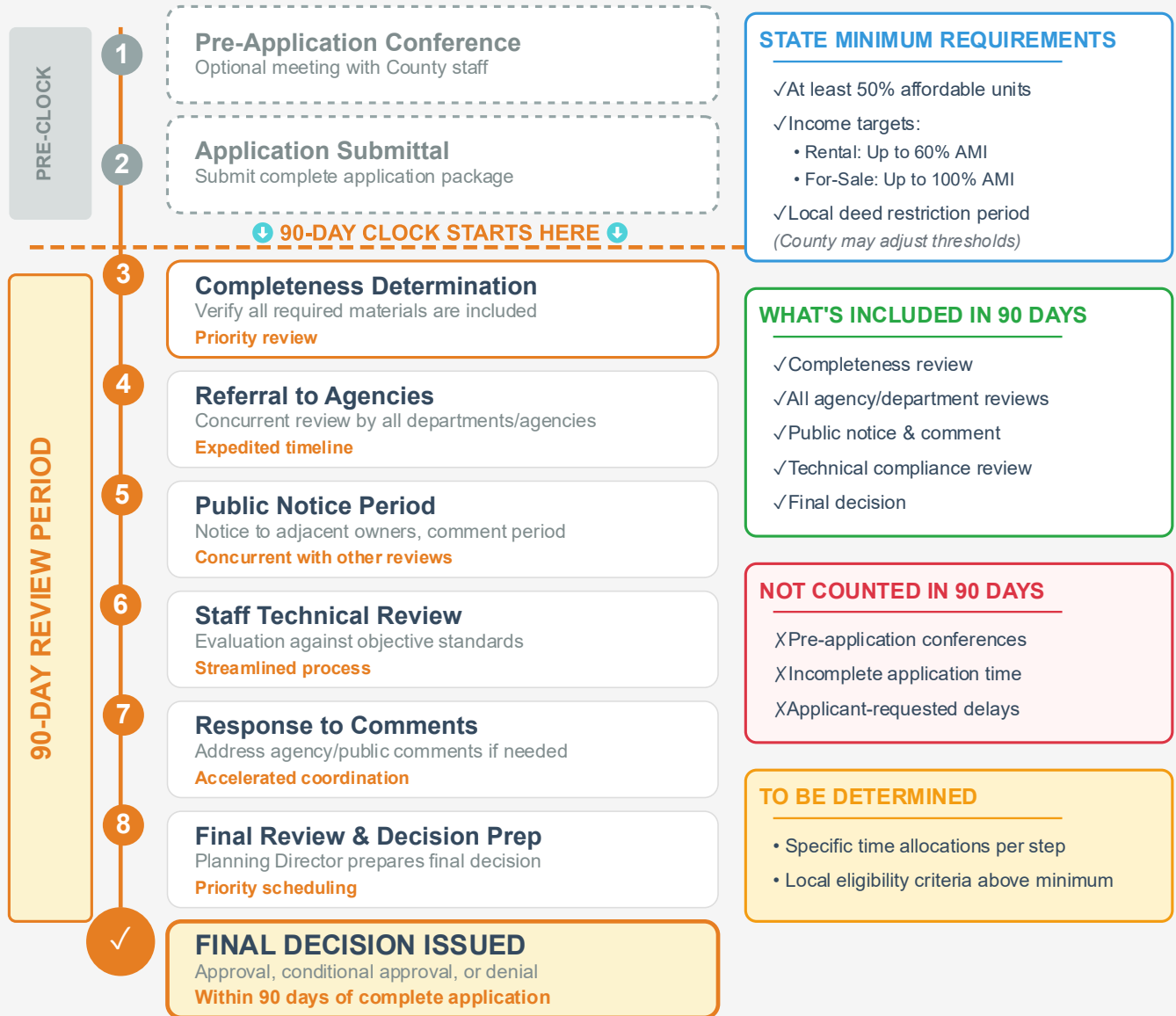
## *3. Extension Provisions:*

- Developer-requested extension (up to 90 days) for agency compliance
- County-initiated extensions (30 days) to address substantial comments
- Clear criteria for when extensions apply

## 90-Day Expedited Review Process for Affordable Housing (State SSR Requirement)



### CLOCK STARTS: When Application Deemed Complete



## Additional Incentives Beyond Fast Track

Beyond the required Fast Track process, San Miguel County can offer additional incentives to support affordable housing development, including financial incentives (fee waivers, deferred payments, infrastructure assistance), regulatory flexibility (density bonuses, parking reductions, height adjustments), and zoning modifications (reduced lot sizes, ADU provisions, mixed-use allowances).

# September SSR Meeting #1: October 6

## Pre-meeting request:

**For our first SSR Meeting:** Please come prepared to share one specific example of how current County codes either helped achieve or prevented/complicated a housing project.

Include:

- Type of project (single family, multifamily, subdivision, etc.)
- Specific code provision(s) involved (*if known*)
- Impact (time delay, added cost, project killed, or success enabled)
- Lesson learned

This will help us build a shared understanding of real-world code impacts.

## September SSR Meeting #1 Agenda

### 2-Hour Working Session

#### I. Opening & Foundation Setting (15 min)

- Welcome & introductions
- SSR roles and approach

#### II. Learning from Experience (30 min)

##### A. Success Stories

- What made past projects work?
- Which code provisions helped?

##### B. Challenges & Lessons

- What stopped projects that should have moved forward?
  - Pattern recognition across multiple projects

#### III. Current State Assessment (35 min)

##### A. Housing Need Reality Check

- In-commuter demand (520 units)
- Employment growth projections
- Production gap analysis

## B. Interactive Exercise: Where Housing Gets Stuck

- Timeline mapping of development barriers
- Group analysis by barrier type
- Cost impact discussion

## Break (10 min)

### IV. Code Review & Prioritization (25 min)

- Small group code scan
- Quick wins vs. systemic changes
- Focus on rental and ownership production needs

### V. Next Steps & Priorities (15 min)

- Synthesize key findings
- Next meeting preview
- Action items