December SSR Meeting #2

Monday, December 8th, 2025

3:00pm – 6:00pm

Ah Haa School for the Arts, 3rd Floor Launchpad, 155 W Pacific Ave

Zoom Link for Virtual Attendance

(In-person attendance requested)

Invite link: https://us06web.zoom.us/j/81113479829?pwd=7xJXBOoznczUQhC550FC353rv9E3Uz.1

Meeting ID: 811 1347 9829

Passcode: 307221

Pre-meeting request:

- Review Preliminary Code Audit Report
    - This is an early draft of the Code Audit Report, representing potential recommendations which will be further developed by the consultants and staff in the first quarter of 2026. The goal of SSR review at this point is to provide feedback on the proposed recommendations and discuss the considerations to guide refinement of recommended strategies to include in the final recommendations report.
- Take the (short) Menti poll to prioritize recommendations for breakout group discussion: https://www.menti.com/alszmachgcuo

December SSR Meeting #2 Agenda

3-Hour Working Session

I. Presentation on Preliminary Code Audit and Listening Session Summary *(20 minutes)*
II. Presentation Q&A *(15 minutes)*
III. Breakout Group Discussions *(1.5 hours)*
    a. Four groups; 3 in-person and 1 virtual
    b. Groups will be determined by the results of the Menti poll
IV. Break *(5-10 minutes)*
V. Reporting back to full group summaries of discussions *(40 minutes)*
VI. Meeting wrap up and next steps *(5 minutes)*

SAN MIGUEL COUNTY
Housing Code Update

SAN MIGUEL COUNTY
Housing Code Update

Preliminary Code Audit Report and Recommendations

(DRAFT – November 2025)

Table of Contents

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. If this project is successful, the region will be better equipped to create sufficient inventory, with flexibility in deed restrictions that allow mobility as people's needs change (relating to size, location, type, design, and accessibility).

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 2030 and nearly half of all workers in the county 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 district, to identify and address barriers to housing development. This project also meets the Proposition 123 "Fast Track Approval" requirement, positioning the County to access state funding for affordable housing.

How to Use This Document

This preliminary document has been prepared by the consultant team for San Miguel County staff, officials, and stakeholders to review. Recommendations are based on existing policies in the San Miguel County Land Use Code, the East End Master Plan, and the Wright's Mesa Master Plan, community member and staff feedback recorded during listening sessions in October 2025, and the consultant team's case study research of peer communities and understanding of best practices.

It is intended that planning staff will use the information within the document to make recommendations to the Planning Commission and the Board of County Commissioners for discussion and potential code adoption. Some recommendations are simple text amendments within the San Miguel County Land Use Code while others will require in-depth review. An implementation matrix has been included at the end of the document to describe and prioritize recommended strategies based on potential impact and timeline to complete.

Community Engagement

This section summarizes high-level themes, ideas, and recommendations heard for the San Miguel County Housing Code Update project during the October Strategic Stakeholder Roundtable (SSR) meeting and three days of community listening sessions. Approximately **56** individuals were directly engaged for this first round of listening sessions through online surveys, small group sessions, one on one meetings, and open office hours (not including meetings with County staff and elected officials). We heard from full-time San Miguel County residents, developers, residents of affordable housing, legal professionals, real estate finance experts, representatives of local nonprofits, employers, and other community members that want to help make workforce housing easier to build in the County.

Outreach Goals

The purpose of these listening sessions was to better understand the challenges and successes of affordable workforce housing development in San Miguel County. The following questions were presented to attendees to guide these conversations:

- How do current development regulations affect housing costs and availability?

- What are the main regulatory barriers to building more housing?
- How do permitting timelines and processes impact housing development feasibility?
- What infrastructure constraints limit housing development in different areas?
- What regulatory barriers have you encountered in the development process?
- What specific code provisions make development unnecessarily difficult or expensive?
- What concerns do you have about potential code changes in your area?
- How can we streamline processes without compromising appropriate review?
- What lessons should we learn from past housing development efforts in the county?

Key Themes from Community Conversations:

Although participants represented a wide range of perspectives and professional backgrounds, consistent themes emerged across discussions. These themes reflect broad agreement on the County's housing challenges and opportunities:

Overall Housing Needs

Participants uniformly agreed that housing affordability and availability have become critical challenges affecting the local workforce, families, and economic sustainability. Employers across sectors cited the lack of attainable housing as a major barrier to hiring and retention. Developers and builders expressed that even projects intended for local workers often face excessive costs or uncertainty due to permitting complexity and infrastructure limitations.

Community members emphasized the need for a more flexible, efficient code structure that supports a broader range of housing types, particularly those affordable to middle-income earners. Many noted that current regulations inadvertently discourage smaller scale "missing middle" projects that could help fill workforce housing gaps. The SSR group also noted that the LUC could recognize and provide provisions for seasonal employees in San Miguel County that live in campers, RVs, and vans.

Infrastructure and Land Availability

Infrastructure constraints—especially water availability—were repeatedly identified as a major barrier to housing development and key consideration for code changes. Participants expressed concerns that existing water, road, and service capacities in some areas are insufficient to support additional growth. These constraints are compounded by the County's topography and dispersed development pattern.

Community members recommended that future code and infrastructure planning prioritize new housing near existing services, where infrastructure and transit access can better support increased density. Aligning infrastructure investment with housing goals was viewed as critical to improving long-term feasibility.

Development Review Process

Nearly all participants mentioned that the current development review and permitting process is lengthy and unpredictable. Many noted that it is difficult to build small-scale or "missing middle" housing types such as duplexes and multi-family homes. More dense affordable housing developments are even more difficult to build through this PUD process. This additional layer of review increases costs through significant entitlement delays and uncertainty, discouraging private investment in workforce housing.

Community members expressed a strong desire for a more predictable and transparent process with clear submittal requirements and review timelines. They also supported the creation of a streamlined “minor subdivision” or simplified review track for small-scale projects that meet established design and infrastructure standards, as well as streamlining review processes for eligible affordable housing developments.

Community Housing Zone and Density

Many participants expressed concerns about the implementation of the Community Housing (CH) zone. While many supported the intent of providing more opportunities for workforce housing, some felt that the current density allowance of 20 dwelling units per acre is excessive for land in the unincorporated county.

Community members recommended that the County clarify the zone’s intent, criteria, and applicability—potentially offering a range of density options based on location, infrastructure capacity, and compatibility with surrounding land uses. Some participants also suggested that workforce housing goals could be achieved more effectively through incentives, such as density bonuses or fee reductions.

Regional Coordination and Differences

Community members emphasized the importance of regional coordination between the County and its municipalities to ensure that workforce housing efforts are aligned and equitable. There was a strong desire to define roles and responsibilities more clearly, particularly regarding where different types of housing should be located and how infrastructure costs should be shared.

Distinct differences in perspective emerged between the eastern and western portions of the County:

- **East End (Telluride / Mountain Village):** Participants expressed frustration about limited workforce housing progress, skepticism toward the CH zone, and concerns about high density, water availability, and growth pressure.
- **West End (Norwood, Placerville, Wright’s Mesa):** Participants in these areas felt that they are being asked to absorb growth generated by the East End, with particular emphasis on infrastructure limitations and the desire to maintain agricultural and rural character.

Incentives and Fee Structure

Community members expressed interest in shifting away from restrictive requirements toward more developer incentives that make workforce housing financially viable. Several participants described the current employee housing mitigation fee structure as unclear or inconsistent, suggesting that a review of the methodology could help improve transparency and fairness.

Developers and builders indicated that fee reductions, density bonuses, or expedited review could meaningfully improve project feasibility, especially for small or mid-sized workforce housing developments. Clear deed restriction frameworks and well-defined affordability requirements were also seen as critical to maintaining long-term affordability.

Housing Action Planning

(outside the scope of the San Miguel County Housing Code Update)

While this effort lays essential groundwork that may inform a Housing Action Plan under SB24-174, it does not fulfill SB24-174 requirements. The County must still complete a separate Housing Action Plan by January 1, 2028, to comply with that statute. The following list includes broader suggestions for housing action planning that came up during the listening sessions.

Financial Incentives
Interest was expressed in adjusting affordable housing mitigation fees, offering fee waivers, and exploring property tax reductions for deed-restricted units. Some participants suggested revisiting Transfer of Development Rights (TDR) programs as a potential local funding or land management tool (see *5A-B. Considerations for a Transfer of Development Rights Program*).

Programs
Community members highlighted interest in programs that incentivize accessory dwelling unit (ADU) construction, similar to Durango's ADU rebate or Vail's Lease to Locals program. Other suggestions included creating temporary or seasonal housing options for local workers, rehabilitation programs for substandard housing, and preservation strategies for existing housing stock.

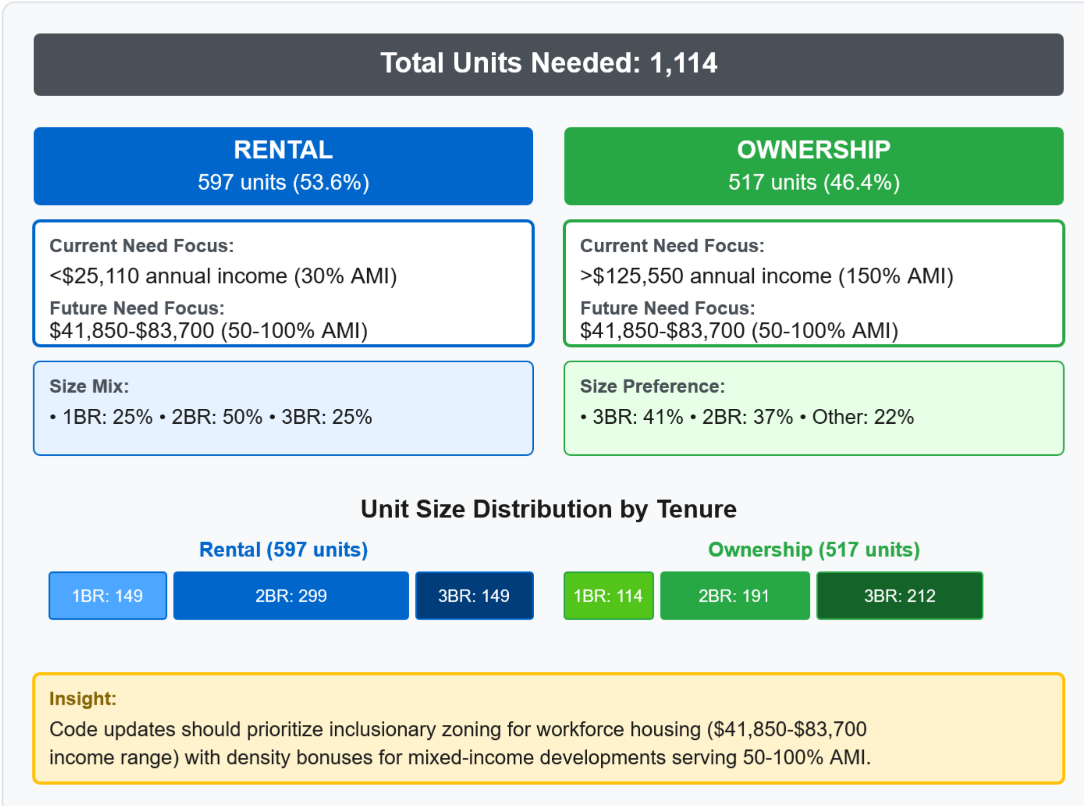
Revenue Generation
Ideas for funding future housing initiatives included a transfer fee tied to sales tax, an "empty homes" tax, and potential airport landing fees dedicated to workforce housing programs.

Public-Private Partnerships
Participants noted that developers and employers are likely willing to partner on workforce housing projects if processes are clearer and timelines are predictable. Additional opportunities were identified for HOA participation, Low-Income Housing Tax Credit (LIHTC) projects, and employer-assisted housing efforts.

Housing Needs Context

2025 San Miguel County Regional Housing Needs Assessment

The 2025 San Miguel County Regional 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. In total, **1,114 units are needed by 2034** for both unincorporated and incorporated areas.

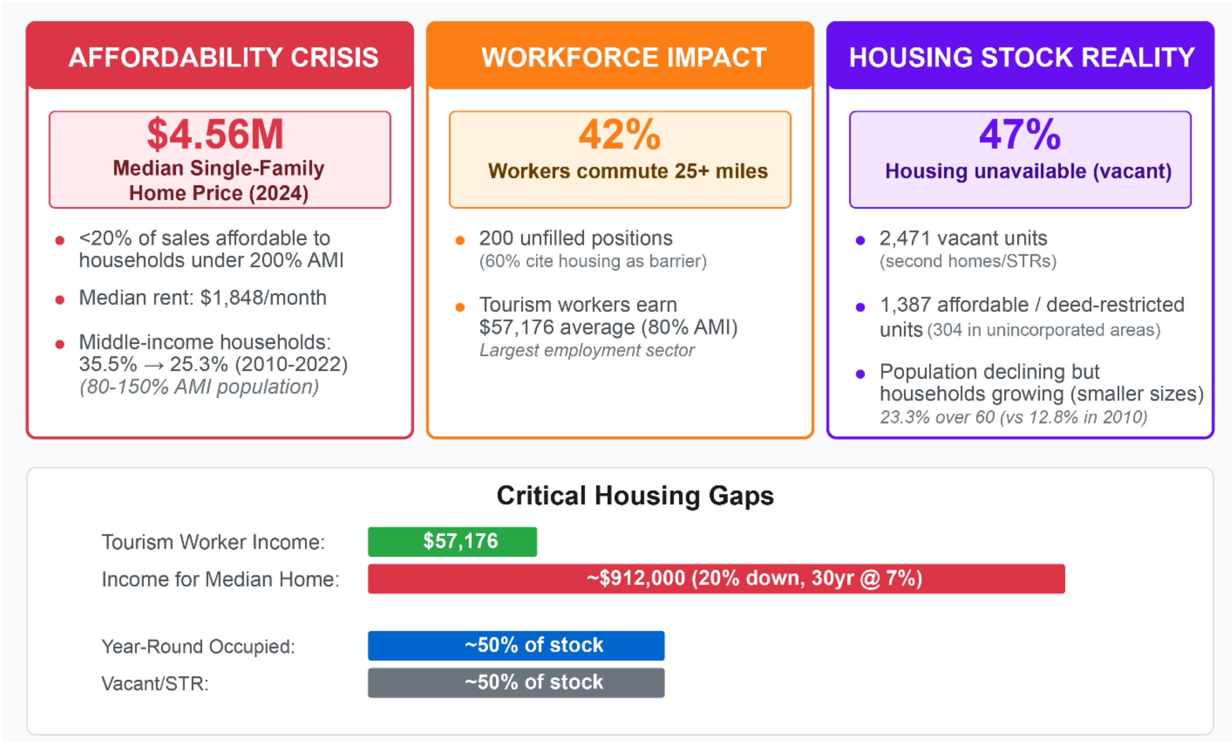


Source: 2025 San Miguel County Regional Housing Needs Assessment

These numbers reflect need under current economic conditions and commuting patterns, and do not include development applications in the approval pipeline. While these efforts focus on code updates to San Miguel County's Land Use Code, housing needs transcend jurisdictional boundaries within the County. Each incorporated town operates under its own building and land use codes, so effective solutions will require coordinated planning to ensure a consistent and aligned regional housing strategy – especially between the County, Telluride, Mountain Village, Norwood, and Ophir. The analysis assumes that a significant number of workers would choose to live locally if appropriate housing were available.

Market Context

This snapshot highlights the depth of the local housing crisis and its ripple effects on the workforce and community stability. Single-family home prices soared to $4.56 million in 2024, up from $1.2 million in 2018, and representing an over $0.5 million increase each year. Fewer than 20% of home sales are affordable even for households earning twice the area median income. Nearly half of workers now commute more than 25 miles due to limited local options, while about half of all housing units are vacant. Most of these vacant units are concentrated in the East End area, likely as second homes or short-term rentals. The result is a severe mismatch between what local workers earn and what homes cost, leaving critical gaps in year-round housing and threatening the community's long-term sustainability.



Source: San Miguel County Regional Housing Needs Assessment, 2025

Missing Housing Types

Housing options beyond single-family housing types include Accessory Dwelling Units (ADUs), duplexes, triplexes, and 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, HUD FY 2025 Income Limits):*

- In San Miguel County, middle income households earn within the income range of $100,440-$167,000 (1-person) to $143,400-$239,000 (4-person household).
- Middle-income households declined from 35.5% to 25.3% of the population (ACS, 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.
- The greatest shortages identified in the 2025 Regional Housing Needs Assessment are for housing affordable to households earning 51%-80% AMI, following by households earning 80%-200%+ AMI.

Examples of "Missing Middle" Housing Types:

- **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 or R zones.
- **Caretaker Units:** Allowed by administrative approval in the F zone district.
- **Small Multifamily:** Duplexes, triplexes allowed in the LD and MD zone districts.
- **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.
- **Cottage Homes:** Multiple small units, or 'cottages', on a single lot. Usually, units are clustered around a shared courtyard or other common open space.
- **Cohousing:** Similar to cottage homes, cohousing is also defined by private units that surround a common area, but the property is owned and managed by community members.

Existing Code

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

How the Code is Organized

San Miguel County's Land Use Code is structured as seven articles, each serving a distinct but complementary function within the county's regulatory framework. The code divides its content into two main categories: the Core Framework (Articles 1-4) and Development Standards (Articles 5-7).

Core Framework (Articles 1-4)

- Article 1 (Administration and Enforcement): This section establishes powers and duties of Boards, Commissions and staff. It describes the administrative structure, assigns authority to the Planning Director, provides enforcement mechanisms, outlines code violation procedures, and details appeals processes for administrative and Planning Commission decisions.
- Article 2 (Land Use Policies): Article 2 forms the basis of the code by codifying county policies on housing, environmental protection, infrastructure, and other foundational land use priorities. These are typically referenced when making findings on land use decisions.
- Article 3 (Procedures): Procedures for development review, permitting, and other land use actions are organized in Article 3, ensuring an orderly and transparent review process for applicants and stakeholders.
- Article 4 (Submission Requirements): Article 4 specifies all necessary application materials, maps, and documentation needed for various land use processes.

Development Standards (Articles 5-7)

- Article 5 (Standards): This article defines dimensional, use, and service standards according to zone districts, including guidance for special uses such as affordable housing. Zone District standards are contained in Section 5-3, while Affordable Housing regulations are in Section 5-13.

Other sections cover Roads, Services, Improvements, PUDs and Subdivision standards, and standards for specific activities and uses.

- Article 6 (Natural Resources): Article 6 directs the management of resource extraction activities, renewable energy development, and environmental protection measures.
- Article 7 (Definitions): Land Use Code terms are defined in Article 7 for consistent interpretation and application of code provisions.

While the San Miguel Land Use Code presents permitted uses by listing each district separately within the code text, this document compiles the districts that permit residential uses into the following consolidated tables. This organizational style allows easier comparison across zoning districts and makes it simpler for users to check which residential uses are allowed in specific zones at a glance. The table below also identifies approval processes.

Some zone districts reflect past versions of the code and are not meant to be applied to any new areas. These are known as 'legacy zones.' The following zone districts are legacy zones: Low Density (LD), Single-family Residential (R), Mobile Home (MH).

Table 1: Residential Use Review Processes

Zoning District	Code Section	By Right Uses (BR) / Administrative Review	1-step / 2-step Processes	PUD
Low Density Residential (LDR)	5-322	**BR**: SF (<12k sq. ft.) on lot >35 ac.	--	SF (5.5k-7k sq. ft.) on lot < 35 ac; 1 unit/6-8 ac.
Single-family Residential (R)	5-306	**BR**: SF on lot >35 ac.	--	SF: 9,375 sq. ft. to 2 ac. depending on water and wastewater
Low Density (LD)	5-304	**BR**: SF (<12k sq. ft.) **Admin:** ADU	**2-step:** SF (>12k sq. ft.)	Duplex; 1 unit/7 ac.
Medium Density (MD)	5-303	**BR**: SF (<12k sq. ft.) **Admin**: ADU	**2-step:** SF (>12k sq. ft.)	Duplex; MF 1 unit/3 ac.
High Density (HD)	5-302	**BR**: SF (<12k sq. ft.) **Admin**: ADU	**2-step:** SF (>12k sq. ft.)	Duplex; MF; 40-80 persons/ac. (eq. 10-20 SF units)

Community Housing (CH)	5-324	**Admin:** Temporary Alternative Living Space Sites	**1-step:** <5 acres - SF (attached/ detached); Duplex; MF; Rooming; Alt. housing (≤20% units) **2-step**: >5 acres - SF (attached/ detached); Duplex; MF; Rooming; Alt. housing (>20% units)	Free-market units*
Affordable Housing Planned Unit Development (AH) (PUD)	5-305	**BR:** SF on lot >35 ac.	--	SF; Duplex; MF; Rooming Houses 15 units/ac.
Wright's Mesa	5-319.1	**BR:** SF (MH/mobile); **Admin**: Secondary Dwelling Unit	--	--
Wright's Mesa Agriculture (WMRA)	5-319.2	**BR:** SF (MH/mobile); Secondary Dwelling Unit	--	--
Wright's Mesa Rural Residential (MRR)	5-319.2	**BR:** SF (MH/mobile)	--	--
Wright's Mesa Light Industrial (WMLI)	5-319.2	**BR:** SF (MH/mobile); Live/work	--	--
Wright's Mesa Town Residential (WMTR)	5-319	**BR:** SF (MH/mobile); Duplex; Alley House (see notes below table)	**1-step:** Boarding or Rooming House; Co-housing; Nursing Home **2-step**: Cottage; MF	--
Forestry, Agriculture, and Open Space (F)	5-307	**BR:** SF (<12k sq. ft.); Mobile; **Admin**: Caretaker unit (<2k sq. ft.)	**2-step:** SF (>12k sq. ft.);	--
Placerville Residential (PR)	5-310	**BR:** SF	**2-step**: Boarding and Rooming Houses	--
Placerville Commercial (PC)	5-311	**BR:** SF	**1-step**: Accessory Rental Dwelling Units	--

Mobile Home (MH)	5-312	**BR:** SF; Mobile home Park (subject to provisions)	--	--
Heavy Commercial (HC)	5-308	--	**1-step**: Affordable housing for persons employed on-site	--
Low Intensity Industrial (I)	5-309	**BR:** SF	--	Affordable housing for persons employed on-site; Live-work
Mixed Use Development (MXD)	5-323	--	-	Employee housing
Park (P)	5-313	--	**1-step**: Accessory Affordable Housing for person employed on-site, first responders, essential personnel	--
Public (PUB)	5-315	--	**1-step**: Accessory Affordable Housing for person employed on-site, first responders, essential personnel	--
West End (WE)	5-320	**BR**: SF (MH/mobile); Group Homes; Farm workers	**2-Step**: Mobile home parks; Group homes	--

**Free-market unit % thresholds vary by net zero status, see Land Use Code for details.*

Similar to the residential uses, the existing code's dimensional requirements have been organized into the following table to allow users to easily compare core development metrics (such as lot area, open space, setbacks, and building height) across different zone districts at a glance. Uses and dimensional standards across zone districts have increased allowances and higher thresholds through the County's PUD process. Currently, the Wright's Mesa Town Residential zone district (WMTR) – Table 5-319.2-3 Table of Allowed Uses conflicts with Section 5-319.2H.II.a & c. There are dimensional standards for Alley Houses, but it's not in the Allowed Uses table.

Table 2: Dimensional Standards

Abbreviations: F: Front Yard; R: Rear Yard; SY: Side Yard; SF: Single-family; MF: Multi-family; PUD: Planned Unit Development

Zoning District	Minimum Lot Area (By Right)	Minimum Lot Area (PUD)	Density	Open Space	Minimum Setbacks (By Right)	Setbacks (PUD)	Maximum Height
Low Density Residential (LDR) **5-322**	35 ac	9.75k - 2 ac*		75%	F/R/SY: 50'/50'/50'	25' (envelope)	35'; PUD: 28-35'
Single-family Residential (R) **5-306**	35 ac	--		--	F: 30'; R: 20'; SY: 10'	--	35'
Low Density (LD) **5-304**	35 ac	--	1 unit/ 7acres	60%	F/R/SY: 50'/50'/50'	Per PUD	35'
Medium Density (MD) **5-303**	35 ac	SF: 15k; Duplex/MF: 20k sq. ft.	1 unit/ 3 acres	60%	F: 30'; R: 20'; SY: 20'	F: 25'; R: 20'; SY: 12.5'	35'
High Density (HD) **5-302**	35 ac	--	40-80 people/ac. (10-20 eq. units/ac.)	30%	F/R/SY: 30'/30'/30'	By Sec 5-14	35'
Community Housing (CH) **5-324**	--	--	20 units/ ac.	30%	To non-CH/ROW: 20'; F/R: 10'; SY Detached: 10', SY Attached: 0'/10'; Accessory: 5'	--	35'; Net Zero: 45'
Affordable Housing Planned Unit Development (AH) (PUD) **5-305**	35 ac.; PUD: SF 6,000 sq.ft.; Duplex 3,000 sq.ft.; MF 2,900 sq.ft.	SF: 6k; Duplex: 3k; MF: 2.9k sq. ft.	15 units/ac.	50%	F/R/SY: 50'/50'/50' PUD, F/R/SY: 10’/5’/10’	F: 10'; SY: 5'; R: 10'	35'

Wright's Mesa (WM) 5-319.1	35 ac.	--	--	--	F: 30'; SY: 20'; R: 20'	--	35'
Wright's Mesa Agriculture (WMRA) 5-319.2	35 ac.	--	--	--	F: 30'; SY: 20'; R: 20'	--	35'
Wright's Mesa Rural Residential (WMRR) 5-319.2	As platted	--	--	--	F: 10'; R: 10'; SY: 10'	--	35'
Wright's Mesa Light Industrial (WMLI) 5-319.2	5k sq. ft.	--	--	--	F: 15'; SY/R: 10'/10'	--	30'
Wright's Mesa Town Residential (WMTR) 5-319.2	5k sq. ft.	2.5k sq. ft.	--	--	F: 15'; R: 0' (SF); 10' (MF/Alley); SY: 10'	F: 15'; R: 5' (Cottage/ PUD); SY: 5' (Cottage/ PUD)	25'
Forestry, Agriculture, and Open Space (F) 5-307	35 ac.	--	--	--	F: 30'; SY: 20'; R: 20'	--	35'
Placerville Residential (PR) 5-310	18,750 sq. ft. (no sewer)	--	--	--	F: 30'; SY: 10'; R: 20'	--	35'
Placerville Commercial (PC) 5-311	7,500 sq. ft. (w/o sewer); 3,750 sq. ft. (w/sewer)	--	--	--	F: 5'; SY: 3' or 0'; R: 20'	--	28'
Mobile Home (MH)	Unsubdivided/subdivided: 2 ac;	--	--	--	F: 20'; SY: 7'; R: 10'	--	35'

5-312	w/water: 1/2 ac; w/water + sewer: 7,500 sq. ft.						
Heavy Commercial (HC) **5-308**	Single Use: 0.5 ac; Multi Use: 2 ac.	--	--	--	SU: 25'; MU: 50'	--	35'
Low Intensity Industrial (I) **5-309**	35 ac.	SU: 6k sq. ft.; MU: 21.5k sq. ft.	--	--	F: 50'; R: 30'; SY: 20'	F: 30'; R: 10'; SY: 10'	35'
Mixed Use Dev. (MXD) **5-323**	--	None	Per PUD	20%	--	Established building envelope	Established max. elevation
Park (P) **5-313**	Per 1-step SUP	--	--	Per 1-step SUP	Per 1-step SUP	--	Per 1-step SUP
Public (PUB) **5-315**	Per 1-step SUP	--	--	--	F: 30'; SY/R 10'	--	35'
West End (WE) **5-320**	3 ac.	--	2 DU/3 ac.	--	F: 10'; SY/R 10'	--	35'

**See Land Use Code for special conditions.*

What's Working Well

- ADUs and caretaker units are currently eligible for administrative approval in the three most prevalent residential districts (LD, MD and F).
- The Community Housing zone provides a path for higher density affordable housing development that can be approved more quickly than PUDs.
- Wright's Mesa zones integrate varied residential and hybrid uses.
- HC and I zones allow housing for employees on site.
- While PUDs are overused, this pathway does function as a flexibility mechanism to grant smaller lot sizes, duplexes, and other multifamily units.
- Height, open space, and setback standards are not overly restrictive in most cases.
- The code already has clear definitions for many non-traditional housing types (such as ADUs, live-work units, and other alternative living spaces).
- In some cases, the code applies different standards to projects based on sewer/water availability – these should be carried forward into any code updates.

Identified Code Barriers

The following summarizes initial findings and potential areas for Land Use Code updates. Each item highlights opportunities to improve efficiency, flexibility, and housing diversity within the County's regulatory framework. More detailed discussion of these topics is provided in the following section on preliminary recommendations to address specific barriers.

- **Administrative Review:** Currently, many land use applications are reviewed by the BOCC and CPC. County could explore allowing more uses by right or with administrative review to reduce the number of applications reviewed by the BOCC and CPC. 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, which is a 5-step review process. The reliance on PUDs should be reduced by revising the Land Use Code with new and updated standards for uses and developments to enable Administrative, One-Step or Two-Step review. Properties can no longer be rezoned to certain zone districts because the LUC limits those rezones to properties already zoned PUD-R. All land that was zoned PUD-R has been rezoned to other districts. The PUD-R zone states that it shall apply only to properties already so-zoned. This effectively precludes rezoning any properties to LD, MD, and HD.
- **Minimum Residential Lot Size:** The minimum lot size by right in most residential districts is 35 acres (without a PUD). Especially in the low density (LD), medium density (MD), and high density (HD), this lot size should be reduced.
- **Affordable Housing Incentives:** Currently, the code does not offer many financial or regulatory incentives for developers to build affordable and/or workforce housing. While more regulatory incentives could be introduced in the Code, other incentive programs (such as grants and revolving loans) could also be explored outside the scope of this project.
- **Missing Middle Housing Types:** Many 'missing middle' housing types such as duplexes, triplexes, and small-lot single-family are currently not allowed to be built in the unincorporated county without going through a PUD process. Accessory Dwelling Units (ADUs) are allowed under administrative approval in most residential districts, while caretaker units are allowed in the F zone and secondary dwelling units are allowed in the WM zone. Other housing provisions could help house the local workforce, including allowing more than two dwelling units on large lots, mixed-use allowances by right, co-housing, and creating spaces for tiny homes, alternative living spaces, and people living in campers/RVs/vans.
- **Organization:** Clear and consistent organization is important for developers to understand and apply the code to potential projects. Currently there are no standardized use tables, dimensional standard tables, and review process tables that can be easily referenced. Terminology for uses and development standards may also be inconsistent between zone districts.

Preliminary Recommendations

Executive Summary

The following pages include the specific analysis and recommendations on the priority considerations as identified by the project team and further supported by community members engaged with during phase 1 of the project. The specific topics addressed include:

- Zoning and/or Density Adjustments
- Standards for Additional Workforce Housing Types
- Regulatory Incentives for Affordable Housing Development
- Provided Options for Streamlined Application Procedures/Processes
- Considerations for a Transfer of Development Rights (TDR) Program
- General Code Structure

In practice, many of these recommendations will influence each other to create more favorable conditions for developers to build housing that is affordable for the local workforce. The recommendations within each topic vary in scale, priority, and impact. An implementation matrix has been provided to represent the weight and resources attached to the proposed recommendations.

There are several recommendations that apply to different topics and can have impacts on more than just one part of Code. Although this report segments the topics into their own sections it is important to realize that they are all interconnected in practice, and the recommendations may transcend a single topic when implemented.

The goal of this audit is to provide the County with the foundation to begin Code amendments that will promote the development of affordable workforce housing while preserving community character. These are ***preliminary recommendations*** and will be further evaluated for feasibility by the County Commissioners, Planning Commissioners, Planning Staff, and SSR group members, with final recommendations expected by April 2026. The recommendations will not be a fix-all solution to housing throughout the County, but rather a step in the right direction to enable more housing opportunities in the near and distant future.

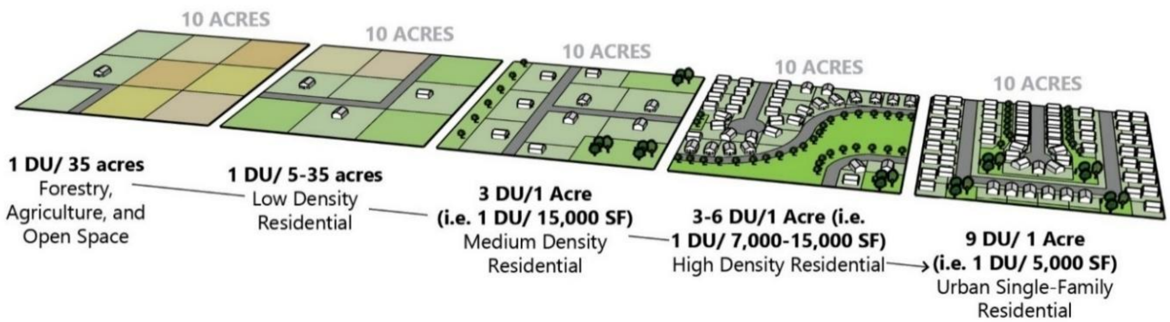
1. Zoning and/or Density Adjustments

While the Code guides development in patterns that the County deems appropriate, it can also lead to limitations that are inadvertently generating barriers to development of workforce and affordable housing. For example, current density allowances prohibit most workforce housing as a use allowed by right without lengthy PUD processes.

Community members consistently expressed concerns that increased density would lead to issues with existing infrastructure, especially water quality. All development applications require water rights demonstration (Section 5-801) and demonstrated water quality standards (Section 5-803) prior to approval, with local water districts instrumental in determining what can ultimately be built. Increasing the allowed density in residential zoning districts can make it possible to create more diverse housing options in the areas that have the infrastructure to support them.

Density allowances and minimum lot sizes are often cited as one of the main limiters to provision of affordable housing, especially in unincorporated counties and rural areas. Rural and unincorporated areas generally have larger minimum lot sizes, and allow for fewer residential units per property, largely to preserve the feeling of open space, allow for adequate separation of on-site wells and septic systems, and mitigate urban sprawl. However, many communities are exploring options to provide density bonuses in areas where public services are or could be available in exchange for community benefits like provision of parks and trail facilities, or preservation of priority conservation areas *(see 3A. Density Bonus and 5A-B. Considerations for a Transfer of Development Rights Program sections).*

These conversations are important to consider when looking at affordable housing and how a land use code may incentivize, or disincentivize, it. The graphic below depicts different residential densities across the same ten-acre parcel. Images in the following section show real-life examples of different densities to provide context for the discussion in this section.



Local Examples

17 units/acre (plus possible ADUs)

Town of Telluride

- Residential Zones (north of Colorado Avenue: up to 17 units/acre, plus possible ADUs

- Accommodations zones (Pacific Avenue and southwest are) - no maximum density; dependent on ability to meet other development standards, e.g. parking, setbacks, site coverage, and height requirements.

12.5 units/acre

Eider Creek condominiums

10.7 units/acre

Ilium, Two Rivers, and Q lots – approved for 91 units.

7.5 units/acre

Sunnyside – project sizes are limited due to steep slopes.

Source: Town of Telluride

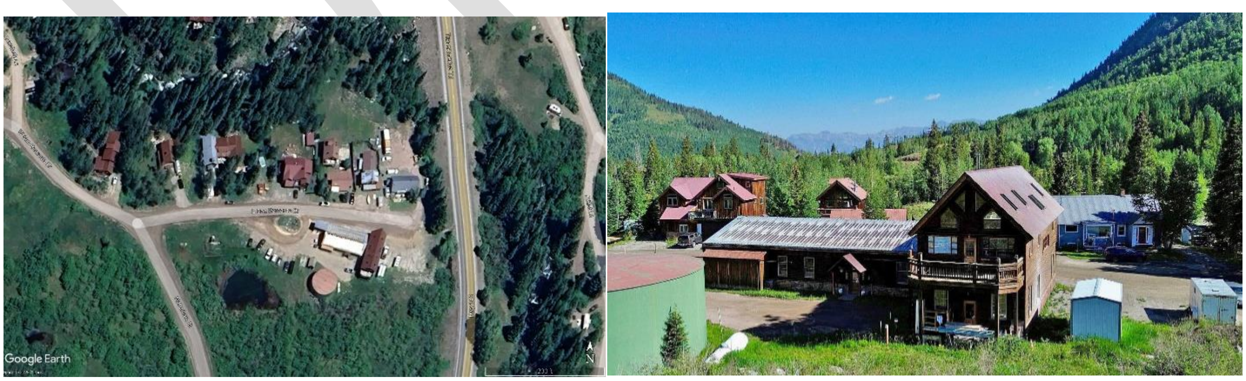
5.7 units/acre

Lawson Hill – approved for 208 units.

(source: Lawson Hill Property Owners)

1-3 units per acre

San Bernardo



Source: Zillow

Upcoming Projects

Additional potential projects in the region might also serve as examples of density ranges of 1-5 units per acre. These include the 70-acre Pathfinder site, with preliminary plans envisioning 60-90 units (up to about 1.25 units per acre), as well as the 56-acre Mountain Village Ilium property, of which eleven acres are buildable. The Town has stated there is a potential range of 100-300 units at this site (up to 5.35 units per gross acre).

1A. Reduce Minimum Lot Sizes

Currently, the majority of residential zoning districts in San Miguel County require a minimum lot of 35 acres, with single-family homes as the main use listed as a use by right in the zone district standards sections of Section 5-3. ADUs are allowed per administrative review in the Low Density, Medium Density, and High Density zone districts as indicated in Section 5-1302, but are not listed with the zone district uses allowances. This may lead to confusion in interpreting the code. The County should consider reducing these minimum lot sizes, especially in the Low Density, Medium Density, and High Density zone districts. The minimum lot size for commercial with two or more uses could also be reduced from 2 acres to better accommodate multiple uses on one site (including housing).

Case Studies

San Miguel County is unusual in requiring a minimum lot size of 35 acres for most residential districts. While going through a PUD application process does allow for smaller lot sizes, the best practice is to allow desired land uses by right or administrative review as much as possible to reduce costly time delays and increase certainty in the application process. The table below illustrates a few peer counties in Colorado and their minimum lot sizes for roughly equivalent districts to San Miguel County's Low, Medium, and High Density districts.

Table 3: Colorado County Lot Comparison

San Miguel County		Summit County		Pitkin County		Grand County	
Zoning District	***Minimum Lot Size***	***Zoning District***	***Minimum Lot Size***	***Zoning District***	***Minimum Lot Size***	***Zoning District***	***Minimum Lot Size***
Low Density	**35 acres 1 unit per 7 acres with PUD, water service**	Rural Residential	5 acres	Suburban Density Residential	30,000 sq. ft.	Estate (mostly single-family)	**2 acres** unsubdivided; **10,000 sq. ft.** for subdivided land served by public water and sewer
Medium Density	**35 acres 1 unit per 3 acres with PUD, water service**	R-3 (Single-Family Residential)	13,250 sq. ft.	R-6 Medium Density	6,000 sq. ft.	Residential (mostly single-family, some multi-family)	**2 acres** unsubdivided; **7,000 sq. ft.** for subdivided land served by public

							water and sewer
High Density	**35 acres 40-80 people per acre (10-20 units based on 4-person household), with PUD, water and wastewater**	High Density Residential	6,000 sq. ft.	Village Residential	6,000 sq. ft.	--	--

A total of ten Colorado counties were evaluated: Eagle County (CO), Mesa County (CO), Jackson County (CO), La Plata County (CO), Park County (CO), and Routt County (CO). Below is a summary of the average minimum lot size for low, medium, and high density residential districts in other counties.

- **Low Density**: Equivalent zones have minimum lot sizes ranging from 2 acres to 35 acres. The average minimum lot size was approximately 4.5 acres, excluding an outlier of 35 acres in Park County.
- **Medium Density**: Minimum lot sizes vary from 6,000 sq. ft. to 4 acres, with an average of approximately 1.5 acres.
- **High Density**: Minimum lot sizes range from 3,000 sq. ft. to 6,000 sq. ft., averaging around 5,300 sq. ft. In two counties, minimum lot sizes were not applicable.

Considerations

- Should minimum lot sizes be reduced for all residential developments or only for those providing affordable housing? (See 3A. Density Bonus)
- Consider establishing varying minimum lot size standards based on the availability of public water and sewer services.
- Explore the option of working with service providers to require developments to connect to public water and sewer systems when located within a defined distance (e.g., 400 feet) from existing lines, upon agreement with the service provider. (Summit, Chaffee, Garfield, and Gunnison Counties all have similar provisions, and State law gives water and sanitation districts the authority to compel connection when lines are within 400 feet.)

1B. Adjust Density Allowances

The current code specifies the maximum number of dwelling units allowed by lot for each zone district with a minimum lot size. In the Low, Medium, and High Density districts, the density allowances through a PUD process align well with the intentions of the East End Master Plan. However, with minimum lot sizes of 35 acres paired with a density maximum of one dwelling unit per lot, the allowances in these districts *by right* do not align well with the East End Master Plan. See Table 4 for current density allowances by right, by PUD, and recommended changes. The allowable DU / acres are calculated by comparing the maximum number of dwelling units per lot with the minimum lot sizes in each district. Four options to consider amending are as follows:

- Potential Recommendation A: Increase the allowed density for residential development in all applicable zone districts.
- Potential Recommendation B: Allow increased density allowances reserved for regulated affordable housing projects, considered a density bonus.
- Potential Recommendation C: Keep the base density of 1 unit per 35 acres and allow a by right density bonus (without PUD) for regulated affordable housing projects.
- Potential Recommendation D: Eliminate the 35-acre minimum lot size and PUD requirement from certain zone districts (LD, MD, HD) and allow development at the respective densities.

The County could consider one of these options, or a combination of them. **The potential recommendations for new density allowances in the table below (in red) are currently in draft form.**

Table 4: Current and Recommended Density Allowances

Zoning District	Current Density Allowances (By right)	Maximum Density with PUD	Option for density increase for *all* residential development	Option for density increase for affordable housing development
Low Density Residential (LDR)	1 DU / 35 acres	1 DU / 6-8 acres	1 DU / 6 acres if clustered	NA
Single-Family Residential (R)	1 DU / 35 acres	1 DU / 9,375 sq. ft.	NA	NA
Low Density (LD)	1 DU / 35 acres + 1 ADU	1 DU / 7 acres	1 DU / 7 acres	1 DU / acre
Medium Density (MD)	1 DU / 35 acres + 1 ADU	1 DU / 3 acres	1 DU / acre	4 DU / acre
High Density (HD)	1 DU / 35 acres + 1 ADU	80 people/acre maximum; 40 people/acre minimum	14 DU / acre	20 DU / acre
Community Housing (CH)	20 DU / acre	NA	20 DU / acre	NA
Affordable Housing Planned Unit Development (AH) (PUD)	1 DU / 35 acres	15 DU / acre	15 DU / acre	20 DU / acre
Wright's Mesa (WM) (1991)	1 DU / 35 acres (with exceptions for Open Lands Protection OR			

Zoning District	Current Density Allowances (By right)	Maximum Density with PUD	Option for density increase for *all* residential development	Option for density increase for affordable housing development
	Essential Community Facilities Subdivisions)			
Wright's Mesa Rural Agriculture (WMRA)	1 DU / 35 acres	not specified	NA	NA
Wright's Mesa Rural Residential (WMRR)	1 DU / 35 acres	not specified	NA	NA
Wright's Mesa Light Industrial (WMLI)	1 DU / 5,000 sq. ft. (8 DU/acre)	not specified	NA	NA
Wright's Mesa Town Residential (WMTR)	1 DU / 2,500 sq. ft. for duplex (17 DU/acre)	not specified; minimum lot size 2,500 sq. ft. for multi-family or cottage housing	15 DU / acre	20 DU / acre
Forestry, Agriculture, and Open Space (F)	1 DU / 35 acres	1 DU / 35 acres	NA	Allow 2nd caretaker if well permit allows, deed restriction for both caretaker units; allow co-housing if water is available
Placerville Residential (PR)	1 DU / 18,750 sq. ft.	not specified	Increases contingent on water/wastewater improvements	Increases contingent on water/wastewater improvements
Placerville Commercial (PC)	1 DU / 3,750 sq. ft. (with central sewer service)	not specified	NA	NA
Mobile Home (MH)	not specified; minimum lot size 7,500 sq. ft. with approved water and sewer facilities on subdivided land	not specified	6 DU / acre contingent on water/wastewater improvements	NA

Zoning District	Current Density Allowances (By right)	Maximum Density with PUD	Option for density increase for *all* residential development	Option for density increase for affordable housing development
Heavy Commercial (HC)	not specified; minimum lot size for multiple uses is 2 acres	not specified	NA	NA
Low Intensity Industrial (I)	1 DU / 35 acres	not specified	NA	NA
Mixed Use Development (MXD)	n/a - PUD required; height bonus for additional employee housing	not specified	NA	NA

It is highly recommended that the County also adjust the 40 people/acre maximum density with the High Density Zone through a PUD process to be standardized as dwelling units (DU) per lot. Based on an average household size of 2.2 (San Miguel County Regional Housing Needs Assessment, 2025), 40 people/acre would roughly translate to 18 DU / acre.

Low density residential, low density, medium density, and high density zone districts would be most appropriate for higher densities than what currently exists in the code:

These districts (LD, MD, and HD) make up a small fraction of land in the county, **with no parcels currently zoned for high density**. Mountain Village was zoned HD when the PUD was approved, but it was removed from the County's land use maps when it incorporated. The 1989 Master Plan had very few parcels eligible for high density development. The 2024 East End Master Plan allows the HD zone to be considered in more areas.

Table 5: Residentially Zoned Land Acreage

Zone	Number of Acres
Forestry / Agriculture	333,612
Wright's Mesa	36,832
Low Density	2,804
PUD	681
Medium Density	510
Low Density Residential	213
AH PUD	199
Mobile Home	191
Single-Family Residential	187
Heavy Commercial	57
Industrial	51
Placerville Residential	25
Mixed Use	20
High Density	-

(Source: San Miguel County, 2025)

Case Studies

- Grand County, CO
    - Does not define maximum density allowances in their code (e.g. 3 DU / acre); rather, allowed uses and dimensional standards dictate the density based on unique site conditions and infrastructure capacity.
- Summit County, CO
    - Allows up to 25 DU / acre in their High Density Residential zone.
    - Allows up to 3 DU / acre in the R-3 Single-Family Residential zone, with no more than 1 dwelling unit per lot.
    - Allow a range of densities from one primary dwelling unit / five acres to one primary dwelling unit / less than 20 acres.

Considerations

- Density increases should be accompanied by assessing local infrastructure capacity to ensure that water, sewer, roads and schools can accommodate additional residents without overburdening existing systems.
- The County should consider allowing high densities only under certain conditions (such as access to public water / sewer, within a certain distance from roads, within a certain distance from municipal boundaries, etc.).
- Density bonus would need to be tied to a particular affordability definition.

1C. Adjust Minimum Parking Requirements for All Residential Development (not limited to deed-restricted housing)

Parking represents one of the most significant costs in any residential development, with construction expenses for spaces often running into tens of thousands of dollars. Adjusting minimum parking requirements for all residential development would make projects more financially viable. The current code requires two off-street parking spaces for all dwellings with more than one bedroom, and one space per unit for accessory dwelling units, studios, and one-bedroom homes. By considering a reduction in these parking requirements and/or allowing on-street parking in applicable areas to count toward the minimum, the County can enable developers to use land more efficiently and potentially increase the total number of units that can fit on a site. The flexibility allows for more creative site design and supports smaller, more affordable housing types that might otherwise be impractical due to the amount of land and expense required for off-street parking. Lowering parking thresholds could make it easier to provide a wider range of housing choices while still ensuring adequate parking supply through market-responsive mechanisms. The County allows alternative parking calculations for mixed use development, which are reviewed by the CPC, or through the PUD, whichever process applies.

Case Studies

- Teller County, CO
    - The county aligned its code with state law by eliminating mandatory parking for ADUs in transit-served areas. Local officials have noted no increase in parking-related complaints or operational issues since making these changes, with ADU development proceeding at a pace and scale appropriate to existing neighborhood context and infrastructure.
- Denver, CO

- The City recently eliminated its parking minimums for new residential development citywide. Prior to this reform, Denver required one parking space per ADU, which often limited the ability of homeowners to add these units, especially on smaller lots or properties with limited space for off-street parking. Early empirical data and market observations have shown that eliminating the requirement did not produce a shortage of parking or neighborhood disruption. Developers and homeowners still include parking spaces when demand exists, and most residents displayed flexibility in parking choices, often using on-street parking or relying on alternative transportation options in areas with good transit service.

Considerations

- Permitting on-street parking may create challenges for snow removal, as it can make it harder for plows to clear streets efficiently and safely. Many communities address this by introducing temporary parking restrictions or designated snow routes during winter storms to maintain access for plows.
- The County could consider a range of parking allowances, including a parking maximum to prevent overparking on limited land. The County should consult with local developers and financial institutions before determining appropriate parking maximums.

1D. Establish Flexible Front Setback Allowances that will Encourage Multi-Family, Mixed-Use, and Commercial Developments

In the East End Master Plan, a recommended action is to "establish flexible front setback allowances that will encourage multi-family, mixed-use, and commercial developments that create a strong interaction with the street edge and support walkability." While many of the dimensional standards listed in Table 2 already provide some increased flexibility for front setbacks through the PUD process, it is still recommended to explore alternative processes for granting additional setback flexibility where needed. Tools such as administrative adjustments, minor variances, or flexible planned unit development procedures can create a more predictable and responsive path for projects that seek to improve walkability, activate the street edge, or address unique site constraints, so development goals are met without unnecessary barriers.

Case Studies

- Grand Junction, CO:
  - The city has adopted an administrative adjustment process that enables flexible setback regulations for property owners to request modest reductions in setbacks. Instead of requiring a PUD amendment, the city's zoning code allows departures from standard front setback requirements through a streamlined administrative procedure designed specifically to accommodate unique site conditions, promote walkable urban design, and encourage infill or redevelopment.

Considerations

- Administrative adjustments or minor variances processes require clear criteria so that property owners, neighbors, and review bodies understand under what circumstances exceptions may be granted.

1E. Redefine the Community Housing Zone

If these measures are adopted along with the Developer Incentives for Affordable Housing (see measures *3A-H* in this document), a strategic decision will need to be made concerning the Community Housing (CH) zone. The CH zone was created in 2021 with the intent of facilitating affordable housing development. The standards themselves are strong and could serve as a model for reform – including high density allowances, parking maximums, housing diversity requirements, net-zero energy encouragement, no lot size minimums, and allowing missing middle housing types. However, this zone still requires discretionary Planning Commission and BOCC review, which can take upwards of 3-6 months and is not compatible with the Proposition 123 requirement for 90-day fast track review for qualifying projects (see *4A. Implement a Streamlined Review Process for Affordable Housing).*

Considerations

- Allowing code provisions for co-housing units with shared kitchen and bathroom facilities in separate buildings could advance community goals for housing diversity, particularly where projects are adequately served by water and septic systems. To ensure both health standards and equitable access, such provisions should confirm that all occupants have reasonable, safe, and convenient access to these shared facilities, and that the buildings meet minimum property and utility requirements established by local and state codes.
- Potential Recommendation A: Refine and Expand CH Zone
    - Remove discretionary review; make it administrative approval (90 days) for projects meeting objective standards.
    - Establish clear geographic criteria for CH zone eligibility (R-1 School District + municipal water + other objective factors).
    - Reaffirm CH zone as a tool for affordable housing.
    - Honors original intent of zone; provides clear geographic boundaries; sends strong affordable housing signal to the market; but may worsen existing community concerns on the efficacy of this zone.
- Potential Recommendation B: Retire CH Zone (existing parcel zoned CH can remain legacy), Apply Standards Broadly
    - Adopt the effective CH zone standards in appropriate zone districts (density, parking maximums, missing middle housing, etc.).
    - Allow them by right or administrative review in HD/MD zones as an alternative to PUD for affordable housing.
    - Retire the CH zone designation to move past Diamond Ridge context.
    - Could spread housing opportunities geographically where services exist rather than needed to rezone parcels to the CH zone for each project; however, this could be seen as ‘upzoning’ existing zones by the community.
- Potential Recommendation C: Dual Path Approach
    - Keep CH zone available with refined standards.
    - Could also create parallel by-right paths in HD/MD zones for affordable housing.
    - Provides multiple tools for affordable housing development.
    - Would provide maximum flexibility for developers and County, with multiple pathways to meet Prop 123 requirements; however, would be complex to implement with coordination required across multiple zone districts.

1F. Allow Multiple Dwelling Units Under Relaxed Rules on Large Lots

To expand housing opportunities and promote better land utilization, it is recommended to allow more than one dwelling unit on large lots under relaxed rules. By allowing multiple units, including duplexes, triplexes, or clustered homes, on spacious properties that can be served by a water system (private or municipal), the code can help increase housing supply, and provide more options for families, seniors, and changing household needs. Relaxed standards could address requirements such as minimum lot size, setbacks, or density limits, provided that each dwelling is adequately served by infrastructure and that the overall site maintains compatibility with surrounding uses. This approach responds to modern housing demands and leverages existing land resources.

For rural properties with domestic well permits, the Division of Water Resources may allow up to three units to be served by the well. This presents an opportunity to allow a 2nd ADU or caretaker unit on these properties. The separation requirement between the accessory unit and the primary dwelling could be relaxed, in exchange for deed restriction of the accessory units and limiting the size of the principal dwelling.

Case Studies

- Grand County, CO
    - The County allows for more than one dwelling unit through its Rural Land Use Process (RLUP). This alternative subdivision approach encourages clustering of residential dwellings on large tracts that are otherwise subject to 35-acre minimum lot sizes, a common barrier to more compact housing in rural Colorado. Through the RLUP, Grand County allows developers to propose multiple smaller lots and clustered homes on a large parcel, reducing required lot sizes, setbacks, and density restrictions, provided there is adequate infrastructure and compatibility is maintained with the surrounding area.

Considerations

- Adequate provision of water, wastewater, and utility services is necessary to support additional units without straining existing infrastructure.
- Opportunities for additional units on properties served by wells may exist.

2. Standards for Additional Workforce Housing Types

As standards for additional workforce housing types are considered, it's important to evaluate their regional impacts and potential locations. Community members have already voiced concerns about the Community Housing (CH) zone, particularly around its current density and limitations in existing infrastructure (see *1E. Allow Additional Housing Types in More Residential Zoning Districts*). Beyond the CH zone, residents in the west and east ends of the county have expressed frustration about where different housing types should be located and how infrastructure costs should be shared, especially given ongoing growth pressures and infrastructure constraints. However, not all affordable housing development needs to be high density, multi-family development – lower density options in most cases are more appropriate for the unincorporated county, while still allowing more diverse types than a single-family home on a 35-acre lot.

It is strongly recommended to expand the allowance for additional housing types in more residential zoning districts (including permitting manufactured and modular structures, duplexes, live/work units, cottage housing, and co-housing) to help address the need for affordable and workforce housing in the county. Allowing these housing types through an administrative review process, rather than the lengthy and discretionary PUD approval, can significantly reduce project timelines and costs, responding directly to feedback regarding delays and barriers in the existing system. Under the current framework, the PUD process can take twelve months to two or more years, requires multiple public hearings, allows for appeals, and offers no by-right approval path for multifamily housing in the higher density zones. Streamlining the approval of a wider range of housing types in more districts will provide much-needed predictability, incentivize innovative and attainable housing options, and promote housing feasibility for residents and developers.

2A. Live-Work Housing

Live/work units are currently defined in the code (*Section 5-1305B.V)* as "a multi-family structure located within the Low Intensity Industrial (I) Zone containing Affordable Housing dwelling units, and industrial space." This definition could be expanded to include commercial, mixed-use, and higher density residential zones, with the option to house any workers in the R-1 Telluride School District area or larger region, rather than limiting to on-site employees only. The East End Master Plan currently recommends incorporating live-work units into Commercial/Industrial zones, as well as expanding opportunities to create live-work dwelling units as an accessory use in commercial development.

Case Studies

- Ridgway, CO
  - Includes a definition of Live/Work housing that describes a structure intended to function primarily as a business workspace with residential use area occupied by the business owner or operator.

Considerations

- Should the definition of live/work units be expanded to house off-site workers, and should live-work units be allowed in commercial, mixed-use, and higher density residential zones?

2B. ADUs by Right

Although Accessory Dwelling Units (ADUs) are currently permitted in almost all residential districts through administrative approval, the County could strengthen this allowance by making them a by-right use and introducing incentives to encourage their development, with or without requirements for deed restrictions *(see 3E. Incentives for Deed-Restricted ADUs section)*. For example, the County could provide pre-approved architectural templates to reduce design costs for property owners and increase the maximum size allowance to be more consistent with Caretaker units. ADUs would continue to be restricted from short-term rental use (less than six months), with the current provisions allowing them to be voluntarily deed-restricted in exchange for an Employee Housing Impact Fee credit.

Case Studies

- Summit County, CO
  - Provides pre-approved ADU plans to reduce design costs.
  - Approved via building permit only, no approval from Planning Department required.
- Fremont County, CO

- Allows ADUs by right to be a maximum of 1,000 sq. ft. on lots at least 1 acre.

Considerations

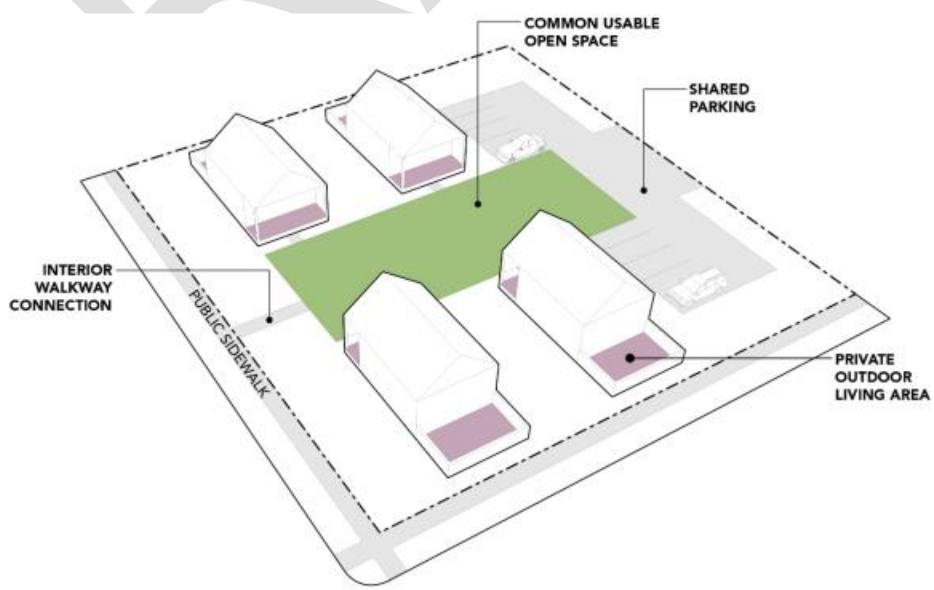
- 'Caretaker units' are currently allowed in the F district under certain conditions. These are defined as "a second residential unit… that provides caretaking for a non-resident homeowner and/or a long-term rental opportunity for local workers." Consider simplifying terminology by combining caretaker units and "Secondary Dwelling Units", as highlighted in the WM zones, all to fall under the umbrella of ADUs with a tiered system of maximum sizes based on lot size or zone district.
- Should the County allow ADUs that are larger than 800 sq. ft.? This is currently the maximum square footage allowed.

2C. Cottage Clusters and Tiny Homes

One effective way to achieve middle density while maintaining existing community character is to allow for clustering of small units on a single parcel of land. Cottage clusters typically include smaller footprint homes for rent or condominium ownership, organized around common open space. Many communities have utilized this housing type to accommodate tiny home communities. (reference some of the examples from Cortez research)

Case Studies

- Cortez, Colorado
  - Recently added cottage cluster use and design standards that allow for a grouping of three or more single-family or micro home dwelling units in moderate to higher density residential zone districts and conditional approval in the general commercial zone district.
  - Includes standards to require buildings on a permanent foundation to meet the max density per the zone district, a minimum required open space of 200 sq. ft. per dwelling unit, and shared parking and access to public sidewalks.



- Madras, OR

  - Permits up to 12 cottages in a cluster with a unit size range of 900 sq. ft. to 1,400 sq. ft.
  - Requires at least 50% of cottages to face a common courtyard with pedestrian connectivity.
- Raleigh, NC
  - Includes provisions for a "group of small detached houses, attached houses, townhouses, or tiny houses sharing a common courtyard."
  - Permitted in medium to high density residential zone districts and mixed-use districts.
  - Allow up to 30 dwelling units per site with a required courtyard/open space area calculated per dwelling unit of 550 sq. ft. to 1000 sq. ft.
  - Includes detailed requirements for courtyard design.

Considerations

- Consider if there is a maximum number of units that should be allowed per cottage court.
- Consider what level of detail is desired for courtyard/open space standards.

2D. Campers/RVs/Vans

LUC Section 5-714, Non-Commercial Camping, currently allows landowners and their guests to occupy an RV or temporary shelter on individual parcels for recreational or vacation purposes. Only one RV or other temporary shelter is allowed at a time for periods longer than 14 days in a calendar quarter. This provision could potentially be expanded to allow temporary occupation of a camper van, RV, or tiny home on wheels, and/or to allow property owners to rent camping spaces to the local seasonal workforce for longer than 14 days—a concept often referred to as private land camping. The primary concern with longer term occupancy is disposal of wastewater, as well as water connections.

Case Studies

- Gem County, ID
  - Includes a use titled RV Living Quarters which allows one RV to be used as a primary living quarter per legal parcel with a minimum size of one acre for up to one year with additional one-year extensions. Permit requirements include an RV residency permit.
- Chaffee County, CO
  - Accessory uses to agriculture and ranching include "Commercial Private Lands Camping" with the following standards:
    - Requires a minimum lot size of 5 acres.
    - Density from one to 20 campsites on a sliding scale of property size from 5-100+ acres.
    - Includes specific standards for RV/van pad sites versus tent sites.
    - Includes standards for water and wastewater disposal.

Considerations

- Should this be a temporary living situation on a site like Gem County? If so, should more than one home on wheels be allowed per parcel pending lot size? What limit would need to be placed on the timeframe to define 'temporary'?
- If private land camping is added as a use, what should be the maximum number of camping spaces per lot size? Per the definition of "campground" in the current code, where two or more spaces are provided, CDPHE standards for water and wastewater are required.

- What water and wastewater connections would be required?

3. Regulatory Incentives for Affordable Housing Development

In addition to allowing greater residential densities where appropriate, incorporating various development incentives into zoning regulations is a tool for the County to encourage the development of affordable and workforce housing rather than requiring it. Development incentives can range from reduced site requirements, waived permitting fees, shared parking allowances, density and height bonuses, and expedited permitting procedures. Community members and developers alike have expressed interest in shifting away from restrictive requirements toward incentives, such as fee reductions, density bonuses, and expedited reviews, which make workforce housing more financially viable. The following recommendations apply only to qualifying affordable or workforce housing development applications.

3A. Density Bonus

Providing density and height bonuses for projects that include a certain percentage of deed-restricted workforce housing can increase feasibility and reduce per-unit costs. San Miguel County currently limits multi-family building height to 35 feet (approximately three stories). While this is appropriate for the lower density districts such as R, LD, and LDR, allowing additional height or density for developments that provide affordable units could encourage projects in suitable areas with existing infrastructure and services. In the CH zone, additional height is allowed for 'net-zero' development, which means producing enough energy through the use of measures such as solar panels, passive design, and other means to offset the energy consumed on an annual basis. In the MXD zone, additional height is allowed for affordable housing that is above the required number of units.

Case Studies

- Summit County, CO
    - An exact bonus granted is typically considered on a case-by-case basis, and Summit County unincorporated areas have not set up a specific maximum density bonus in the code.
- Eagle County, CO
    - Offers density bonuses for projects including deed-restricted units affordable to the local workforce. Eagle County does not have a fixed maximum density bonus; the amount of density bonus is proportional to the benefits provided (number of affordable units, acres of preserved land).
- Grand County, UT
    - Provides density bonuses depending on type of development (ownership vs rentals) and which qualifying zone district the application is in. For small-lot residential, units can be increased by up to 90% for deed-restricted workforce housing units, or up to 75% in the large lot residential district.

Considerations

- Identify eligible zoning districts (e.g., Medium Density, Mixed-Use, High Density, etc.). where increased density and height align with infrastructure and character.

- Tie bonus eligibility to clear affordability definitions and deed restriction requirements *(see 3G. Affordability Definitions, Qualifying Criteria, and Deed Restrictions).*
- Evaluate infrastructure impacts (e.g., water and traffic capacity) when granting height or density increases.

3B. Lot Coverage, Setbacks, and Size Reductions

Reducing lot coverage and setback standards for workforce housing projects can improve site efficiency and design flexibility while maintaining appropriate neighborhood scale. Currently the Land Use Code has relatively fixed setbacks and area and bulk requirements that do not vary by project type or affordability level, with some districts offering alternative requirements for developments that undergo a PUD process. Allowing flexibility in these standards for qualifying affordable or workforce housing projects could streamline approvals and improve feasibility without requiring the PUD process.

Case Studies

- Teton County, WY
  - One zone district within unincorporated Teton County exempts all Floor Area Ratios (FAR) for affordable or workforce housing units but requires the occupants of a single-family unit in zone to be members of the Teton County workforce and occupy the unit as their primary residence. One other zone in Teton County provides a FAR increase for each accessory residential unit (ARU) up to 2 units. Lastly, FAR exemptions are provided for ARUs accessory to nonresidential use in most zone districts throughout Teton County.

Considerations

- Align setback and coverage reductions with specific affordability levels or project types.
- Ensure compatibility with existing character and environmental constraints.
- Which districts might be eligible for reductions for qualifying projects?

3C. Reduced Minimum Parking Requirements

Parking standards can significantly affect housing feasibility, especially for smaller or workforce-oriented units. Reducing parking minimums for projects that provide affordable units or are ¼ of a mile from a transit stop can lower costs and land requirements. The current requirement is 2 off-street parking spaces per dwelling unit for all dwelling units with more than 1 bedroom. For ADUs, studios, and 1-bedroom dwelling units 1 space per unit is required. Developers of mixed-use projects can submit alternate parking calculations for consideration by the Planning Commission, based on the assumption that residential and commercial uses have different needs throughout the day.

According to ACS 5-year estimates for West Central Colorado (including San Miguel, Ouray, Montrose, Delta, and Mesa Counties, including all areas *except* Grand Junction), 2-person households earning less than $47,800 are more likely to share a car compared to higher income households. 21% of 2-person households in this region earning less than $47,800 share 1 vehicle, compared to 11% of households earning more than $47,800 (ACS 5-Year Estimates Public Use Microdata Sample). Reduced parking requirements for affordable housing developments, especially those that are well-served by transit or have good bike/pedestrian connections, may be appropriate since lower-income residents may be less likely to own multiple cars per household than those living in market-rate housing.

Case Studies

- Teton County, WY
  - Shared Parking Allowance. A percentage of the parking spaces required for non-residential uses may be considered shared with on-site residential uses if the residential use provides on-site affordable workforce housing. The percentage of parking spaces which can be shared varies from 20% - 75% of the total based on the proposed non-residential uses.
- Summit County, CO
  - Permits reduced parking for ADUs and smaller affordable housing units located within proximity to transit or services.

Considerations

- Apply reductions for developments within ¼ mile of a transit stop with pedestrian or trail connections.
- Explore shared or pooled parking options for mixed-use or clustered projects.
- Tie parking reductions to enforceable deed restrictions to ensure long-term workforce occupancy *(see 3G. Affordability Definitions, Qualifying Criteria, and Deed Restrictions).*
- Could explore parking maximums rather than parking minimums, such as are currently adopted in the CH zone (see *1C: Adjust Minimum Parking Requirements*).

3D. Fee Reductions/Waivers

New developments are subject to a variety of fees, including application fees, the Employee Housing Mitigation Impact Fee, building permit fees, plan review fees (65% of the building permit fee), impact fees in the Telluride Fire Protection District, school land dedication cash-in-lieu fees, park dedication cash-in-lieu fees, use tax (1% of 40% of the project valuation), solid waste fees, and/or water and sewer fees. Building permit fees are based on project valuation – for example, a project with a value of $550,000 would need to pay a building permit fee of $4,012.30 ($3,621.80 for the first $500,000 plus $7.84 for each additional $1,000).

Building permit and plan review fees are currently reduced by 25% for residences with 1,800 sq. ft. or less of floor area per dwelling unit and can be reduced an additional 25% for residences that are deed-restricted to be occupied by those employed within San Miguel County (for a total of 50% fee reduction). The County also waives the Employee Housing Mitigation Impact Fee for deed-restricted affordable housing developments, and for dwellings less than 2,000 sq.ft.

Additional options to reduce other fees, or offer paths to waive fees entirely, could be explored to further incentivize affordable housing developments. Any further reduction in fees would need to be offset by another funding source to cover costs of review, administration, impacts to capital funds, and potential impact of the development proposed.

Case Studies

- Summit County, CO
  - Waives entitlement and building permit fees for development applications that include one or more deed-restricted workforce housing units. Review costs are subsidized by the County's General Fund.

Considerations

- Which fees could be reduced or waived, and what funding sources could be used to subsidize review costs for eligible affordable housing developments?
- Which projects would be eligible for reductions? For waivers? *(see 3G. Affordability Definitions, Qualifying Criteria, and Deed Restrictions).*

3E. Incentives for Deed-Restricted ADUs

The County already allows ADUs as an accessory use through administrative review in most residential districts, and caretaker units or secondary dwelling units in the large-lot rural zones. However, the costs to build an ADU can be prohibitive and may be unlikely to serve as rental housing for the local workforce without financial incentives given in exchange for deed restrictions. In addition to making ADUs easier to build generally (*see 2B. ADUs by Right),* providing regulatory relief and incentives for ADUs offers a meaningful pathway to affordable housing development at smaller scale.

Case Studies

- Eagle County, CO
  - The County's Affordable Housing Guidelines include administrative procedures that support development of deed-restricted housing, including ADUs and smaller units, with streamlined eligibility and review.
- Summit County, CO
  - Offers ADU Fee Waiver Program for ADUs with a workforce deed restriction (includes building, planning, engineering, and some environmental health fees).
  - Manage an ADU Assistance Program that reimburses homeowners 25% of total construction costs of building a new ADU or bringing an existing one into compliance (in exchange for workforce deed restriction and rental cap at 110% AMI).

Considerations

- Establish clear eligibility and affordability definitions for ADUs *(see 3G. Affordability Definitions, Qualifying Criteria, and Deed Restrictions).*
- Assess monitoring and enforcement mechanisms to ensure deed-restriction compliance over time.

3F. Reductions in Open Space Requirements

Reducing or modifying open space requirements for developments that provide a certain portion of deed-restricted workforce housing can be an effective incentive to improve project economics and increase housing supply. For example, lowering the minimum open space ratio, allowing flexible open space design, or permitting less site area devoted to non-housing uses may help developers deliver affordable housing units more efficiently and at lower cost.

These potential reductions may be most appropriate in the Medium Density zone, especially if the allowed dwelling units per acre are updated to reflect the East End Master Plan. The current minimum open space ratio requirement is 60%, which is the same ratio as the Low Density zone.

Considerations

- Define the open space standard relief clearly (e.g., "For each deed-restricted unit, open space requirement may be reduced by X%").
- Ensure that any reduction maintains public benefit in terms of usable space, recreation, and landscaping—so community character is respected.
- Ensure relief is tied to specific affordability thresholds *(see 3G. Affordability Definitions, Qualifying Criteria, and Deed Restrictions).*
- Consider whether the reduction would affect stormwater, landscaping, wildlife protection, or other environmental outcomes and whether compensatory measures are necessary instead of a reduction in open space requirements.

3G. Affordability Definitions, Qualifying Criteria, and Deed Restrictions

If the County moves forward with enabling incentives for affordable housing such as density bonuses and fee waivers/reductions, clear affordability definitions and qualifying criteria must be established. These provisions should identify the level of affordability required for both rental and ownership housing, the period of affordability required, and whether to limit eligibility to housing serving the local workforce.

"Affordable housing" is already defined in the code *(5-1305B)* as "Residential dwelling units in the Telluride Region that are permanently deed restricted by the County's R-1 Housing Deed Restriction to limit use and occupancy to persons (and their families) who live and earn their livings primarily in the R-1 School District of San Miguel County, or such other deed restriction as approved by the BOCC."

Community members indicated that the current deed restrictions and overall process may not be working well, with many seasonal employees and new arrivals exempt from qualifying for deed-restricted housing. To qualify now, an ownership applicant must be either a current local employee, a retired or disabled local employee, or meet an alternative standard with income not exceeding 100% AMI. For rental projects, units cannot be rented to qualified tenants for less than 12 months, who must work a minimum of 1200 hours per year with a minimum of 40 hours in each of the last 8 months, with the majority of income coming from within the boundaries of the Telluride R-1 School District.

Case Studies

- Teton County, WY
  - Allows incentives for projects with rental terms that are a minimum of 6 months, with no income ranges for workforce housing and ranges of up to 160% MFI for affordable housing.
- Summit County, CO
  - Defines affordable housing as affordable to households earning up to 110% AMI for ownership housing, and 100% AMI for rental housing (with some options for more expensive units if balanced with more deeply affordable units).
- Pitkin County, CO
  - Affordable housing is not defined within the code. The code refers to separately adopted 'employee housing guidelines' that can be updated without text amendments.
- Eagle County, CO

- Includes remote workers who primarily live in Eagle County but work for employers based outside of the County as part of their 'local workforce' definitions.
- Defines affordable housing as "All deed restricted housing units regardless of price. Units may include Price Capped for Sale Housing, Price Capped Rental Housing, Resident Occupied for Sale Housing, and Resident Occupied Rental."
- Provides additional incentives for developments that exceed the minimum recommendations for Inclusionary Housing, including public-private partnerships, public funding assistance, priority permitting, density bonuses, site design flexibility, road impact fee waivers, and other fee waivers that can be issued by the BOCC on a case-by-case basis.

Considerations

- How long should a development stay affordable and/or house the local workforce to qualify for development incentives? Periods of affordability can range from 10 years – 99+ years. Given limited land availability in the County, longer periods of affordability may be desirable to safeguard this housing for the local workforce in the future. However, shorter periods can provide an incentive for owners to rent ADUs.
- Should eligible projects be expanded to include deed restrictions dictating that units will be set aside and/or affordable to other San Miguel County residents outside the workforce? Such as disabled people, seniors, low-income households working outside the R-1 School District but inside the County, etc.
- Could other factors qualify developments for these incentives, such as other community benefits?
- Consider allowing rental projects that are suitable for seasonal employees to qualify for occupancy.
- Consider whether remote workers, whose presence is not required in San Miguel County, should be considered qualified employees.

3H. Employee Housing Mitigation Impact Fee Structure

The employee housing impact mitigation fee (LUC Section 5-1303 G) assesses an amount to be paid concurrent with the construction of new single-family and two-family houses and additions to address the housing needs of employees within the Telluride R1 School District that are associated with the construction and maintenance of new homes and additions. The purpose of the Employee Housing Mitigation Fee is to provide a mechanism to address housing needs of employees within the R-1 School District. The fee is intended to mitigate the housing needs of the employees needed to construct and maintain new homes and additions. This fee progressively requires a higher rate of mitigation the greater the square footage of the new free market residence. The fee can be used for the development of affordable housing within the R-1 School District.

Currently, the County reduces or waives the Employee Housing Mitigation Impact Fee for developments that provide deed-restricted affordable housing on site for occupancy by qualified employees as discussed in 3G. The fee is also waived for single-family homes less than 2,000 sq. ft.

Commercial and Hotel developments are required to provide a certain amount of affordable housing, based on the square footage or number of units. Residential subdivisions are required to deed-restrict one of every three lots, and multi-family development is required to deed-restrict one of every three units.

The mitigation requirements are found in LUC Section 5-1303 A-F. The mitigation level for commercial and hotel uses is 15%, which has not been changed since the Code was adopted in 1990. Units must be constructed on-site unless approved by the BOCC. In recent years, the County has accepted land in lieu of lots for mitigation of subdivisions.

Case Studies

- Eagle County
  - Enforces Affordable Housing Mitigation fees, which can be paid through building deed-restricted affordable or workforce housing (either rent or ownership), land donations, off site development, payment in lieu, or other public benefits. They also include a size exemption for units equal to or smaller than the average size of a deed restricted housing unit in Eagle County.
- Town of Telluride
  - Telluride outlines requirements for affordable housing that apply to all single-family, duplex, multi-family, commercial, accommodations and other nonresidential new development within town limits (*Section 3-720 Affordable Housing Requirements*).
  - Similar to the County, the Town calculates the mitigation fee or number of units required by the number of employees generated and the type of development. This calculation is: "Employees Generated X 400 sq.ft. X Required Percentage Mitigation = Gross Floor Area of affordable housing mitigation requirement."
  - To meet this requirement, the Town of Telluride allows 1) Construction of unit(s) on the site on which the development is proposed, 2) Construction of unit(s) within the Town of Telluride, 3) Construction of unit(s) outside the Town of Telluride but within the Telluride Region (as defined by the Telluride Master Plan), 4) Deed restricting existing free market unit(s) within the Town or the Telluride Region, 5) Fees in lieu… not to exceed ten percent (10%) of the total affordable housing requirement, or 6) Conveyance of land.

Considerations

- Investigate establishing an Employee Housing Mitigation Impact Fee for the R-2 School District, which could be used to fund projects in the Norwood area.
- Currently assume units less than 2,000 sq. ft. are occupied by the workforce, but it could be worth investigating how many of these units are actually second homes.
- Could allow off-site development of deed-restricted units through administrative approval rather than BOCC approval.
- Could allow land donations or other public benefits to meet these requirements.
- Consider increasing the 15% mitigation level for Commercial and Hotel uses to be more in line with the County's housing needs.
- Allow land dedication for subdivisions in lieu of deed-restriction of lots. Consider standards such as a requirement that the land can accommodate the number of required units at a 1.5:1 ratio, and that the applicant is responsible for installation of infrastructure.

4. Provided Options for Streamlined Application Procedures

4A. Implement a Streamlined Review Process for Affordable Housing

Developers expressed that the time-intensive application process is a significant disincentive to creating affordable units. Even the perception of lengthy processes can deter developers from creating affordable workforce housing development in San Miguel County. Many noted that it is difficult or impossible to build missing-middle housing, a strong community desire, without going through the PUD process, an unpredictable and non-transparent process. This additional layer of review increases costs through significant entitlement delays and uncertainty, discouraging private investment in workforce and affordable housing. In addition, the building season is short in San Miguel County since it depends on climate and weather conditions; therefore, prolonged or time-intensive application processes can eat into the building season and drive the price of construction above what would be feasible for developers to price units at affordable rates.

Current Process

The majority of residential development applications that would likely be used for workforce housing require going through the PUD process, which typically takes 18-36 months to complete.

Table 6: Current Review Processes

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, duplexes or multi-family dwellings in the CH zone
Two-Step	10-12 weeks	CPC recommendation, BOCC approval	Yes (both)	Rezonings, substantial amendments, major developments, Special Use Permits
Five-Step	18+ months	Multiple CPC and BOCC stages	Yes (multiple)	Subdivisions, PUDs

The County's current zoning framework establishes a clear, but often lengthy, review process for most higher-density residential zones that could accommodate affordable or workforce housing. Lower-density and rural districts, such as R and LDR, typically allow only single-family homes and require a full PUD review for even modest increases in density with more than 1 dwelling unit per 35 acres (see Table 1: Residential Use Review Processes). LD and MD zone districts also allow ADUs but must be established by a PUD. In contrast, the HD zone and workforce-oriented zones like CH and AH-PUD allow a broader range of housing types at 15–20 units per acre but still require multi-step review processes lasting 6 to 12 months or more. By comparison, residential development in single-family zones is reviewed administratively and can move from application to approval in just 2–4 weeks. This imbalance underscores the need for a fast-track review process for affordable and workforce housing to reduce permitting timelines in zones that may be able to support higher density and mixed-income development.

Proposition 123 Requirements

Proposition 123 states that to remain eligible for Proposition 123 funds in the next 3-year cycle (2027-2029), by January 1, 2027, local governments must demonstrate they have implemented an expedited review process for housing projects where at least half (50%) of the units are affordable. While the law states that expedited review (also referred to as Fast Track Review) and action upon an application, must take place within 90 calendar days of a complete application submission, there are many additional details to consider.

The Fast Track Review Process may also apply to development applications that are either mixed-use or mixed-income, as long as 50% of the residential units in the project meet the definition of Affordable Housing as defined in Proposition 123. If the local government has a separate review and approval process for the portions of a project that do not meet the affordable housing requirements (such as a commercial use or market-rate housing units), the administration of those separate procedures is allowable as long as a decision on the Affordable Housing portion of the project can be issued within 90 days.

To meet state requirements, the adopted streamlined review process must meet these affordability criteria:

- For **rental housing units**, 'affordable' means that monthly rent is less than or equal to 30% of the monthly income of a household earning at or below 60% Area Median Income (AMI).
  - For a 2-person household in San Miguel County earning 60% AMI, or $57,375, monthly rent would need to be less than or equal to **$1,434** (HUD FY 2025 Income Limits).
- For **for-sale housing units**, 'affordable' means that monthly payments are less than or equal to 30% of the monthly income of a household at or below 100% Area Median Income (AMI).
  - For a 2-person household in San Miguel County earning 100% AMI, or $95,625, monthly mortgage payments would need to be less than or equal to **$2,391** (HUD FY 2025 Income Limits).

San Miguel County has the option to be ***more inclusive*** in these affordability definitions (for example, streamlining review for all rental development projects where most units will be affordable to households earning closer to 100% AMI). However, the Fast Track Review process cannot be ***more restrictive*** (for example, only streamlining review for rental development applications where most units will be affordable to households earning less than 50% AMI).

The Fast Track Review process applies to individual application types for specific development. For example, if the County requires an affordable housing project to apply for four separate permits: (1) a site plan, (2) development plan, (3) special use permit, and (4) building permit, the maximum review time would be 360 days if materials are not received concurrently, although DOLA recommends local governments utilize overlapping rather than stacked review time periods to reduce the overall length of the review process. The following application types require a Fast Track Review timeline for eligible affordable housing projects:

- Site Plan
- Development Plan
- Building Permit
- Variance

- Conditional or Special Use Permit or Approval
- Permitted Use Permit or Approval
- Planned Unit Development approval or amendment that is not limited to zoning approval or subdivision of land.
- Construction or engineering documents that local regulations require be included in the types of applications listed above.
- Modifications of site plan, development permit, variance, or required construction or engineering documents following initial approval of an Affordable Housing project.

Not all application types for affordable housing developments trigger the Fast Track Review process. The following applications are not required:

- Annexation
- Preliminary or Final Subdivision of land (including minor and major)
- Comprehensive Plan Amendment
- Concept Review
- Pre-Application Review
- Initial Zoning or Rezoning
- Appeals
- Planned Unit Development approval or amendment that includes zoning approval or subdivision or land.
- Sign permits or other related permits related to the development where the timing of approvals will not prevent or delay the applicant from moving forward with the Affordable Housing construction.
- Permits related to changes in non-residential use, occupancy, or tenant finish for a project or portion of a project that has already been constructed or is already in non-residential use.
- Construction or engineering drawings that local regulations do not require be included in the types of applications listed above.

Considerations and Customizations

The following are items and further customizations to the Fast Track Review process that San Miguel County may consider:

- Determine AMI thresholds – does San Miguel County also want to fast track development applications affordable to households with higher incomes than the state requirements? How would that impact staff capacity to review all development proposals? How will these AMI levels differ for rentals vs homeownership?

- Allow for concurrent review of specific applications rather than sequential reviews to reduce time needed for entitlement.
- Frontload the pre-application stage as much as possible – consider creating a development review committee with planning, building, fire, engineering, and water reviewers to be available to review preliminary designs and site plans with developers at the pre-application stage.
  - Create a completeness review process to ensure all applications being submitted are complete prior to the 90-day review process beginning.
- Applicability of Applications not required—determine whether any other applications (outside of those required by Proposition 123) could be reviewed in 90 days.
- How would staff like to incorporate the fast-track process into the code?

4B. Reduce Reliance on Planned Unit Developments (PUDs)

Nationwide, many communities are shifting away from the use of PUDs due to complexity in administering PUD standards, unpredictable standards, and lack of flexibility within the PUD approval. Traditionally, PUDS were used to "negotiate zoning" in exchange for community benefits, often resulting in mixed use developments, residential subdivisions with smaller lots or reduced setbacks, or unique developments that were not otherwise allowed by the land development code but meet community goals. However, the initial approval process for PUDs is lengthy and long-term enforcement of standards is tricky. Additionally, as communities evolve and new priorities emerge, amending PUDs has been difficult and lengthy. As a result, many communities are reducing their dependence on PUDs to meet community goals by revising zoning district standards like minimum lot size and density and use allowances. The County's use of PUDs is a remainder from the 1980s and early 1990s, when the County first began seeing major developments.

San Miguel County's current PUD process is very lengthy, requiring multiple Planning Commission and Board of County Commissioner approvals, taking 18 months or more. The LUC contains standards for Insubstantial PUD amendments (LUC Section 5-1502), which can be approved administratively with sign-off by the BOCC, and Substantial PUD amendments, which are considered as a two-step process (LUC Section 5-1503). The threshold between Insubstantial and Substantial could be evaluated to determine if more changes could be considered administratively.

The PUD-based zoning established in the late 80s and as envisioned by the 1989 Telluride Regional Area Master Plan, has been fully utilized. All land zoned PUD-R has been rezoned. It would be appropriate to amend certain zone districts, especially the LD, MD and HD zones, to eliminate the need for PUDs. The AH-PUD, LDR and MXD zones have specific purposes and as such, PUDs should remain the mechanism for approving development.

Case Studies

- Woodland Park, CO
  - Developed a PUD amendment process that clearly delineates when a PUD amendment is required and what process the amendment is approved through based on specific criteria.

The following PUD amendments can be processed administratively:

- Change in building floor space up to five (5) percent.
- Change in required landscape or parking area of up to five (5) percent, provided the minimum amount required per this UDC is maintained; or
- Minor adjustment to location and layout of streets, utilities, and structures that do not change the overall intent of the project or effect the impacts on adjacent properties, with regards to traffic patterns, noise, smell, and views.

Other amendments are required to go through a more extensive process.

- Weld County, CO
  - The County has a PUD amendment application to apply for a change in either the allowed uses within a particular PUD or to change the required setbacks for all lots in the PUD. The amendment cannot be used to change property lines within the PUD or change the property from a PUD. These amendments are approved by the Board of County Commissioners but can typically be processed within 90 days.

Considerations

- BOCC approval would be needed to create a new zone district and rezone properties, as well as significant time to review existing PUD agreements and their approved densities.
- Existing zone districts should be amended to remove the requirement for PUDs in order to reasonably develop properties.

5. Considerations for a Transfer of Development Rights Program

Transfer of Development Rights (TDR) programs are market-based land conservation programs implemented by local governments with the goal of directing development away from areas communities want to preserve – known as sending areas – and into areas where development is more appropriate – known as receiving areas. The sending areas in a TDR program are generally areas of “high-value”, whether that be historic value, cultural value, or ecological value, whereas receiving areas are areas which have been identified as more appropriate for development due to availability of services, transit, and proximity to existing development.

In the State of Colorado, both municipalities and counties have the statutory authority to adopt a TDR program, but for a county to adopt a county-wide TDR program, an intergovernmental agreement between the incorporated municipalities and the county is often adopted.

Many community members expressed interest in developing a county-wide TDR program to ensure that additional housing density occurs near existing infrastructure and open space is preserved in sensitive areas.

The following recommendations relate to the idea of creating a TDR program in San Miguel County. **Advancing this effort would require another lengthy process outside the scope of this project** to assess feasibility, identify potential sending and receiving areas, develop potential program components, and make sure that the program forwards community goals.

5A. Developing a TDR Program

In developing a TDR program, many factors need to be considered to ensure that the program is successful in transferring density out of agricultural and environmentally sensitive areas and into areas that can be serviced by municipal or central services. The capacity for municipalities to service additional development, alternatives to TDR programs, and willingness of landowners to take advantage of development rights are all important to consider, but the following two factors are noted as defining features of successful TDR programs:

1. ***Demand for Bonus Development.*** For a TDR program to function, there has to be a demand for bonus density, meaning the base zoning allowances in the receiving areas leaves room for additional density or development. In essence, TDR programs are unsuccessful when the base zoning provides ample development density by right, so there is no incentive for developers to pay for TDRs. The longevity of a TDR program is also dependent upon demand for bonus development. For example, Boulder County replaced their TDR program with a Transfer of Development Credit program once the majority of receiving areas had been developed because there was still demand for bonus density.
2. ***Customized Receiving Areas.*** Customized receiving areas are key to a functioning TDR program because they ensure that there is infrastructure capacity to serve the development, that increased density is compatible with existing development and the comprehensive plan, and that density is permitted in locations where developers perceive there is a market for higher density. The need for TDR programs to consist of receiving areas that contemplate local conditions is one of the reasons why Boulder County does not map receiving areas but instead has specific criteria for designation of receiving areas.

5B. Integrating Affordable Housing and TDR Programs

TDR programs were not initially designed to function as incentives for affordable housing, but TDRs were successful in increasing density and housing stock when the desire for townhomes and condominiums in the 1980s – 1990s was high. However, following the 2008 recession and housing market crash, many TDR programs had to pivot to find new values for TDRs beyond square footage or unit bonuses. There are some TDR programs – notably Collier County, FL and Montgomery County, MD – who are reviewing their TDR programs for ways to use TDRs to facilitate or incentivize affordable housing. The following are preliminary recommendations for facilitating affordable housing with TDRs:

- Provide increased density bonuses on a sliding scale for projects that include deed-restricted affordable housing.
- Establish the value of TDR credits annually and have a reduced cost for affordable deed-restricted units.
- Require a portion of TDRs used on receiving sites to be used for affordable housing.

6. General Code Structure

Community members expressed a need for a clearer code and a more transparent process. Some want more clarity around the Community Housing zone, including its purpose, criteria, and where it applies (see *1E. Allow Additional Housing Types in More Residential Zoning Districts*). Others are looking for more predictable and transparent steps for applying to build those affordable housing units. These improvements could extend across the entire code, using visual aids like graphics to explain concepts and standardized tables and definitions to support consistency.

6A. Provide Clear Use Tables and Standardized Definitions for All Zoning Districts

Modernizing code structure by unifying tables and definitions, and expanding visual communication tools, makes the code more user-friendly for public and professional audiences. A clear, navigable Land Use Code reduces errors, speeds up project approvals, and could potentially lower compliance costs. Improved code organization and presentation are proven best practices in housing affordability reforms nationally, helping local governments provide greater regulatory predictability while increasing opportunities for new and diverse housing supply. To unify the code structure, the following measures are recommended:

- ***Standardize definitions and terms.*** Every term used within the code should be clearly defined and uniformly applied, supporting accessible and predictable enforcement.
- ***Create consolidated use tables for all zoning districts.*** Land uses should be consistently listed and categorized, eliminating disparities and reducing confusion between different areas, such as Wright's Mesa compared to other parts of the county.

  Example Use Table

Table 3.4: Schedule of Use Regulations										
Use Type	**RE Zoning District**	**R-1 Zoning District**	**R-2 Zoning District**	**R-3 Zoning District**	**O Zoning District**	**CBD Zoning District**	**C Zoning District**	**NB Zoning District**	**I Zoning District**	**Use Standards**
Residential Uses										**3.06.3**
Dwelling, accessory unit - ADU	P	P	P	P		P	P	P		3.06.3B
Dwelling, cottage cluster			P	P			C			3.06.3C
Dwelling, duplex			P	P			C	P		3.06.3D
Dwelling, single-family attached (up to 6 units)			P	P			C	P		3.06.3E
Dwelling, single family attached (7 or more units)			C	P			C	C		3.06.3E
Dwelling, single-family detached	P	P	P	P			C	P		3.06.3F
Dwelling, manufactured home			P	P			C			3.06.3G
Dwelling, micro-home			P	P			C	P		3.06.3H

- ***Integrate a development standards matrix.*** Presents key standards (including maximum zoned density, height limits, site area, coverage, and wall/fence standards) within a single, easy-to-read table for every zone, allowing direct comparison and clear expectations for future development.

Example Development Standards Table

Table 3.1 – Residential Dimensional Standards (1)				
	Zoning District RE	**Zoning District R-1**	**Zoning District R-2**	**Zoning District R-3**
Minimum lot area (sq. ft.)	43,560 sf	6,000 sf	4,000 sf for single-family detached dwelling unit	4,000 sf for single-family detached dwelling unit
Residential density (units/acre)	-	-	16 units/acre(2) for all dwellings, except for single-family detached	20 units/acre(2) for all dwellings, except for single-family detached
Min. front yard setback (ft.) (3)	50′	15′ 20′ to garage	15′ 20′ to garage	15′ 20′ to garage
Min. side yard setback – interior lot (ft.)	50′	5′	5′ 10′ for multi-family dwellings	5′ 10′ for multi-family dwellings
Min. side yard setback – corner lot (ft.)	15′	15′	15′	15'

- ***Improve code clarity with visual aids.*** Enhance understanding of complex regulations by incorporating graphics, tables, charts, and illustrations to visualize setbacks, height limits, and permitted uses as applied within each zoning district.

Considerations

- Could consider combining the different approval paths ‘by right’ and ‘by administrative review.’ These are currently separate review processes in the code but functionally operate in similar manners.
- Any additional graphics or tables need to meet State of Colorado accessibility standards.

6B. Consider Consolidating Residential Zones Intended for Lower Density

Currently, the Low Density (LD), Low Density Residential (LDR), and Single-Family Residential (R) zones all serve similar purposes with similar by-right allowances. Once updates to density and dimensional standards are adopted, these zones could be consolidated into one zone intended for lower density residential.

- The purpose of the **Low Density (LD)** Zone District (5-304) is to provide areas suitable for clustered, low-density residential development *(not intended to provide a mechanism for rezoning areas not currently so zoned).*
- The purpose of the **Single-Family Residential (R)** Zone District (5-306) is to provide areas suitable for single-family residential use in the San Miguel Canyon and adjacent to the Town of Norwood and the communities of Slick Rock and Egnar *(not intended to provide a mechanism for rezoning areas not currently so zoned).*
- The purpose of the **Low Density Residential (LDR)** Zone (5-322) is to provide areas suitable for clustered, low density residential development and to implement the "alternative density" provided for in the PUDR Zone District and the East End Master Plan.

Consolidating these zones could help streamline review processes by making the code more legible, reducing confusion for both staff and applicants.

Considerations

- After other updates to the code concerning density allowances, dimensional standards, and developer incentives for affordable projects, do these zones overlap considerably or are there meaningful differences that are worth keeping?
- The LD zone district states it “applies to areas so zoned already; it shall not provide a mechanism for rezoning areas not currently so zoned.” Should consider removing this stipulation to allow rezoning new areas to this zone district.
- The San Miguel County Comprehensive Development Plan, for areas other than the East End Master Plan area, is in need of updating. Through that process, future land use maps could be created, identifying which zone districts are most appropriate in sub areas.