



# MANITOU SPRINGS HOUSING ADVISORY BOARD REGULAR MEETING AGENDA

All upcoming HAB meetings are scheduled to be hybrid,  
Zoom (remote) or in-person at Memorial Hall.

In Person: Memorial Hall  
606 Manitou Avenue

Manitou Springs, CO 80829

Remote: A link is provided on the City's Official Website at  
<https://www.manitouspringsgov.com/544/All-Boards-and-Commissions>



June 17, 2026

5:30 PM

**A. CALL TO ORDER**

**B. APPROVAL OF MINUTES**

**C. PUBLIC COMMENT ON NON-AGENDA ITEMS**

**D. REPORTS**

1. City Council Liason
2. Staff Liason

**E. OLD BUSINESS**

1. Mixed-Use Zoning Designations and Affordable Housing Finance Models

**F. NEW BUSINESS**

1. Paragon Affordable Apartments Project - 123 Manitou Ave

**G. AGENDA SETTING**

1. Upcoming Meeting Suggestions

**H. ADJOURNMENT**

**Board Members:**

Alison Gerbig, Chair (06/30/2029)  
Alea German, Vice Chair (06/30/2028)  
Anna Rebecca Allen (06/30/2028)  
T. Glenn Bosley-Mitchell (06/30/2028)  
Crystal Karr (06/30/2027)  
Ruth Markwardt (06/30/2030)  
Amy Mogck (06/30/2027)  
Anjuli Kapoor, Alternate (06/30/2030)  
Michael Quintana, Alternate (06/30/2027)

**Staff and Liaisons:**

Nate Nassif, City Council Liaison  
Fred Rollenhagen, Planning Director  
Chelsea Royston, Senior Planner  
Erin Ringsred, Planner and Landscape Architect II  
Zachary Davison, Planner II

*1 alternate position available*

The City of Manitou Springs does not discriminate on the basis of disability in the admission to, access to, or operations of programs, services or activities. Reasonable accommodation will be provided to ensure equal access to all. Individuals who would like to request auxiliary aids or services should contact the ADA Coordinator at (719) 685-5481 or [jfryer@manitouspringsco.gov](mailto:jfryer@manitouspringsco.gov). You may also contact the City Clerk's Office at [cityclerk@manitouspringsco.gov](mailto:cityclerk@manitouspringsco.gov) or (719) 685-2554. Please provide a minimum of 3-5 days advance notice.

Interested citizens are invited to serve on any of the City's Boards or Commissions. Please contact the City Clerk's Office for more information or visit our website at: [www.manitouspringsgov.com](http://www.manitouspringsgov.com).

**City of Manitou Springs**

Prepared for: Planning Department and City Council

Prepared by: Housing Advisory Board

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**MSURA Zoning Analysis: Current Commercial Zone vs. Gateway Mixed-Use Designation**

*Analysis of advantages and limitations of each designation as they relate to the City's housing goals, in response to Council's direction.*

<b>Requested by:</b>	City Council direction to Planning Department
<b>Purpose:</b>	Evaluate current commercial zone vs. Gateway Mixed-Use designation in the MSURA corridor
<b>Prepared by:</b>	Housing Advisory Board, submitted for Planning Department review and comment
<b>Data sources:</b>	El Paso County Regional Housing Needs Assessment; MSURA project records; CHFA financing standards; Manitou Springs School District salary schedule; Plan Manitou
<b>Status:</b>	Submitted for HAB adoption and Planning Department review. Planning staff are invited to amend, correct, or supplement this analysis prior to Council presentation.

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**Context and purpose**

The Manitou Springs Urban Renewal Authority was established in 2006 to address blight and underutilization in the eastern gateway corridor. Nearly 20 years later, multiple redevelopment sites remain vacant or underutilized despite repeated planning efforts.

City Council has directed Planning to evaluate whether the current commercial zone designation or the Gateway Mixed-Use designation better serves the City's documented housing goals. This analysis addresses that question directly, using local data and current development finance standards.

The analysis is organized as follows: background data, analysis of the current commercial zone, analysis of the Gateway Mixed-Use designation, a direct comparison, and findings.

**Background: the housing need**

The El Paso County Regional Housing Needs Assessment documents the following conditions specific to Manitou Springs:

- Median home sale price: \$583,000, the 10th highest in El Paso County
- Area Median Income: \$76,550, well below the county AMI of \$112,000
- 83 percent of Manitou renters earn below 80 percent of AMI
- 38 percent of renters fall in the extremely low-income category
- Jobs-to-housing imbalance: 5.14 low-income jobs per affordable housing unit, the most acute in the region
- Current rental unit need: 159 units, doubling within 10 years

- A new teacher in Manitou Springs School District 14 earns \$51,112 and can afford a home priced at approximately \$190,000. The median home costs \$583,000.

These conditions reflect a community whose year-round workforce cannot afford to live where they work. The question before the City is whether the current zoning framework is capable of producing the housing these residents need.

### Section 1: Current commercial zone designation

The MSURA corridor parcels currently carry a commercial zone designation. The following analysis identifies the advantages and limitations of that designation as it relates to housing production.

Advantages	Limitations
<ul style="list-style-type: none"> <li>• Protects existing commercial activity and retail character of the corridor</li> <li>• Consistent with historic development pattern and Plan Manitou commercial corridor vision</li> <li>• Clear and established permitted use framework for commercial applicants</li> <li>• No legal risk: existing designation has not been challenged</li> <li>• Maintains sales tax generation potential valued by the URA TIF structure</li> </ul>	<ul style="list-style-type: none"> <li>• Residential use is not permitted by right: requires a variance or conditional use permit</li> <li>• Variance process is discretionary, expensive, and slow: the La Fun Motel site at 123 Manitou Avenue was denied a variance even with URA support and \$2.1M in public investment already committed</li> <li>• A planning commissioner stated on the record that current code forces luxury condo density and makes affordable apartments impossible to build</li> <li>• Current density limits do not support financially viable affordable housing: 30 du/ac does not close the gap between development cost and reduced revenue from deed-restricted units</li> <li>• 19 years of underutilization under this designation: market conditions have not produced development and are unlikely to without code intervention</li> <li>• Does not align with HB26-1001, HB26-1065, or Proposition 123 housing production goals</li> <li>• Continued vacancy on already-remediated sites represents ongoing loss on public investment</li> </ul>

#### Finding

The current commercial zone designation has not produced development in 19 years. Residential use requires a discretionary process that has already failed on the most prepared site in the corridor. The designation does not align with state housing legislation and does not support financially viable affordable housing at any current density threshold.

### Section 2: Gateway Mixed-Use designation

The Gateway Mixed-Use designation is the current Future Land Use Plan designation for the MSURA corridor. It is an aspirational policy layer, not a regulatory one. The analysis below addresses both the designation as currently structured and the proposed code revision that would implement it.

Advantages	Limitations
<ul style="list-style-type: none"> <li>• Permits both commercial and residential uses, removing the by-right barrier to housing</li> <li>• Consistent with Plan Manitou's vision for the corridor as a mixed destination</li> <li>• Step forward from the current commercial-only framework</li> <li>• Allows ground-floor activation that can serve both residents and visitors</li> <li>• Better alignment with state housing production goals than current commercial designation</li> <li>• Provides a framework that a range of project types can utilize</li> </ul>	<ul style="list-style-type: none"> <li>• Proposed density bonus ceiling of 30 du/ac does not change the financial outcome for affordable housing: a developer has already demonstrated locally that 35 du/ac is insufficient to finance a project with deed-restricted units</li> <li>• Ground-floor commercial requirements in mixed-use frameworks tend to push projects toward tourist-oriented retail, not community-serving uses</li> <li>• Does not explicitly prioritize workforce or senior housing</li> <li>• Without a graduated density bonus tied to affordability percentage, the incentive structure is too blunt to produce the intended outcome</li> <li>• Parking minimums remain unaddressed: structured parking adds \$30,000 to \$60,000 per space and substantially reduces housing unit count and feasibility</li> <li>• Does not maximize Proposition 123 funding eligibility without explicit deed-restriction requirements</li> <li>• Mixed-use requirement may reduce overall unit count and complicate financing structure for housing-focused projects</li> </ul>

**Finding**  
 The Gateway Mixed-Use designation is a meaningful step forward from the current commercial zone. However, the proposed implementation at 30 du/ac does not solve the financial viability problem that has prevented development in this corridor. Without a density bonus calibrated to actual development costs, the designation produces better policy intent without changing the outcome.

### Section 3: Direct comparison

Category	Current commercial zone designation	Gateway Mixed-Use designation
Residential by right	No. Requires variance or CUP.	Yes, if implemented through code revision.

<b>Density for affordable housing viability</b>	Not applicable: residential not permitted by right.	30 du/ac proposed. Not sufficient. Documented threshold is 50 to 55 du/ac.
<b>Parking requirements</b>	Full minimums apply. Add \$30K to \$60K per space.	Unchanged under current proposal.
<b>Workforce housing priority</b>	No mechanism.	Not explicit in current proposal.
<b>Senior and PSH housing</b>	No mechanism.	Not explicit in current proposal.
<b>State legislation alignment</b>	Not aligned with HB26-1001, HB26-1065, Prop 123.	Partially aligned. Does not maximize eligibility.
<b>Local development precedent</b>	La Fun site: denied variance at 35 du/ac despite full URA support.	No completed projects at this density under mixed-use framework.
<b>19-year track record</b>	No affordable housing produced.	Not yet implemented. Outcome uncertain at 30 du/ac.
<b>Ground floor uses</b>	Commercial required.	Commercial preferred or required.
<b>Legal risk</b>	Low: established designation.	Low if implemented as zone-wide policy, not parcel-specific.

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## Section 4: Findings and HAB recommendation

### **Finding 1: Neither designation as currently structured produces affordable housing.**

The current commercial zone does not permit residential use by right. The Gateway Mixed-Use designation, at the proposed 30 du/ac density bonus ceiling, does not change the financial outcome for deed-restricted housing. Both options, as currently structured, are likely to produce the same result: continued underutilization or market-rate development without affordable units.

### **Finding 2: The density threshold that changes the outcome is 50 to 55 du/ac.**

At approximately 50 to 55 dwelling units per acre, fixed development costs spread across enough units that deed-restricted affordable housing becomes financially viable. This is not a theoretical figure. It is the threshold identified by development finance standards and confirmed by the local precedent at 123 Manitou Avenue. Below this threshold, the density bonus is an incentive that does not change the incentive structure.

### **Finding 3: Parking minimums are a significant and addressable barrier.**

Structured parking requirements add \$30,000 to \$60,000 per space to development cost. On a transit corridor with regional bus access, requiring structured parking substantially reduces housing unit count and financing feasibility. Reduction or elimination of parking minimums for qualifying projects is one of the highest-leverage, lowest-cost interventions available.

### **Finding 4: A targeted overlay addresses both findings without spot zoning risk.**

A Community Resilience Housing Overlay applied to parcels meeting a defined triple-designation criterion (MSURA boundary, transit corridor, state-certified Colorado Creative District) would permit

residential by right, apply a graduated density bonus to 50 to 55 du/ac tied to affordability percentage, reduce parking minimums, and explicitly prioritize workforce and senior housing. This is a zone-wide policy tool, not a parcel-specific code change, and is structured to withstand legal scrutiny.

**Finding**

HAB recommends that Council direct Planning to implement the Gateway Mixed-Use designation with a strengthened density bonus of 50 to 55 du/ac, reduced parking minimums, and an explicit Community Resilience Housing Overlay for qualifying parcels within the triple-designation geography. These changes, taken together, produce a code environment where the housing Manitou Springs needs can actually be built.

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Prepared by the Manitou Springs Housing Advisory Board for review by the Planning Department and City Council.

*Planning staff are invited to review, correct, and supplement this analysis. HAB welcomes collaboration on producing the most accurate and useful document possible for Council's consideration.*

## Spot Zoning: What It Is, Why It Matters, and Proposals Should Avoid It

This document is for HAB members who want to understand why certain conversations go quiet in planning meetings and council chambers the moment a specific property address is mentioned. It explains the legal concept of spot zoning, why municipalities are cautious about it, and why the Community Resilience Housing Overlay is structured specifically to avoid that concern.

### Part 1: What is spot zoning?

Spot zoning is when a local government changes the zoning rules for one specific parcel of land in a way that treats it differently from all the surrounding parcels, without a legitimate planning rationale that applies broadly across the area.

#### A simple example:

##### Example of spot zoning

A neighborhood is zoned residential. One landowner asks the city to rezone their single parcel to commercial so they can build a gas station. The city agrees, rezones only that one lot, and leaves every surrounding parcel untouched. That is spot zoning. Courts have overturned decisions like this because they treat one landowner differently from all others without a policy reason that applies to the whole area.

Spot zoning is not automatically illegal, but it is legally fragile. Any neighboring property owner or affected party can challenge it in court. Colorado courts have overturned zone changes on this basis. Municipalities know this and their attorneys advise caution.

### Part 2: Why the room goes quiet when an address comes up

When a specific property address enters the conversation in a planning meeting or council chamber, several things happen at once.

#### The quasi-judicial problem

Planning commission hearings are often quasi-judicial proceedings. Commissioners are supposed to evaluate applications against existing code, like a judge applying the law. If a commissioner has already publicly expressed support for a specific project or property, that creates an appearance of bias. The decision can be appealed and overturned. Going quiet is self-protective, not evasive.

#### The spot zoning exposure

If staff or elected officials discuss a code change in the context of a specific parcel, it creates a record suggesting the change was designed for that parcel. That record becomes evidence in a spot zoning challenge. Keeping the conversation general is how municipalities protect their decisions from legal vulnerability.

#### The conflict of interest concern

In small towns where everyone knows everyone, officials are especially careful about appearing to advocate for a specific landowner or developer. Even indirect advocacy, such as championing a code change that only benefits one parcel, can be characterized as a

#### The legislative vs. administrative distinction

Code revisions are legislative acts. They are supposed to apply universally and prospectively to all property. Staff and legal counsel will flag any code change that appears designed around a known applicant because it blurs that line. This is why planning staff say they do

conflict of interest. The caution is real and the stakes are real.

not revise code for a specific property. It is procedurally correct, even when it feels obstructionist.

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### Part 3: Why our overlay is not spot zoning

The Community Resilience Housing Overlay is specifically designed to avoid all of the vulnerabilities described above. Here is how.

#### What spot zoning looks like

"We should change the rules for a specific parcel on Manitou Avenue so that developers can build housing there."

#### What our overlay does instead

"Within the MSURA boundary, on parcels located on a transit corridor and within the state-certified Colorado Creative District, residential-priority development shall be permitted by right when affordability thresholds are met. This policy applies equally to every parcel that meets all three criteria."

**The difference is not cosmetic. It is the legal foundation of the entire proposal.**

**The overlay is defensible because:**

- It applies to a defined geography, not a single parcel
- The three criteria (MSURA boundary, transit corridor, state-certified creative district) are each independently established and documented
- Any parcel meeting all three criteria receives identical treatment
- The policy rationale is broad: workforce housing, displacement prevention, transit-oriented development, creative economy support
- It is prospective: it applies to future applications, not a pending one
- It does not rezone any parcel: it layers a use permission on top of existing zoning

The fact that the policy happens to fit one well-positioned site very well is a feature of good planning, not evidence of favoritism. Good policy often has obvious applications. That does not make it spot zoning.

### Part 4: What HAB members can and cannot say

Understanding these boundaries helps everyone participate more effectively in public meetings.

#### What you can say

Discuss the policy broadly. Advocate for the overlay as a zone-wide tool. Reference the data: the HNA, the teacher salary numbers, the jobs-to-housing ratio, the La Fun Motel precedent. Discuss what kinds of projects the overlay would enable. Advocate for the density bonus threshold. All of that is legitimate policy advocacy.

#### What to avoid in formal settings

Naming a specific parcel address as the target of a code change while that change is under consideration. Discussing a specific developer's project in connection with a pending code revision. Asking staff to evaluate code changes in the context of a specific known application. Save those conversations for informal settings outside the public record.

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## **The bottom line**

The caution you see in planning meetings around specific addresses is not obstruction. It is legal risk management for decisions the city needs to be able to defend in court.

Our overlay is structured so that the city can defend it. The geography is defined. The criteria are independent and documented. The policy rationale is broad. The treatment is uniform.

### **Remember**

We are not trying to build housing at one address. We are trying to build a policy environment where housing can be built on every qualifying parcel in the MSURA corridor and more. The right address benefits from that. So does every address like it.

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Prepared by the Manitou Springs Housing Advisory Board

*For internal educational use and HAB packet distribution.*

## Meeting Packet Cover Memo

### RE: Community Resilience Housing Overlay, Proposed Density Bonus Strengthening, and MSURA Zoning Analysis

<b>To:</b>	Housing Advisory Board Members
<b>From:</b>	Amy Mogck, HAB Member
<b>Date:</b>	5/20/2026
<b>Re:</b>	HAB review and adoption of the Community Resilience Housing Overlay framework and supporting materials
<b>Submitted:</b>	In advance of 5/20/26 HAB meeting, with chair authorization

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### Purpose of this memo

This memo introduces the materials submitted for HAB review and requests that the board formally adopt the Community Resilience Housing Overlay framework and authorize its transmission to the Planning Department and the City Council.

These materials were prepared in response to the Council's direction that planning evaluate the current commercial zone designation against the Gateway Mixed-Use designation. HAB has taken that direction seriously and done the analytical work. This packet is the result.

### Background

Manitou Springs has included housing as a priority in every comprehensive plan since 1974. The population has been flat for 50 years. The same sites identified as blighted remain undeveloped. The MSURA was established in 2006 to address exactly this pattern. Nearly 20 years later, the conditions were meant to persist.

The proposed revision to the MSURA Land Use Development Code raises the density bonus ceiling to 30 dwelling units per acre. As HAB documented in its formal recommendation letter to Council, 30 du/ac does not change the financial outcome. A project on a transit corridor, already cleared and remediated with \$2.1 million in URA investment, could not proceed at 35 du/ac. The proposed revision does not solve the problem.

The materials in this packet offer a path that does.

### Documents included in this packet

- MSURA Zoning Comparison: plain-language analysis of three options, current commercial zone vs. Gateway Mixed-Use vs. Community Resilience Housing Overlay, including a spot zoning explainer for HAB members

- Community Resilience Housing Overlay Framework: proposed overlay language covering the triple-designation geography of the MSURA boundary, transit corridor, and state-certified Colorado Creative District
- Illustrative Capital Stack: demonstration of how federal, state, and local funding layers assemble at 50 du/ac to produce deed-restricted housing for seniors and workforce residents; all figures illustrative and flagged for confirmation
- Spot Zoning Educational Explainer: plain-language reference document for HAB members on what spot zoning is, why it matters procedurally, and why the overlay proposal is structured to avoid it

### What HAB is being asked to do

HAB is asked to review these materials, make any amendments the board sees fit, and take formal action on the following:

**PROPOSED MOTION LANGUAGE**

**Move that the Housing Advisory Board adopt the Community Resilience Housing Overlay framework as presented, direct that it be transmitted to the Manitou Springs Planning Department with an invitation for staff to review and comment, and request that the framework be added to the agenda for the next appropriate Planning Commission or City Council meeting as a formal HAB recommendation.**

A second motion may be made if the board wishes to separately address the density bonus threshold:

**PROPOSED MOTION LANGUAGE**

**Move that the Housing Advisory Board reaffirms its recommendation that the MSURA density bonus be strengthened to allow up to 50 to 55 dwelling units per acre when 25 to 30 percent of units are deed-restricted affordable housing, consistent with the HAB recommendation letter previously transmitted to Council.**

### A note on the planning department

These materials have been shared with planning staff in advance of this meeting as a courtesy. Planning staff are invited to attend the HAB meeting, offer corrections, and participate as partners in this process. Nothing in this packet is adversarial. The goal is to hand planning and Council work product that makes the code revision process easier, not harder.

HAB's role is advisory. These materials represent HAB's best analytical contribution to a process that belongs to the full community. We are grateful to the Planning Department for their ongoing work and welcome their feedback.

**The case in one sentence**

***Manitou Springs does not primarily lack visitors. It lacks attainable places for the people who sustain the town to live.***

This packet is HAB's contribution to changing that.

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Respectfully submitted,

**Amy Mogck**

Member, Manitou Springs Housing Advisory Board

## Illustrative Funding Stack

This document demonstrates how federal, state, and local funding sources layer together to finance a deed-restricted mixed-income housing project within the MSURA transit corridor at 50 dwelling units per acre.

*All figures are illustrative. Actual project costs, unit counts, and funding amounts require confirmation with a qualified affordable housing developer and Colorado Housing Finance Authority (CHFA). Items requiring specific confirmation are noted within each section.*

### The thesis:

**Manitou Springs does not primarily lack visitors. It lacks attainable places for the people who sustain the town to live.**

*This is what it costs to fix that, and where the money comes from.*

### Project parameters

Estimated units <b>55-60</b> <i>Realistic at 50 du/ac given site constraints</i>	PSH senior units <b>approx. 20</b> <i>Lower floors, accessible, supportive services</i>	Workforce units <b>approx. 38</b> <i>Teachers, fire, police, city staff, healthcare</i>	Total development cost <b>approx. \$22M</b> <i>Est. \$370K to \$400K per unit all-in</i>
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*Note on unit count: An 80-unit project at this site is not realistic given height limits, setbacks, and building footprint constraints. The figures above reflect a more accurate ceiling.*

## The capital stack: how the funding layers work

No single source covers the full cost of affordable housing. Each source has rules about what it can fund, how much, and for whom. They are designed to work together. The city's role is not to fund the project. It is to create the entitlement environment that makes the project competitive for each of these sources.

Federal   Primary financing engine <b>Low Income Housing Tax Credits (LIHTC) at 4% with Tax-Exempt Bonds</b> Tax credits are sold to private investors who provide equity in exchange. The 4% credit pairs with tax-exempt bond financing and is more accessible than the 9% competitive credit, though it produces somewhat less equity per unit. Colorado Housing Finance Authority (CHFA) administers both the bonds and the credit allocation. This is the standard financing mechanism used for most large affordable housing developments in Colorado. <i>This is what makes the project financeable at all. Without LIHTC, nothing else in this stack assembles. The 4% credit with bonds is a realistic path for a project of this scale, though total equity will be lower than a 9% credit scenario and the gap financing need increases accordingly.</i>	<b>approx. \$8M</b> approx. 36% of cost
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Needs confirmation: CHFA bond volume cap availability and credit allocation must be confirmed with a housing finance partner before this figure can be relied upon.

Federal | PSH senior units

**HUD Section 811: Supportive Housing for Persons with Disabilities**

Capital and rental assistance specifically for low-income people with disabilities, including seniors. Pairs with Medicaid Home and Community Based Services waiver funding to cover on-site supportive services. This is the funding stream that makes the PSH senior floor financially sustainable over time.

*A 72-year-old Manitou resident on \$1,200 per month Social Security can live in a safe, accessible unit with services available on-site. Without 811, she is on a waitlist or out of town entirely.*

Needs confirmation: HUD 811 applications require partnership with a state Medicaid agency. Colorado HCBS waiver availability and eligibility requirements should be confirmed with CDOH.

**approx. \$3M**

approx. 14% of cost

State | Gap financing

**CDOH Division of Housing gap financing and Proposition 123**

Colorado Division of Housing provides gap financing for projects that have LIHTC equity but still face a funding shortfall. Proposition 123 (passed 2022) dedicates a portion of state income tax revenue specifically to affordable housing and prioritizes communities with documented need. Manitou Springs has documented that need thoroughly through the El Paso County Regional Housing Needs Assessment, which identifies the city's jobs-to-housing imbalance as the most acute in the region.

*Manitou's data is already assembled. The HNA, the teacher salary analysis, the jobs-to-housing ratio of 5.14 low-income jobs per affordable unit: these are exactly the metrics Proposition 123 prioritization criteria are designed to respond to.*

Needs confirmation: Prop 123 funding is competitive and subject to annual appropriation. Amounts should be confirmed with CDOH Division of Housing during pre-development.

**approx. \$5M**

approx. 23% of cost

Local | Existing public investment

**MSURA Tax Increment Financing and URA land contribution**

The URA has already invested \$2.1 million in the site for purchase, demolition, and asbestos abatement. That investment can potentially be structured as a local match or below-market land contribution, reducing effective land cost and improving the project's debt service ratio. Tax increment financing revenue generated by a completed project flows back to the URA for future investment in the corridor.

*The city has already put \$2.1 million into this site. Letting it remain vacant is not a fiscally neutral choice. Every year it sits is a year that public investment produces nothing for the community that funded it.*

Needs confirmation: Whether the \$2.1M URA investment can be structured as a legal match or land contribution versus already-expended sunk cost must be confirmed with the URA board and city attorney.

**approx. \$2.1M**

approx. 10% of cost

Structural | Long-term affordability mechanism

**Community Land Trust structure**

Land held permanently by a nonprofit Community Land Trust removes it from speculative market pressure indefinitely. The building is developed on top under deed restriction. Units remain permanently affordable and cannot be converted to market rate or second-home use. Elevation Community Land Trust operates statewide in Colorado and has experience with LIHTC projects.

*A teacher who moves in today can know that the unit will still be attainable for the next teacher hired after she retires. This is not just housing. It is institutional memory for the community.*

**Needs confirmation:** CLT partnership terms, land transfer structure, and long-term stewardship fees require negotiation with a CLT partner.

**Structure**

Permanence mechanism, not a dollar figure

Supplemental | Creative district leverage

**Arts and creative worker housing: OEDIT, NEA, private foundations**

Manitou's state-certified Colorado Creative District designation opens supplemental funding streams for artist live/work units. Designating a portion of workforce units as artist live/work housing qualifies the project for OEDIT creative economy funding and select private arts foundation grants. These are smaller amounts but improve overall feasibility and align with Manitou's existing identity.

*The muralist who painted the Manitou Avenue wall. The sculptor who runs the summer workshop. They are part of what makes this community worth protecting.*

**Needs confirmation:** OEDIT grant cycles and eligibility for artist live/work designation should be confirmed with the Creative Alliance Manitou Springs (CRANE).

**approx. \$300K-  
\$500K**

Supplemental

**Illustrative total capital stack**

Federal + state + local. No single source does this alone. They are designed to layer.

**approx. \$18.5M**

approx. \$340K per unit

**Who lives here**

**PSH SENIOR FLOOR**

**A retired Manitou resident, age 74**

Fixed income, \$1,340/month Social Security. Has lived in Manitou 30 years. Current landlord sold the building. Nowhere local she can afford.

*HUD 811 unit: 30% of income toward rent*

**WORKFORCE FLOOR**

**A first-year District 14 teacher**

Earns \$51,112. Can afford \$1,278/month. Median Manitou 1BR: \$1,800 and above. Currently commuting 38 miles each way from Fountain.

*LIHTC unit at 60% AMI, deed-restricted 30 years*

**WORKFORCE FLOOR**

**A Manitou Springs firefighter/EMT**

Cannot afford to live in the town he protects. Response times suffer. Recruitment is harder every year. Housing stability changes that.

*LIHTC unit at 80% AMI, essential workforce preference*

## Plain language: what is a capital stack and why does it matter?

<p><b>Why not just one funding source?</b></p> <p>No single source covers the full cost of affordable housing development. Each source has rules about what it can fund, how much, and for whom. They are designed by Congress and the state legislature to work together. That is not a flaw in the system. It is the system.</p>	<p><b>What does the city actually have to do?</b></p> <p>The city's job is to get the entitlement environment right: the overlay, the density bonus, the parking reduction. That is what makes a project competitive for LIHTC, eligible for Proposition 123, and attractive to a nonprofit developer partner. The city does not need to fund the project. It needs to stop blocking it.</p>
<p><b>What makes Manitou competitive for these funds?</b></p> <p>The HNA data is already documented. The jobs-to-housing imbalance is the worst in the region. The URA investment is already made. The transit corridor exists. The creative district certification is current. Manitou has a stronger case than most mountain towns. It just needs the zoning to match.</p>	<p><b>What happens if the overlay does not pass?</b></p> <p>The funding stack does not assemble. A developer cannot take a project to CHFA for LIHTC allocation without a clear entitlement path. The site stays vacant. The \$2.1M URA investment produces nothing. The teacher keeps commuting. The senior leaves town.</p>

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Prepared by the Manitou Springs Housing Advisory Board

*Illustrative figures only. All funding amounts require confirmation with CHFA, CDOH, and a qualified affordable housing development partner prior to any formal project application.*

# MANITOU SPRINGS HOUSING ADVISORY BOARD PRESENTATION

*HOUSING REALITY,  
REDEVELOPMENT  
FEASIBILITY  
& PATHS FORWARD FOR  
AFFORDABLE HOUSING*



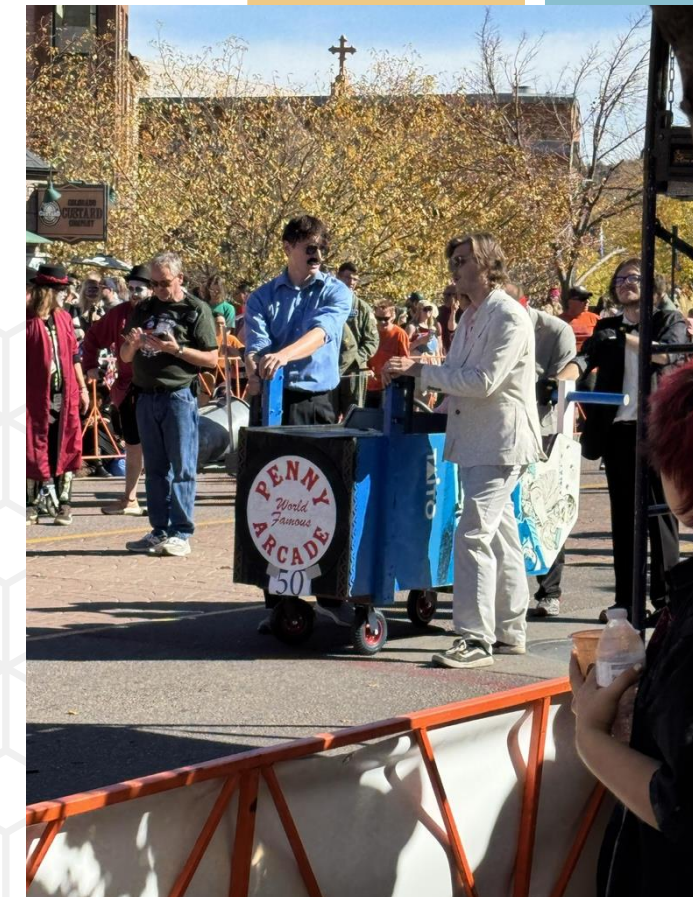
Presenter: Electra Johnson , Executive Director Manitou Springs Urban Renewal Authority  
May 2026

# MANITOU'S HOUSING CHALLENGE



## Key Conditions Driving the Current Crisis

- Persistent mismatch between local wages and housing costs
- Tourism and second-home market pressures on year-round housing inventory
- Limited land supply and constrained redevelopment geography
- Aging housing stock with increasing rehabilitation costs
- Escalating construction, insurance, and infrastructure costs
- Limited multifamily and workforce housing inventory
- Increasing displacement of local workforce and younger households
- Aging population without options



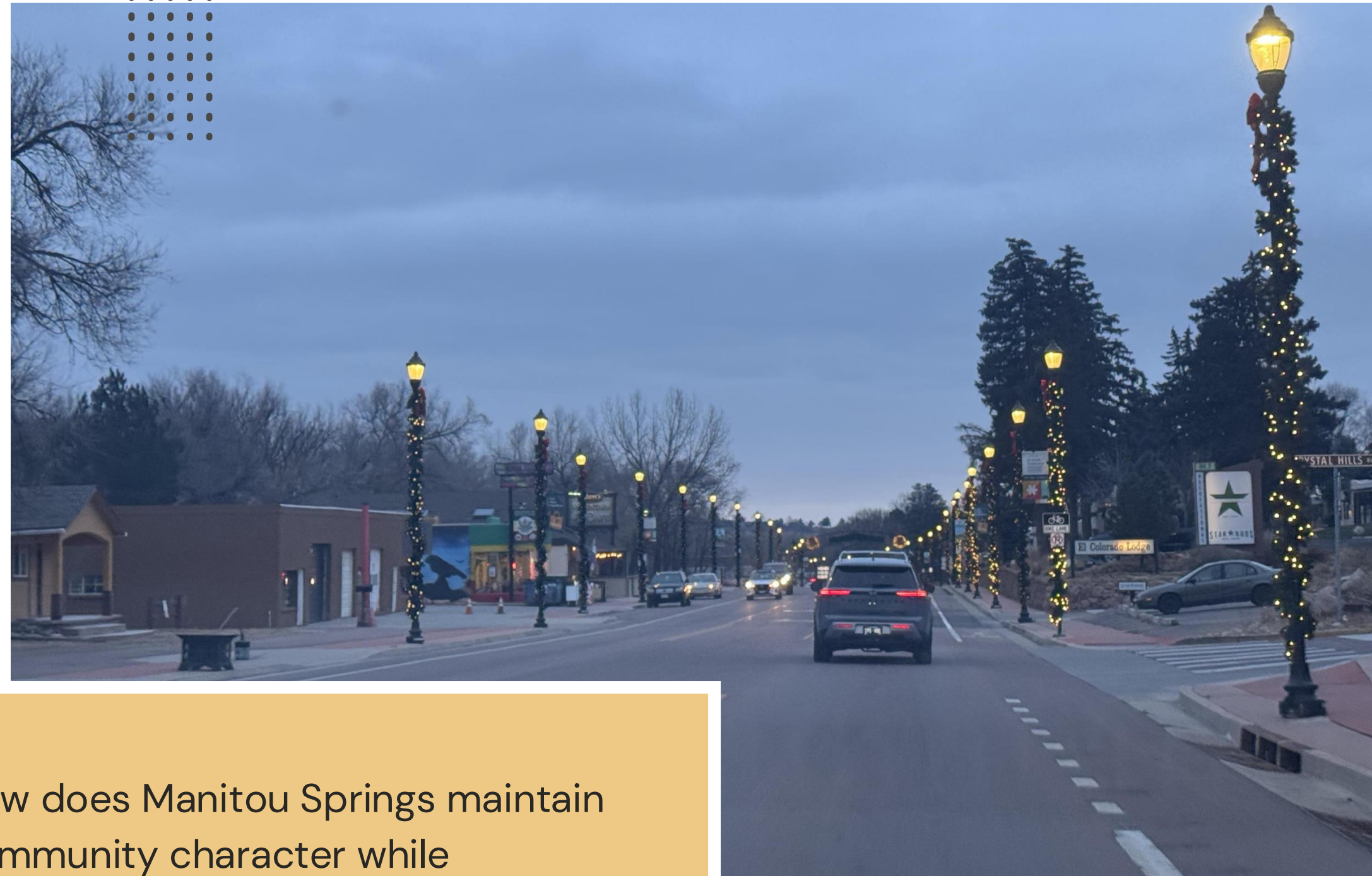
# THIS IS NO LONGER JUST A HOUSING ISSUE

The housing challenge increasingly affects:

- workforce retention
- economic resilience
- school enrollment stability
- demographic diversity
- aging-in-place capacity
- transportation systems
- local business viability
- long-term community sustainability

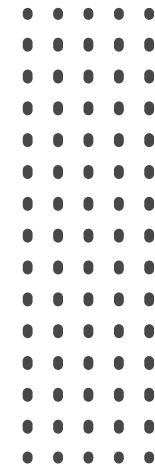


How does Manitou Springs maintain community character while accommodating enough housing capacity to support a functional year-round community?



# DEFINING AFFORDABILITY & HOUSING NEED

## AFFORDABILITY EXISTS ON A SPECTRUM



### DEEPLY AFFORDABLE HOUSING

- TYPICALLY BELOW 30–50% AMI
  - OFTEN SUBSIDY DEPENDENT
- REQUIRES SUBSTANTIAL PUBLIC INVESTMENT



### AFFORDABLE HOUSING

- COMMONLY TIED TO HUD/AMI STANDARDS
- OFTEN 60% AMI LIHTC PRODUCT
  - TYPICALLY DEED RESTRICTED



### WORKFORCE / ATTAINABLE HOUSING

- OFTEN 80–120% AMI
  - FREQUENTLY UNDERSERVED IN MOUNTAIN COMMUNITIES
- CRITICAL FOR TEACHERS, HOSPITALITY WORKERS, MUNICIPAL EMPLOYEES, HEALTHCARE WORKERS, AND SERVICE WORKFORCE



### MARKET-RATE HOUSING

- STILL IMPORTANT TO OVERALL SUPPLY AND MOBILITY WITHIN THE HOUSING ECOSYSTEM

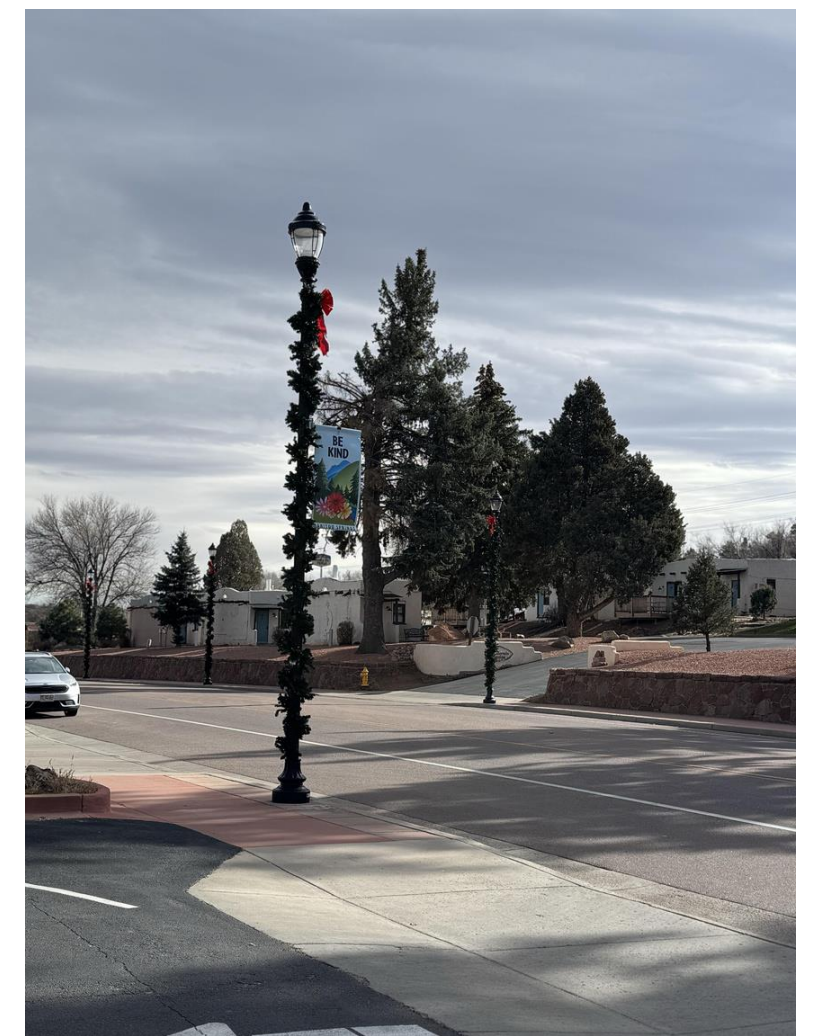




# CURRENT CHALLENGES IN HOUSING

The broader challenge includes:

- workforce housing
- attainable ownership
- senior housing
- missing middle housing
- multigenerational housing
- housing retention for year-round residents



## THE CONVERSATION IN MANITOU IS NOT SOLELY ABOUT DEEPLY SUBSIDIZED HOUSING

### Housing Cost Reality

In mountain and tourism-based communities, even moderate-income households increasingly experience housing cost burden.

This creates pressure across the entire housing continuum.

# WHY HOUSING PRODUCTION IS SO DIFFICULT IN MANITOU SPRINGS

## THE ECONOMICS OF HOUSING PRODUCTION ARE INCREASINGLY CHALLENGING



### Local Constraints

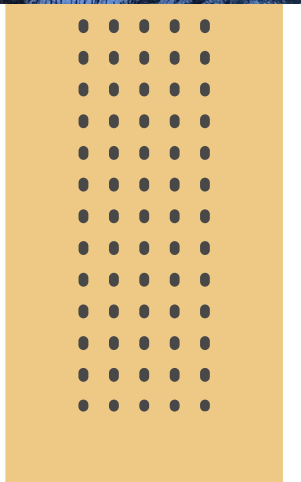
- Limited redevelopment sites
- Small parcel patterns
- Steep grades and topography
- Floodplain conditions
- Parking and access limitations
- Historic context and design constraints
- Aging infrastructure
- Utility limitations
- Short term rental pressures

### Financial Constraints

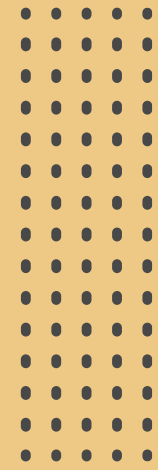
- Projects increasingly face:
  - higher construction costs
  - elevated interest rates
  - insurance escalation
  - infrastructure costs
  - soft costs and entitlement complexity
  - financing gaps

### Affordable Housing Adds Additional Complexity

- Affordable housing projects typically require:
  - CHFA financing
  - LIHTC allocation
  - layered capital stacks
  - public subsidy
  - long-term compliance requirements
  - specialized consultants and legal structures

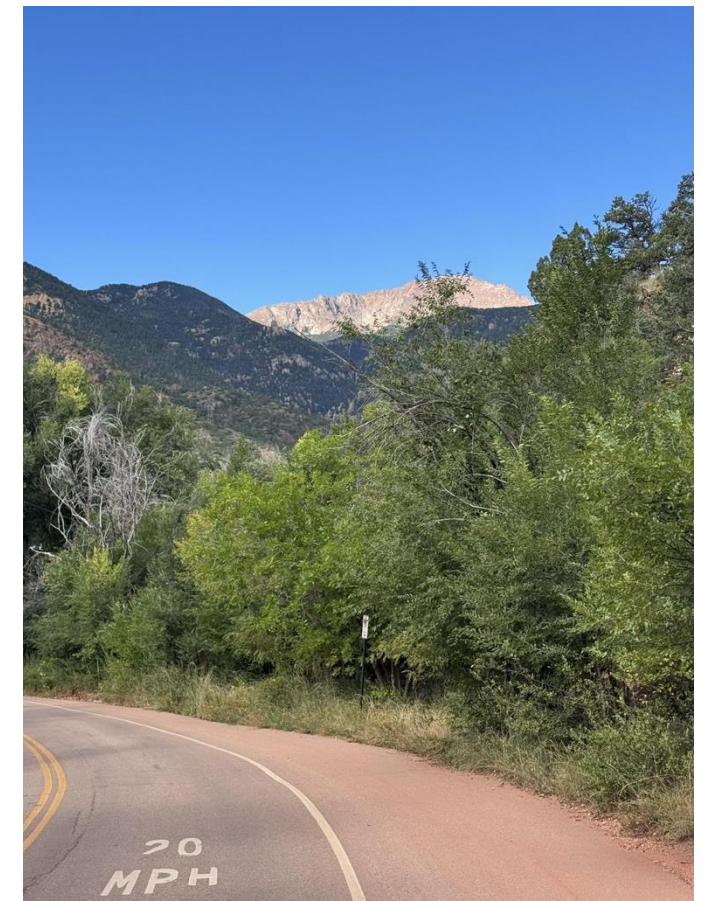


# THE REALITY GAP IN THE CITY COUNCIL HOUSING DISCUSSION



## LONG-TERM STRATEGIC QUESTION

WHAT LEVEL OF: GROWTH, DENSITY, REDEVELOPMENT, AND PUBLIC INTERVENTION IS MANITOU SPRINGS WILLING TO ACCEPT IN ORDER TO MAINTAIN A YEAR-ROUND COMMUNITY?



### 1. AFFORDABILITY VS FEASIBILITY

- affordable housing is financing-driven
- density affects project viability
- redevelopment feasibility matters
- projects that cannot pencil financially often do not move forward

### 2. DESIRE FOR AFFORDABLE HOUSING VS RESISTANCE TO PHYSICAL CHANGE

The discussion reflected an important policy tension:

- Many housing goals require:
- additional density
- redevelopment intensity
- mixed-use infill
- zoning flexibility
- or public investment

### 3. HOUSING NEED VS COMMUNITY CHARACTER

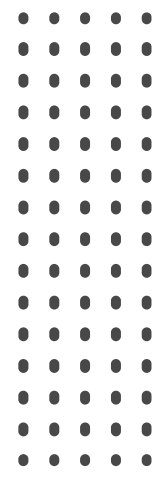
Strong desire exists to:

- preserve scale and viewsheds
- maintain small-town identity
- avoid over-intensification

At the same time, there is broad acknowledgement that:

- workforce housing is lacking
- affordability challenges are worsening
- year-round residency is under pressure

# THE COMMUNITY WANTS AFFORDABLE HOUSING...



# ...BUT OFTEN RESISTS THE CONDITIONS REQUIRED TO BUILD IT

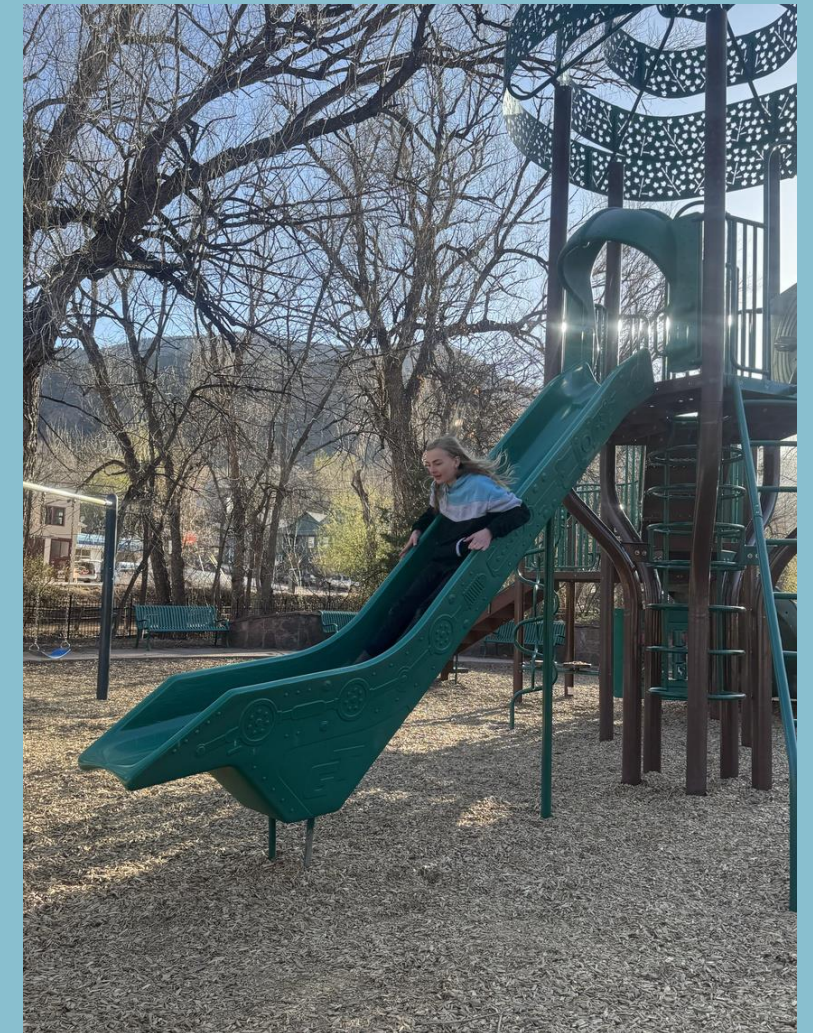
## A RECURRING DISCONNECT EMERGED DURING THE CITY COUNCIL DISCUSSION:

There is broad agreement that:

- workforce housing is needed
- younger families are struggling
- seniors need downsizing options
- local employees cannot afford to live locally
- year-round community character is eroding

At the same time, there is significant concern about:

- density
- height
- redevelopment intensity
- parking impacts
- neighborhood change
- visual scale
- mixed-use development



# THE DISCONNECT IS NOT ABOUT IF HOUSING IS NEEDED

## IT IS ABOUT IF THE COMMUNITY / CITY COUNCIL CAN ACCEPT THE TRADEOFFS



Many current conversations reflect simultaneous desires to:

- preserve small-town scale
- limit visible growth
- reduce redevelopment intensity
- maintain lower density patterns



...while also expecting:

- affordable housing
- workforce housing
- senior housing
- family housing
- reduced displacement
- more year-round residents



### THE POLICY DISCONNECT:

**THE CHALLENGE IS THAT THESE GOALS CAN  
CONFLICT PHYSICALLY AND FINANCIALLY**

# HOUSING DOES NOT BECOME AFFORDABLE SIMPLY BECAUSE WE WANT IT TO

## *The Financial Reality of Housing Production*

### **In Manitou Springs:**

- land is expensive
- construction costs are extremely high
- infrastructure upgrades are costly
- steep sites reduce efficiency
- parking and access consume buildable area
- floodplain and retaining wall requirements increase costs
- financing has become more difficult

### **As a result:**

- projects often require more units to become financially viable
- affordable housing frequently requires subsidy and density together
- zoning flexibility is increasingly tied to feasibility



# HOUSING SHORTAGES TYPICALLY DO NOT RESOLVE WITHOUT INTERVENTION

Tools other mountain communities are using in Colorado combinations of:

- density bonuses
- public-private partnerships
- workforce housing requirements
- land strategies
- public investment
- ADUs and missing middle housing
- redevelopment incentives
- long-term affordability protections
- limitations on 2nd homes and short term rentals

Communities that do not allow some level of change often continue to lose:

- workforce
- younger residents
- artists
- teachers
- service workers
- year-round community life



# *What Tradeoffs Is Manitou Springs Willing To Accept In Order To Remain a Functional Year-Round Community?*



Because the reality may be:  
Without some combination of: additional housing capacity, redevelopment flexibility,  
public investment, strategic density and new housing types

**...it becomes increasingly difficult to maintain affordability, workforce stability, and long-term community sustainability.**

# UNDERSTANDING THE CURRENT CC CODE DISCONNECT

## From Original Recommendations to Final Adopted Code What Was Recommended vs. What Was Ultimately Adopted

Original consultant recommendations, working groups, Planning Commission discussions, and much of the community outreach supported increasing density and height in targeted commercial and mixed-use corridor areas to make affordable and workforce housing financially feasible.

### Recommendations

included up to 30 DU/acre  
and heights up to 39 feet in key redevelopment areas.

The final Council-adopted code retained significantly lower baseline densities

generally about 16 DU/acre in Commercial districts and

20 DU/acre in Mixed-Use Commercial districts

while largely maintaining a 35-foot height limit

and continuing to rely primarily on affordable housing bonus provisions rather than increasing baseline development capacity.

Many participants felt the final Council discussion became largely reactionary and less grounded in the earlier technical analysis, outreach findings, and the 2 years of working group recommendations, with several late-stage changes occurring during Council deliberations led by the Mayor.

# WHY HEIGHT & DENSITY MATTER IN TO DEVELOP HOUSING



## REAL DEVELOPMENT CONSTRAINTS IN MANITOU

### PROJECTS OFTEN FACE:

- small lots
- difficult grades
- parking requirements
- utility limitations
- floodplain issues
- expensive retaining walls
- complex access
- historic context

### A FEW FEET CAN MATTER

Additional height flexibility may help accommodate:

- mixed-use ground floors
- ADA access
- elevators
- parking transitions
- mechanical systems
- workable residential floor layouts

### STEPBACKS & DESIGN STANDARDS MATTER

Manitou already has:

- upper-story setback requirements
- design review
- architectural review standards
- contextual review processes

The discussion is not simply “bigger buildings.” It is about whether projects can function physically and financially.

# WHY DOES THIS MATTER? WHY DO WE CARE?

## WORKFORCE HOUSING

- TEACHERS
- HOSPITALITY WORKERS
- CITY EMPLOYEES
- FIRST RESPONDERS
- SERVICE WORKERS

## SENIOR HOUSING

- AGING IN PLACE  
OPTIONS
- ACCESSIBLE UNITS
- DOWNSIZING  
OPPORTUNITIES

## FAMILY HOUSING

- MULTIGENERATIONAL  
HOUSING
- ATTAINABLE  
OWNERSHIP
- FAMILY-SIZED RENTALS

## MISSING MIDDLE HOUSING

- DUPLEXES
- TRIPLEXES
- COTTAGE COURTS
- SMALL MULTIFAMILY  
BUILDINGS
- ADUS

# MANITOU NEEDS HOUSING



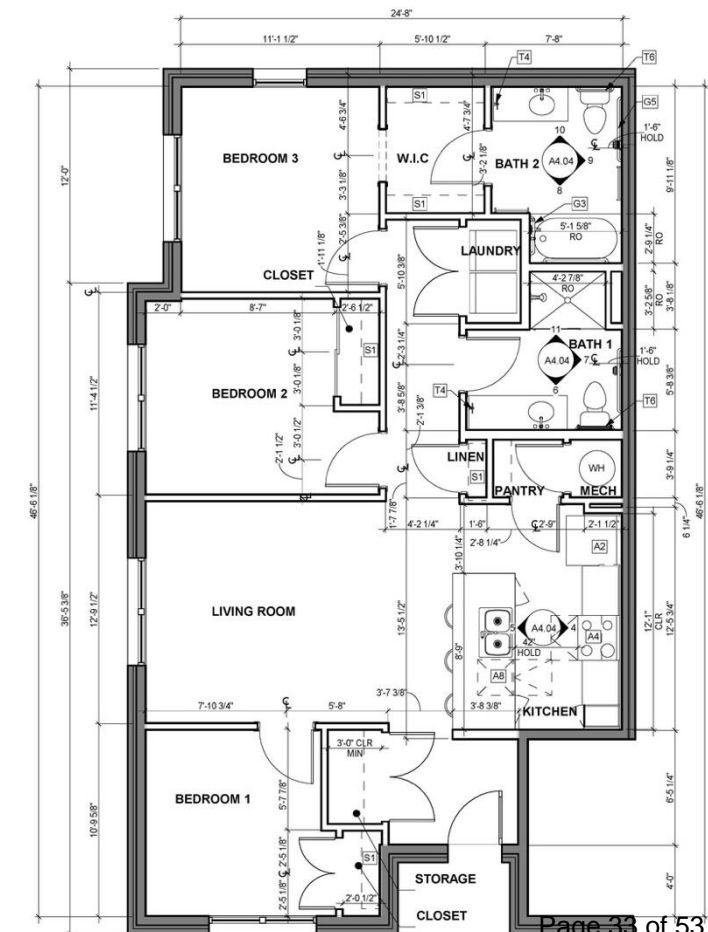
**There has not been a new apartment building in Manitou Springs since 1973**

# WHAT ARE WE TRYING TO DO ABOUT THIS IN THE URA?

## PARAGON/ LA FON/ 123 MANITOU

### If CHFA Awarded

- 53 affordable housing units move forward
- Family + workforce housing delivered
- Multi-generational neighborhood created
- Blighted site transformed
- Construction and permitting advance in 2026
- Long-term resident services included
- Supports local workforce and schools



# WHAT 53 AFFORDABLE HOUSING UNITS AT 30%-60% AMI COULD MEAN FOR MANITOU SPRINGS

## Housing for People Who Already Serve the Community

Potential residents may include:

- teachers and school staff
- hospitality and tourism workers
- firefighters and EMS personnel
- municipal employees
- healthcare and caregiving workers
- artists and arts workers
- restaurant and retail employees
- working families
- seniors on fixed incomes
- young adults raised in Manitou Springs



## Potential Long-Term Community Benefits

### Economic Resilience

- improved workforce retention
- reduced business staffing shortages
- stronger local spending base
- reduced turnover for employers

### Community Stability

- more year-round residents
- support for multigenerational community life
- ability for seniors to remain locally
- support for younger families and school enrollment

### Cultural Continuity

- retaining artists and creative workers
- preserving local identity and authenticity
- maintaining the social fabric of the community



# WHO QUALIFIES FOR 30%-60% AMI AFFORDABLE HOUSING

## Workforce & Essential Workers

- hospitality workers
- restaurant staff
- retail employees
- hotel workers
- municipal employees
- maintenance workers
- childcare workers
- healthcare aides
- EMS and entry-level first responders

## Education & Family Households

- teachers
- paraprofessionals
- school support staff
- working families
- single parents
- young families

## Approximate Income Ranges ( Manitou )

Household Size	30% AMI	60% AMI
1 Person	~\$23,650	~\$47,300
2 Person	~\$27,000	~\$54,000
3 Person	~\$30,400	~\$60,800
4 Person	~\$33,750	~\$67,500

Approximate 2025–2026 CHFA/HUD income ranges.

## Community & Cultural Residents

- artists
- nonprofit workers
- music and arts instructors
- small business employees
- local entrepreneurs

## Seniors & Fixed-Income Residents

- retirees on Social Security
- widows/widowers
- disabled residents
- longtime residents needing downsizing options
- opens up opportunity for younger families to buy older homes when seniors transition into easier living situations



# WORKFORCE HOUSING: WHAT MANITOU CAN LEGALLY DO

Federal and Colorado fair housing laws allow workforce housing — but housing programs cannot unfairly exclude protected groups or rely on informal “locals only” preferences.

## What Manitou Can Do

- Require at least one household member to work in Manitou Springs
- Require units to be primary residences (no STRs or second homes)
- Partner with employers for teacher, firefighter, police, and city staff housing
- Use transparent point systems prioritizing local employment and workforce need
- Require long-term affordability and deed restrictions

## What Manitou Cannot Do

- Restrict public housing only to one profession
- Require applicants to already live in Manitou Springs
- Use informal or discretionary “locals first” selection
- Make case-by-case tenant decisions without written policies



Manitou can legally prioritize housing for the workforce that keeps the community functioning — including teachers, first responders, service workers, artists, city staff, and families — but it must do so through clear, legally compliant project structures rather than informal preferences.



# MISSING MIDDLE- WHAT 60%–80% AMI WORKFORCE HOUSING MIGHT LOOK LIKE

## Types of Housing

- duplexes
- triplexes
- fourplexes
- cottage courts
- bungalow clusters
- courtyard housing
- small multifamily buildings
- live/work units



## Approximate Income Ranges ( Manitou )

Household Size	60% AMI	80% AMI
1 Person	~\$47,000	~\$63,000
2 Person	~\$54,000	~\$72,000
3 Person	~\$61,000	~\$81,000
4 Person	~\$67,500	~\$90,000

Approximate 2025–2026 CHFA/HUD income ranges.

## Potential residents:

- teachers
- municipal employees
- hospitality managers
- healthcare workers
- dual-income service worker households
- young professionals
- local entrepreneurs



## Approximate Affordable Housing Costs

### Rental Housing

AMI Level Approx Affordable Monthly Rent

60% AMI ~\$1,200–\$1,800/month

80% AMI ~\$1,700–\$2,400/month

### Ownership Housing

AMI Level Approx Affordable Home Price Range

60% AMI ~\$180,000–\$275,000

80% AMI ~\$275,000–\$425,000

Ranges vary depending on HOA dues, interest rates, household size, insurance, and taxes.



# CO-HOUSING & COMMUNITY-ORIENTED HOUSING MODELS

## Potential Co-Housing Concepts

Co-housing may include:

- private homes with shared community spaces
- shared gardens and kitchens
- intergenerational living
- collaborative stewardship models
- reduced land and infrastructure costs
- stronger social support systems

## Potential applications in Manitou:

- senior co-housing
- artist/live-work communities
- intergenerational housing
- environmentally focused housing communities

## Potential benefits:

- smaller private footprints
- stronger community interaction
- shared resources and amenities
- aging-in-place support
- reduced isolation
- walkable and community-oriented living patterns



# COLORADO ADU LEGISLATION

Recent Colorado legislation increasingly supports:

- accessory dwelling units (ADUs)
- gentle infill housing
- expanded housing flexibility on residential lots

Potential ADU Strategies approaches:

- pre-approved ADU plans
- fee reductions or expedited review
- infrastructure support
- owner-occupancy incentives
- deed-restricted ADU programs
- senior/caregiver ADU incentives

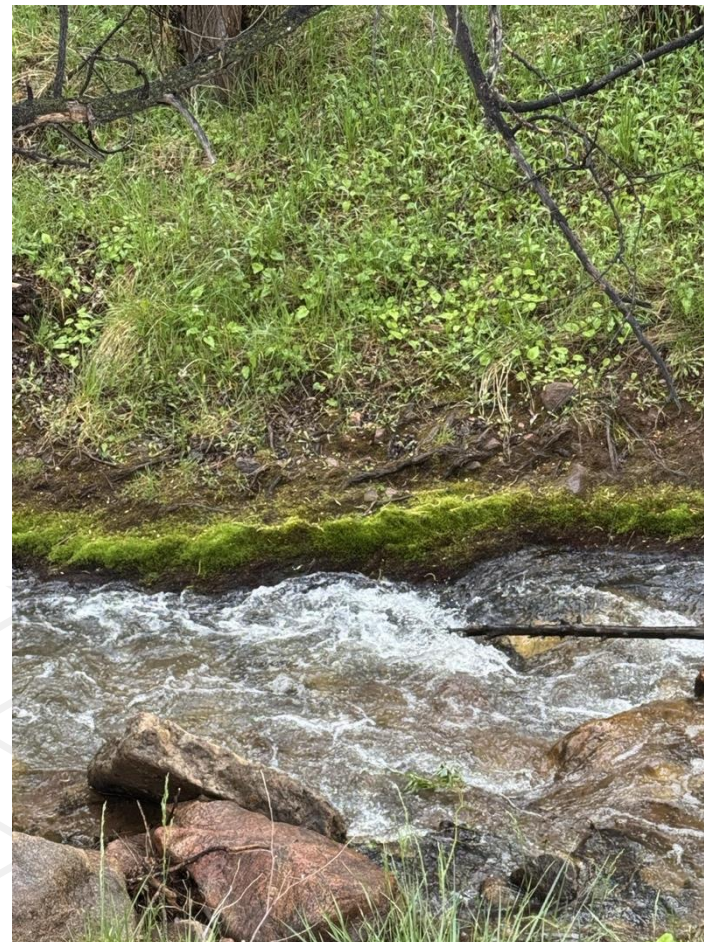
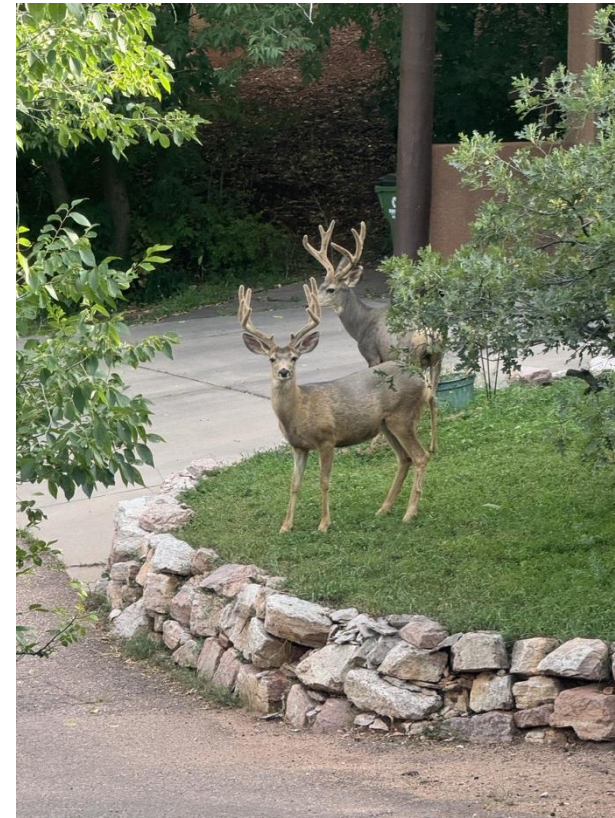


PC: Cottage ADU

# ADDITIONAL STRATEGIES FOR LONG TERM COMMUNITY AFFORDABILITY

1. Community Land Trusts
2. Employer-Assisted Housing
3. Adaptive Reuse & Small Infill
4. Anti-Displacement Strategies
  - deed restrictions
  - property tax assistance
  - senior housing support
  - home repair programs
  - long-term rental preservation
5. Community-Oriented Development Models
  - co-housing
  - intergenerational housing
  - arts/live-work housing
  - wellness-oriented housing
  - shared open space development

6. Public Realm & Community Investment
- Housing affordability is also connected to:
- walkability
  - transit access
  - public spaces
  - parks and trails
  - childcare access
  - community gathering spaces
  - neighborhood identity



# HOUSING SHORTAGES DO NOT RESOLVE WITHOUT INTERVENTION

Most mountain and tourism communities are facing:

- workforce displacement
- rising home prices
- aging populations
- declining year-round residency
- short term rentals and second homes destroy community



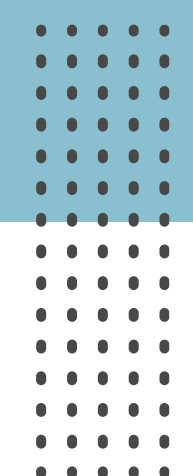
Successful Communities Typically Combine:

- zoning flexibility
- public investment
- affordability requirements
- public-private partnerships
- workforce housing programs
- land strategies
- long-term affordability protections



There is no single solution. Housing success typically requires many coordinated tools over many years.

# WHAT CAN WE DO TOGETHER TO WORK TOWARDS HOUSING SOLUTIONS IN MANITOU SPRINGS



## ➤ CLARIFY AFFORDABLE HOUSING STANDARDS

### RECOMMENDATIONS

- DENSITY / HEIGHT RECOMMENDATIONS
- AFFORDABILITY DEFINITIONS
- AMI TARGETS
- DEED RESTRICTIONS
- ENFORCEMENT PROCEDURES
- AFFORDABILITY DURATION
- EXPLORE GRADUATED DENSITY BONUSES



## ➤ IDENTIFY PRIORITY HOUSING SITES

- INVENTORY OPPORTUNITY SITES
- EVALUATE REDEVELOPMENT BARRIERS
- IDENTIFY CATALYST PROJECTS



## ➤ COMMUNITY EDUCATION

- HOW AFFORDABLE HOUSING FINANCING WORKS
- WHY DENSITY MATTERS
- COST OF CONSTRUCTION
- WHAT DEED RESTRICTIONS MEAN
- REDEVELOPMENT ECONOMICS IN MOUNTAIN COMMUNITIES
- TRADEOFFS BETWEEN PRESERVATION AND HOUSING SUPPLY
- COST OF LIVING FOR NEXT GENERATIONS



# THANK YOU

*What keeps Manitou Springs special is not just its history, charm, or scenery, it is the people who make this community alive every day. If we want Manitou to remain vibrant, creative, and connected, we must make space for the next generation of families, artists, entrepreneurs, teachers, service workers, local employees and kids to grow up here who give this town its soul.*

*A community only stays special when the people who sustain it can also afford to belong to it and live in it, have opportunities and thrive.*



## City of Manitou Springs

MSURA Land Use Development Code | Proposed Addition

*Submitted by the Housing Advisory Board for Planning Department Review and Council Consideration*

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## Proposed Section CRHO: Community Resilience Housing Overlay

### A Transit-Integrated, Community-Centered Housing Framework for the MSURA Corridor

*Draft ordinance language submitted for Planning Department review, technical correction, and recommendation to City Council. Section numbers and cross-references should be adjusted to conform to the existing LUDC structure. HAB invites Planning staff to correct, supplement, or reformat as needed.*

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#### Preamble: A vision for the next generation

#### **Manitou Springs does not primarily lack visitors. It lacks attainable places for the people who sustain the town to live.**

For nearly 50 years, housing affordability has appeared in every comprehensive plan this City has adopted. For nearly 20 years, the Urban Renewal Authority corridor has sat underutilized despite repeated planning efforts and significant public investment. The same blighted sites. The same stated priorities. The same empty outcomes.

The Community Resilience Housing Overlay is the policy instrument that breaks that cycle.

It is not anti-growth. It is not anti-tourism. It is not anti-business. It is a deliberate, data-grounded decision to use the remaining redevelopment opportunity within the MSURA corridor to build something this community has never successfully built before: a place where a first-year teacher, a firefighter, a senior on a fixed income, and a working artist can afford to live in the town they serve.

The CRHO does this by combining two of the most powerful tools available to a mountain municipality: transit-oriented development and deed-restricted affordable housing. Together they reduce car dependency, reduce infrastructure cost, reduce displacement pressure, and produce the kind of mixed, intergenerational, walkable community that Manitou Springs has always aspired to be.

The decisions made in the next three to five years will determine whether the remaining parcels in this corridor become investment assets for outside capital or lasting community infrastructure for the people who make this place worth investing in. This overlay is the instrument that makes the right choice possible.

**The CRHO is designed to be a model. Not just for Manitou Springs. For every constrained, transit-served, creatively-designated mountain community in Colorado that is watching its workforce leave, its seniors get pushed out, and wondering if anything can be done. Something can be done. This is what it looks like.**

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#### CRHO.1 Purpose and intent

The Community Resilience Housing Overlay (CRHO) is a transit-integrated, community-centered housing framework established to:

- (a)** Produce deed-restricted, permanently affordable housing on transit-served, underutilized parcels within the MSURA boundary, ending nearly two decades of inaction on sites the community has already invested in;
- (b)** Reduce car dependency and household transportation costs by concentrating affordable housing on a transit corridor, making car-free and car-light living a realistic option for working families, seniors, and individuals at all income levels;
- (c)** Reduce per-unit development cost by eliminating structured parking requirements that add \$30,000 to \$60,000 per space without producing housing, and redirecting that investment into additional affordable units;
- (d)** Prioritize housing for the essential workers, seniors, and long-term residents whose daily presence sustains the year-round character of Manitou Springs, including teachers, first responders, healthcare workers, and working artists;
- (e)** Integrate small-scale community-serving ground-floor uses, including arts and entrepreneur incubator space, cooperative services, and healthcare access, that serve both residents and visitors without replicating tourist-oriented commercial saturation;
- (f)** Align Manitou Springs with state housing production goals under HB26-1001 and HB26-1065 and position qualifying projects for LIHTC, HUD Section 811, Proposition 123, and CDOH funding;
- (g)** Establish a replicable model of transit-integrated affordable housing that can serve as a statewide example for mountain and destination communities facing workforce displacement, senior housing loss, and speculative redevelopment; and
- (h)** Demonstrate that a community can grow intentionally, caring for the people who built it while welcoming those who will sustain it for generations to come.

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## **CRHO.2 Applicability and trigger criteria**

The CRHO applies to any parcel meeting all three of the following criteria:

- (a)** Located within the Manitou Springs Urban Renewal Authority boundary as adopted and amended;
- (b)** Located on or directly adjacent to a designated transit corridor, defined as a roadway served by fixed-route public transit with regularly scheduled stops within one quarter mile of the parcel; and
- (c)** Located within the boundary of the state-certified Colorado Creative District administered by CRANE under OEDIT designation.

The CRHO applies as an overlay to the existing zone. It does not rezone any parcel. Any parcel meeting all three criteria receives identical treatment. This is zone-wide policy anchored to a defined, documented geography. It is not spot zoning.

*Planning staff should confirm precise boundary maps for each criterion and attach as exhibits to the adopted ordinance.*

### **CRHO.3 Effect of overlay**

On any qualifying parcel:

- (a) Residential-primary or residential-only development is permitted by right, without variance, conditional use permit, or rezoning, when affordability requirements of CRHO.4 are satisfied;
- (b) The graduated density bonus of CRHO.4 applies in lieu of base density limits;
- (c) The parking standards of CRHO.6 apply in lieu of underlying zone parking minimums; and
- (d) The overlay modifies but does not replace the underlying zone. Non-inconsistent uses remain available.

### **CRHO.4 Density bonus and affordability requirements**

A graduated density bonus is available conditioned on deed-restricted affordable units:

<b>Affordable unit minimum</b>	<b>Maximum density</b>	<b>Notes</b>
10% of total units	35 du/ac	Entry tier
15% of total units	42 du/ac	Intermediate tier
20% of total units	48 du/ac	Upper intermediate tier
25% to 30% of total units	50 to 55 du/ac	Maximum tier. Documented viability threshold for deed-restricted units on transit corridor sites.

#### **Affordability standards (notes on standards below)**

- (a) All affordable units shall be deed-restricted for a minimum of 30 years by covenant recorded prior to certificate of occupancy.
- (b) A minimum of 40 percent of affordable units shall serve households at or below 60 percent AMI. The remainder may serve households up to 80 percent or 100 percent AMI, with no more than 25 percent of affordable units restricted solely at 100 percent AMI.
- (c) Permanent Supportive Housing units for seniors or persons with disabilities secured by HUD Section 811 shall count at a ratio of 1.25 affordable units per PSH unit and shall receive priority in development review.
- (d) A Community Land Trust ownership structure may be accepted in lieu of a deed restriction covenant, subject to City Attorney approval, where it delivers equivalent or greater long-term affordability protection.

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## CRHO.5 Preferred housing types and community priorities

Projects shall prioritize the following housing types:

**(a)** Essential workforce rental housing deed-restricted for households including at least one member employed as a Manitou Springs School District 14 teacher or staff member; Manitou Springs Fire Department or EMS personnel; Manitou Springs Police Department officer; City of Manitou Springs employee; healthcare or behavioral health worker serving the local community; or a long-term local employee with a minimum of five consecutive years of employment in the city of Manitou Springs.

**(b)** Senior Permanent Supportive Housing with on-site or coordinated supportive services, located on accessible lower floors where feasible, funded through HUD Section 811 or equivalent, serving residents at or below 30 percent AMI;

*Permanent Supportive Housing for seniors: dignity, stability, and a ripple effect across the whole housing market*

Permanent Supportive Housing is not a shelter. It is not temporary. It is not charity. It is a permanent home with services nearby, designed for people who need a little support to live independently, including older adults on fixed incomes who cannot afford market-rate housing but do not need or want a traditional nursing home. Sometimes referred to as “Aging in Place”.

The "supportive" part means that healthcare coordination, transportation help, and social services are available on-site or nearby. The resident keeps her independence. She keeps her dignity. She keeps her life in the community she built. She just is not doing it alone and is not paying market rent to do it.

PSH units are funded through HUD Section 811 and similar programs. Residents typically pay 30 percent of their income toward rent. The rest is covered by federal housing assistance. This is not a new idea. It is a proven model used across Colorado and the country. Manitou Springs does not have any of it yet. For example:

Dorothy has lived in Manitou Springs for 38 years. She raised her kids here. She volunteered at the school. She knows every shopkeeper on Manitou Avenue by name. She is 76. Her husband passed three years ago. She has been renting a two-bedroom house on her own for \$1,650 a month on \$1,340 in Social Security.

She cannot make that math work anymore. Without a PSH option in Manitou, her choices are a nursing facility she does not need, moving in with family out of state, or leaving the community she spent her life in.

With a PSH unit in the CRHO building, Dorothy pays \$402 a month, 30 percent of her income. She has a ground-floor accessible unit. A nurse coordinator comes by twice a week. Her neighbors are teachers and firefighters and artists. She is not isolated. She is not institutionalized. She is home.

Why this matters beyond Dorothy

When Dorothy moves into a PSH unit, she frees up the two-bedroom house she was renting or owning. That house re-enters the local market. A young family can rent it. The new Principal at the Middle School may afford it. One PSH unit for a senior creates a chain of housing movement that opens inventory for multiple households. This is called the vacancy chain effect, and it is one of the most cost-effective ways for a community to increase the supply of available housing without building new market-rate units.

The vacancy chain: how one PSH unit moves the whole market

1 →

Dorothy moves into PSH

She pays 30% of her Social Security income. She stays in Manitou. She stays by herself. Her two-bedroom house on the private market opens up.

2 →

A family moves into Dorothy's old house

A mid-career teacher and her partner have been crammed into a one-bedroom. They take the two-bedroom. Their one-bedroom opens up.

3 →

A first responder takes the one-bedroom

A police officer who has been commuting from Colorado Springs finds an affordable one-bedroom in town. He stops commuting. Community engagement is more assessable.

4 →

Three households stabilized. One PSH unit.

Dorothy did not just get a home. She set off a chain of housing movement that touched at least three others. That is the leverage. That is why PSH is not just a senior program. It is a community infrastructure investment.

(c) Artist live/work units consistent with the Colorado Creative District designation, qualifying for OEDIT and arts foundation funding; and

(d) Limited-equity ownership, defined below, is units with resale-restricted covenants or Community Land Trust ground leases allowing residents to build equity while maintaining permanent affordability for future generations.

*Limited equity ownership: you own it, you build wealth, and the next person can still afford it*

In a normal home purchase, you buy a house and when you sell it you get whatever the market will pay. That is great if prices go up, but it is also how a \$200,000 starter home becomes a \$600,000 home that the next teacher in town cannot touch. The community loses an affordable unit every time someone sells.

Limited equity ownership works differently. You still buy the home. You still own it. You still build equity over time. But when you sell, the resale price follows a formula set in the deed, not the open market. You get your investment back, plus a modest, defined gain. The unit stays affordable for whoever comes next.

You are not giving anything away. You agree, upfront, that the home is a place to live and build stability, not a speculative investment. In exchange, you got in at a price that was actually attainable.

Maria is a mid-career District 14 teacher. She earns \$61,000 a year. Under a limited equity model, she buys a one-bedroom unit in the CRHO building for \$185,000, a price set to be attainable at her income. She puts down 5 percent, gets a normal mortgage, and pays roughly what she would have paid in rent.

Twelve years later, Maria is ready to move. Under the resale formula, her unit is now priced at \$224,000, reflecting a modest appreciation tied to area median income growth, not the speculative market. She walks away with her down payment back, 12 years of equity, and a real financial

gain.

The next teacher hired by the district can afford that \$224,000 unit. The cycle continues. The community keeps the unit. Nobody loses.

Market rate ownership

Maria buys at \$185,000. Sells 12 years later at \$490,000 (market). Large personal gain. The next teacher cannot afford it. Community loses the unit permanently.

Maria buys at \$185,000. Sells at \$224,000 (formula). Modest real gain. The next teacher can still afford it. The community keeps the unit forever.

**A building that puts a retired Manitou resident on the ground floor with services nearby, a teacher on the third floor close enough to walk to school, and a working artist in a live/work studio with a street-facing window is not a compromise. It is a community. That is what this overlay is designed to build.**

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## **CRHO.6 Parking: reduction, reframing, and reinvestment**

The CRHO treats parking not as a neutral requirement but as a documented barrier to affordability and a source of unnecessary car dependency on a transit-served corridor. Every structured parking space that is not built is \$30,000 to \$60,000 reinvested into housing units, shared amenities, and community infrastructure.

**(a)** Parking minimums for CRHO projects are reduced by 75 percent from the requirements of the underlying zone. This reflects the transit corridor location, the car-light lifestyle that many affordable housing residents prefer or require, and the state legislative direction of HB26-1001 and HB26-1065.

**(b)** Remaining requirements may be satisfied through any combination of: on-site surface spaces; shared parking agreements with adjacent properties; on-street parking credit authorized by the City Engineer; and fee-in-lieu payment to a municipal mobility and transit fund at a rate set by City Council resolution.

**(c)** Structured parking shall not be required as a condition of density bonus approval under this overlay.

*For a teacher earning \$51,112 a year, not needing a second car is a raise. For a senior on Social Security, walkable access to transit is independence. The parking reduction in this overlay is not a concession to developers. It is a benefit to residents.*

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## **CRHO.7 Ground-floor uses: community first**

The CRHO rejects the assumption that tourist-oriented retail is the highest and best use of ground-floor space in a corridor that has seen almost no retail development over the past 20 years. Ground-floor uses shall serve the people who live, work, and create in Manitou Springs first, and welcome visitors as a natural consequence of that vitality.

Individual commercial suites shall be 500 to 700 square feet, consistent with a micro-enterprise and incubator model that supports local entrepreneurs, artists, and service providers rather than large-format or chain retail.

Permitted ground-floor uses (by right)	Permitted ground-floor uses (conditional)
<ul style="list-style-type: none"> <li>• Residential dwelling units, including accessible and senior units</li> <li>• Healthcare, behavioral health, physical therapy, and mental health services</li> <li>• Childcare and early childhood education</li> <li>• Community rooms, shared amenities, warming and cooling center capacity</li> <li>• Arts studio, maker workspace, and artist live/work units consistent with Creative District designation</li> <li>• Entrepreneur incubator and micro-enterprise workspace (individual suites 500 to 700 square feet maximum) serving local and creative economy businesses</li> <li>• Co-working, telehealth, and remote work support space</li> <li>• Cooperative food access, community-supported agriculture distribution, or small pharmacy</li> <li>• Mail, parcel, and community services hub</li> <li>• Resiliency hub and emergency preparedness resource center</li> </ul>	<ul style="list-style-type: none"> <li>• Neighborhood-serving food and beverages oriented primarily to residents and workers, not to exceed 700 square feet</li> <li>• Small-scale artisan retail directly related to goods produced on-site, not to exceed 500 square feet</li> <li>• Community meeting space available to nonprofit and civic organizations</li> <li>• Visitor-serving interpretive or cultural space connected to the Creative Arts District program</li> </ul>

(a) Tourist-oriented retail and restaurant uses shall not be required as a condition of development approval on CRHO parcels.

(b) A community room or shared amenity space of not less than 500 square feet, accessible to all residents and available for community use, shall satisfy any ground-floor activation requirement under the underlying zone or a development agreement.

(c) Ground-floor arts and entrepreneur incubator space shall be coordinated with CRANE to ensure alignment with the Creative District mission and eligibility for OEDIT and arts foundation funding.

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### CRHO.8 Design standards

(a) Projects shall reflect the human scale, creative character, and walkable identity of Manitou Springs, with pedestrian-oriented ground-floor design and architectural compatibility with the historic corridor context.

(b) Intergenerational design integrating senior and workforce populations within a shared building, with shared community spaces, is encouraged and shall be recognized as a priority feature during development review.

(c) Projects are encouraged to incorporate: rooftop solar and energy efficiency systems; shared garden or courtyard space; shared kitchen or community lounge; wildfire resilience construction features consistent with current IWUIC standards; cooling and warming center capacity accessible to the community during declared emergencies; and transit wayfinding and bicycle infrastructure.

**CRHO.9 Review process**

- (a) Projects satisfying all CRHO requirements shall be processed as an administrative approval without a public hearing before the Planning Commission, provided all affordability covenants are submitted for City Attorney review prior to building permit issuance.
- (b) Removing the hearing requirement for compliant projects is a deliberate policy choice. A project that meets the affordability threshold, density bonus schedule, parking reduction standards, and ground-floor use requirements has already satisfied the draft code process. Administrative processing is the reward for doing so.
- (c) Projects requesting any deviation from CRHO standards shall be processed as a conditional use permit subject to Planning Commission review.
- (d) Pre-application conferences with Planning staff are strongly encouraged to confirm eligibility and connect applicants with CHFA, CDOH, and CLT partners early in the process.

**CRHO.10 Three to five-year implementation vision**

The CRHO is not a one-time intervention. It is the foundation of a three to five-year strategy to transform the MSURA corridor from a corridor of deferred potential into a demonstrated model of community investment.

<b>Year 1</b>	Adopt the CRHO. Reduce parking minimums. Establish deed-restriction standards and affordability-covenant templates. Convene a public-private housing task force with HAB, planning, the URA, CHFA, and a Community Land Trust partner. Issue a request for qualifications from affordable housing developers with LIHTC and PSH experience.
<b>Year 2</b>	Launch the first pilot project on a qualifying transit corridor parcel. Secure CHFA 4% LIHTC bond reservation and CDOH gap financing commitment. Execute Community Land Trust land agreement. Establish essential workforce occupancy preference system. Begin artist live/work unit certification with CRANE and OEDIT.
<b>Year 3</b>	Break ground. Begin construction on the first phase of workforce and senior housing. Monitor school enrollment, workforce retention, and emergency response staffing data as baseline indicators. Report outcomes to Council and state housing partners.
<b>Years 4 to 5</b>	Deliver first completed units. Evaluate the impact on teacher retention, first responder recruitment, and senior displacement. Expand the CRHO model to additional qualifying parcels. Present Manitou Springs as a replicable model to CDOH, CHFA, and Colorado mountain community peer networks.

By the end of year five, Manitou Springs will have demonstrated something rare: that a small, geographically constrained, transit-served mountain community chose intentionally to build housing for the people who sustain it, reduced car dependency, activated ground-floor community space without replicating tourist retail saturation, and produced a model other Colorado communities can follow.

That is a generation of children who grow up in the same town as their teachers. A senior who ages in place instead of aging out. A firefighter who lives close enough to respond faster. An artist who stays because the town made room.

**Communities that care for the people who sustain them do not happen by accident. They happen because at some point, someone in a room decided that policy could be an act of love. This overlay is that decision.**

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### **CRHO.11 State law alignment and funding eligibility**

- (a) This overlay is adopted in furtherance of HB26-1001 and HB26-1065 and is designed to position qualifying projects for Proposition 123 funding administered by DOLA and CDOH.
- (b) The City shall include CRHO-approved projects in its annual housing production reporting and Proposition 123 compliance framework.
- (c) Nothing in this overlay limits an applicant's ability to pursue 4% LIHTC with tax-exempt bonds through CHFA, HUD Section 811, CDBG funding, OEDIT creative district grants, or any other applicable financing mechanism.

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### **CRHO.12 Legislative findings**

In adopting this overlay, the following solutions are established:

- (a) Manitou Springs has included housing as a priority in every comprehensive plan since 1974. Nearly 50 years of stated intent have not produced the housing this community needs. A new policy instrument is greatly needed.
- (b) The MSURA corridor has remained substantially underutilized for nearly 20 years. A project proposed at 35 du/ac on a transit corridor site with full URA support and \$2.1 million in public investment was unable to proceed under the existing code; code changes are needed.
- (c) The documented financial viability threshold for deed-restricted affordable housing on transit corridor sites is 50 to 55 dwelling units per acre. Below that threshold, no density bonus is a real incentive.
- (d) Structured parking adds \$30,000 to \$60,000 per space. On a transit corridor, these requirements function as a direct tax on affordability and a subsidy for car dependency. They shall not be imposed on projects designed to serve transit-oriented, car-light households.

**(e)** The triple-designation geography of the MSURA boundary, transit corridor, and state-certified Colorado Creative District constitutes a legitimate, independently documented, and legally defensible planning rationale. This is not spot zoning. This is intentional planning.

**(f)** This overlay applies equally to every parcel meeting the criteria of CRHO.2. No parcel and no applicant receives any benefit not equally available to all qualifying parcels.

**(g)** The people who teach Manitou children, protect Manitou streets, care for Manitou residents, and create the art and culture that defines this community deserve to live in the town they serve. This overlay is the City's commitment to making that possible.

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Prepared by the Manitou Springs Housing Advisory Board.

Submitted for Planning Department review, technical correction, and recommendation to City Council.

*Planning staff is authorized to make technical corrections to conform to the existing LUDC. Any substantive changes to density bonus thresholds, affordability requirements, or the permitted use structure should be returned to HAB prior to Council presentation.*