PARK CITY COUNCIL MEETING MINUTES
445 MARSAC AVENUE
PARK CITY, SUMMIT COUNTY, UTAH 84060

February 11, 2021

The Council of Park City, Summit County, Utah, met in open meeting on February 11, 2021, at 3:30 p.m. The meeting was a remote, electronic meeting due to the declared public health emergency.

Mayor Beerman read the Determination of Substantial Health and Safety Risk.

SPECIAL MEETING

I) ROLL CALL

Attendee Name	Status
Mayor Andy Beerman Council Member Max Doilney Council Member Becca Gerber Council Member Tim Henney Council Member Steve Joyce Council Member Nann Worel Matt Dias, City Manager Margaret Plane, Special Counsel Michelle Kellogg, City Recorder	Present via technology
None	Excused

Council Questions and Comments:
Council Member Worel updated the group that many residents were getting first doses of the COVID vaccine out of the county and she stated in those circumstances they would have to go out of the county for the second doses as well. She also stated that those ages 65-69 would be able to pre-register for the vaccine the first of March. Council Member Worel indicated phone calls were being made to those that had pre-registered to make sure they received their emails to schedule the vaccine. She also noted people requesting in-home vaccinations would be accommodated.

II) DISCUSSION ITEMS

1. Affordable Housing Discussion – Public/Private Partnership Task Force Update and Summary:
David Everitt, Deputy City Manager, indicated the Arts and Culture District housing element instigated a conversation on affordable housing in general. A special taskforce was created, and a report of things discussed at that meeting would be given today. Jason Glidden, Affordable Housing Manager, indicated 300 units were needed to reach the 800-unit affordable housing goal. There were code amendments coming for Council approval that would make it feasible for private developers to build affordable housing. He thought the taskforce meeting was helpful and he was encouraged with the feedback. Some takeaways from the meeting were City projects were more expensive than private development, access to land was critical, traditional funding sources might be available to make projects feasible, allowing mixed-use housing by adding commercial spaces would offset housing costs, and permitting a housing project was expensive and time consuming.

Council Member Worel thought there were many opportunities available and she looked forward to future taskforce meetings. Council Member Gerber stated she heard the low-income tax credits were not a good fit for the City. Glidden explained that the developers and nonprofits were confident the credits could be used, but they hoped the credits would cover as many units as possible. Erik Daenitz, Budget Department, stated there were two separate programs for tax credits and one program was based on the quality of the application, which might be a better fit for the City. Mayor Beerman thought the credits had certain limitations based on areas in the City that would or would not qualify. Daenitz stated he would do more research on that. Council Member Henney stated Rory Murphy could build units for $400 per square foot and the City projected this housing cost to be $520 per square foot. Glidden indicated the City had to work on getting building costs down to market value. Council Member Doilney stated Council needed to determine what it wanted from private developers and then let them see if they could build it. The City had requirements that could raise that cost, including the requirement to build all units to be net zero.

Council Member Henney indicated the seasonal workforce was the employer's responsibility, but the workforce was a City responsibility. He wanted to better define the workforce that the City should target. He indicated a priority system was set up for specific projects, but the terminology needed to be discussed. Everitt asserted the cost estimates for housing were accurate. Mayor Beerman stated an RFP would be beneficial so Council could see the costs from the private sector. Council Members Joyce and Henney related Mountainlands and Habitat for Humanity were the two groups currently building affordable housing and they could give accurate cost numbers. Glidden stated both groups were part of the taskforce and the representatives indicated there was a premium to build in Park City. Council Member Gerber favored drafting an RFP to see those private development proposals. She asked for a discussion on the rental model since there would be associated operating costs. Everitt indicated he had not heard interest for using private partnerships for the district project, only for other affordable housing projects. Council Member Worel thought the taskforce would help with the Arts and Culture District housing. It was indicated the discussion was not on the Arts and Culture District.

Mayor Beerman stated one way to keep the Arts and Culture District cost down was to add market rate commercial and residential units. The private partnerships would be used on other housing projects. Council Member Joyce had the same understanding as Council Member Worel that the taskforce would help with the Arts and Culture District as well as other projects. Council Member Doilney thought the Arts and Culture District had a big opportunity cost of leaving no money for other housing projects, and the private partnerships would offset that opportunity cost so projects could continue. Council Member Joyce noted the Budget Department presented the housing pipeline, so he didn't consider housing an opportunity cost. Mayor Beerman stated there were two parcels of land, the Arts and Culture District and the broader area labeled the District, and this was a District discussion to decide where Council wanted to put the majority of housing. Council Member Gerber requested a discussion on creating a plan for additional funding opportunities for future housing. She indicated the housing pipeline would fund projects in the future, but it was not enough.

Daenitz displayed a projected cost sheet for affordable housing and stated density bonuses, reduced parking requirements and free land would make projects more appealing to private developers. Council Member Henney asked if the density bonus would be for affordable or market rate units. Glidden stated a developer would have to build at least 50% affordable units to qualify for a density bonus. Council Member Henney stated the Homestake project was 100% affordable and he didn't want to give away 50% of the units to market rate units. Mayor Beerman requested a link to the spreadsheet displayed so Council could manipulate the percentage of affordable units to market rate units to determine a model that would be appealing to developers. Council Member Joyce asked if the Arts and Culture District and Homestake housing plans had the same square footage per unit. Glidden indicated the Arts and Culture District had smaller units and Homestake would have larger units. Council Member Joyce requested comparisons that showed bedrooms and square footage between the developments.

Everitt displayed the Housing Priority Matrix from the previous meeting and discussed the results. The top score was how the development affected traffic impact and the lowest score was the lower housing cost per inhabitant. Council Member Worel asked if there was a discussion on cost per inhabitant. Everitt stated the more common factor was cost per unit. Glidden stated occupants were now being tracked so those numbers could be analyzed. Council Member Henney suggested filling out the matrix yearly to determine priorities. Mayor Beerman thought the matrix was a good tool to guide the Council as they made decisions.

Glidden displayed a chart showing City-owned land. Council Member Joyce indicated all the parcels had issues that would need to be resolved before housing could be built on them. He hoped some of the issues could be worked on while the Homestake project was implemented, so upon completion, another parcel would be shovel ready. Mayor Beerman indicated the work on the parcels was not in progress because the focus had been on Woodside Park II and Homestake, per Council direction. Council Member Worel indicated developers were concerned that there was a lot of red tape associated with the building process and it would help to cut down on that. Council Member Henney stated the City had a housing pipeline and it needed to be nimble in case Council shifted its focus. He favored doing groundwork on the two parcels currently being prioritized so they could be viable options. He was not interested in developing Sandridge and Marsac 100, but he thought effort should be put toward Ontario Mine Bench and Clark Ranch.

Mayor Beerman summarized Council wanted to issue an RFP for private/public partnerships and asked if the RFP should be for the Homestake parcel. Council Member Gerber asked if the rental model revenue from a public/private partnership could be used for a different project. Daenitz stated the rental revenue from the Arts and Culture District could be held or could be bonded against to use for another project. If a public/private partnership was used for Homestake, those revenue funds would not have to be used and could go towards a different project. Council Member Doilney thought an RFP could be put out for multiple projects. Mayor Beerman agreed they weren't limited to one project at a time. Council Member Joyce stated the challenge was that the parcels had issues and the developers would see those limitations. He hoped to rectify the issues so RFPs could be issued for those parcels. Glidden asked which parcels should be prioritized. Council Members Joyce, Doilney, and Worel favored Clark Ranch, Ontario Mine Bench, and Sommer in that order. Council Member Worel asked if the City would need to work with UDOT for access before a development could be planned for Ontario Mine Bench. Glidden stated the City would have to meet the State guidelines for access.

Council Member Gerber asked if the Flagpole Lot should be on the list. Glidden stated other parcels could be added. Everitt stated Council should look at the prioritized criteria from the matrix when considering these parcels. Council Member Gerber thought Woodside Park II could be looked at again, to which Glidden affirmed. She thought there were fewer issues with that parcel. Mayor Beerman stated Council asked staff to move their efforts from Woodside Park II to the Arts and Culture District, but it would be worth looking at Woodside Park II again. Everitt asked if Woodside Park II could be liquidated to fund other projects. Mayor Beerman thought Council was interested in hearing all options.

Council Member Henney indicated the private affordable housing developments in town had pitfalls, including health and safety issues and exploitation of tenants. By using private partners, the City would give up control, rental revenue, and financial stability. He hoped Council would look at those risks.

Glidden discussed some project factors that would influence developers, including location, targeted Area Median Income (AMI) levels, rentals or ownership, unit sizes, and net zero elements. Council Member Joyce stated the City didn't have housing inventory that was affordable to the lowest income demographic. He thought the City was interested in constructing rentals to reach that lower AMI population. Council Member Henney thought the AMI goal should be 60% or lower. Council Member Gerber was comfortable keeping the AMI at 80% or less. Council Member Doilney indicated a private developer would look at a return on equity, so the City needed to be flexible by having an AMI range for units. He thought any model should start at 80% or below and then toggle between factors that influenced the attractiveness of the project. Council Member Joyce asked to relate professions to the AMI level. Glidden stated he had some information and could look further into that. He noted the housing units could range from 30%-80% AMI and they would average 60% AMI. Council Member Henney stated the median wage for the Park City workforce was $44,000 and $90,000 equaled 80% AMI, so there was quite a gap. He liked the rental model as proposed, but wanted it closer to the AMI level of the workforce.

Daenitz asked if the rental model should have 50% AMI as an input, and noted in previous discussions the rental model was shown with an AMI of 80%. Council Member Gerber thought having an AMI range was good so the average AMI would be lower. Everitt noted additional funds could be provided to lower the AMI percentage. Council Member Joyce asked Daenitz to update the rental model with current cost per square foot estimates. Mayor Beerman indicated if $44,000 was the wage to target, the City should focus more on workforce housing instead of community housing. Previously, Council felt the big employers should step up to provide that housing and asked if the City was taking the pressure off by building these rentals. Council Member Joyce agreed with Council Member Henney and thought there should be a better definition of workforce housing. Council Member Gerber felt the workforce *was* the community. Council Member Henney agreed and thought there was some differential in seasonal, but seasonal employees could transfer to fulltime workforce. Council Member Doilney stated the RFPs could address the problem with feasibility on different properties. Housing in town would have higher density and land further out might be better suited for families. Glidden thought the workforce in general would want smaller units.

Council Member Worel asked if housing funds could be used on projects outside the City limits. Council Member Gerber preferred to start with infill so as not to contribute to sprawl. Mayor Beerman asked for direction on AMI limits. Council Member Gerber wanted the average AMI to be 80%, and was fine having higher AMIs if that meant there were lower AMI units. Council Member Henney was open for averaging the AMI, but hoped for a lower AMI. Council Member Joyce was not comfortable building rentals for those at 80% AMI. He thought the City could help fund the project to bring down the AMI or build commercial on the bottom level to make the lower AMI work. Council Members Henney, Joyce and Worel felt 80% AMI was too high for rentals. Council Member Henney felt 60% AMI was good. Council Member Joyce wanted to know the AMI for those earning $40,000-$70,000 and target that range. Council Member Henney thought the target range would be more for those earning $35,000-$50,000. Council Member Doilney indicated the City would have to make concessions or nothing would get built. Council Member Joyce stated the City could compensate with other options like the ones he previously proposed. Council Member Worel asked Glidden what the taskforce committees would discuss if they were created. Glidden indicated they could look at ways the City could make a low AMI work for a developer. Mayor Beerman asked Glidden to bring back some options for Council to discuss. Council Member Gerber asked how commercial was different than higher AMI units. Council Member Joyce felt commercial could be lucrative which would bring down the AMI, but the committees could compare that and bring back those numbers. Glidden stated commercial would add vibrancy to the project.

Mayor Beerman stated further discussion could continue at the next meeting. Council Member Joyce wanted to have an Arts and Culture District financial discussion before finalizing other decisions for the district. It was indicated Glidden could come back next month with a report on the direction given him today.

2. Review and Discuss Interview Process and Date for Planning Commission Vacancy:
Michelle Downard, Resident Advocate, updated the Council on Planning Commission vacancies. She indicated there were two vacancies and 13 residents had applied to fill those spots. Mayor Beerman indicated it would be nice to interview all candidates, but all the boards and commissions were getting large numbers of applications, and he asked if the process could be more efficient. After some discussion, Mayor Beerman stated the Council would rank the applications and if there were strong differences of opinion, then the Council could interview all the applicants. He indicated the application period would close Monday, February 15th. The Council decided to interview the top ranked candidates March 10th or 11th.

III) ADJOURNMENT

With no further business, the meeting was adjourned.

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Michelle Kellogg, City Recorder

Park City Housing Authority

Housing + Density Bonus Pro-forma

Capital Expenses

Housing Facilities

Unit Type	Number of Units	Square Footage	Cost/Square Foot, Cost per Unit on Parking
Studio - Type 1	16	300	$ 520
Studio - Type 2	12	300	$ 520
1 Bedroom - Type 1	16	550	$ 520
1 Bedroom - Type 2	16	550	$ 520
2 Bedroom - Type 1	14	850	$ 520
2 Bedroom - Type 2	14	850	$ 520
Additional Facility Storage	1	5,303	$ 180
Surface Parking	60		$ 6,000
			Housing Facilities Total Cost

Land

Land			
			Land Total Cost

Land & Housing Capital Cost

Construction Management, Design, Contingency

			% of Capital Cost
Construction Management			5.0%
Design			5.0%
Fees			5.0%
Contingency			9.0%
			Construction, Design, Contingency Total Cost

Capital & Management, Design, Contingency Costs

Equity & Debt			
Funding Source			% of Expense
Developer Equity			35.0%
City Equity			13.0%
Tax Credit Financing			0.0%
Debt			52.0%
			Total Debt to Raise

Operational Expenses			
Management/Facilities			
Unit Type	Number of Units		Monthly Cost
Studio - Type 1	16		$ 400
Studio - Type 2	12		$ 400
1 Bedroom - Type 1	16		$ 400
1 Bedroom - Type 2	16		$ 400
2 Bedroom - Type 1	14		$ 450
2 Bedroom - Type 2	14		$ 450
Additional Facility Storage	1		$ 50
Surface Parking	60		$ 50
			Total Operational Expense

Revenue			
Unit Type	Count	AMI %	Max Tenants Per Unit
Studio - Type 1	16	50%	1
Studio - Type 2	12	55%	1
1 Bedroom - Type 1	16	60%	2
1 Bedroom - Type 2	16	65%	2
2 Bedroom - Type 1	14	100%	3
2 Bedroom - Type 2	14	100%	3
Additional Facility Storage	1		
Surface Parking	88		

Year 1 Net Income			
Unit Type	Annual Operations Cost	AMI %	Annual Operations Expense
Studio - Type 1	16	50%	$ 76,800
Studio - Type 2	12	55%	$ 57,600
1 Bedroom - Type 1	16	60%	$ 76,800
1 Bedroom - Type 2	16	65%	$ 76,800
2 Bedroom - Type 1	14	100%	$ 75,600
2 Bedroom - Type 2	14	100%	$ 75,600
Additional Facility Storage	1	0%	$ 600
Surface Parking	88	0%	$ 36,000
		Total	**$ 475,800**
		Annual Debt Service	**$ 1,106,316**
		Combined Property Tax Rate	**0.0079336**
		Property Taxes	**$ 316,876**
		Operating Year 1 NOI	
		Operating Margin Year 1	
		Operating Year 1 Gross Profit Margin	
		Operating Year 1 Net Profit Margin	
		Operating Year 1 Return on Equity	

Year	Operations Costs	Debt Service	Taxes
0		$ 3,268,125	
1		$ 3,268,125	
2	$ 475,800.00	$ 1,106,316	$ 316,876
3	$ 485,316.00	$ 1,106,316	$ 321,313
4	$ 495,022.32	$ 1,106,316	$ 325,811

5	$ 504,922.77	$ 1,106,316	$ 330,372
6	$ 515,021.22	$ 1,106,316	$ 334,998
7	$ 525,321.65	$ 1,106,316	$ 339,688
8	$ 535,828.08	$ 1,106,316	$ 344,443
9	$ 546,544.64	$ 1,106,316	$ 349,265
10	$ 557,475.53	$ 1,106,316	$ 354,155
11	$ 568,625.04	$ 1,106,316	$ 359,113
12	$ 579,997.55	$ 1,106,316	$ 364,141
13	$ 591,597.50	$ 1,106,316	$ 369,239
14	$ 603,429.45	$ 1,106,316	$ 374,408
15	$ 615,498.03	$ 1,106,316	$ 379,650
16	$ 627,808.00	$ 1,106,316	$ 384,965
17	$ 640,364.16	$ 1,106,316	$ 390,355
18	$ 653,171.44	$ 1,106,316	$ 395,820
19	$ 666,234.87	$ 1,106,316	$ 401,361
20	$ 679,559.56	$ 1,106,316	$ 406,980
21	$ 693,150.76	$ 1,106,316	$ 412,678
22	$ 707,013.77	$ 1,106,316	$ 418,455
23	$ 721,154.05	$ 1,106,316	$ 424,314
24	$ 735,577.13	$ 1,106,316	$ 430,254
25	$ 750,288.67	$ 1,106,316	$ 436,278
26	$ 765,294.44	$ 1,106,316	$ 442,386
27	$ 780,600.33	$ 1,106,316	$ 448,579
28	$ 796,212.34	$ 1,106,316	$ 454,859
29	$ 812,136.59	$ 1,106,316	$ 461,227
30	$ 828,379.32	$ 1,106,316	$ 467,684
31	$ 844,946.90	$ 1,106,316	$ 474,232

Assume Valuation Growth at Same Pace as Rent Growth 2.0%

			Equity vs. Debt, Valuation, Cap Rates	
	Year	**Equity**	**Debt**	
#	**0**	$ 853,202	$ 33,189,482	
#	**1**	$ 1,959,518	$ 32,083,166	
#	**2**	$ 3,065,834	$ 30,976,850	

#	**3**	$ 4,172,150	$ 29,870,534	
#	**4**	$ 5,278,466	$ 28,764,217	
#	**5**	$ 6,384,783	$ 27,657,901	
#	**6**	$ 7,491,099	$ 26,551,585	
#	**7**	$ 8,597,415	$ 25,445,269	
#	**8**	$ 9,703,731	$ 24,338,953	
#	**9**	$ 10,810,047	$ 23,232,637	
#	**10**	$ 11,916,363	$ 22,126,321	
#	**11**	$ 13,022,679	$ 21,020,005	
#	**12**	$ 14,128,995	$ 19,913,689	
#	**13**	$ 15,235,311	$ 18,807,373	
#	**14**	$ 16,341,627	$ 17,701,057	
#	**15**	$ 17,447,943	$ 16,594,741	
#	**16**	$ 18,554,259	$ 15,488,425	
#	**17**	$ 19,660,575	$ 14,382,109	
#	**18**	$ 20,766,891	$ 13,275,793	
#	**19**	$ 21,873,207	$ 12,169,477	
#	**20**	$ 22,979,523	$ 11,063,161	
#	**21**	$ 24,085,839	$ 9,956,845	
#	**22**	$ 25,192,155	$ 8,850,528	
#	**23**	$ 26,298,472	$ 7,744,212	
#	**24**	$ 27,404,788	$ 6,637,896	
#	**25**	$ 28,511,104	$ 5,531,580	
#	**26**	$ 29,617,420	$ 4,425,264	
#	**27**	$ 30,723,736	$ 3,318,948	
#	**28**	$ 31,830,052	$ 2,212,632	
#	**29**	$ 32,936,368	$ 1,106,316	

Coverage Ratio

Year	Debt	Revenue	Debt Coverage Ratio
0	$ 3,268,125.00	$ 2,277,538.42	0.70
1	$ 3,268,125.00	$ 2,323,089.18	0.71
2	$ 1,106,316.06	$ 2,369,550.97	2.14
3	$ 1,106,316.06	$ 2,416,941.99	2.18
4	$ 1,106,316.06	$ 2,465,280.83	2.23

5	$	1,106,316.06	$	2,514,586.44	2.27
6	$	1,106,316.06	$	2,564,878.17	2.32
7	$	1,106,316.06	$	2,616,175.74	2.36
8	$	1,106,316.06	$	2,668,499.25	2.41
9	$	1,106,316.06	$	2,721,869.24	2.46
10	$	1,106,316.06	$	2,776,306.62	2.51
11	$	1,106,316.06	$	2,831,832.75	2.56
12	$	1,106,316.06	$	2,888,469.41	2.61
13	$	1,106,316.06	$	2,946,238.80	2.66
14	$	1,106,316.06	$	3,005,163.57	2.72
15	$	1,106,316.06	$	3,065,266.84	2.77
16	$	1,106,316.06	$	3,126,572.18	2.83
17	$	1,106,316.06	$	3,189,103.62	2.88
18	$	1,106,316.06	$	3,252,885.70	2.94
19	$	1,106,316.06	$	3,317,943.41	3.00
20	$	1,106,316.06	$	3,384,302.28	3.06
21	$	1,106,316.06	$	3,451,988.32	3.12
22	$	1,106,316.06	$	3,521,028.09	3.18
23	$	1,106,316.06	$	3,591,448.65	3.25
24	$	1,106,316.06	$	3,663,277.63	3.31
25	$	1,106,316.06	$	3,736,543.18	3.38
26	$	1,106,316.06	$	3,811,274.04	3.45
27	$	1,106,316.06	$	3,887,499.52	3.51
28	$	1,106,316.06	$	3,965,249.51	3.58

Total Cost	
$	2,496,000
$	1,872,000
$	4,576,000
$	4,576,000
$	6,188,000
$	6,188,000
$	954,540
$	360,000
$	**27,210,540**

Total Cost	
$	5,000,000
$	**5,000,000**

$	**32,210,540**

$	1,610,527
$	1,610,527
$	1,610,527
$	2,898,949
$	**7,730,530**

Density Bonus?
Y

Developer - Equity to Deal?
35%

City - Equity to Deal?
13%

Assumed Construction Loan Rate
7.50%

Assumed Annual Rent Increase
2.00%

Assumed Annual Ops Expense Increase
2.00%

Weighted Average of AMIs as Configured
71%

Total Unit Count
88

Total Tenants Served
176

Operating Year 1 Net Operating Income
$333,888

$	39,941,070

$	13,979,374
$	5,192,339
$	-
$	20,769,356
$	**21,000,000**

Annual Cost	
$	76,800
$	57,600
$	76,800
$	76,800
$	75,600
$	75,600
$	600
$	36,000
$	**475,800**

Monthly Rent Revenue		Annual Revenue	
$	997	$	191,347
$	1,096	$	157,874
$	1,367	$	262,426
$	1,481	$	284,299
$	2,563	$	430,567
$	2,563	$	430,567
$	-	$	-
$	-	$	-

Operating Year 1 Net Profit Margin
15%

Annualized Return on Equity
7.18%

IRR
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Total Annual Revenue	**$ 1,757,081**

Annual Rent Revenue	HOA Revenue
$ 191,347	$ 76,800
$ 157,874	$ 57,600
$ 262,426	$ 76,800
$ 284,299	$ 76,800
$ 430,567	$ 75,600
$ 430,567	$ 75,600
$ -	$ 600
$ -	$ 36,000
$ 1,757,081	**$ 475,800**

$ 333,888
$ 1,757,081
79%
15%
39.13%

Net Income Projection

Total Expenses	HOA revenue	Rent Revenue
$ 3,268,125	$ -	
$ 3,268,125	$ -	
$ 1,898,993	$ 475,800	$ 1,757,080.80
$ 1,912,945	$ 485,316	$ 1,792,222.42
$ 1,927,149	$ 495,022	$ 1,828,066.86

$	1,941,611	$	504,923	$	1,864,628.20
$	1,956,335	$	515,021	$	1,901,920.77
$	1,971,325	$	525,322	$	1,939,959.18
$	1,986,587	$	535,828	$	1,978,758.36
$	2,002,126	$	546,545	$	2,018,333.53
$	2,017,947	$	557,476	$	2,058,700.20
$	2,034,054	$	568,625	$	2,099,874.21
$	2,050,455	$	579,998	$	2,141,871.69
$	2,067,152	$	591,597	$	2,184,709.12
$	2,084,154	$	603,429	$	2,228,403.31
$	2,101,464	$	615,498	$	2,272,971.37
$	2,119,089	$	627,808	$	2,318,430.80
$	2,137,035	$	640,364	$	2,364,799.42
$	2,155,307	$	653,171	$	2,412,095.40
$	2,173,912	$	666,235	$	2,460,337.31
$	2,192,856	$	679,560	$	2,509,544.06
$	2,212,145	$	693,151	$	2,559,734.94
$	2,231,785	$	707,014	$	2,610,929.64
$	2,251,784	$	721,154	$	2,663,148.23
$	2,272,147	$	735,577	$	2,716,411.20
$	2,292,882	$	750,289	$	2,770,739.42
$	2,313,996	$	765,294	$	2,826,154.21
$	2,335,495	$	780,600	$	2,882,677.29
$	2,357,387	$	796,212	$	2,940,330.84
$	2,379,680	$	812,137	$	2,999,137.46
$	2,402,380	$	828,379	$	3,059,120.21
$	2,425,495	$	844,947	$	3,120,302.61

Discount rate = assumed long-term mortgage rate

Cap Rate (%)	ROE (%)	PV of Future Cash Flows	
0.84%	39.13%	$	323,378
0.91%	18.61%	$	342,002
0.99%	12.91%	$	359,715

1.07%	10.26%	$	376,550
1.15%	8.73%	$	392,537
1.24%	7.74%	$	407,706
1.32%	7.05%	$	422,088
1.41%	6.55%	$	435,709
1.50%	6.16%	$	448,598
1.59%	5.87%	$	460,780
1.68%	5.63%	$	472,281
1.78%	5.45%	$	483,125
1.87%	5.29%	$	493,338
1.97%	5.17%	$	502,941
2.07%	5.06%	$	511,957
2.17%	4.98%	$	520,407
2.28%	4.90%	$	528,313
2.39%	4.85%	$	535,694
2.49%	4.80%	$	542,571
2.61%	4.76%	$	548,961
2.72%	4.73%	$	554,884
2.84%	4.70%	$	560,356
2.95%	4.68%	$	565,395
3.07%	4.67%	$	570,018
3.20%	4.66%	$	574,240
3.32%	4.66%	$	578,076
3.45%	4.66%	$	581,543
3.58%	4.66%	$	584,653
3.72%	4.67%	$	587,421
3.86%	4.67%	$	589,861
		PV of Future Cash Flows	
		Terminal Value	
		Cash on Hand (assumed)	
		Enterprise Value	
		Debt	
		Equity Value	

Number of Bonus Units Granted	Bonus Sq. Footage Added
16	**4,800**

Developer - $ Required Equity	Developer - Construction Loan
$13,979,374	**$21,000,000**

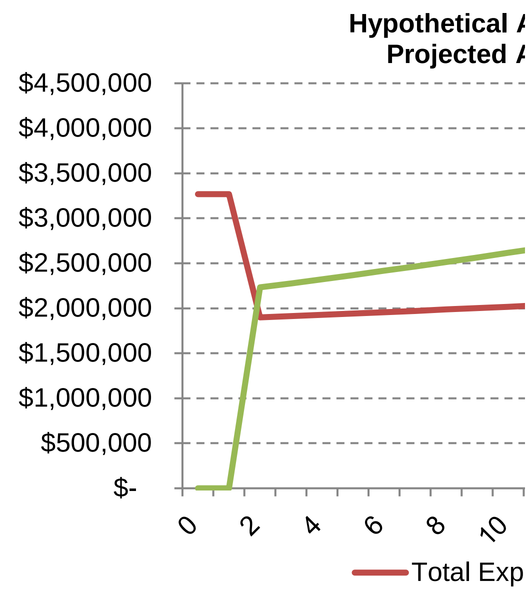
City - $ Granted Equity	Tax Credit Financed?
$5,192,339	N

Construction Loan Term	Assumed Long-Term Mortgage Rate
2	3.25%

% of Sq. Footage <= 80% AMI
50%

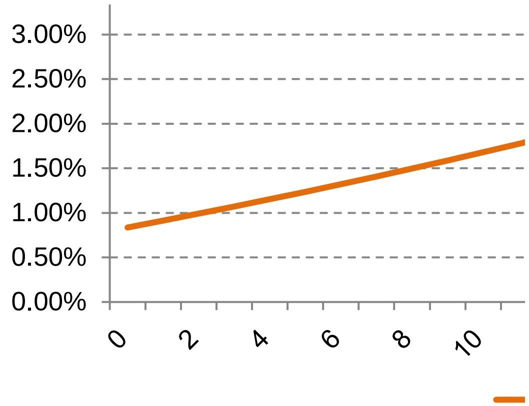
Total Count of Affordable Units
60

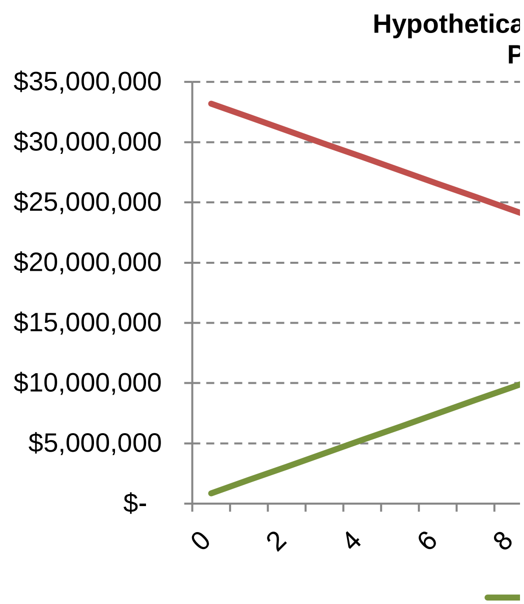
Average $ Cost Per Unit
$453,876



(assumes a terminal valuation)

(valid for tax-credit scenario only)





Total Revenue		Net Income	
$	-	$	(3,268,125.00)
$	-	$	(3,268,125.00)
$	2,232,880.80	$	333,888.27
$	2,277,538.42	$	364,593.62
$	2,323,089.18	$	395,939.69

$ 2,369,550.97	$ 427,939.67
$ 2,416,941.99	$ 460,607.02
$ 2,465,280.83	$ 493,955.47
$ 2,514,586.44	$ 527,999.02
$ 2,564,878.17	$ 562,751.99
$ 2,616,175.74	$ 598,228.94
$ 2,668,499.25	$ 634,444.77
$ 2,721,869.24	$ 671,414.67
$ 2,776,306.62	$ 709,154.13
$ 2,831,832.75	$ 747,678.97
$ 2,888,469.41	$ 787,005.32
$ 2,946,238.80	$ 827,149.64
$ 3,005,163.57	$ 868,128.75
$ 3,065,266.84	$ 909,959.77
$ 3,126,572.18	$ 952,660.21
$ 3,189,103.62	$ 996,247.90
$ 3,252,885.70	$ 1,040,741.06
$ 3,317,943.41	$ 1,086,158.27
$ 3,384,302.28	$ 1,132,518.48
$ 3,451,988.32	$ 1,179,841.06
$ 3,521,028.09	$ 1,228,145.72
$ 3,591,448.65	$ 1,277,452.63
$ 3,663,277.63	$ 1,327,782.31
$ 3,736,543.18	$ 1,379,155.75
$ 3,811,274.04	$ 1,431,594.34
$ 3,887,499.52	$ 1,485,119.91
$ 3,965,249.51	$ 1,539,754.74

	current outlay
IRR Discount Calc	$ 19,171,713
$ 262,904	irr
$ 226,048	27.00%
$ 193,294	$ 19,837,435

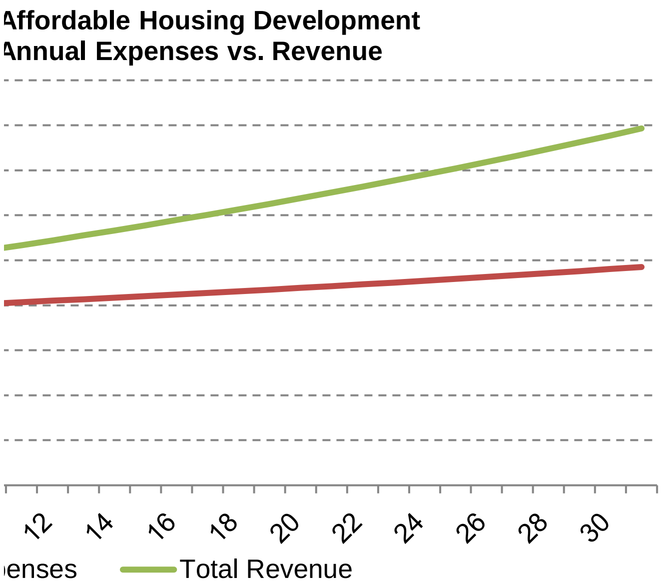
$	164,501	$	665,722
$	139,416		
$	117,724		
$	99,085		
$	83,155		
$	69,604		
$	58,124		
$	48,434		
$	40,281		
$	33,440		
$	27,716		
$	22,937		
$	18,955		
$	15,644		
$	12,896		
$	10,619		
$	8,735		
$	7,178		
$	5,893		
$	4,834		
$	3,962		
$	3,245		
$	2,656		
$	2,172		
$	1,775		
$	1,450		
$	1,184		
$	14,855,097		
$	47,377,069		
$	5,000,000		
$	67,232,166		
$	33,189,482		
$	34,042,684		

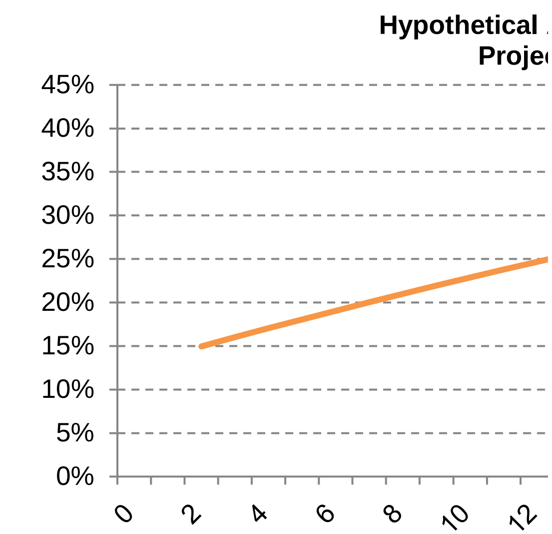
Parking Reduction?	Spaces Required
Y	60

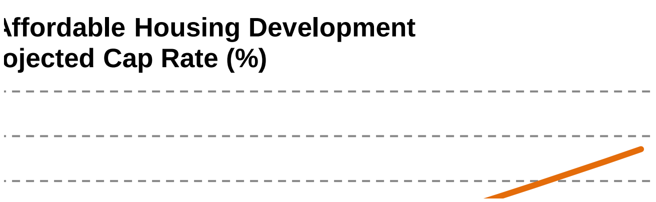
Developer - Construction Loan Debt Service (IO)	Developer - Refinanced Long-term Debt
$3,268,125	$21,000,000

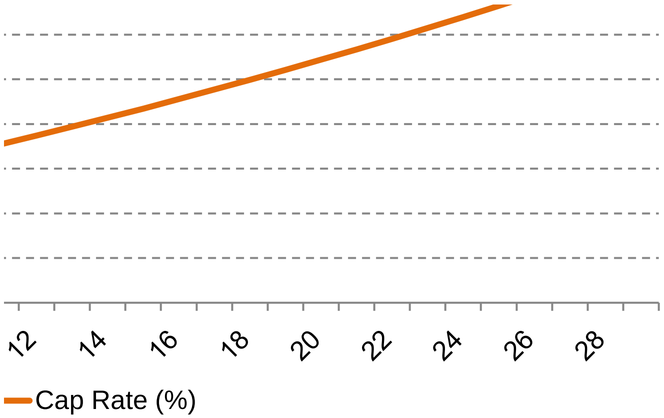
Tax Credit % of Capital	Tax Cred $ Subsidy
0%	$0

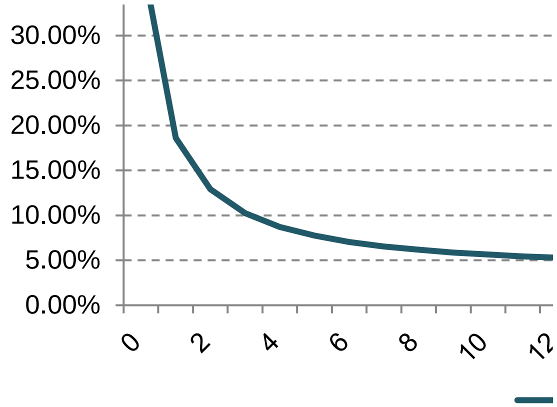
Mortgage Term
30

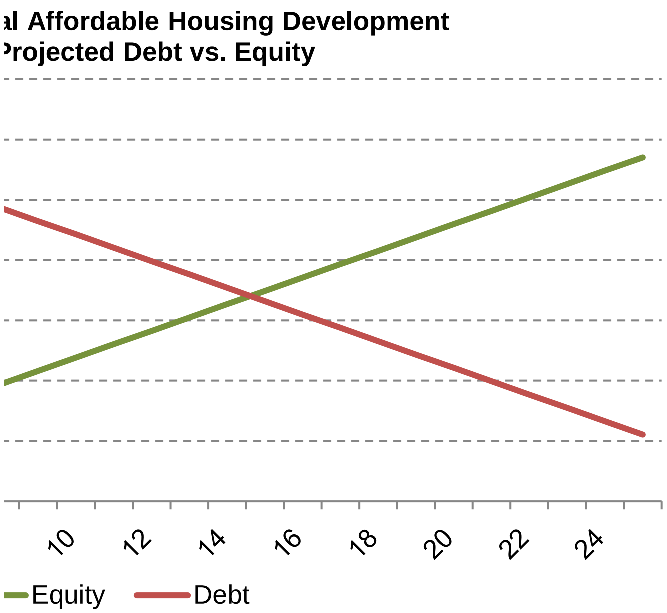


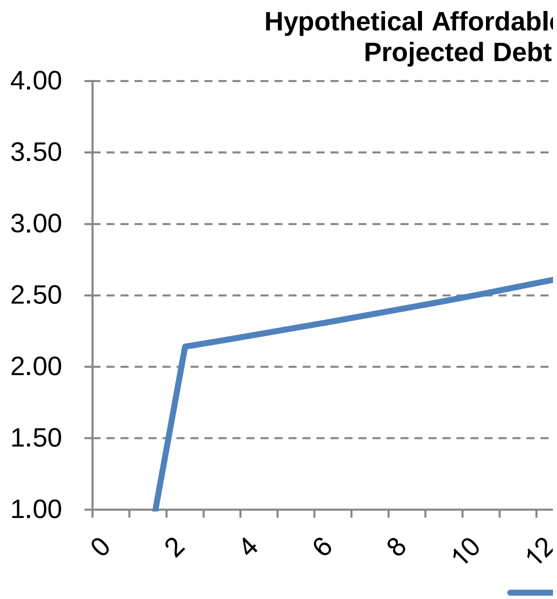





12
14
16
18
20
22
24
26
28
Cap Rate (%)


30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
0
2
4
6
8
10
12


al Affordable Housing Development
Projected Debt vs. Equity
10
12
14
16
18
20
22
24
Equity
Debt


Hypothetical Affordabl
Projected Debt
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0
2
4
6
8
10
12

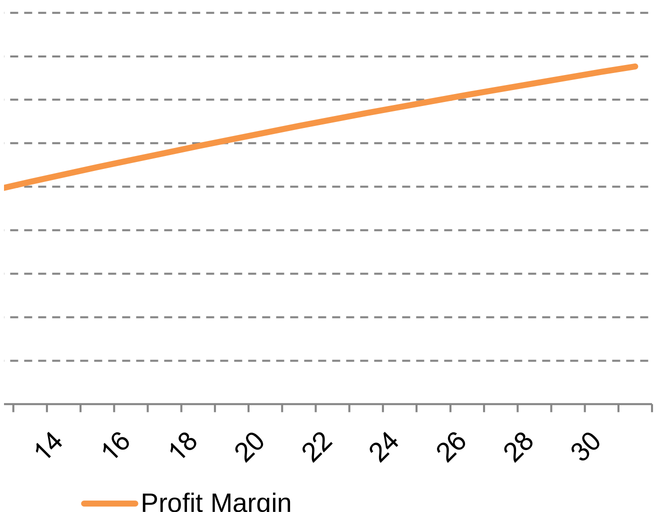
Profit Margin
15%
16%
17%

18%
19%
20%
21%
22%
23%
24%
25%
26%
26%
27%
28%
29%
30%
30%
31%
32%
33%
33%
34%
35%
36%
36%
37%
38%
38%
39%

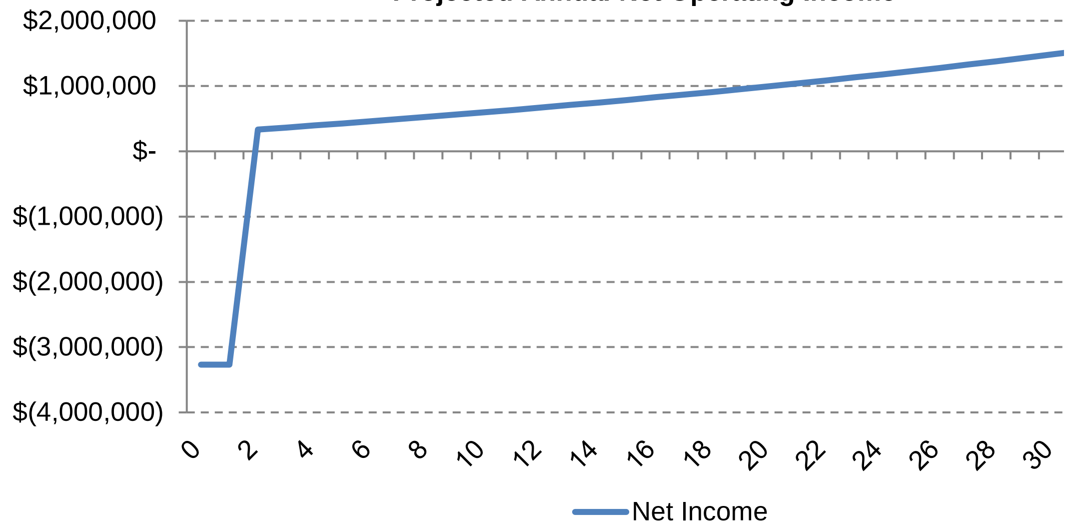
$ Cost of Parking
$360,000

Developer - Refinanced Long-term Annual Debt Service
$1,106,316

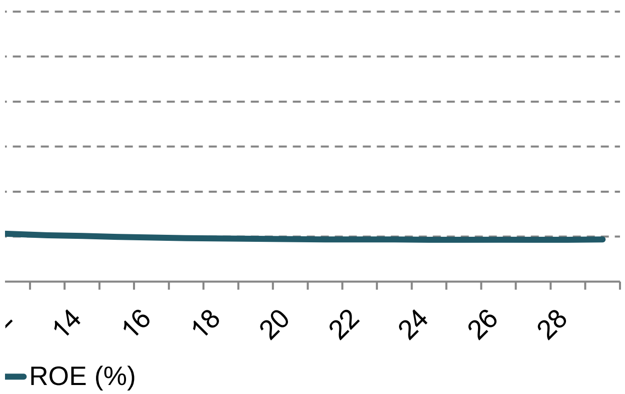
Affordable Housing Development
cted Annual Profit Margin



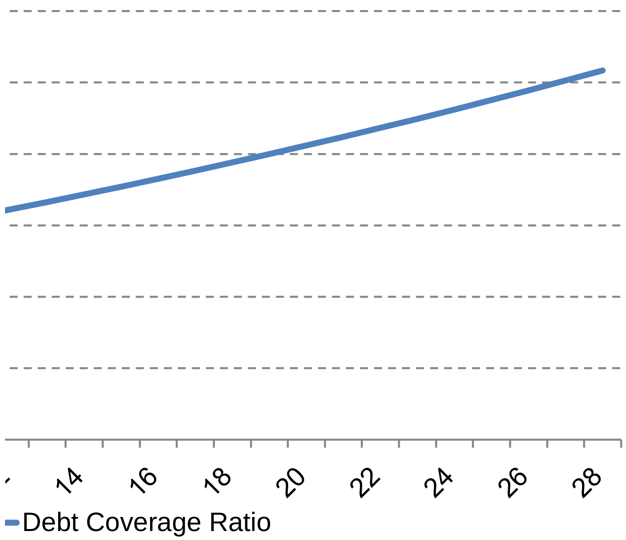
Hypothetical Affordable Housing Development
Projected Annual Net Operating Income



Affordable Housing Development
ted Return on Equity (%)



e Housing Development
: Coverage Ratio



Private/Public Partnerships

February 2021

PARK CITY
1884

PCMC Housing Goal

Three Prong Approach

800

Units

Policy

- Housing Resolution – Inclusionary Housing Policy
- Land Management Code
- State Legislation

Development

- The Retreat at the Park – 8 single family
- Woodside Park Phase 1 – 4 single family, 4 townhomes
- Prospector Condos – 23 studio units
- Homestake – 70 – 90 units
- Art & Culture – 50 -75 units

Partnership

- Private Developers
- Non-profits
- Local business

Policy Questions

- Is Council supportive of moving forward with possible next steps (Development of RFP) for a potential private/public partnership to develop affordable housing?

- If so, which land parcel(s) would the Council like to target in priority order?

- What are the critical influence points that Council wants to include in a partnership? Free land, AMI-level, rental vs. ownership, workforce vs. community housing, net-zero on-site/off-site?

Task Force Meeting Summary

- City developments seem to have higher costs than private;
- Access to land is critical. There are few developable parcels left within City limits;
- Traditional affordable housing funding sources may be available to make projects financially feasible, such as Low Income Housing Tax Credits and impact investment funds;
- Allowing a mixed-use housing development will help feasibility by adding commercial spaces to offset housing costs; and
- Permitting a housing project is expensive and time-consuming.

Financial Model

Key Assumptions	
Code	Model assumes that an affordable housing development is granted a density bonus and parking reduction. Council will need to adopt the proposed new code.
Construction Costs	$520 per square foot, not inclusive of design, management, contingency
Land cost/grant	Land cost is assumed at $5m to be offset by the City
Rent increase	Assumed at 2% increase annually
Ops Cost/HOA Fee	HOA fee modeled to be $400/month on top of rent, direct offset of ops cost, assumed to increase at 2% annually thereafter
Financing Terms	2 year construction loan at 7.5% with 30 year takeout at 3.25%
AMIs/Rents	56% of the square footage at 60% AMI ($1,196/mo.) 44% of the square footage at 100% AMI ($2,278/mo.)

Enter the Matrix

- A matrix tool to help evaluate how priorities relate to different housing and type configurations, and location.
- This tool will help Council identify development priorities and balance competing challenges and opportunities.

City-Owned Land

Property	General Location	Acres	Zoning	Soils	Title Encumbrance per Housing	Within Current City Limits	Adjacent to Transit Route	Challenges	Possible Private/Public
Aerie Parcel	Deer Valley Drive/Aerie Drive	5	Estate	Unknown	Unknown	Yes	Yes	Viewshed Impacts, Steep slopes, poor access off of Aerie Drive, zoning.	Possible but with recognized challenges
Clark Ranch	South of Park City Heights	10	MR (Mountain Remote)	Unknown	No	No	No	The approved use of the bond to purchase this parcel was for open space and limited improvements. COSAC supports municipal uses on the 10 acres. Deviation from the open space intent would have to be carefully scrutizined by bond counsel. Private development on the land would require a financial seperation of the tax-exempt bond proceeds used to purchase the land. Access to the site requires additional research and may also present additional costs or permitting.	Possible but with recognized challenges
Marsac 100	Hillside Ave./Marsac	2.7	HR1	Outside of soils boundary but part of Uintah Mining District	No	Yes	Yes	Secondary access & neighborhood input has previously resulted in Council's deprioritization of affordable housing on this parcel.	Possible but with recognized challenges
Ontario Mine Bench	Marsac Ave/SR-224 Silverlake	29.06	ROS	Outside of soils boundary but part of Uintah Mine District	No	Yes	Yes	Soil remediation and rezoning of parcel. Additionally, existing tenant leases and relocation of existing municipal uses may be challenging/costly	Possible but with recognized challenges
Sandridge	Hillside Ave./Marsac	2	HR1	In soil boundary-Does have soils ceritifcate of compliancy	Small parcel area is dedicated to public parking as part of Flagstaff Development Agreement	Yes	Yes	Deed restriction limiting use to public parking on small area. Neighborhood	Possible but with recognized challenges
Sommer Parcel	(Lower Iron Horse Loop Road/Rail Trail)	14.3	Estate	In soil boundary-Does not curently have soils ceritifcate of compliancy	No	Yes	Yes	The Sommer Parcel is land locked and current development is limited to five single family homes. Costs associated with perfecting access and regulatory requirements of secondary/fire access are likely. Topography and wetland challenges may also be present.	Possible but with recognized challenges

Influence Points

- **Location** – In-fill, near City borders, outside City limits, and even property with existing development that could be allowed to add density, units, height, etc.;
- **Targeted AMI Levels** – 80% AMI or lower. The lower the AMI, the greater diversity of the population can be served, the lower the AMI, the further our limited resources can go to fund the next housing development or unit;
- **Rental vs. Ownership** – Rental property provides housing opportunities to a more diverse and traditional lower-income population, yet no equity is earned for the renter and the population is typically more transient;
- **Workforce vs. Community** – Workforce housing = smaller with more units VS. community housing = larger and more suitable for families that require more bedrooms.
- **Net Zero goals** – net-zero goals met on-site vs. offsite energy production.

Policy Questions

- Is Council supportive of moving forward with possible next steps (Development of RFP) for a potential private/public partnership to develop affordable housing?
- If so, which land parcel(s) would the Council like to target in priority order?
- What are the critical influence points that Council wants to include in a partnership? Free land, AMI-level, rental vs. ownership, workforce vs. community housing, net-zero on-site/off-site?