PARK CITY COUNCIL WORK SESSION NOTES
SUMMIT COUNTY, UTAH
JANUARY 26, 2006

Present: **Mayor Dana Williams; Council members, Marianne Cone Candace Erickson; Roger Harlan; Jim Hier; and Joe Kernan**

Tom Bakaly, City Manager; Mark Harrington, City Attorney; and Phyllis Robinson, consultant

Dennis Kelsey, Salt Lake County Housing Authority; Scott Loomis, Executive Director of Mountainlands Community Housing Trust (MCHT); and Bill Shoaf, Cloud Nine Resorts

1. **Council questions and comments.** Roger Harlan commented on Officials Day at the Legislature and expressed his appreciation of the supportive relationship the City enjoys with Senator Bev Evans and Representative David Ure. Marianne Cone complimented Myles Rademan on his public service announcements encouraging using the free bus system during the Film Festival. Joe Kernan relayed that he received positive comments about the City mitigating the impacts of Sundance and he felt the parking management system is working well. Candace Erickson spoke about the passing of citizen Howard Kadwit. Jim Hier shared comments from Deer Valley Resort General Manager Bob Wheaton who felt that the use of the two parking lots for Sundance greatly curtailed parking for skiers and another option will have to be explored in the future. Mr. Hier expressed concern about proposed legislation and its negative impacts on rural Utah communities. Mayor Williams reported that the ULCT will be meeting regularly on proposed bills and commented specifically on SB170 which has the potential of seriously affecting local zoning controls. The effects could be devastating. The Mayor thanked staff members for taking on extra shifts during Sundance and felt the event is going very well. Marianne Cone acknowledged Sunnyside neighborhood's work in finding evidence of commercial uses in a rented residence. Roger Harlan referred to the favorable article in the Salt Lake Tribune about the Mayor and Park City community.

2. **Review of regular meeting.**

Resolution with Salt Lake County Housing Authority. Phyllis Robinson introduced Dennis Kelsey from Salt Lake County and explained that the resolution is an administrative matter associated with Section 8 vouchers issued in one jurisdiction, but used in another area. The resolution sets forth a mechanism for reciprocity and creates collaboration between agencies in terms of potential programs which may be offered here. In response to a question from Roger Harlan regarding agreements with other entities outside the Salt Lake Valley, Mr. Kelsey noted that there is an agreement with unincorporated Summit County and Kamas. Section 8 vouchers subsidize rents based on income; payments are rendered directly to the landlord. Mr. Kelsey emphasized that it is rare that clients live in Park City because the payment standards are not sufficient to cover rent assistance in this market. Rent can be no more than 40% of income. There was discussion of creating a Section 8 program for Park City and Mr. Kelsey explained that the funding source is HUD. The Mayor expressed interest in exploring this program for Park City as rent subsidies may be an effective alternative to building affordable housing and may benefit more people. Ms. Robinson explained that no new Section 8 vouchers will be issued, but there may be opportunities with new housing programs through a partnership with the Salt Lake County Housing Authority.

Loan to MCHT. Ms. Robinson explained that the loan is a promissory note in the amount of $100,000 to assist 18 buyers who have been waiting to purchase units at 555 Deer Valley Drive and replaces the existing construction loan with MCHT. Scott Loomis stated that there are 22 units and a number of qualified buyers have been on the waiting list for over two years. This allowed some people to qualify for a matching grant under a federal home loan bank program where they contributed $1,666 over a two year period or less to obtain a 3:1 match. He added that the project is over-budget and in order to charge buyers the same price as quoted in June 2005, MCHT will carry the balance which will become due on the next sale of the unit. The concept is based on an appreciation rate of 3%, and the balance MCHT will carry is 3%. Phyllis Robinson added that for second mortgages for City employees, the rate of interest is 5%. This is a new loan in the form of an unsecured promissory note for a term of five years. The average square footage calculation and prudent man rule were discussed.

In response to a question from Roger Harlan, Mr. Loomis explained that the first buyer will receive a return on his investment but not on the proportional subsidy to the unit to maintain the original cost to the buyer. The next buyer will pay the actual price, including the 3% appreciation. In response to a comment from Council member Harlan about noticing the purchaser, Mr. Loomis explained that these are recorded restrictions on the property. Phyllis Robinson added that units can not be sold without contacting MCHT who has the first right of refusal. Joe Kernan expressed that this approach is a good way to accomplish the goal of containing the initial purchase price. Marianne Cone asked about the projected completion date and whether all units need to be completed before sales occur. Mr. Loomis stated that units can be sold as they are completed and was hesitant to provide a specific date. It is hoped that the first units close within 30 to 60 days with other sales following shortly thereafter. In response to a question from Ms. Cone, Mr. Loomis detailed the management of the project and Ms. Robinson added that the construction reports indicate overall completion of the project in this time frame.

3. Housing requirement for Sky Lodge – Cloud Nine Resorts. Phyllis Robinson explained that the Housing Authority will formally consider the application from Cloud Nine Resorts and will be convening after the City Council meeting tonight. The request is for an in-lieu payment for the affordable housing requirement associated with the Sky

Lodge. The requirement is 3.45 unit equivalents as a part of the MPD and is consistent with prior actions. The project falls under the current Resolution No. 17-99, the amount per unit equivalent is $59,828 for a total in-lieu-of payment of $206,407. The acceptance of an in-lieu payment is at the sole discretion of the Housing Authority, and monies are held in a specified account. In response to a question from Candace Erickson, Ms. Robinson explained that the development agreement for April Mountain did not specify the Housing Authority, while this project agreement does. Jim Hier asked for clarification on the commercial component. Bill Shoaf pointed out the commercial uses on the property have been active for decades, i.e., Zooms and Easy Street Restaurants. There is lobby space and a spa for guests of the hotel. Marianne Cone asked Ms. Robinson to elaborate on how in-lieu-of fees may result in immediate housing. She stated that Park City does not have a housing project where funds could be used tomorrow and the current housing resolution does not provide guidance in terms of time lines to produce affordable housing. She suggested specifying a 24 month window in the resolution. In response to a comment from Council member Cone, Ms. Robinson clarified that Talisker's obligations are contemplated to be constructed on-site and there has been no request for the payment of in-lieu-of fees. Ms. Cone expressed her preference for on-site housing. Ms. Robinson noted that the Sky Lodge's affordable housing 3.45 unit requirement is relatively small, and deemed appropriate for consideration of acceptance of in-lieu-of fees. Joe Kernan asked what size project triggers on-site housing, and she advised that it is a function of the size, location and type of development.

4. Affordable housing guidelines and standards. Phyllis Robinson stated that Park City has conducted its housing needs assessment and the next logical step is to establish guidelines and standards which will ultimately be approved by resolution. The resolution will be amended to reflect affordability definitions and wage levels, Land Management Code definitions, and approval of in-lieu-of fees as discussed at Council's Visioning Session. It is important to set standards that match the community's housing needs. She requested that Council target market, housing type and design. For instance, single family affordable housing should be a requirement for single family developments. The required on-site deed restricted units for mixed unit types should include different unit types in the same proportion as the market rate dwelling units within the development. The City certainly has the discretion to modify the mix, but the resolution sets forth a guideline for applicants and clarifies the City's intent. Jim Hier felt commercial should be addressed and she explained that it could be in a mixed use type project. Council will discuss alternate ways of fulfilling obligations that may be suited for commercial without a residential component. Mr. Hier again expressed that commercial should be required to provide housing and Candace Erickson agreed because of the generation of employees. In-lieu-of fees and off-site housing that may be associated with commercial projects were discussed by members. Candace Erickson pointed out the potential for developers to buy older housing stock and renovating the properties for affordable housing rather than building new housing.

Ms. Robinson explained that minimum sizes of units have increased over the past several years, especially in consideration of attempting to satisfy long-term housing needs. Staff recommends that the affordable unit equivalent minimum be increased from 800 to 900 square feet. With regard to identifying a four bedroom affordable housing unit at 1,200 square feet, Mr. Hier felt that a four bedroom is probably not achievable, especially when more bathrooms would be needed. Phyllis Robinson explained that the reason for setting a minimum sizes is to ensure that the unit is livable and stated that she will explore four bedroom standards in other communities.

The Code allows for reduction in unit size, if additional amenities are offered, unit design, additional storage, etc. Any reduction in unit size would require City approval prior to design. Jim Hier didn't feel the listed amenities should result in smaller units. Candace Erickson stated that the only criterion she feels is applicable is *an efficient and flexible layout*. Roger Harlan interjected that if there is an option for reduction in size, the evaluation shouldn't be subjective, but based on criteria. Mayor Williams didn't feel it should be an option as an efficient layout of a unit would be encouraged in any event. He feared developers will immediately focus on reducing their housing requirement and there shouldn't be a bonus for *doing the right thing*. Jim Hier and Marianne Cone agreed. There was discussion about credit for storage space, but members concurred to omit this alternative.

Phyllis Robinson pointed out that seasonal units may benefit an individual business, but this type of housing is critical to a resort economy and the units need to be available to the community at large. She suggested the potential of offering off-season rates and reiterated that seasonal housing should be available to employees throughout town. Mr. Harlan felt it would be difficult to monitor seasonal housing and feared units may become overcrowded. Mr. Hier strongly suggested that the City not become involved in managing affordable housing projects.

Ms. Robinson explained that employee generation guidelines are based on commercial retail or hotel types. The updated mitigation rate is based upon a survey of employee mitigation rates in resort towns in Colorado, Wyoming and Park City's experience over the past five years. The mitigation rate is proposed to remain at 20% of the number of employees generated. Jim Hier asked about condominium projects which could be considered residential and/or commercial. The City Attorney advised that the City could use the same ADA criteria applied by the Building Department associated with use. Jim Hier discussed another approach, including the residential and commercial square footage analyses, and providing the City with the ability to choose the greater of the two computations. There was discussion about the .3/unit requirement for lodging and hotel being too low and exploring the ADA suggestion. Ms. Robinson stated that no change is recommended for mitigation rates which are set at 20% for commercial and 15% for residential.

With regard to prioritizing methods of meeting minimum requirements, a range of options include construction of units on-site to payment of fees in lieu of development which is at the sole discretion of the City. She introduced the next guideline regarding evaluating land donations and establishing market values. The last component is setting guidelines for accepting in-lieu-of fees and the management of the housing fund. In response to a question from Joe Kernan about creating affordable housing, Ms. Robinson explained that there would be a deed restriction attached to the property regulating rents or controlling appreciation of the property. Ms. Robinson explained that a discount of 5% may be provided if the total in-lieu-of fee is paid at the time of building permit and not phased. The City Manager advised that a draft resolution will return to Council on February 16.

Prepared by Janet M. Scott, City Recorder

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
JANUARY 26, 2006

I ROLL CALL

Mayor Dana Williams called the regular meeting of the City Council to order at approximately 6 p.m. at the Marsac Municipal Building on Thursday, January 26, 2006. Members in attendance were Dana Williams, Marianne Cone, Candace Erickson, Roger Harlan, Jim Hier, and Joe Kernan. Staff present was Tom Bakaly, City Manager; Mark Harrington, City Attorney; Patrick Putt, Planning Director; and Phyllis Robinson, affordable housing consultant.

II COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

Joe Kernan disclosed that he has recycling contracts with PCMR and MCHT, but will be voting.

Tom Bakaly referred to a list of proposed state legislation distributed to Council. He relayed that House Bill 6 amends the way utility improvement districts are formed are is moving forward. The removal of sales tax on food is being monitored by staff and the ULCT has taken a neutral position on the bill. ULCT is promoting a way cities can be held harmless should the sales tax be removed on food for general sales tax, which represents about 40% of the City's total sales tax. He emphasized that we would not be held harmless on other sales like transit and/or resort city sales tax, representing $100,000 to $200,000. Staff is recommending formally opposing the bill and the Mayor relayed that a family of four would only save about $360 a year on sales tax on food. Jim Hier interjected that if the intent is to support lower income families, there are better methods like voucher programs or income tax relief than doing away with a source of revenue which is mainly supported by consumers who can afford to pay sales tax. He emphasized the number of tourists buying food in town. Other members agreed.

Tom Bakaly continued to explain that Senate Bill 32, sales tax distribution, has evolved and would eliminate the hold harmless provision enacted in 1983. Park City is a hold harmless city because of high sales and low population numbers. Mr. Bakaly explained that the amendment proposes to eliminate the percentage calculation and cap our allocation at the 2005 amount. Park City and the other ten hold harmless communities agreed to this proposal as long as the discussion of changing the distribution to population ceases. Senate Bill 170 will likely be formally opposed by the ULCT and there was discussion about the likelihood of this bill passing. The Mayor suggested that Park City adopt a resolution against this bill next week. Marianne Cone discussed the aspects of House Bill 327, defining a natural family and excluding partners not meeting the definition.

III PUBLIC INPUT (any matter of City business not scheduled on agenda)

None.

IV WORK SESSION NOTES AND MINUTES OF MEETING OF JANUARY 12, 2006

Jim Hier, "I move approval of the work session notes and minutes of the meeting of January 12, 2006". Marianne Cone seconded. Motion unanimously carried,

V CONSENT AGENDA

Resolution between Park City Municipal Corporation and the County of Salt Lake Housing Authority – Marianne Cone, "I move to approval of the resolution between Park City Municipal Corporation and the County of Salt Lake Housing Authority". Roger Harlan seconded. Motion carried unanimously.

VI NEW BUSINESS

1. Acceptance of Annexation Petition for Park City Mountain Resort lands - United Park City Mines Company - Patrick Putt explained that an annexation petition was filed with the City Recorder on January 6, 2006 for approximately 2,800 acres currently located in Summit County. The property is zoned "mountain remote", one unit per 120 acres and is currently undeveloped with the exception of improvements associated with the operation of PCMR. The proposal is to place the 2,800 acres in a conservation easement and transfer the development rights from the acreage to Pod B-2. The property is contiguous to the existing City limits, within our annexation expansion area, and staff has determined that the annexation would not create any islands or peninsulas. He stated that the petition is complete and complies with the requirements outlined in the state code. There is no pre-annexation agreement and he explained the composition of the newly formed task force charged to examine the proposed density transfer, and economic and traffic impacts. The applicant may withdraw the petition at any time. Staff recommends that Council accept the petition so the review process can begin. Accepting the petition does not commit the City to annex the property but simply begins the public and task force processes. There was discussion about providing the Council with a copy of the annexation petition and the staff time involved with this project. In response to a question from Candace Erickson about the potential loss of property tax revenue to Summit County, the City Manager advised that there would be a slight change in the rate, with the addition of a municipal rate, but the County would still collect its share

Jim Hier, "I move we accept the annexation petition for PCMR lands as outlined in the staff report". Roger Harlan seconded. Motion unanimously carried.

2. Loan in the amount of $100,000 to Mountainlands Community Housing Trust for The Line Condominiums, 555 Deer Valley Drive, Park City, Utah – See staff report and

work session discussion. Phyllis Robinson explained that MCHT requests a loan in the amount of $100,000 in the form of a promissory note, to maintain affordability for purchasers. Staff is recommending approval of the loan, subject to the modifications outlined in the staff report. This would be a fixed five-year loan at an interest rate of 5% and due and payable should the net sales price exceed the June 2005 prices. Joe Kernan, "I move that we approve the loan in the amount of $100,000 to Mountainlands Community Housing Trust for 555 Deer Valley Drive". Candace Erickson seconded. Motion unanimously carried.

VII ADJOURNMENT

With no further business, the regular meeting of the City Council was adjourned. The meeting for which these minutes were prepared was noticed by posting at least 24 hours in advance and by delivery to the news media two days prior to the meeting.

Prepared by Janet M. Scott

Janet M. Scott

Janet M. Scott, City Recorder

City Council Staff Report

Author: **Phyllis McDonough Robinson**
Subject: **Creation of a new Affordable Housing Resolution**
Date: **January 26, 2006**
Type of Item: **Legislative**

Budget, Debt and Grants

Summary Recommendations: Staff requests Council discussion and direction for the proposed Affordable Housing Guidelines and Standards.

Description: Affordable Housing Resolution

Background:
Workforce housing has been an issue in Park City since the early 1990s. In 1995, Park City adopted its first set of housing policies defining incentives for production and outlining a near term and long-term action plan. Since that time, the City has participated in the development and preservation of affordable housing. There are 395 units of deed restricted affordable housing in Park City.

In December 2005, the City Council held a work session on the Park City Housing Needs Assessment. Among the findings of the assessment is that escalating housing prices reflect the strength of Park City's economy over the past decade and most notably the last five years. Employment and population growth exerted strong demand in a supply-constrained housing market. Based on this experience, housing costs are likely to continue to rise for the next several years, stabilizing only when the economy slows. The recent escalation of housing prices mirrors the increased economic growth in Park City and Summit County. Based on that experience, accelerating demand pressure resulting from continued job and population growth will push prices higher over the next several years, exacerbating the existing affordability challenges. This pressure will result in higher prices for single family home and condominiums, as well as higher rents.

The Housing Resolution will address the projected workforce housing demands.

- The projected workforce housing demand by 2010 is 323 additional units.
- The pent up demand for deed restricted homeownership housing among households with incomes between $35,000 and $50,000 is 194 units. An equal homeownership demand exists among renter households with incomes of $50,000 - $75,000.
- There is existing pent-up demand for rental housing affordable to households earning less than $35,000. Priority should be given to reducing the cost burden of households paying 50 percent or more of their income for rent.

At the January 2006 Council Visioning Session, the City Council discussed the City's Housing Goals and Objectives. They are included as Attachment A to this report.

Analysis

The proposed 2006 Housing Resolution outlines standards and guidelines for the creation of affordable housing within Park City based upon the findings of the Housing Assessment. The cost of providing affordable housing and any solutions should equitably apportion the cost based on impact generation, growth inducement and the underlying goal to provide a diversity of housing types and prices in our community in order to maintain a healthy economy and diverse population.

At its City Council Visioning Session, the Council approved the following items for incorporation into the Housing Resolution.

- **Affordability Definitions and Wage Levels.**

The proposed Housing Resolution adopts a Workforce Housing Wage as the definition of affordable housing. The Workforce Housing Wage is the household income for a family of three with principal employment in the service industry. The Workforce Housing Wage is $34,019. This is compared with the Area Median Income for a family of three of $75,060. Staff recommends that the base reference point for housing assistance be the Workforce Housing Wage which is equivalent to 45 percent of AMI. Adopting this measure will (1) lower the threshold for City Fee Waivers/Financial Assistance from 100% of AMI and lower the median income for housing produced under MPDs/Annexations from 50% of AMI to the workforce housing wage.

- **Land Management Code Definitions**

Housing obligations under the current housing resolution are triggered by annexations and Master Planned Developments of 50 residential units and/or commercial mixed-use projects of 5,000 square feet of gross commercial space. When adopted these definitions were consistent with that of a Large Scale Master Planned Development. Staff recommends amending the housing resolution to match the current MPD requirements:

- Any residential project larger than 10 lots or units,
- All hotel or lodging properties with more than 15 units equivalents, or
- All new commercial or industrial projects greater than 10,000 square feet Gross Floor Area.

- **Approval of In Lieu of Fees**

The priority should be the production of units, whether on-site or off-site. The payment of an in lieu fee should be given a high priority when such a payment will result in more immediate development of housing development or the leverage of additional resources. Examples where an in lieu of fee would be a preferred option would be when the City has an identified project and the where the contribution of in lieu fees would result in greater affordability in increased units, land acquisition or projects with an affordable housing requirement of fewer than five units.

Housing Resolution Items for Discussion

In addition to the points discussed at the Council Visioning session, Staff is proposing the following key elements for incorporation into a new Housing Resolution. These items will strengthen the Council's commitment towards equitable solutions in the housing arena. These elements are based upon the findings of the 2005 Housing Assessment, as well as a literature review of best practices in affordable housing planning and development of other resort towns in Colorado, California, New Mexico, Wyoming and British Columbia.

Staff is asking Council for policy direction on these proposed key elements. Based upon the policy direction received, staff will draft a housing resolution and return to Council in February for a public hearing and possible adoption.

1. Clarify Target Market, Housing Type and Design. *The proposed resolution sets targets for the distribution of affordable housing types based upon the size and design of the free market units.*

Unit Types: The distribution of dwelling unit types that meet the deed restricted affordable unit requirements of this section shall be as follows:

- Single Family: In single-family detached dwelling unit developments, the required on-site permanently affordable units shall also be single-family detached units.
- Mixed Unit Type: In developments where there is a mix of two or more unit types: single-family detached units, attached units, multi-family apartment units, or other dwelling unit types, the required on-site deed restricted units shall be comprised of the different unit types in the same proportion as the market rate dwelling units within the development.
- Alternative Distribution Ratios: Different unit distribution among the deed restricted affordable unit types may be permitted if doing so would accomplish additional benefits or result in a better design than not using the distribution of units provided for in this section.

2. Set Minimum Sizes for Deed Restricted Units: *The minimum size for permanently affordable units shall be as follows. The effect of this is to increase the definition of an Affordable Unit Equivalent from 800 to 900 square feet.*

Dormitory	150 net square feet per person
SRO	275
Studio	400
One Bedroom	650
Two Bedroom	900
Three Bedroom	1,100
Four Bedroom	1,200

3. Provide for Reduction in Unit Size. *The proposed Housing Resolution will provide the ability for a reduction in unit size if the developer demonstrates that the development* *satisfies, or is required to adjust other physical factors or considerations including, but not limited to, design for livability, common storage, other amenities, location or site design. The conditions under which reductions may be made are stated below: However, no reduction greater than 15% of the category minimum will be allowed.*

- Significant storage – additional storage outside the unit
- Above average natural light – more windows than Code requires
- Efficient and flexible layout – limit to space used for halls and staircase
- High efficiency systems
- Site amenities – pool, near to park or open space
- Location within project – above ground versus ground level

4. Address Provision of Seasonal Units. *The proposed resolution will outline the conditions under which the e development of seasonal units in fulfillment of an affordable housing obligation will be permitted.*

Pursuant to the applicable City codes, an applicant for a development may, at the sole discretion of the City and subject to certain requirements, satisfy the employee housing requirements by provision of dormitory/lodge units designed for occupancy by seasonal employees. The dormitory/lodge units must satisfy all requirements of the applicable Guidelines and shall be required to meet the following minimum standards:

- Occupancy of a dormitory unit shall be limited to no more than eight persons.
- There shall be 150 s.f. of greater net livable square feet of living area per person, including sleeping and bathroom. For purposes of this requirement, Net Livable square footage shall not include interior or exterior hallways, parking, patios, decks, cooking, lounge used in common, laundry rooms, mechanical areas and storage. Rents for dormitory/lodge units and units developed for seasonal occupancy only pursuant shall be calculated on the net livable square footage as described above and computed at the rates set forth on a case-by-case basis.
- At least one bathroom shall be provided for shared use by no more than four persons. The bathroom shall contain at least one toilet, one wash basin, one bathtub with a shower and a total area of at least 60 net livable square feet.
- A kitchen facility or access to a common kitchen or common eating facility shall be provided subject to the Building Department's approval and determination that the facilities are adequate in size to service the number of people using the facility.
- Use of 20 net leasable square feet per person of enclosed storage area located within, or adjacent to, the unit.
- Rents for dormitory units will be set on a case-by-case basis, given the unique and varying characteristics of dormitory units, with affordability as the key issue.
- Seasonal Lodge Developments shall not be restricted to housing employees of their own business, but shall also be required to house qualified employees of the community at large.

5. Update employee generation guidelines. *The employee generation model will be enhanced to reflect a greater diversity of occupations. The updated mitigation rates is based upon a survey of employee mitigation rates in resort towns in Colorado and*

Wyoming as well as Park City's experience over the past five years. The mitigation rate is proposed to remain at 20 percent of the employees generated.

Type of Use	FTEs per 1,000 square feet
Restaurant/Bar	6.5
Education	2.3
Finance/Banking	3.3
Medical Profession	2.9
Other professional services	3.7
Personal services	1.3
Real Estate/Property management	5.9
Retail	3.3
Recreation/amusements	5.3
Utilities	2.9
Overall	4.4
Lodging/hotel	0.3/unit

The Overall Type of Use shall apply to any use not listed in the Employee Generation Table.

6. Maintain the residential mitigation rate of 15 percent. *For projects where units are offered for sale or rent, fifteen percent (15%) the total dwelling units shall be designated as affordable units in the project.*

7. Prioritize methods of meeting minimum requirements.
Affordable housing units shall be constructed on the project site, unless the developer can demonstrate to the Housing Authority compelling evidence that an alternative method would result in a better design, enhanced level of affordability or that the construction on-site would adversely affect the design of the project. Acceptance of alternative compliance methods shall be at the sole discretion of the respective governing body.

The following methods, in order of priority, may be used to meet the minimum affordable housing mitigation requirements.

- Construction of unit(s) on the site on which the development is proposed.
- Construction of the unit(s) within the Park City corporate limits provided such land, site or structure had not been previously deed-restricted to affordable housing by Park City or Summit County.
- Construction of units outside Park City, but within the Park City School District boundary.
- Conveyance of land within the Park City School District boundary provided such land has not been previously restricted to employee or affordable housing by Park City or Summit County.

- Dedication of existing units provided such units have not been previously restricted to employee or affordable housing by Park City or Summit County.
- Combining the minimum affordable housing requirement, either fractional or whole, with another developments' housing mitigation plan.
- Payment of Fees in lieu of development.

8. Set forth the guidelines for the conveyance of land as an alternative housing mitigation. *The developer may convey land in fee to the City, whose fair market value is at least equal to the equivalent in lieu fee. Land dedicated to the City shall be within the boundaries of the Park City School District with preference for land located within the City limits.* The land decision requirement may be satisfied by:

- Land Equivalent Value: Conveying land to the city or its designee that is of equivalent value to the cash in lieu contributions that would be required under this Resolution, plus an additional 25 percent to cover costs associated with holding, developing, improving or conveying such land; or
- Land to Construct Equivalent Units: Conveying land to the city or its designee that is of equivalent value (as of the date of conveyance) to that land upon which required units would otherwise have been constructed. Land so deeded must be zoned such as to allow construction of at least that number of units for which the obligation of construction is being satisfied by the dedication of the land.
- Establishment of Fair Market Value. The Fair Market Value of the land to be dedicated in satisfaction of this alternative means of compliance shall be determined, at the cost of the developer, by an independent appraiser, who shall be selected form a list of certified appraisers provided by the City, or by such alternative means of valuation as to which a developer and the city may agree.
- Preliminary Value. Fair Market Value shall be established on a preliminary basis at the time the "Housing Mitigation Plan" is reviewed.
- Final Value. Fair market value shall be confirmed at the time of final development plan approval.
- Value Net of Commission. Fair market value shall be net of any customary real estate commission for the sale of the land.
- Time of Dedication. Land conveyance shall occur prior to the issuance of any building permit for the free market portion of the development.
- Subsequent Conveyance Permitted. The City Council shall be permitted to sell the land without restrictions on its future use.
- Dedicated Account. All proceeds from the sale of the land shall be placed in a dedicated housing fund.
- Authorized Use of Proceeds. The proceeds from the sale, and any interest accrued, shall be used only for planning for, subsidizing or developing affordable and employee housing.

9. Set forth the guidelines for the Dedication of Existing Units as an alternative housing mitigation.

- Location of Units. Off-site units shall be located within the City limits unless otherwise approved by the City.

- Equivalent Unit. Dedicated off-site units must be of equivalent value, quality and size of the deed restricted units that would have been constructed on-site if this alternative had not been utilized. Where a proposed development consists of ownership units, units created under this section shall be ownership units.
- Establishment of Fair Market Value. The value of dedicated existing units shall be determined, at the expense of the developer, by an appraiser who shall be selected by the developer from a list of certified appraisers provide by the City of by such alternative means of valuation as to which a developer and the City may agree.
- Condition of Existing Units. Existing units must be upgraded in accordance with the following criteria, (unless a variance from these requirements is approved by the City)
  - The interior walls of the unit must be freshly painted
  - The interior Appliances must be purchased within the last five years and be in good and working condition
  - Carpet must be less than five year old and be in good condition and repair, or be replaced.
  - The exterior walls shall be freshly painted within one year of dedication
  - A general level of upgrade to yards and landscaping shall be provided.
  - Windows, heating, plumbing, electrical systems, fixtures and equipment shall be in good working condition.
  - The roof must have a remaining useful life of at least ten years
  - All units shall meet the International Building Code minimum standards, any applicable housing code, or in the absence of an adequate code, the housing code acceptable to the Park City Building Department.
  - All units shall be inspected and verified by a qualified Building Inspector.
  - Applicant shall bear the costs and expenses of any required upgrades to meet the above standards as well as any structural/engineering reports required to assess the suitability for occupancy and compliance with the standards of the proposed units.

10. Set forth the guidelines for an In Lieu Fee as an alternative housing mitigation

The payment of an in lieu fee may be given a higher priority when such a payment will result in more immediate development of housing development or the leverage of additional resources. Examples where an in lieu of fee would be a preferred option would be when the City has an identified project and the where the contribution of in lieu fees would result in greater affordability in increased units, land acquisition or projects with an affordable housing requirement of fewer than five units.

- Calculation of In Lieu Fee. An in lieu fee is calculated as the difference between the cost to develop a market rate unit and the maximum affordable sales price of an affordable unit. Staff has reviewed the in lieu fee methodology of communities throughout the country. Key elements in a successful in lieu of fee:
  - Easily updatable
  - Based upon information readily available
  - Uses third party information

- Reflects the local housing market

Based upon this best practices review, staff is recommending a gap analysis based upon existing housing product. This recognizes the realities of the housing market place in which our core workforce competes. Previous in lieu of fees were based upon the square foot cost of construction of a moderate income housing development at 1465 Park Avenue. Given that there is little new construction that is affordable to moderate income households, this methodology is limited in its ability to be easily updated, uses information readily available or relies upon third party information.

The in lieu methodology will reflect the gap between the average sales price of market rate two and three bedroom units between 900 and 1,200 square feet excluding luxury unit sales as determined annually by the Park City Board of Realtors and the maximum mortgage amount affordable to the Park City Workforce Wage. The unit size reflects the recommended minimum unit. Staff is working with the Board of Realtors for the year ending 2005 housing data and will bring the in 2006 recommended in lieu fee to Council in February.

- In Lieu Fee Adjustments. The In Lieu of Fee shall be shall be reviewed and updated at least biennially. Updates may occur more frequently at the request of the City Council to reflect changing real estate conditions.
- Acceptance of Fees. The payment of an in lieu fee shall be permitted when in the City Council's sole determination when such a payment would result in more immediate development of housing development or the leverage of additional resources. At the request of the owner, in lieu fees shall be permitted for projects with fewer than five units.
- Dedicated Account. The Finance Director shall transfer the funds to a dedicated, account.
- Authorized Uses of Fees. The funds, and any interest accrued, shall be used only for planning, subsidizing or developing affordable and employee housing.
- Payment of Fees. One-half of the in-lieu fee shall be paid (or a letter of credit posted) prior to issuance of a building permit for all or any part of the MPD. The remainder of the fee shall be paid before a certificate of occupancy (temporary or permanent) is issued for any unit in the Residential Development. A discount of five percent of the in lieu of fee may be provided if the total fee is paid at the time of Building Permit.
- Construction of Affordable Units Timed to Free Market Units. Affordable units shall be made available for occupancy on approximately the same schedule as a project's market units; except that Certificates of Occupancy (temporary or permanent) for the last ten percent of the market units shall be withheld until Certificates of Occupancy have been issued for all of the inclusionary units. Other phasing agreements may be accepted, if doing so would accomplish additional benefits fro the City consistent with the purposes of this chapter. A schedule setting forth the phasing of the total number of units in a covered project, along with a schedule setting forth the phasing of the required inclusionary units shall be approved prior to the issuance of a building permit.

DEPARTMENT REVIEW: This report was reviewed by the Legal Department

SIGNIFICANT IMPACTS:
The proposed changes will adopt new standards and guidelines for affordable housing projects assisted by Park City Municipal Corporation and for housing requirements for annexations and Master Planned Developments. If the Council chooses not to implement the proposed changes, the 1999 guidelines will remain in effect.

RECOMMENDATION:
Staff requests Council discussion and direction for the proposed Affordable Housing Guidelines and Standards.

Attachment A: Affordable Housing Vision, Goals and Objectives
Attachment B: Housing Resolution 17-99 (current resolution)

Resolution 17-99

RESOLUTION ADOPTING AFFORDABLE HOUSING GUIDELINES AND STANDARDS FOR PARK CITY, UTAH

WHEREAS, the City Council adopted Resolution No. 37-91 on December 5, 1991 which establishes policies to support and increase affordable housing in Park City; and

WHEREAS, in 1994 the City Council convened a Housing Advisory Task Force to review and make recommendations on the City's housing strategies due to the dramatic increase in land costs and a concomitant rise in the cost of all housing in the community; and

WHEREAS, The Housing Advisory Task Force and annual housing studies conducted by the City concluded that the rise of housing costs has outpaced the increase in wages in the service sector areas of the resort based economy and has resulted in making housing unaffordable to working residents of the City; and

WHEREAS, the Task Force and Council targeted the population to be served by these efforts as essential services workers such as police, teachers, firemen, service workers and long time community residents; and

WHEREAS, the out-migration of service and community based workers has resulted in a deterioration of community character and threatens the city's economic success; and

WHEREAS, it is in the best interest of the community to formulate guidelines and standards to establish consistent criteria for review of project applications, annexation petitions, resort or ski area expansions, and other development actions where affordable housing is needed to mitigate the impact of the project on the community; and

WHEREAS, the Council has considered standards in other resort communities, and those implemented by State and Federal Housing and Community Development Departments and has conducted local rental and residential market studies for Park City, and solicited input from the Affordable Housing Task Force; and

WHEREAS, the cost of providing affordable housing should not be disproportionately borne by any single sector of the community and any solutions should equitably apportion the costs based on impact generation, growth inducement and the underlying goal to provide a cross section of units in our community in order to maintain a healthy economy and diverse population; and

WHEREAS , the City Council supports at this time the creation of for-sale properties versus rental properties because of the overwhelming demand for affordable residential homes.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Park City, Utah as follows:

SECTION 1. ADOPTED HOUSING STANDARDS AND GUIDELINES. The following housing standards and guidelines are hereby adopted:

SECTION 2. DEFINITIONS/APPLICABILITY.

A. Application: These standards shall apply to all new housing obligations as noticed in Resolution No. 6-94. Prior agreements on density or configuration shall take precedence over these standards. However, all rental and for-sale guidelines and time limitations as described below shall apply.

B. Purpose: The purpose of this Resolution is to ensure that new development does not adversely affect the supply of affordable housing in the City and to maintain the social, economic and political fabric of its community character. The purpose is also to ensure that the affordable housing requirement is satisfied in direct proportion to the original sale of lots or square footage within the project.

C. Review: This ordinance shall be reviewed by the Housing Authority every two years to ensure that these standards are meeting the housing goals and objectives as determined by the City Council.

D. Definition of Affordability: Housing that is deed restricted in perpetuity to limit its end-user costs (rent or mortgage plus taxes and utility allowance) to 30 percent or less of the gross household income. (Household means one or more persons living together as a single housekeeping unit.)

E. Housing Authority: The Housing Authority is composed of the Park City Municipal City Council members and meets according to Utah State statute.

F. Single Room Occupancy - SRO. A single room with shared kitchen and/or living room facilities. Congregate type living for groups of unrelated individuals.

SECTION 3. CITY ASSISTED PROJECTS

Minimum Unit Size Standards for City Assisted Projects

SRO	200 square feet
Studio	400 square feet
1 bedroom	600 square feet
2 bedroom	800 square feet
3 bedroom	1,200 square feet

4 bedroom 1,400 square feet

Modifications to the minimum unit standards may be made by the Housing Authority based upon such factors as housing configuration (detached vs. attached), provisions of public benefits, such as shared common living areas, or additional project amenities such as communal facilities and/or open space areas.

Unit Types for City Assisted Projects

Specific product types shall be determined by the Park City Housing Authority with advice from Mountainlands Community Housing in accordance with site constraints, the market need as outlined in the annual Housing Affordability update published by the City, and the procedures and standards in this resolution. The following are provided as guidelines on appropriate housing types:

Types of Units to serve seasonal employees:

Rental:

Dormitories

Efficiency Apts.

Single Room Occupancy (SRO)

Studios

Accessory Apartments

2/3 bedrooms

Types of Units to serve long - term employees:

For Sale:

Duplex/Triplex

Twinhomes

Detached units

Condominium units

Mixed bedroom size

Assisted/Independent living units

Maximum Rent Guidelines:

The housing units shall be provided for persons in Park City at or below 100% of the Summit County median income.

The maximum rent guidelines will be annually adjusted administratively by using Housing and Urban Development (HUD) Annual Adjustment Factors and the annual Park City Municipal Housing Affordability Update.

For Sale Guidelines:

The housing units shall be provided for persons in Park City at or below 100% of the Summit County median income.

City Assistance Standard.
The Housing Authority may provide financial assistance up to $5,000 per unit regardless of unit size or configuration. Land lease or land acquisition is also negotiable.

Target Groups
Policies and programs should be developed for those who live and work in the Park City area. The Park City area is defined as the Park City School District limits which includes Snyderville Basin. While it is recognized that different solutions will be necessary for different groups and that some individuals may fit several groups, the following target groups should be given priority in any city assisted project.

A. "Essential" public and private service workers: Park City School District, Park City Fire District, Park City Municipal Corporation, Synderville Basin Sewer Improvement District.
B. Full time (30 hours of employment per week) employees of businesses located in the City limits.
C. A resident of the City for the prior 24 months.
D. An owner or owner's representative of a business within City limits.
E. Senior citizens
F. Physically and/or mentally challenged individuals.

Limitation Period.
Limitations shall remain in effect for a minimum of 21 years. First right of refusal and/or option to purchase shall be granted to the Housing Authority. The Authority shall have 90 days to respond or assign the above-described rights. Longer terms of limitation may be negotiated on individual projects as directed by the Housing Authority. This limitation period may also be reduced based upon the provision of additional public benefits such as preservation of historic structures or other community benefits as negotiated by the Housing Authority.

Review
The Housing Authority shall review and approve the housing plan if it complies with these standards, addresses the need for affordable housing, and is consistent with the General Plan and Land Management Code. The Housing Authority may require a bond or other security approved by the City Attorney guaranteeing compliance with the Plan. The Housing Authority shall invite Mountainlands Community Housing to make a formal recommendation to the Housing Authority prior to adoption of the plan. Specific unit types, mix and targeted incomes shall be determined through this process.
a) Criteria for Review
1. Define the need for units at the time the project is proposed.
2. Define the population served.
3. Define how the plan integrates, not segregates, various product types and income levels.
4. How do Mountainlands Community Housing recommendations relate to the plan?

5. Is the developer's participation at least of equal value to the financial commitment made by the Housing Authority?

SECTION 4. ANNEXATIONS AND MASTER PLANNED DEVELOPEMENTS.

Applicability

This section shall apply to:

1. Annexations; and,
2. Master Planned Developments,(MPD), of 50 residential units or more and/or commercial mixed use projects of 5,000 square feet of space (gross).

Mitigation Required

Any development subject to this section shall mitigate for impacts to affordable housing by satisfying the requirements set forth below.

Housing Mitigation Plan

A Housing Mitigation Plan shall be submitted to the Housing Authority for review. The Housing Mitigation plan shall be evaluated based on the following:

1. compliance with the standards set forth below;
2. ability to address the need for affordable housing; and,
3. consistency with the General Plan and Land Management Code.

Implementation

The strategy for meeting the housing obligation must be specified in the annexation or MPD agreement. Phasing and satisfaction of this obligation shall be described in the annexation agreement for each project and/or further described under the Housing Mitigation Plan. Construction of the restricted units shall be concurrent with the development of market rate units unless other alternatives are specifically agreed upon by the City Council during the annexation process.

Standards:

The following standards shall be met when developing and implementing a Housing Mitigation Plan:

1. Mitigation Requirements

Fifteen percent (15%) of the total residential units constructed shall be provided for affordable housing. Housing shall also be provided for twenty percent (20%) of employees generated by the retail, restaurant, hotel, and office components of the project.

The Housing Authority reserves the right to increase or decrease the mitigation percentages (by amending this resolution) based on the Annual Housing Affordability Update conducted by City and other compelling market data as presented by the staff and community.

2. Unit equivalents, type and size and Maximum rent and for sale restrictions of affordable units

The following table outlines the unit type and maximum rent and sale price for the residential and commercial component of a project. Projects may construct any combination of affordable unit types contained in Table 1 provided that the total required affordable housing unit equivalent is met. The housing unit types, and sizes shall be delineated through the Planning Commission process with advice from Mountainlands Community Housing.

Option A. Average generation and Median Wage Income for project.
The following average project generations are made by the City and may be selected by the developer for satisfaction of the rental/for sale maximums.

Table 1. 1999 Affordable Housing Unit Standards
Average generation and Median wage/income for Projects

Unit Type	Unit Equivalent	Square Footage Note 4	Rent Calculation Note 1 & Note 2	Employee Equivalent	Max. rent monthly Note 3	Purchase Price Note 3
SRO	.25	200	17680 x .30/12 x.57	1	$252	$38,329
Studio	.50	400	17680 x.30/12 x.91	1	$402	$59,781
1 BR	.75	600	17680 x.30/12 x 1.24	1	$548	$80,662
2 BR	1	800	17680 x.30/12 x1.49	2	$658	$96,394
3 BR	1.25	1200	17680 x.30/12 x 1.74	3	$769	$112,269
4BR	1.50	1400	17680 x .30/12 x 2.07	4	$915	$133,150

Note 1. Employment Factor = 2.9 employees per thousand sf of commercial space is an average of data produced by Rosenthal & Associates after an employee generation study was commissioned by Park City Municipal in 1997. Median Wage $8.50 - annualized wage is $17,680 (8.50 x 2080(hours)). The data are based on survey information, interviews with local businesses, Chamber/Bureau data, and State Labor information. Supporting data and assumptions are included in the Park City Housing Data Handbook 1999.
Note 2. Rent calculations assumptions are explained in the Park City Housing Data Handbook 1999. Income adjustments for households are made by adjusting the same factors that the Department of Housing and Urban Development uses for local market conditions.
Note 3. Rent/mortgage will be no more than 30% of the resident's income as defined in Section 2 (D). Purchase price is maximum mortgage for unit type. The maximum rent and purchase price guidelines will be adjusted administratively, annually, using Housing and Urban Development (HUD) Annual Adjustment Factors and the annual Park City Municipal Housing Affordability Update.

Note 4. In order to meet the unit obligation common area and common facility configuration must accommodate unrelated individuals and be according to City health and safety standards.

Example:

A mixed use project with 184 residential unit equivalents (UE's) and 90,000 square feet of commercial space.

The Residential Requirement:

184 UE's X 10%=18.4 units which could be satisfied with a variety of unit configurations (see examples below).

SRO	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Total UE's
	1		18			18.5
10	6	4	3	3	2	18.5
		1	1	10	3	18.75

The Commercial Requirement:

90,000 sf X 20% X 2.9 = 52.2 =53 employees which could be satisfied with a variety of unit configurations (see examples below).

SRO	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Total E.E.'s
	1		26			53
10	6	4	8	3	2	53
		5	1	10	4	53

Option B - Median Wage for Project

This alternative would calculate the actual median wage for the project and direct 100% of the required mitigation to this target group. An employee generation study would be calculated and then the median wage would be determined based on the number of employees generated. The data provided in the Park City Housing Data Handbook1999 allows the developer and staff to calculate the employee generation numbers and the estimated annual average earnings for workers.

The housing unit type, and sizes shall be delineated through the Planning Commission process with direction from Mountainlands Community Housing. Projects may construct any combination of affordable unit types contained in Table 1 provided that the total required affordable housing unit equivalent is met.

Example: See Table 1 and adjust as noted below

Employment factor - calculate employee generation for specific project (see Park City Housing Data Handbook 1999 for numbers)	Median Wage - calculate from handbook once employees types and numbers are known

Decrease in Required units

If the developer elects to provide units below 45% of the Summit County Median Income (SCMI), and the rental or purchase price is below the average wage assumption alternative or independent calculation, then the Housing Authority may reduce the total obligation of units required by the developer based on the following table:

Median Income Summit County 1999 $64,200	Rent calculation (2 bed standard)*	Maximum Mortgage (2 bed standard)*	Unit reduction per unit equivalent or employee equivalent
45% $28,890	$577	$84,929	.25
40% $25,680	$513	$75,513	.50
35% $22,470	$449	$66,092	.75
30% $19,260	$385	$56,671	1
Median Income data can be found at http://www.huduser.org	* Income adjustments for households are made by adjusting the same factors that the Department of Housing and Urban Development.	*Calculation methodologies are detailed in the Park City Housing Data Handbook 1999	

Suggested Unit Types

The following are provided as guidelines on appropriate housing types:

Types of Units for seasonal employees:
Rental:
Dormitories
Efficiency Apts.
Single Room Occupancy (SRO)
Studios
Accessory Apartments
2/3 bedrooms

Types of Units for long-term employees:
For Sale:
Duplex/Triplex
Twinhomes
Detached units
Condominium units
Mixed bedroom size

3. Location/Development alternatives.

Affordable Housing units shall be constructed on the project site, unless the developer can demonstrate to the Housing Authority compelling evidence (density or design) that the project should not accommodate on-site units. Subject to Housing Authority approval, the following location alternatives, in order of preference, are available:

1. Construction of affordable units within the Park City limits;
2. Construction of affordable units within the School District boundaries;
3. Land donation;
4. Acquisition of off-site units within Park City limits subject to Housing Authority approval;and,
5. Payment of in lieu fees. The fee is structured on the subsidy gap that is required to construct rental and for-sale units, not on the actual cost of construction. For 1999 the figure is $59,828 per unit.

These figures are based on 1999 costs and will need to be administratively adjusted to reflect market costs at the time of project approval. The in-lieu fee figure can be reduced by the Housing Authority if the payment occurs in the first two years of the development process and results in a partnership that leverages the immediate production or purchase of units. Methodology for the in lieu fee calculation can be found in the Park City Housing Data Handbook 1999.

4. Design/Site criteria

Projects shall be integrated in design and in income. Large scale projects that provide the same unit type at the same price or rent and that are isolated from community services and public transportation are discouraged. Smaller projects located near community services that provide for mixed income levels are mixed unit types are preferred.

5. Limitation Period.

Rental rates and resale price limitations shall remain in place for a minimum of 40 years, with perpetuity being the preferred alternative. First right of refusal and/or option to purchase shall be granted to the Housing Authority. The Authority shall have 90 days to respond or assign the above-described rights. Longer terms of limitation may be negotiated on individual projects as directed by the Housing Authority. This limitation period may also be reduced based upon the provision of additional public benefits such as preservation of historic structures or other community benefits as negotiated by the Housing Authority.

SECTION 5. INDEPENDENT CALCULATION

An applicant may submit an application for independent calculation requesting modification to the following:

a) Unit Standards;
b) Limitation Standards;
c) Unit Equivalents; and,
d) In Lieu Guidelines cost calculations.

The application for independent calculation shall be reviewed by the Housing Authority. If the material in the application demonstrates by substantial competent evidence that there is reasonable basis to modify the standards listed above because of unique circumstances related to the proposed development, the Housing Authority shall approve the independent calculation and make the relevant modification.

SECTION 7. EFFECTIVE DATE. This Resolution shall take effect upon adoption by the City Council.

PASSED AND ADOPTED this 17th day of June, 1999.

PARK CITY MUNICIPAL CORPORATION

Mayor Bradley A. Orch.

Attest:

Janet M. Scott, City Recorder

Approved as to form:

Jodi Hoffman, City Attorney

PARK CITY SUMMIT COUNTY UTAH CORPORATE Seal MARCH 1, 1884

Attachment A
AFFORDABLE HOUSING VISIONING SESSION

HOUSING VISION

Promote a range of affordable, quality housing opportunities available for persons of all economic levels.

HOUSING GOALS

- Provide a variety of housing options to meet the socio-economic needs of people who live and work here, including persons with special needs.
- Promote a community that contains a variety of owner-occupied and rental housing types.
- Preserve and develop high quality, accessible and affordable housing to serve the diversity of people who live and work here.
- Promote housing that is energy efficient, environmentally sensitive and that blends with the City's natural environment.

HOUSING POLICIES AND STRATEGIES

- Oversee and coordinate affordable housing development on identified city property.
- Provide a priority for occupancy of deed restricted units for households with a household member who works in Park City.
- Maximize the use of city resources and access to public-private development capital.
- Assess use of city property for affordable housing prior to disposition.
- Encourage mixed-use residential development in existing commercial areas.
- Encourage links between housing and adjacent uses, such as transportation, commercial and recreation facilities.
- Ensure that the City's regulatory requirements including the General Plan, the Land Management Code and Building Code encourages a range of housing options and that the entitlement process and fees do not unduly burden the development of affordable housing.
- Ensure that the affordable housing requirements for new development are satisfied with respect to income, unit size and timing of development.
- Facilitate private and nonprofit development of affordable housing through regulatory policy, density and financial incentives.
- Participate in planning and implementation of regional housing programs and strategies.
- Support public programs and encourage private efforts to provide affordable housing opportunities throughout the City for its current and projected workforce.
- Encourage creative implementation of affordable housing requirements including the development of mixed-use and employee housing.
- Promote mixed income residential development within the City's annexation boundaries.
- Support programs to increase home ownership among entry level and moderate-income households who work in Park City.
- Preserve and expand the supply of affordable rental housing for low-income households.

City Council
Staff Report

PARK CITY
1884

Budget, Debt and Grants

Author: **Phyllis McDonough Robinson**
Subject: **Housing Authority of Salt Lake County Resolution**
Date: **January 26, 2006**
Type of Item: **Administrative**

Summary Recommendations: Approve a Resolution declaring that there is a need for the Housing Authority of Salt Lake County to exercise its powers within the boundaries of Park City.

Description:

Topic:

Background:
The Housing Authority of the County of Salt Lake (HACSL) operates primarily in Salt Lake County. It is a full service housing authority that assists individuals, families, elderly, physically and mentally disabled residents who are low income. HACSL has constructed or acquired 700 housing units serving over 1,300 individuals and families in Salt Lake County. It also provides housing assistance to over 2,100 households through the Section 8 Housing Choice Voucher Program.

In 2005, the HACSL contacted Park City Municipal for assistance in serving a Section 8 Voucher client who needed to relocate to the area for family health care reasons. The federal government requires housing authorities to have a resolution in place with jurisdictions beyond their boundaries. In this case, it turned out that the address was located in Summit County. The County adopted a resolution similar in content and form to the proposed resolution.

Analysis:
The Resolution (Exhibit A) following this staff report would permit the HACSL to operate its programs, if required, within Park City. Similar resolutions exist between the HACSL, Summit County, and other municipalities in Summit County. The adoption of such a Resolution would not preclude any action on the part of the Park City Housing Authority. By way of example, Salt Lake City, which has its own housing authority, has a similar resolution with the HACSL.

The Resolution is proactive The partnership with the HACSL may open up opportunities for collaboration between the City or its Housing Authority and the HACSL. By adopting the attached Resolution, the HACSL would be able to provide continued assistance to low income residents through Section 8 vouchers should they have cause to move to Park City.

Department Review:
Legal and the City Manager have reviewed this staff report.

Alternatives:

A. **Approve the Request:**
Council could approve the request and adopt the Resolution authorizing the Housing Authority of the County of Salt Lake to exercise its authority in Park City.

B. **Deny the Request:**
Council could deny the request for such a Resolution.

C. **Continue the Item:**
Council could continue the item and direct Staff to return with additional information.

Significant Impacts:
There are no anticipated negative affects staff time or resources should Council accept the Resolution.

Consequences of not taking the recommended action:
The consequence of not taking the recommended action is that of timing delay should there be a need for assistance or the opportunity for a collaborative venture.

Recommendation:
Staff recommends that the City Council approve the Resolution as presented.

Attachments:
Exhibit A: Resolution between the Housing Authority of Salt Lake and Park City Municipal Corporation.

Resolution xx-06

RESOLUTION DECLARING THAT THERE IS A NEED FOR THE HOUSING AUTHORITY OF THE COUNTY OF SALT LAKE TO EXERCISE ITS POWERS WITHIN THE BOUNDARIES OF PARK CITY.

WHEREAS, the Housing Authority of the County of Salt Lake (the "Authority") was created pursuant to the provisions of Title 9, Chapter 4, Part 6, Utah Code Annotated 1953, as amended (the "Act"); and

WHEREAS, the Act authorizes the Authority to own and operate Public Housing, administer Section 8 Voucher Program, provide supportive services to families receiving housing assistance and provide for the acquisition, construction, reconstruction, rehabilitation, improvement, extension, alteration or repair of any project within its area of operation; and

WHEREAS, the Act provides that the Authority's area of operation shall include Park City (the "City") only if a resolution has been adopted by the governing body of the City declaring that there is need for the Authority to exercise its powers within the boundaries of the City.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF PARK CITY, UTAH, AS FOLLOWS:

Section 1. Words used in the foregoing recitals shall have the same meanings when used in the body of this resolution.

Section 2. The City hereby finds, determines and declares that there is a need for the Authority to exercise its powers within the boundaries of the City in order that the Authority may own and operate Public Housing, administer a Section 8 Voucher Program, provide supportive services to families receiving housing assistance prepare, and provide for the acquisition, construction, reconstruction, rehabilitation, improvement, extension, alteration or repair of any project within the boundaries of the City.

Section 3. The City hereby requests that the Authority use best efforts to inform and involve the Park City Municipal Corporation and/or the Park City Housing Authority in any project within the City to maximize efficiencies and use of public resources.

Section 3. This Resolution may be modified by mutual consent of authorized officials of the City and the Authority. It may be terminated by either party with a 30-day notice.

Section 5. This resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED this 26th day of January, 2006.

City Council
Staff Report

Author: **Brooks T. Robinson**
Subject: **United Park City Mines Company**
Annexation Petition for Lands at PCMR
Date: **January 26, 2006**
Type of Item: **Legislative**

Recommendation

Staff recommends that the City Council review the submitted annexation petition and take action to accept the petition for annexation, while maintaining a noncommittal position with regard to the annexation itself.

Description

Project Name:	UPCM PCMR Annexation Petition
Project Planner:	Brooks Robinson
Applicant:	United Park City Mines Company and Royal Street Land Company
Location:	Metes and Bounds Parcels located immediately west of the Park City Mountain Resort (PCMR) base area and includes the ski lease area of PCMR.

Background

On January 6, 2006 the applicant filed a petition for annexation with the City Recorder for annexation of approximately 2,800 acres currently within the jurisdiction of Summit County. The property is located directly west of the PCMR base area and south to the Flagstaff annexation boundary of Park City Municipal Corporation.

The current Summit County zoning for the property is Mountain Remote *(1 unit per 120 acres)* and currently undeveloped. The applicant is proposing to put the entire parcel into a Conservation Easement acceptable to the City, PCMR and UPCM and transfer all development rights to the B-2 pod of the Flagstaff annexation (now Empire Pass). A copy of the proposed annexation plat is attached to this report.

The applicant has submitted all necessary signatures and annexation petition materials according to provisions of the City's Annexation Policy Plan and Utah State Code. A signed annexation plat, prepared by a licensed surveyor, has been filed. The applicant also has provided necessary notification of the intent to file the petition to the required affected entities.

Analysis

The annexation petition has been reviewed pursuant to the Utah Code Annotated (UCA) Section 10-2-402 and 10-2-403. The property is a contiguous area consisting of 2,800 acres. The property is also contiguous to the Park City Municipal boundary. The parcel is within the Annexation Expansion Area, as described by the adopted Annexation Policy Plan. The proposed annexation will not create any islands or peninsulas of unincorporated land. The annexation petition requirements set forth in UCA 10-2-403 have been met.

After determining that the annexation petition application is complete pursuant to the City's Annexation Policy Plan, staff scheduled this petition for City Council acceptance or rejection at its first regularly scheduled meeting which meets the 14 day standard required by state law.

Municipal annexation is a legislative act governed procedurally by Utah state law. Once the annexation petition is filed with the City Recorder, the petition (not the annexation) is presented to the municipal legislative body for acceptance or rejection. It is important to note that a decision to reject the petition ends the annexation process, while a decision to accept the petition allows the process to continue for further consideration via the certification and subsequent public hearing process. Acceptance of the petition does not represent final action or approval of the annexation.

If the Council accepts the petition, then a 30-day certification review process will commence wherein Staff will determine whether the petition meets all requirements of Utah State Code Sections 10-2-403(2), (3), and (4). If staff determines that the petition meets these requirements, then the City Recorder will certify the petition and commence the public notification and hearing process. If staff determines that the petition fails to meet any of the statutory requirements, then the City Recorder will reject the petition and deliver written notification of rejection to the applicant and other parties required by state law. The applicant then will have the opportunity to modify the petition to correct the deficiencies for which it was rejected and re-file the petition with the City Recorder.

On January 12, 2006, the City Council passed a Resolution creating a Task Force comprised of two Council members and three Planning Commission members. This Task Force will only meet if the annexation petition is accepted and will study the density to be transferred, economic impacts to the City and traffic/transit impacts.

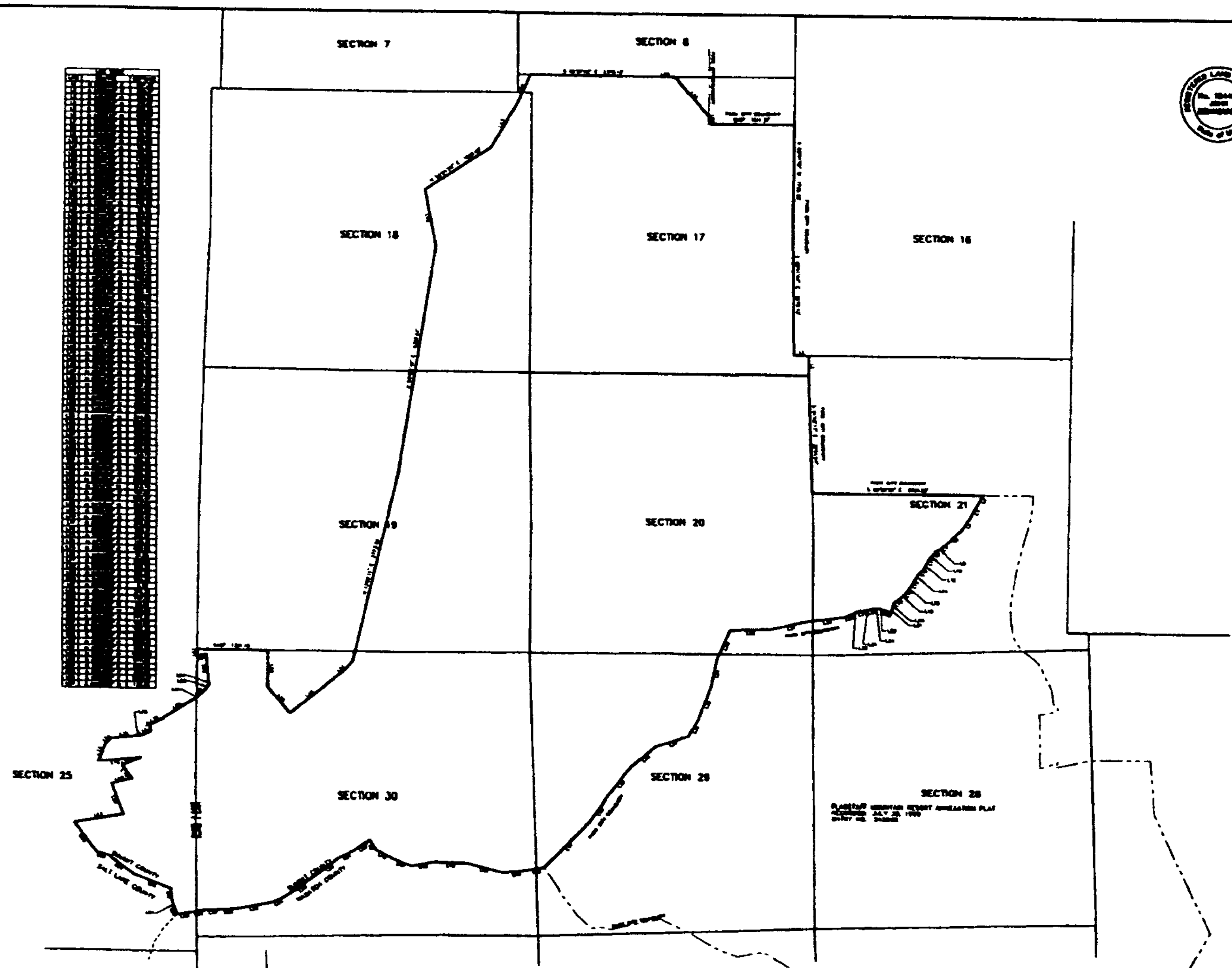
Alternatives

Pursuant to Utah State Code Section 10-2-405(1)(a)(i)(B), if the Council does not take action on this annexation petition at its first regularly scheduled meeting that is at most 14 days after the date the petition was found complete (this meeting, January 26, 2006), then the annexation petition shall be considered accepted for further consideration. Accordingly, taking no action and/or continuing this item are not options available to the Council; either action represents acceptance of the petition. Council alternatives include:

- Accept the annexation petition for further consideration, thereby triggering the 30-day certification review process;
- Reject the annexation petition, thereby ending the annexation process; or
- Do nothing or continue the item. Pursuant to state law, the annexation petition is considered accepted for further consideration, thereby triggering the 30-day certification review process.

Recommendation
Staff recommends that the City Council review the submitted annexation petition and take action to accept the petition for annexation, while maintaining a noncommittal position with regard to the annexation itself.

Exhibits
Exhibit A - Proposed Annexation Plat
Exhibit B - Vicinity/Mining Claims Map



SURVEYOR'S CERTIFICATE

John Demkowicz

Date

BOUNDARY DESCRIPTION

OWNER'S DEDICATION AND CONSENT TO RECORD

Name

Title

ACKNOWLEDGEMENT

State of Utah

County of Summit

On this ______ day of __________ 2006 ______________

A Notary Public commissioned in Utah

Printed Name

Residing in: ______________

My Commission Expires: __________

PROPOSED ANNEXATION LANDS AT PCMR

LOCATED IN SECTION 17, THE EAST HALF OF SECTION 18, SECTIONS 19 AND 20, THE SOUTH HALF OF SECTION 21, SECTIONS 29 AND 30, TOWNSHIP 2 SOUTH, RANGE 4 EAST, SALT LAKE BASE AND MERIDIAN AND ALSO THE EAST HALF OF SECTION 25, TOWNSHIP 2 SOUTH, RANGE 3 EAST, SALT LAKE BASE AND MERIDIAN
PARK CITY, SUMMIT COUNTY, UTAH

1000' 0 1000' 2000'

SHEET 1 OF 2

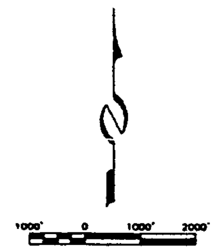
ENGINEER'S CERTIFICATE
I FIND THIS PLAT TO BE IN ACCORDANCE WITH INFORMATION ON FILE IN MY OFFICE THIS ______ DAY OF __________ 2006 A.D.
BY ______________
PARK CITY ENGINEER

APPROVAL AS TO FORM
APPROVED AS TO FORM THIS ______ DAY OF __________ 2006 A.D.
BY ______________
PARK CITY ATTORNEY

CERTIFICATE OF ATTEST
I CERTIFY THIS RECORD OF SURVEY MAP WAS APPROVED BY PARK CITY COUNCIL THIS ______ DAY OF __________ 2006 A.D.
BY ______________
PARK CITY RECORDER

COUNCIL APPROVAL AND ACCEPTANCE
APPROVAL AND ACCEPTANCE BY THE PARK CITY COUNCIL THIS ______ DAY OF __________ 2006 A.D.
BY ______________
MAYOR

RECORDED
STATE OF UTAH, COUNTY OF SUMMIT, AND FILED AT THE REQUEST OF ______________
DATE ______ TIME ______ BOOK ______ PAGE ______
FEE
RECORDER



PROPOSED ANNEXATION LANDS AT PCMR

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PARK CITY, SUMMIT COUNTY, UTAH

SHEET 2 OF 2

JOB NO.: 1-1-01 FILE:

RECORDED

STATE OF UTAH, COUNTY OF SUMMIT, AND FILED
AT THE REQUEST OF ____________
DATE ______ TIME _____ BOOK _____ PAGE _____

______ FEE ______ RECORDER

City Council Staff Report

PARK CITY 1884

Budget, Debt and Grants

Author: Phyllis McDonough Robinson
Subject: Loan to Mountainlands Community Housing Trust
Date: January 26, 2006
Type of Item: Legislative/Administrative

Summary Recommendations: Approve a $100,000 loan to Mountainlands Community Housing Trust in the amount of to enhance unit affordability for 18 units located at 555 Deer Valley Drive. This loan replaces the existing $100,000 construction bridge loan.

Description:

Topic: Loan to Mountainlands Community Housing Trust

Background:
The City Council approved a construction bridge loan for the affordable housing project located at 555 Deer Valley Drive for $100,000 at three percent interest on December 16, 2004. The loan was scheduled for initial repayment with interest by June 30, 2005. Council approved two subsequent requests that extended the repayment of the loan until January 31, 2006. Mountainlands Community Housing Trust has requested that the modification of this loan from a construction loan secured by a Promissory Note and a subordinate Deed of Trust on the property to a Promissory Note with repayment term based upon the first resale of 18 of the 22 units.

The project consists of 22 units ranging in size from less than 600 square feet to 1200 square feet. There are 10 one-bedroom units, 10 two-bedroom units and the rehabilitation of two historic properties. Unit sizes range from 600 square feet to 1200 square feet. Planning Commission forwarded a positive recommendation on the condominium plat application on September 14 and City Council approved it on September 22, 2005.

Analysis:
<u>Project Status</u>
Attachment A is an update on the project status from Scott Loomis, Executive Director of Mountainlands Community Housing Trust. Mr. Loomis indicates that eight units are nearing completion but are awaiting the installation of permanent stairs. These units are scheduled to close in mid-February with the balance of the units expected to close by the end of March.

Loan Request
Mountainlands Community Housing Trust is requesting that the City allow its loan funds to remain in the project until the original buyer sells the unit at a rate of three percent. Three percent is the interest rate on the loan and matches the capped appreciation rate. Similarly, Mountainlands will allow all, or a portion of, the $150,000 of its direct equity investment to remain in the project, as well.

This lending scenario will maintain the $154 per square foot pricing for the 18 buyers who pre-qualified in June 2005. This translates into a sales prices range of $83,800 to $163,500. The other four units are not assigned to June 2005 buyers are will be sold at $180 per square foot.

The prices for the largest units at the $154 per square foot price are comparable to the current sales prices at Silver Meadows. All the units are deed restricted for owner-occupancy except in very limited circumstances, and the appreciation is capped annually at three percent. All 22 units have grants from private foundations for $3,000-$5,000 that lowers the final purchase price.

Staff is supportive of MCHT's request but recommends the following modifications to the loan request.

(1) The new loan will be for a fixed term of five years rather than tied to the sale of individual units. A fixed term note will not require staff to monitor unit sales. MCHT could make principal and/or interest payments during term of the loan as units or sold.
(2) The interest rate on the new note will be five percent. This is consistent with our current investment policy that requires and the "prudent man rule" of the Utah Money Management.
(3) The loan will be due and payable immediately should the net sales price to the 18 buyers exceed $154 per square foot.
(4) Staff will prepare a new set of loan documents for this note.

Department Review:

Budget, Debt and Grants, Finance and Legal have reviewed this staff report.

Alternatives:

Approve the Request:

Council could approve the staff recommendation for a loan with a term of five years at an interest rate of five percent.

Modify the Request:

Council could approve the loan as requested by Mountainlands with an indeterminate term and an interest rate of three percent.

Deny the Request:

Council could deny the request and require the loan to be paid in full on January 31, 2006.

Continue the Item:
Council could continue the item and direct Staff to return with additional information.

Significant Impacts:
The funding for this loan is from the Housing CIP. Approving the loan request will remove $100,000 from other housing purposes until the loan is repaid. The accumulated interest offsets the loss of earnings in the Housing CIP.

Recommendation:
Staff recommends that the City Council approve a $100,000 promissory note to Mountainlands Community Housing Trust for a term of five years with an interest rate of 5 percent. This loan replaces the existing $100,000 construction bridge loan.

Attachments: Report from Scott Loomis, Executive Director, Mountainlands Community Housing Trust.

MOUNTAINLANDS COMMUNITY HOUSING TRUST

January 17, 2006

Mayor and Council
Park City Municipal Corporation
445 Marsac
Park City, Utah 84060

RE: The Line Condominiums

Mayor and Council,

The Line Condominium project continues to proceed toward completion but at a slower pace than anticipated. Presently, eight units in the front four buildings are nearing completion but are awaiting the installation of permanent stairs which have been delayed. It is anticipated these units will be able to close around mid-February. The balance of the units will be able to close as completed which should be by the end of March.

Although costs of the project continue to rise in this difficult construction market, Mountainlands Community Housing Trust (MCHT) is committed to finding a solution to reduce the impact of these increases to long term applicants. A group of 18 potential buyers has pre-qualified, months to years ago, in hopes of purchasing a unit. To accommodate these long time applicants, MCHT will leave in the project as a secondary financing all, or a portion of, approximately $150,000 cash that it already has invested and $100,000 to compensate it for its administrative costs and overhead over the past three plus years. MCHT is requesting Park City Municipal Corporation to extend its loan of $100,000 to assist in accommodating this arrangement.

To further clarify by using numbers, the last price the 18 buyers qualified for in June 2005 averaged about $154 per square foot. The cost of the project will be about $180 per square foot. Under the proposal, 18 buyers will pay approximately $154 per square foot by down payment and mortgage and the balance (approximately $26 per square foot) will be carried by MCHT and PCMC until a unit is sold so the next buyer will be paying the cost of the unit plus the

1960 Sidewinder Drive, Park City, Utah 84060
PH: 435.647.9719 FAX: 435.658.3890
www.housinghelp.org

permitted appreciation rate. The note carried will bear interest at the rate of 3% per annum, or an amount equal to the appreciation rate, and will not be due until the unit is sold by the original buyer. Based upon the history of other restricted affordable housing for-sale units half of the units will be re-sold within the first three years. The four uncommitted units will be sold at the cost of approximately $180 per square foot.

To say this project has been difficult for all would be an understatement, but when completed, it will be a viable project meeting the needs of the market it intended to serve, Park City's workforce. Even though costs have risen from their original estimates in 2003, the end product will still be at least $100 per square foot less than market rate units in the same area. The dramatic price increases in houses and condominiums in Park City and the surrounding area over the past year makes it impossible for a substantial portion of our local workforce to enjoy the benefits of home ownership. There is still a waiting list for this project of 34 households hoping to find reasonable housing opportunities in Park City.

Your support and assistance is greatly appreciated.

Sincerely,

Scott Loomis
Executive Director

PARK CITY HOUSING AUTHORITY
SUMMIT COUNTY, UTAH
OCTOBER 15, 1998

I ROLL CALL

Chairman Brad Olch called the regular meeting of the Housing Authority to order at approximately 6 p.m. at the Marsac Municipal Building on Thursday, October 15, 1998. Members in attendance were Brad Olch, Hugh Daniels, Roger Harlan, Shauna Kerr, Chuck Klingenstein, and Paul Sincock. City Manager Toby Ross was also present.

II PUBLIC INPUT

The Chairman invited the public to comment on any matter of Housing Authority business not scheduled on the agenda. Hearing none, the public input session was closed.

III MINUTES OF MEETING OF OCTOBER 27, 1994

Hugh Daniels, Chuck Klingenstein, and Paul Sincock disclosed that they will not be voting as they were not members of the Housing Authority in 1994. Brad Olch, "I move approval of the Minutes of the meeting of October 27, 1994". Roger Harlan seconded. Motion carried.

Brad Olch	Aye
Hugh Daniels	Abstention
Roger Harlan	Aye
Shauna Kerr	Aye
Chuck Klingenstein	Abstention
Paul Sincock	Abstention

IV CONSENT AGENDA

Allocation of $30,000 from Housing Authority Fund 36 for Mountainlands Community Housing Trust services contract - Chuck Klingenstein, "I move approval of the Consent Agenda". Paul Sincock seconded. Motion carried unanimously.

V ADJOURNMENT

With no further business, the meeting of the Housing Authority was adjourned.

* * * * * * * *

Park City Housing Authority
Staff Report

PARK CITY 1884

Author: **Phyllis McDonough Robinson**
Subject: **Housing Obligation for Sky Lodge**
Date: **January 26, 2006**
Type of Item: **Administrative**

Budget, Debt and Grants

Summary Recommendations: Accept an In Lieu Payment for 3.45 affordable unit equivalents for the Union Square/Sky Lodge Mixed Use Development'

Description:

Topic: Housing obligation for Sky Lodge

Background: As a Condition of Approval of the Union Square Master Plan Development, the applicant is required to satisfy an affordable housing requirement of 3.45 affordable unit equivalents. An affordable unit equivalent is 800 square feet. The applicant, Cloud Nine Resorts, has requested the ability to make an in lieu payment to satisfy this requirement. The Master Plan Development was approved under Housing Resolution 17-99 and as such is subject to the fee in lieu payment adopted under that Resolution. The fee for an in lieu payment under this Resolution is $59,828 per affordable unit equivalent. The total in lieu payment required is $206,406.60.

In lieu payment standards are being recalculated as part of the new Affordable Housing Guidelines and Standards. Staff will be discussing modifications to the in lieu fee and methodology with the Park City Council at its meeting on January 26. The preliminary estimates for future in lieu fee payments are $72, 000 - $75,000.

Analysis
An in lieu payment is accepted at the sole discretion of the Park City Housing Authority. The general preference for fulfilling a housing obligation is the development of housing units. At its January 2006 Council Visioning session, Council discussed the policy for in lieu fee acceptance. The preference was established for the production of units, whether on-site or off-site. The payment of an in lieu fee could be given a higher priority when such a payment will result in more immediate development of housing development or the leverage of additional resources. Examples where an in lieu of fee would be a preferred option would be when the City has an identified project and the where the contribution of in lieu fees would result in greater affordability in increased units, land acquisition or projects with an affordable housing requirement of fewer than five units.

The request by Cloud Nine Resorts to make an in lieu payment is consistent with previous policy when the affordable housing obligation is relatively small. Most recently, the April Mountain Master Plan, which required 3.3 affordable unit equivalents was permitted to make an in lieu fee payment. The in lieu fee will be placed in a dedicated account and targeted to city-sponsored affordable housing efforts. The in lieu fee will be paid prior to the issuance of building permits for the project. The payment of an in lieu of fee is also consistent with the policy direction given by Council at the 2006 Council Visioning Session.

Department Review: This report was reviewed by Budget, Debt and Grants, Finance and Legal.

Alternatives:

D. Approve the Request:
The Housing Authority Council could approve the request and permit Cloud Nine Resorts to pay an in lieu fee in fulfillment of its housing obligation for the Union Square Master Plan Development.

E. Deny the Request:
The Housing Authority could deny the request and require the provision of 3.45 affordable units.

F. Continue the Item:
Council could continue the item and direct Staff to return with additional information.

Significant Impacts:
The acceptance of an in lieu fee will not result in the immediate production of affordable housing. Staff has identified projects where these funds could be used in a timely manner to enhance affordability.

Consequences of not taking the recommended action:
The consequence of not taking the recommended action is that of timing delay for the overall Union Square Master Plan. It will also reduce funds available for city-sponsored housing initiatives.

Recommendation:
Staff recommends that the Park City Housing Authority accept the in lieu payment in the amount of $206,406.60 as fulfillment of the housing obligation for the Union Square Master Plan.

Attachments:
Exhibit A: Request for an in lieu payment by Cloud Nine Resorts.

C L O U D N I N E R E S O R T S

4780 WINCHESTER COURT, PARK CITY UTAH 84098 TELEPHONE 435.649.6649 FACSIMILE 435.604.6309

December 18, 2005

Phyllis Robinson
Park City Housing Authority
Park City Municipal Corporation
Park City, Utah 84060

HAND DELIVERED

Re: Union Square Master Plan Development Agreement – May 5, 2005
The Union Square / Sky Lodge Mixed Use Development
201 Heber Avenue, Park City

Dear Phyllis,

Thank you for your assistance on explaining the procedure for processing the Affordable Housing requirements for our development.

As requested, pursuant to Section 6 in the Conditions of Approval of the Union Square Master Plan Development agreement between the municipality of Park City and CloudNine Resorts, we are submitting for approval for "payment in lieu" for 3.45 units (with an affordable housing unit equivalent rate of 800 square feet per unit) required by the MPD agreement. We understand that this requirement must be satisfied prior to the issuance of any building permits and are ready to work with your department to accomplish this in a timely manner.

Thank you for your attention to this matter and if there is any questions or further information needed please contact me directly.

Best Regards

William H. Shoaf
President