

**HOUSING PARK CITY'S
WORK FORCE
2005 – 2010**

**HOUSING ASSESSMENT AND
DEMAND ANALYSIS**

November 2005

Table of Contents

	<u>Page</u>
Executive Summary	1
Section I: Introduction	10
Section II: Economic Profile	15
Section III: Demographic and Household Profile	20
Section IV: Demand and Affordability Analysis	25
Section V: Recommendations	31

EXECUTIVE SUMMARY

Approach

Assessing Park City's workforce housing needs seems obvious – there are too few units that lower income households can afford. Developing responsive strategies and programs requires more than stating the obvious. An understanding of the factors contributing to the current housing needs is critical. This housing assessment analyzed key economic and demographic trends in order to more fully better understand the nature of growth in Park City. A literature search was conducted to identify best practices for conducting housing assessments and models of successful programs and strategies. Particular attention was paid to housing plans and programs of other resort towns in Colorado, California, New Mexico, Wyoming and British Columbia. Quantitative and qualitative data on demographic, economic and housing market conditions, and trends were collected and analyzed. In addition, two surveys were conducted. The Employer Housing Survey sought information on employment patterns and the impact of the local housing market on businesses. The Community Housing Survey sought personal information on the impact of the local housing market on local residents and employees.

This report addresses the following key areas of concern:

- The relationship between economic development and the supply and price of housing, including rental housing, and
- The relative affordability of housing, with particular concern to the buying opportunities for households earning below the median income.
- The current housing need and the projected housing demand to meet anticipated employment and population growth.

Defining Housing Affordability

The ultimate goal of housing policy is to address the growing mismatch between income and housing costs. The issue around defining housing needs must focus, therefore, on the question of “affordable for what and to whom?” Traditionally, affordable housing is considered an issue affecting low-income individuals and families. In resort and destination communities, housing affordability is also of concern to moderate and middle-income earners. The growing trend throughout the nation is towards work force housing that offers a variety of housing types, tenure and price options to accommodate an economically diverse work force and community.

The U.S. Department of Housing and Urban Development (HUD) calls housing costs – rent plus basic utilities or mortgage, tax and insurance payments – affordable when they consume no more than 30 percent of a household's income.¹ By this measure, affordability is a relative concept that can be applied to people of all income levels. The implication is that low- and moderate-income households who pay more than 30 percent of their gross income for housing are more likely to have to defer or cutback on purchases of other important necessities such as medical care and clothing. This is the most basic and most frequently used measure of housing affordability.

¹ Specifically, the Department of Housing and Urban Development (HUD) defines rental housing as affordable when rent (including such basic utilities as heat, electricity and cooking fuel) consumes no more than 30% of a household's net, or adjusted, income. The definition of net income varies by program, but it generally means gross income less a small deduction per dependent with additional deductions for childcare costs, extraordinary medical expenses, etc... For homeownership, mortgage lenders typically target 28 – 33% of gross household income as the maximum carrying cost for the purchase (covering payment of principal, interest, taxes and insurance.)

Cost Burdened Households

If a household spends in excess of 30% of their income for housing costs, they are considered to be cost burdened. If housing consumes more than 35% of household income, the household is defined as “extremely cost burdened.”

ECONOMIC PROFILE

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.

- Park City dominates the economy of Summit County and provides most of the region’s employment opportunities. In 2003 there were an estimated 16,418 jobs in Summit County. Based upon data collected by the 2000 Census approximately 78 percent of all jobs in Summit County are located in Park City.
- The Leisure and Hospitality sector dominates the regional economy both in terms of the number of jobs and total wages. More than twice as many jobs exist in this sector than the next most significant sector.
- Between 2001 and 2003² the Leisure and Hospitality sector grew from 35 percent to 38 percent of all jobs.
- The next largest sector by number of jobs is Trade, Transportation and Utilities at 17 percent of all jobs. Government is third at 13 percent.
- Total wages earned in Leisure and Hospitality in 2003 totaled \$119,269,850 or more than 27 percent of all wages.
- In 2003, the average wage income earned in Summit County averaged \$26,519. Wages earned in the Leisure and Hospitality sector averaged \$19,485 – more than 25 percent below the average wage for Summit County jobs.
- On average, non-agricultural payroll employment in Summit County has increased eight percent a year between 1990 and 2003. The number of jobs in Summit County increased from 7,991 to 16,418.
- Summit County’s employment levels experience seasonal fluctuations. Peak employment occurs during the winter months. Employment levels drop off approximately 15 percent in the spring and summer months. The fluctuation in seasonal employment has decreased

² The most recent data available since the Bureau of Labor Statistics transitions from the Standard Industrial Code (SIC) to the NAICS. One result of this transition is the creation of a specific “Leisure and Hospitality” Sector classification. Previously this sector had been combined in the broader “Services” code.

in recent years as events, recreational and cultural opportunities increase the tourism and second home base during the summer months.

- Over the next five years, continued employment growth in Summit County is anticipated with Park City remaining the employment hub. Based upon data from the Governor's Office of Planning and Budget, employment in Summit County is expected to increase 15 percent. The Leisure and Hospitality Industry will remain the largest share of jobs in the area, increasing to nearly 7,600 jobs. Assuming a stable share of employment and relatively little growth in wages, this continued growth will have significant implications for housing in the next five years.
- Of the 53 businesses that completed the Employer Housing Survey, 64 percent were Park City based business. Ninety-four percent were located in the Park City/Snyderville Basin. The majority of respondents were retail sales (22.6%) restaurant/food service (9.4%), lodging/housekeeping (9.4%). One ski area responded. Half of the businesses had 10 or fewer employees.
- Half of the businesses reported that the number of employees increased over the past two years. More than one-third expects their number of employees to increase over the next two years.
- The availability of affordable housing is a substantial issue especially in the recruitment and/or retention of Customer Service staff and Managerial/Professional staff. These two occupations reflect a wide spectrum of income.
- Employers cited the following reasons most frequently given by employees when they leave: Long Commutes (41%), Increase in Salary/Hourly Wage (39%), More Favorable Work Schedule/Conditions (28%). Housing problems were specifically identified by 15 percent of respondents. Long Commutes combined with Housing Problem total 56 percent of responses.
- Related to commuting, weather (53.3%, traffic (37.8%) and weather (37.8%) were the most frequently cited reasons for employee lateness. Lateness/absenteeism in general was rated as a moderate business impact.
- Only 16 percent of employers offer any form of housing assistance ranging from referrals to Mountainlands Community Housing Trust (13%) roommate services, housing/travel allowance, housing locator services and company bulletin board (4.4% each) and transportation to worksite, seasonal housing, temporary/transitional housing (2.2% each). One-third of respondents indicated an interest in learning more about employer-assisted housing benefits.

DEMOGRAPHIC AND HOUSEHOLD PROFILE

- Summit County's 2005 estimated population is 33,910, a growth rate of 118 percent between 1990 and 2005. Most of the population growth has occurred in the Snyderville Basin and Park City. Park City's year-round has grown nearly 80 percent between 1990 and 2005.
- The estimated 2005 Park City population is 8,018. Park City's population growth average 6.5% between 1990 and 2000. The forecasted 2010 Park City population is 9,752.

Notable within that growth is increase in the Hispanic community from approximately 1 percent in 1990 to nearly 20 percent in 2000. This number is likely to underestimate the actual number of Hispanic households in the City.

- Statewide, in-migration projections comprise 42 percent of total population growth. In Summit County, in-migration of working age households accounts for 81 percent of population growth. Other areas in the State with substantial in-migration as a component of population growth include neighboring Wasatch County (83%), and Washington County (89%).
- Park City is an older community compared to the rest of the state. Fifty-eight percent of Park City residents are between the ages of 25 – 59 compared with 42 percent statewide.
- The homeownership rate in Park City lags behind the state and the nation. Sixty-one percent of households in Park City were homeowners in 2000. This is slightly below the national homeownership rate in 2000 of 67.4 percent and nearly 12 percent lower than the statewide homeownership rate of 72.7 percent.
- The age distribution of renter households compared to the state shows a greater percentage of households as renters between the ages of 35 and 54. Fifty seven percent of Park City renters are in this age range compared to 46 percent state-wide.
- The median income for owner-occupied households is \$94,196. The median income for renter households is \$38,594.
- Increases in wages are not keeping pace with housing costs. During the decade of the 1990s, household income rose by 67 percent. Rents increased 61 percent during this same period. Increases in housing sales prices outstripped any gains in income. Owner occupied housing costs increased 170 percent during this same time period.

DEMAND AND AFFORDABILITY ANALYSIS

- The availability of work force housing is not simply a supply side problem in that not enough housing has been built, but the availability of housing is affected by the demand for housing and the distribution of income. Assessment of underlying housing need is concerned with measuring how many households, have housing costs that exceed the 30 percent cost-burden benchmark.
- There are 344 units of deed restricted affordable rental housing in Park. Thirty-one percent (329 households) of cost-burdened households have incomes below \$35,000.
- An estimated 550 renter households have incomes greater than \$35,000 and could qualify for deed restricted home ownership opportunities in Park City. Their ability to do so is constrained by available inventory and lack of down payment. There are 51 units of deed restricted affordable home ownership opportunity available.
- There is a substantial disparity between sales prices of free market sales and household numbers and incomes in Park City. In 2004, 964 single family homes sold with an average sales price of \$606,426. Approximately 30 percent of existing households have incomes sufficient to afford this purchase price. Of these approximately 825 households,

only 52 households were residing in rental housing. The volume of sales exceeds the total number of households who could afford to purchase the unit.

- Between July 2004 and July 2005, 702 two- and three-bedroom condominiums were sold in Park City and the Snyderville Basin. The average sales price was \$175,419. Of these units, 146 were located within the Park City limits. These units are affordable to households earning approximately \$49,000. Approximately 36 percent of renter households could afford the monthly mortgage costs. The volume of sales equates to nearly two units sold for every renter household earning \$49,000 or more.
- Over the next five years, the demand for housing in Park City will increase substantially. The increase in the Leisure and Hospitality Sector will continue to drive the demand for additional workforce housing in Park City.

WORK FORCE HOUSING DEMAND 2010

The projected workforce housing demand by 2010 is 323 additional units.

CORE RESORT SECTORS PROJECTED GROWTH ³

Park City Population Projection 2010	9,752
Less: Park City Population 2005	8018
Equals: Total New Residents	1,734
Locational Substitution	34%
Multiplied by Total New Residents	1,734
Equals: Total New Residents Employed Locally	590
Total New Residents Employed Locally	590
Multiplied by % of jobs in Core Sectors	82%
Equals: Total New Residents in Core Sectors	484
Divided By: Workers per Household	1.5
Equals: 2010 New Workforce Housing Demand	323 units

The calculated outstanding affordable housing obligation is 109 affordable unit equivalents.

Housing Resolution 17-99 requires developers of Master Planned Developments greater than 50 units and/or 5,000 square feet of commercial to contribute toward affordable housing. These units will offset a portion of the projected workforce housing demand.

CALCULATED OUTSTANDING HOUSING OBLIGATION

PROJECT	UNIT EQUIVALENTS One UE = 800 sq. ft	NOTES
Flagstaff Annexation/UPCM	91 UE	25% of units to be constructed on-site. Unit requirements triggered by CO and density under construction. Projected delivery 2005 – 2010.
Deer Crest Master Plan)	18 UE	Pending. Projected delivery 2007.
Union Square MPD	3.45 UE	Required prior to building permits. Projected delivery in 2006.
Silver Star	17.95 UE	100% of units on site. Projected delivery in 2007
Total Obligation	109 UE	

REMAINING WORKFORCE HOUSING DEMAND

2010 New Workforce Housing Demand	323 units
Less: Committed Housing Obligation	109 UE
Equals: Remaining Workforce Housing Demand	214 units

³ (Construction, TTU, Education and Health Services, Leisure and Hospitality, Other Services and Government)

The potential remaining shortfall for workforce housing without market intervention and/or additional public commitment by 2010 is 214 units.

In addition to new workforce housing demands, there is existing pent-up demand among existing renter households.

EXISTING PENT UP DEMAND FOR HOMEOWNERSHIP

Renter households with incomes >\$35,000 (minimum income necessary to qualify for a deed restricted homeownership.)	550 renter households
Multiplied By: % of renters interested in homeownership	88 percent
Equals: Potential pent up home ownership demand	484 existing households
Percentage of households with incomes between \$35,000 - \$50,000	40 percent
Percentage of households with incomes between \$50,000 - \$75,000	40 percent

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.

RENTER HOUSEHOLDS IN NEED OF MORE AFFORDABLE HOUSING

Total Renter Households	1,060
% of Cost Burdened Renter Household	39 percent
Number of renter households paying 30 – 34% of income for rent	104
Number of renter households paying 35 – 39% of income for rent	75
Number of renter households paying 40 – 49% of income for rent	86
Number of renter households paying 50 percent or more of income for rent	153

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.

SUMMARY OF WORK FORCE HOUSING DEMANDS 2005- 2010

Pent up Demand for Owner-Occupied Housing	194 units
Pent up Demand for Affordable Rental Housing	153 units
2010 New Core Resort Worker Demand	323 Units
Subtotal Existing and Projected Demand	670 Units
<i>Less: Committed Housing Obligation</i>	<i>109 Units</i>
Total Remaining Demand	561 Units

RECOMMENDATIONS

Develop a Three to Five Year Housing Work Program and Provide Annual Reports.

The Housing Needs Assessment sets forth a five year housing goal based upon projected employment and population growth. A work plan that details tools, strategies and implementation time frames should be prepared. A review of progress in meeting the housing goal, as well as necessary revisions, should be prepared annually.

Initiate City Leadership in Affordable Housing Development.

Promote and sponsor redevelopment and infill projects on city-owned land. Consider dedication/long term lease of land to enhance affordability. Prioritize mixed income residential subdivisions within the City's annexation boundaries. Identify opportunities for public-private partnerships to fulfill outstanding housing obligation. Promote alternative ownership models including co-housing, cooperatives and/or limited equity cooperatives.

Review and Update Housing Resolution Annually and Housing Element Every Five Years.

The City's Housing Resolution is a key tool in addressing workforce housing needs. Over the past five years nearly 200 housing units have been committed to address workforce housing demands. The effectiveness of this tool should be monitored annually with adjustments made to goals, wage and income assumptions, and in lieu of fees made as necessary.

The Planning Department's regulatory capacity can encourage housing – especially affordable housing—development and conservation. Current state land use law requires cities to submit a Five Year Moderate Income Housing Plan housing plan that identifies the affordability housing needs in the community and strategies to address that need. A review of current land use and zoning practices is a requirement of housing plan. A review of current requirements and practices should be undertaken to identify barriers in reach the city's housing goals. Specific attention should be given to reducing minimum lot and open space requirements, adopting green building practices as a component of a density bonus program and permitting alternative transportation arrangements such as bike/pedestrian only units or bus line access to reduce parking requirements.

Develop a Regional Housing Approach with Summit County.

Park City/Snyderville Basin functions as one housing market. People may live in one part and work in another. Affordable housing is difficult to address locally in a regional housing market. The efforts of one city to provide housing for lower income residents may seem futile if neighboring communities do not make similar efforts. The shortage of housing affects a wide variety of residents in Summit County. Addressing the housing needs from a regional, rather than a local perspective raises complex problems of planning and governance. However, the findings suggest that is its imperative to address the interconnected problems that underlie the housing challenges. While local projects and developments are certainly necessary, large, more integrated efforts are needed.

Enhance Access to Development and Lending Capital.

Public financing covers capital funding for the acquisition, rehabilitation, construction and preservation of affordable housing. Other public financial programs also provide for supportive services, rental assistance, down payment and closing cost assistance for homebuyers and administrative costs to nonprofit corporations that provide affordable housing and other community development and human services. Park City and Summit County are constrained in their public funding ability because they are do receive direct allocations from the federal

government of HOME or CDBG funds that are typically used for housing. Access to this capital is through a statewide competitive process. Substantial commitment and effort should be directed towards securing private resources for housing development and leveraging government programs. Two specific program recommendations should be considered: establishing a municipal line of credit for land acquisition and land banking and preparing a feasibility study for a Regional Housing Trust Fund to leverage in lieu of fees and other funds for a variety of uses including land acquisition, down payment assistance and permanent loan interest buy downs.

Create a Land Banking Program.

The greatest impediment in the provision of affordable housing in Park City is the limited availability of land. The City is considered to be substantially built out. While there are parcels of land still potentially available for development, the City's housing market as a whole, is quite tight. The City's finite supply of land, coupled with strong development pressures, means that landowners can expect high prices for parcels they own, if they choose to sell at all. Furthermore, except in purely residential zones, housing developers must compete with other potential users. If it is more profitable for a landowner to hold or sell land for a commercial project, the land will not be available for housing. Private vacant or underdeveloped lands will only see development if landowners decide to sell, and the prices they demand from housing developers will allow for profitable development. The development potential for the available privately owned land in Park City is constrained by geography and environmental considerations. The City should identify potential sites to acquire for future affordable housing development within and beyond the city limits.

Promote Employer Assisted Housing.

Employer Assisted Housing is a customized benefit option to support employees as they make what is typically, the largest investment of their life, purchasing a home. The most common benefits are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education (provided by an employer-funded counseling agency). Sponsor employer workshops/forums in partnership with the Utah Fannie Mae Partnership Office.

SECTION I: INTRODUCTION

Almost every major resort community in the nation has real housing affordability problems. According to the Harvard Joint Center for Housing Studies, the obstacles for providing quality affordable work force housing may be more difficult than developing a great resort. The production and availability of housing is constrained in virtually every community both by government regulations and by non-governmental factors, such as the costs of construction. Most important is the end users ability to pay and the gap between housing costs and wages. Market factors present very serious constraints to the production and availability of housing that is affordable to very low, low and moderate-income households.

Housing affordability ranks among the most pervasive and persistent of local, state and national issues. Housing is one of the biggest expense items in the budgets of most families and individuals. For this reason, and because of government's many influences on housing affordability, it has long been prominent on the agenda of policy makers at all levels of government. For lower income households, housing has a key feature not common to other basic needs such as nutrition and transportation -- *housing consumption has a minimum*. People who are poor can reduce the quality and quantity of their food. Building codes and occupancy standards can preclude reductions in housing consumption. At some point, the choice becomes to pay up or be homeless.

The livability of Park City is directly affected by the availability of a sufficient amount of housing affordable to all residents. A variety of housing choices enhances livability by providing family and community stability. A diversity of housing types and prices allows residents to move within the community from one housing type to another, for example from an apartment to condominium to a single family home reflecting changing life styles and circumstances. This can translate directly into neighborhood, community and regional stability. A population that can rely upon access to adequate housing choices near employment and services will be less mobile and more aware of their immediate need of their community.

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 2003 Park City identified the following 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.
- Maintain a community that contains a broad diversity 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.

Approach

In 2005 Park City received a CDBG matching grant to prepare affordable housing needs assessment. Assessing Park City's workforce housing needs seems obvious – there are too few units that lower income households can afford. Developing responsive strategies and programs

requires more than stating the obvious. An understanding of the factors contributing to the current housing needs is critical. This housing assessment analyzed key economic and demographic trends in order to more fully better understand the nature of growth in the community. A literature search was conducted to identify best practices for conducting housing assessments and models of successful programs and strategies. Particular attention was paid to housing plans and programs of other resort towns in Colorado, California, New Mexico, Wyoming and British Columbia. Quantitative and qualitative data on demographic, economic and housing market conditions, and trends were collected and analyzed. In addition, two surveys were conducted. The Employer Housing Survey sought information on employment patterns and the impact of the local housing market on businesses. The Community Housing Survey sought personal information on the impact of the local housing market on local residents and employees.

The economic well being of Park City is intricately linked to the availability of a service sector work force and a diversity of housing for those employees. This housing assessment evaluates the jobs/housing balance in Park City and estimates the future demand for workforce housing through 2010. This report addresses the following key areas of concern:

- The relationship between economic development and the supply and price of housing, including rental housing, and
- The relative affordability of housing, with particular concern to the buying opportunities for households earning below the median income.
- The current housing need and the projected housing demand to meet anticipated employment and population growth.

The assessment that follows analyzes the current and future housing needs of Park City. It describes the current conditions, discusses underlying issues for the housing needs and recommends approaches to improve housing market conditions in Park City. The assessment is divided into six sections:

- 1) *Introduction* including an overview of the study and a definition of affordability
- 2) *Economic Profile* is an assessment of job and wage growth in Park City and Summit County.
- 3) *Demographic and Household Profile* presents current and projected population, income projections and an assessment of the affordability of the current housing market.
- 4) *Housing Demand Analysis*
- 5) *Recommendations and Conclusions*
- 6) *Appendices including survey findings*

Uses for this Assessment

This report provides information on the demographic needs of the city's households, quantitative and qualitative estimates of various housing problems, the impact that housing has on employers, the cost and availability of both rental and for sale housing, and presents opinions shared by local employers, local employees and residents. This information may be used to:

- Evaluate and potentially modify public policies and programs related to housing;
- Provide input for the design of public- and private-sector projects that will include affordable units;
- Facilitate the private sector's development of affordable community housing by the provision of market data that can be used to appropriately design, and acquire financing for residential projects;
- Develop recommendations for the allocation of In Lieu of Fees, Housing CIP and Mortgage Assistance Funds;

- Plan for future housing impacts connected with anticipated growth, and
- Monitor the effectiveness of housing programs and projects that might be initiated.

Defining Housing Affordability.

The ultimate goal of housing policy is to address the growing mismatch between income and housing costs. The issue around defining housing needs must focus, therefore, on the question of “affordable for what and to whom?” Traditionally, affordable housing is considered an issue affecting low-income individuals and families. In resort and destination communities, housing affordability is also of concern to moderate and middle-income earners. The growing trend throughout the nation is towards work force housing that offers a variety of housing types, tenure and price options to accommodate an economically diverse work force and community.

Measures of housing affordability are designed to reflect the extent to which the cost of housing to households is greater than the amount determined to be a reasonable expenditure based on their income. These measures consider the distribution of household expenditures and incomes, either at a single point in time, or over a period of time. However, household income and expenditures can be difficult to measure due to both a scarcity of data, as well as difficulties in defining housing costs and household income in a useful way. In constructing measures of housing affordability, there is always a trade-off between the usefulness of the indicator and the intensity of data requirements.

The Federal Definition of Affordability

The U.S. Department of Housing and Urban Development (HUD) calls housing costs – rent plus basic utilities or mortgage, tax and insurance payments – affordable when they consume no more than 30 percent of a household’s income.⁴ By this measure, affordability is a relative concept that can be applied to people of all income levels. The implication is that low- and moderate-income households who pay more than 30 percent of their gross income for housing are more likely to have to defer or cutback on purchases of other important necessities such as medical care and clothing. This is the most basic and most frequently used measure of housing affordability. It is a useful, simple and easy to understand measure of affordability. It does not require a tremendous amount of information, simply household information and housing expenditure on housing.

A family earning Summit County’s estimated 2005 median income -- \$83,400 – can afford to spend about \$2,085 a month on housing. This amount is inclusive of principal, interest, taxes and insurance and translates into a mortgage of approximately \$260,000.

A full-time worker earning the minimum wage earns about \$11,000 a year. There is no place in Park City where these households – who can “afford” to pay only \$273 for rent and utilities monthly– could find accommodations in that price range in the private market.

Opinions vary on the maximum percentage of income that households of different sizes, compositions and incomes should be expected to have to pay for housing, or whether it even makes sense to specify a maximum, in light of the role that personal preferences play in housing choice and other consumer decisions. The definition, measurement and interpretation

4 Specifically, the Department of Housing and Urban Development (HUD) defines rental housing as affordable when rent (including such basic utilities as heat, electricity and cooking fuel) consumes no more than 30% of a household’s net, or adjusted, income. The definition of net income varies by program, but it generally means gross income less a small deduction per dependent with additional deductions for childcare costs, extraordinary medical expenses, etc... For homeownership, mortgage lenders typically target 28 – 33% of gross household income as the maximum carrying cost for the purchase (covering payment of principal, interest, taxes and insurance.)

of housing affordability are ultimately subjective. There is no single correct answer to the question of how much households of different incomes can “afford” to spend on housing, how spending or income should be measured or on the housing quality standard that should be set. Nonetheless, for purposes of assessing housing need and program design and implementation, it is necessary to adopt specific definitions that are quantifiable with data available for locally.

Cost Burdened Households

If a household spends in excess of 30 percent of their income for housing costs, they are considered to be cost burdened. If housing consumes more than 35 percent of household income, the household is defined as “extremely cost burdened.”

Affordable to Whom?

Until the mid 1990s, households earning up to 80 percent of the area median income were considered moderate-income, households earning 50 percent of Area Median Income were considered low-income and households earning 30% of area median income were considered very low-income. The U.S. Department of Housing and Urban Development now considers 80 percent of area median income the ceiling for low income (and classifies as moderate income those earning up to 95 percent).

The 2005 Summit County Area Median Income is \$83,400. Based upon the current federal definition, 65 percent of all households in Park City are low- to moderate- income.

Percent of AMI	30% AMI	50% AMI	80% AMI	95% AMI
Income	\$25,020	\$41,700	\$66,720	\$79,230
Monthly Income Available for Housing	\$626	\$1,043	\$1,668	\$1,981
Percent of All Households	15.7%	19.6%	18.1%	11.4%

(Total Households in 2005 = 2,948)

There is a growing gap between wages and the cost of housing that reaches well up into the middle class in Park City and in cities across the nation. According to HUD guidelines, jobs that pay “low income wages” include day care teachers, fire fighters, secretaries, bank tellers and car mechanics.

Work Force Housing

In communities across the US, policy makers and the public are giving increased attention to the issue of workforce housing. The term workforce housing typically refers to housing affordable to workers with a range of occupations who provide every day, vital services within the community through their work. The concern is that if there is not adequate workforce housing within a community, businesses that rely on those workers will have a difficult time attracting and retaining employees, or employees unable to afford property housing will live in compromised living conditions. It is towards this definition of work force housing that this report is focused.

Ultimately, the real measure of housing affordability for a community is whether housing is available within the price ranges that local employees can reasonably afford.

Why Housing Affordability is a Concern for Park City

The high price of housing presents a distinct set of problems for Park City. Local employees suffer economic stress as housing prices outstrip wages and salary incomes. Employees must live in smaller residences or prolong the purchase of a home. In other instances the phenomena encourages employees to move out of the area (or leave the economy all together), substituting an alternative location where housing is more affordable. In Park City, locational substitution (jobs filled by non-residents) is estimated to be approximately 65 percent. The inevitable consequences of locational substitution are increased commuting, diminished real incomes due to increased commuting costs, increased traffic congestion, higher road construction and maintenance costs, a decrease in volunteerism and a deterioration of the social, economic and political fabric created by the general sense of community that occurs when persons and families that work in the community live in the community. Collectively these phenomena reduce the supply of labor, denying the community a critical component needed to ensure the long term sustainability of the local economy. They also contribute to a general loss of community character and identity. For these reasons, communities experiencing housing affordability problems commonly undertake programs to increase the supply of such housing at prices that local employees and their families can afford.

Households are concerned about it because affordability affects their ability to become a homeowner, as well as the size and amenities of the home they are able to purchase. Real estate salespersons and industry participants also are concerned, because the number of households able to afford the purchase of a home is an important determinant of single family sales activity in their local markets. Housing affordability also has become an important public policy issue, as home ownership is viewed as being an important goal for both individual and societal reasons. Household income, housing prices and mortgage rates are the primary determinants of housing affordability. For a household considering homeownership, an additional factor is the rate of appreciation in housing prices.

In addition to the direct benefits housing services to individuals and families, there is a general benefit that is critical to the health and well being of Park City as a whole. Appropriate, available housing is a crucial ingredient in virtually every major aspect of well being for our society and economy. The availability of affordable housing affects five major aspects of personal and community life:

Education: Adequate housing is a necessary condition for children to arrive at school ready to learn.

Economic vitality: Available and suitably located housing enhances workforce recruitment and performance, and the housing industry itself is a major generator of economic activity and local and state revenues.

Environment: Housing that is properly planned and designed makes for safe and healthy communities. Housing that is poorly located relative to jobs worsens traffic congestion and air pollution.

Growth management : Planning that provides for a variety of housing choices with adequate infrastructure and access to services and amenities is essential to the provision of affordable housing for all economic segments of the community.

Quality of life: A well maintained housing stock is strong evidence of a healthy community that enjoys a high quality of life.

SECTION II: ECONOMIC PROFILE

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.

Non-agricultural payroll employment in Summit County has increased on average eight percent a year between 1990 and 2003. Between 1990 and 2003 total payroll employment rose from 7,991 to 16,418. Park City dominates the economy of Summit County and provides most of the region's employment opportunities. In 2003 there were an estimated 16,418 jobs in Summit County. Based upon data collected by the 2000 Census approximately 78 percent of all jobs in Summit County are located in Park City. The Leisure and Hospitality sector dominates the regional economy both in terms of the number of jobs and total wages. More than twice as many jobs exist in this sector than the next most significant sector. Between 2001 and 2003⁵ the Leisure and Hospitality sector grew from 35 percent to 38 percent of all jobs. The next largest sector by number of jobs is Trade, Transportation and Utilities at 17 percent of all jobs. Government is third at 13 percent. Total wages earned in Leisure and Hospitality in 2003 totaled \$119,269,850 or more than 27 percent of all wages. In 2003, the average wage income earned in Summit County averaged \$26,519. Wages earned in the Leisure and Hospitality sector averaged \$19,485 – more than 25 percent below the average wage for Summit County jobs.

Of the 54 businesses that participated in the 2005 Employer Housing Survey, 50 percent reported that the number of employees increased over the past two years. More than one-third expects their number of employees to increase over the next two years.

Employment by Industry Sector

Between 2001 and 2003, wage and salary employment in Summit County increased 3.6% to 16,418 jobs. The Leisure and Hospitality Industry is the most significant sector of the economy in Summit County accounting for 38% of all jobs. The Leisure and Hospitality Sector and the Government sector combined account for 51% of all jobs in Summit County.

⁵ The most recent data available since the Bureau of Labor Statistics transitions from the Standard Industrial Code (SIC) to the NAICS. One result of this transition is the creation of a specific "Leisure and Hospitality" Sector classification. Previously this sector had been combined in the broader "Services" code.

Table 16.1: Summit County Employment by Industry Sector, 2001 – 2003⁶

Industry	2001	2002	2003	Percent Gain/ (Loss)	2003 % of Total Jobs	2003 Annual Wage
Natural Resources and Mining	70	71	67	(4.3%)	< 1%	42886
Construction	1562	1493	1320	(5.5%)	8%	32033
Manufacturing	563	558	508	(9.7%)	3%	46337
Trade, Transportation and Utilities	2663	2741	2804	5.2%	17%	23226
Information	227	223	221	(2.6%)	1%	37920
Financial Activity	1049	1373	1117	6.5%	7%	36308
Prof. & Bus. Svc	1232	1129	1034	(16.1%)	6%	41816
Ed. and Health Svc	531	580	674	(26.9%)	4%	27232
Leisure and Hospitality	5528	5797	6171	11.5%	38%	19327
Other Services	386	387	379	(1.8%)	2%	22045
Government	2035	2084	2123	4.3%	13%	29821
Total	15846	16436	16418	3.6%	100%	26519

Sixty-four percent of the Employer Housing Survey respondents were Park City-based and 94% were located in the Park City/Snyderville Basin. The majority of respondents were retail sales (22.6%) restaurant/food service (9.4%), lodging/housekeeping (9.4%). One ski area responded.

Table 16.2: Major Employers in Summit County, 2005⁷

Business Name	Business Type
Deer Valley Resort	Ski Resort
Park City Mountain Resort	Ski Resort
The Canyons	Ski Resort
Park City School District	Public Education
Park City Municipal Corporation	Local Government
Summit County	Local Government
Stein Eriksen Lodge	Lodging
Triumph Gear Systems	Manufacturing
Premier Resorts of Utah	Lodging
South Summit School District	Public Education
Marriott Park City	Lodging
North Summit School District	Public Education
Wal-Mart	Retail Store
Jan's Mountain Outfitters	Sporting Goods
Dan's Foods	Grocery Store
U.S. Ski & Snowboard Association	Sports Club
Smith's Food & Drug	Grocery Store

⁶ Data derived from information provided by the Governor's Office of Planning and Budget and Department of Workforce Services

⁷ Department of Workforce Services

Albertson's	Grocery Store
Park Meadows Country Club	Country Club
Park City Fire Service District	Local Government
Source: Utah Department of Workforce Services	

Seasonal Employment

Summit County's employment levels experience seasonal fluctuations. Peak employment occurs during the winter months. Employment levels drop off approximately 15 percent in the spring and summer months.⁸ The fluctuation in seasonal employment has decreased in recent years as events, recreational and cultural opportunities increase the tourism and second home base during the summer months.

Future Employment Trends

Over the next five years, continued employment growth in Summit County is anticipated with Park City remaining the employment hub. Based upon data from the Governor's Office of Planning and Budget, employment in Summit County is expected to increase 15 percent. The Leisure and Hospitality Industry will remain the largest share of jobs in the area, increasing to nearly 7,600 jobs. Assuming a stable share of employment and relatively little growth in wages, this continued growth will have significant implications for housing in the next five years.

Table 13.1 Employment Projections by Industry Sector, 2005 - 2010⁹

Industry	2005	2006	2007	2008	2009	2110	Percent Gain/(Loss)
Natural Resources and Mining	917	914	905	898	890	880	(-4.0)
Construction	2165	2175	2230	2283	2342	2399	10.8%
Manufacturing	536	545	552	562	575	590	10.0%
TTU	3303	3365	3439	3504	3573	3639	10.1%
Information	306	311	320	328	337	347	13.4%
Financial Activity	3826	3876	3994	4115	4247	4389	14.7%
Prof. & Bus. Svc	2684	2746	2839	2932	3034	3141	17.0%
Ed. and Health Svc	1184	1230	1299	1372	1452	1535	29.6%
Leisure and Hospitality	6546	6667	6877	7099	7343	7598	16.1%
Other Services	1220	1240	1279	1317	1360	1404	15.1%
Government	2448	2541	2664	2792	2927	3071	25.5%

Commuting Patterns

Of the 14,558 jobs in Summit County in 2000, 78% were located in Park City.¹⁰ (2000 Census, STF3). Employment in Park City exceeds the total number of employed residents by a ratio of 3:1 and indicates that a substantial number of non-residents workers are working in Park City.

Related to commuting, weather (53.3%, traffic (37.8%) and weather (37.8%) were the most frequently cited reasons for employee lateness. Lateness/absenteeism in general was rated as a moderate business impact.

⁸ Department of Workforce Services

⁹ Data derived from information provided by the Governor's Office of Planning and Budget and Department of Workforce Services

¹⁰ 2000 Census, STF 3

Wage Forecasts¹¹

The 2003 average wage in Summit County was \$26,519. The majority of jobs (38%) are in the Leisure and Hospitality sector with a 2003 average wage of \$19,327. The Education and Health Services Sector had the most substantial wage growth over the past year. Table 18.1 below details changes in wages by sector between 2002 and 2003. Because the NAICS classifications are new, it is difficult to forecasting future wages. We can observe from this data, however, that gains in wages have not kept pace with gains in housing costs. During the same time period, the median price of a single family home increased 6.6 percent¹² outstripping wage gains in all sector except Government, Education and Health Services and TTU. While wage information is not available for 2004, it is unlikely that wages increases mirrored the 25 percent increase in single family home sales between 2003 and 2004.

Table 18.1: Changes in Wages by Sector, Summit County, 2002 - 2003

Industry	Total 2003 Wages	Per Capita Wage	Percent Gain/(Loss) Wages 2002 – 2003
Natural Resources and Mining	\$2,873,367	\$42,886	3.4
Construction	\$42,283,513	\$32,033	(21.8)
Manufacturing	\$23,539,213	\$46,337	(2.2)
TTU	\$65,126,941	\$23,226	7.8%
Information	\$8,380,250	\$37,920	(3.0)
Financial Activity	\$40,556,145	\$36,308	(12.5)
Prof. & Bus. Svc	\$43,237,585	\$41,816	(5.7)
Ed. and Health Svc	\$18,448,958	\$27,372	15.5%
Leisure and Hospitality	\$119,269,850	\$19,327	5.5%
Other Services	\$8,355,162	\$22,045	(5.1)
Government	\$63,310,444	\$29,821	6.9%
Total	\$435,381,428	\$26,519	-0.9%

Table 18.2 below relates wages to housing affordable at the average per capita wage per sector.

Table 18.2: Relationship between Wages and Maximum Housing Costs

Industry	Per Capita Wage	Maximum Purchase Price¹³	Maximum Monthly Rent Plus Utilities
Natural Resources and Mining	\$42,886	\$160,000	\$1,073
Construction	\$32,033	\$115,450	\$801
Manufacturing	\$46,337	\$171,150	\$1,158
TTU	\$23,226	\$85,575	\$581
Information	\$37,920	\$139,650	\$948
Financial Activity	\$36,308	\$133,875	\$908
Prof. & Bus. Svc	\$41,816	\$154,350	\$1,045
Ed. and Health Svc	\$27,372	\$100,800	\$684
Leisure and Hospitality	\$19,327	\$71,400	\$483
Other Services	\$22,045	\$81,375	\$551
Government	\$29,821	\$110,250	\$746

¹¹ Data derived from information provided by the Governor's Office of Planning and Budget and the Bureau of Labor Statistics

¹² Source: Park City Board of Realtors, April 2005

¹³ (Mortgage Assumptions: 5 percent down payment, 30 year term, 7 percent interest rate).

The availability of affordable housing is a substantial issue especially in the recruitment and/or retention of Customer Service staff and Managerial/Professional staff. These two occupations reflect a wide spectrum of income and earning potential. Employers cited the following reasons most frequently given by employees when they leave: Long Commutes (41%), Increase in Salary/Hourly Wage (39%), More Favorable Work Schedule/Conditions (28%). Housing problems were specifically identified by 15 percent of respondents. Long Commutes combined with Housing Problem total 56 percent of responses.

Employer Provided Housing Assistance

Of the 54 businesses that responded to the 2005 Employer Housing survey, the majority do not provide any form of employee housing assistance. Only 16 percent of employers offered any form of housing assistance ranging from referrals to Mountainlands Community Housing Trust (13%) roommate services, housing/travel allowance, housing locator services and company bulletin board (4.4% each) and transportation to worksite, seasonal housing, temporary/transitional housing (2.2% each). One-third of respondents indicated an interest in learning more about employer-assisted housing benefits.

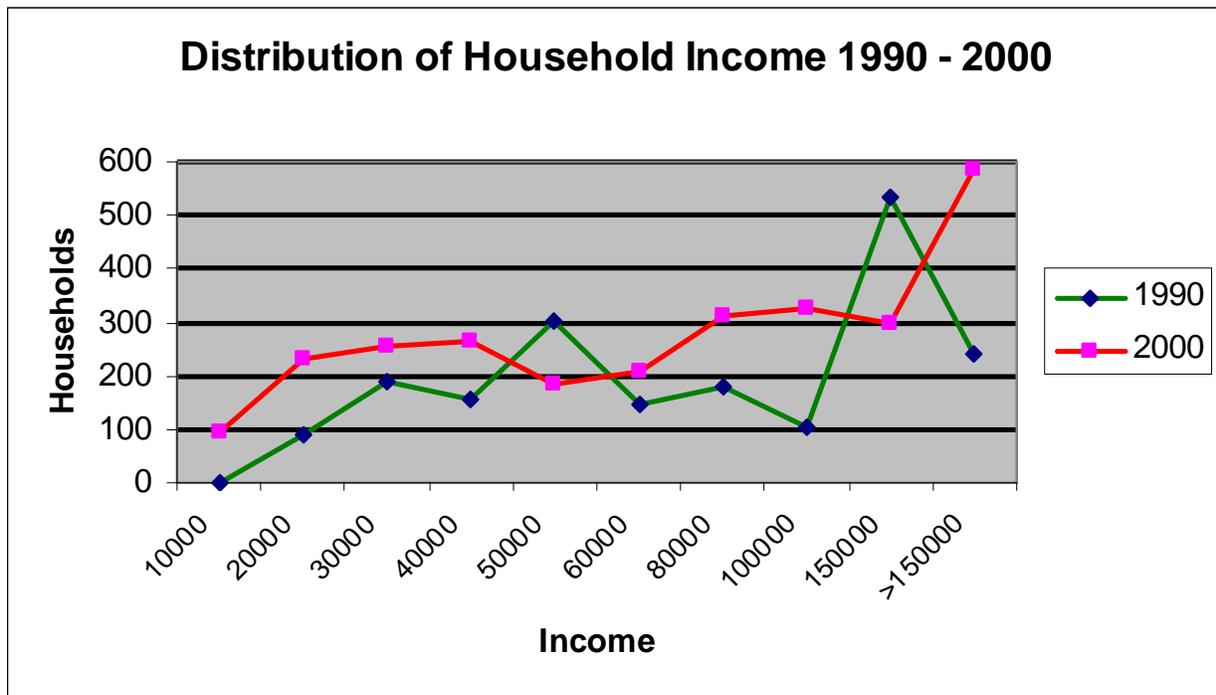
SECTION III: DEMOGRAPHIC AND HOUSEHOLD PROFILE

Summit County's 2005 estimated population is 33,910, a growth rate of 118 percent between 1990 and 2005. Most of the population growth has occurred in the Snyderville Basin and Park City. Park City's year-round has grown nearly 80 percent between 1990 and 2005. The estimated 2005 population is 8,018. Park City's population growth average 6.5% between 1990 and 2000. The forecasted 2010 Park City population is 9,752. Notable within that growth is increase in the Hispanic community from approximately one percent in 1990 to nearly 20 percent in 2000. This number is likely to underestimate the actual number of Hispanic households in the City.

Statewide, in-migration projections comprise 42 percent of total population growth. In Summit County, in-migration of working age households accounts for 81 percent of population growth. Other areas in the State with substantial in-migration as a component of population growth include neighboring Wasatch County (83%), and Washington County (89%).

Total personal income in Summit County in 2002 was \$1,388,200,000. This is a per household income of \$123,593 or a per capital income of \$43,064. The income distribution has changed in the past decade as illustrated in Figure 1 below

Figure 1: Distribution of Household Income



Population Trends

Park City's year-round population has increased nearly 80 percent between 1990 and 2005. Growth in Park City is projected to increase over the next five years at approximately 2 percent per year.

Table 21.1: Population Projections¹⁴

Year	Park City Population	Park City Households¹⁵	Summit County Population¹⁶	County Households¹⁷
2000	7,373	2,711	29,736	10,361
2005	8,018	2,948	33,910	14,441
2010	9,752	3,585	44,447	15,487

Park City is an older community compared to the rest of the state. Fifty-eight percent of Park City residents are between the ages of 25 – 59 compared with 42 percent statewide. This is also reflected in the substantially higher in-migration rates in Park City compared to the rest of the state discussed earlier.

Table 21.2: Age Distribution in Utah and Park City¹⁸

	STATEWIDE	PARK CITY
Under 5 years	9.38%	5.05%
5 to 9 years	8.64%	5.96%
10 to 14 years	8.61%	7.23%
15 to 17 years	5.55%	5.10%
18 to 19 years	4.13%	2.35%
20 to 21 years	4.01%	2.79%
22 to 24 years	6.07%	6.25%
25 to 29 years	7.99%	10.62%
30 to 34 years	6.65%	8.00%
35 to 39 years	6.75%	7.45%
40 to 44 years	6.67%	9.02%
45 to 49 years	5.90%	8.68%
50 to 54 years	4.75%	8.63%
55 to 59 years	3.58%	5.26%
60 and 61 years	1.18%	1.34%
62 to 64 years	1.61%	1.68%
65 and 66 years	1.00%	0.87%
67 to 69 years	1.41%	1.17%
70 to 74 years	2.14%	1.26%
75 to 79 years	1.78%	0.65%
80 to 84 years	1.22%	0.41%
85 years and over	0.97%	0.22%

14 Projections based upon 2000 Census, U.S. Census Bureau estimates and GOPB projections.

15 Based upon 2000 Census average household size of 2.72

16 Total population for Summit County include all incorporated areas.

17 Based upon 2000 Census average household size of 2.87

18 2000 Census, STF 3

Despite an older population, the homeownership rate in Park City lags behind the state and the nation. Sixty-one percent of households in Park City were homeowners in 2000. This is slightly below the national homeownership rate in 2000 of 67.4 percent and nearly 12 percent lower than the statewide homeownership rate of 72.7 percent. The age distribution of renter households compared to the state shows a greater percentage of households as renters between the ages of 25 and 44. This age group also represents the largest segment of the labor force in Park City. Together this data suggests an increased difficulty in homeownership in Park City among households in peak household formation years.

Table 22.1: Age Distribution by Tenure ¹⁹

Park City	Number	Percent	Utah	Number	Percent
Total:	2705		Total:	701,281	
Owner occupied:	1660	61%	Owner occupied:	501,659	71.53%
Householder 15 to 24 years	26	1.6%	Householder 15 to 24 years	13,015	2.59%
Householder 25 to 34 years	114	6.9%	Householder 25 to 34 years	81,769	16.30%
Householder 35 to 44 years	374	22.5%	Householder 35 to 44 years	120,119	23.94%
Householder 45 to 54 years	601	36.2%	Householder 45 to 54 years	111,514	22.23%
Householder 55 to 64 years	346	20.8%	Householder 55 to 64 years	79,354	14.02%
Householder 65 to 74 years	140	8.4%	Householder 65 to 74 years	31,366	6.25%
Householder 75 to 84 years	52	3.1%	Householder 75 to 84 years	55,436	11.05%
Householder 85 and over	7	0.4%	Householder 85 and over	39,098	7.79%
Renter occupied:	1045	39%	Renter occupied:	199,622	28.47%
Householder 15 to 24 years	151	14.4%	Householder 15 to 24 years	48,749	24.42%
Householder 25 to 34 years	442	42.3%	Householder 25 to 34 years	64,612	32.37%
Householder 35 to 44 years	278	26.6%	Householder 35 to 44 years	37,567	18.82%
Householder 45 to 54 years	112	10.7%	Householder 45 to 54 years	21,460	10.75%
Householder 55 to 64 years	39	3.7%	Householder 55 to 64 years	10,782	5.40%
Householder 65 to 74 years	15	1.4%	Householder 65 to 74 years	7,265	3.64%
Householder 75 to 84 years	7	0.7%	Householder 75 to 84 years	6,267	3.14%
Householder 85 and over	1	0.1%	Householder 85 and over	2,920	1.46%

Income Distribution by Tenure

The average household size for owner occupied units is 2.54 persons. The smaller household size is also evidenced by the older average age of the population. The median income for owner-occupied households in 2000 was \$94,196.²⁰

¹⁹ Source: 2000 Census, STF3, H16

²⁰ Source 2000 Census, STF 3, HCT 12

Table 23.1: Income Distribution of Owner Occupied Households

	Park City
Total Households 2000	2,741
Owner occupied households:	1,681
Less than \$5,000	40
\$5,000 to \$9,999	30
\$10,000 to \$14,999	33
\$15,000 to \$19,999	9
\$20,000 to \$24,999	28
\$25,000 to \$34,999	87
\$35,000 to \$49,999	135
\$50,000 to \$74,999	293
\$75,000 to \$99,999	237
\$100,000 to \$149,999	238
\$150,000 or more	551

The average household size for renter households is 2.97 compared to 2.54 for owner-occupied households. The median income for renters in 2000 was \$38,594. While the median renter income is significantly lower than owner-occupied households, it is a fairly substantial median income in terms of other communities in the state and the nation.²¹

Table 23.2: Income Distribution of Owner Occupied Households

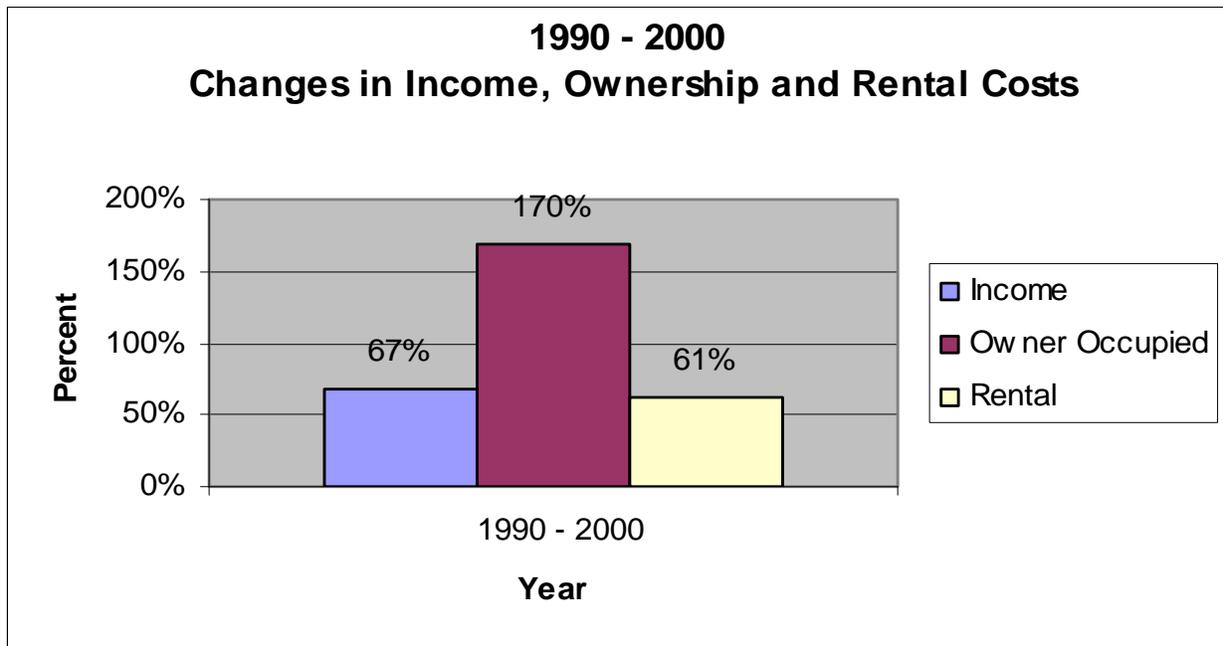
	Park City
Total Households 2000	2,741
Renter occupied households:	1,060
Less than \$5,000	22
\$5,000 to \$9,999	7
\$10,000 to \$14,999	113
\$15,000 to \$19,999	70
\$20,000 to \$24,999	84
\$25,000 to \$34,999	163
\$35,000 to \$49,999	219
\$50,000 to \$74,999	214
\$75,000 to \$99,999	81
\$100,000 to \$149,999	45
\$150,000 or more	42

Income and Housing Costs

Increases in income are not keeping pace with housing costs. During the decade of the 1990s, household income increased by 67 percent. Increases in income stayed slightly ahead of increases in rental costs. The same did not hold true for the increases in owner-occupied housing. The median cost of owner-occupied housing in Park City increased 170 percent while income increased 67 percent. Figure 2 below displays the relationship between changes in income, ownership and rental costs.

²¹ Source 2000 Census, STF 3, HCT 12

Figure 2: Changes in Income, Ownership and Rental Costs



Source: 1990 and 2000 Census, STF3

Construction activity in housing responds to economic development

Building permits provide the most widely used measure of housing construction activity. During the 1990s, the ratio of building permits to new households was 4.5 to 1. There were 4,891 residential building permits issued (excluding alteration permits). During that same time period, 1,067 new households were added to Park City. The ratio of building permits to new households has slowed over the past five years, but still exceeds 2.7 permits for every one new household. With continued employment and population growth, housing demand will increase, especially among lower income households. ²²

²² Source 2000 Census and Park City Building Department

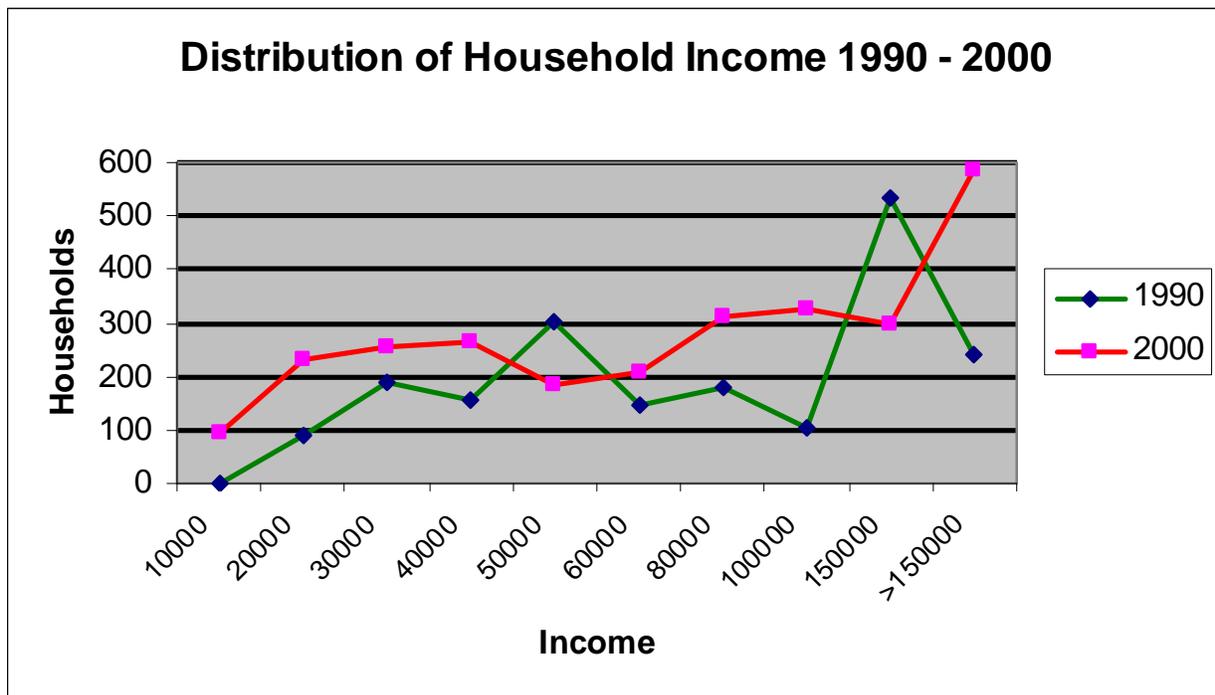
SECTION IV: DEMAND AND AFFORDABILITY ANALYSIS

Income Gap Linked to Prices of Houses

Current research suggests that the growing gap between America's richest and average earners is contributing to higher housing costs. In studying hundreds of communities, Cornell University professor Robert Frank found that regions with large gaps between the top 5 percent of earners and middle income earners generally have higher priced housing than communities where the income gap is narrower. Research suggests that income gaps are an additional source of housing inflation, in addition to land costs or scarcity. Frank theorizes that increasingly outsized incomes for the highest earners allow them to drive the price of the most expensive homes even higher. As that happens, homes just beneath the top tier price rise because some formerly qualified buyers of the most expensive homes can no longer afford them and shop for somewhat less expensive property. This means that homes just below the top undergo their own inflation. Frank believes this cascade effect migrates down through the entire housing market, raising the price for even the most modest homes. Home buying is now dominated by those with the highest incomes.

Figure 2 below shows the change in income distribution in Park City between 1990 (adjusted for inflation) and 2000. By comparing Figure 2 on page 24 and Figure 3 below, a relationship between housing costs and income distribution emerges similar to the pattern observed in Dr. Frank's study. As housing costs increase and the ability to purchase a home decreases, there is a corresponding decrease in middle-income population in Park City.

Figure 3: Distribution of Household Income



Source: 1990 and 2000 Census, STF3

The outcome is that housing is no longer simply a supply-side problem in that not enough housing has been built, but the availability of housing is affected by the demand for housing and the distribution of income.

Indicators of Affordability

Cost Burdened Households

Assessment of underlying need is concerned with measuring how many households exceed the 30 percent benchmark. The answer provides us with an indication as to what scale of housing assistance is required to reduce the need. Overall, 39 percent of all City renters are paying 30 percent or more of their household income for rent. Of particular concern are the more than 150 households whose rent payments are 50 percent or more of their income. Generally, affordability for renters is measured by percentage of household income that rent and utilities consume. The data presented in Table 24.1 below is based solely upon the rent payment. Since that rent payment may or may not include any utilities, it is likely that the number of cost-burdened households is even greater.

Table 26.1 Renter Household Income by Gross Rent as Percentage of Income²³

	Park City
Total:	1,060
Less than 10 percent	78
10 to 14 percent	75
15 to 19 percent	161
20 to 24 percent	180
25 to 29 percent	123
30 to 34 percent	104
35 to 39 percent	75
40 to 49 percent	86
50 percent or more	153
Not computed	25

There are 344 units of deed restricted affordable rental housing in Park. Thirty-one percent (329 households) of cost-burdened households have incomes below \$35,000.

Table 26.2 Deed Restricted Rental Housing in Park City

Development	Number of Units	Average AMI Served
Aspen Villas	88 units	TBD
Silver Meadows	11 units	Local Preference Option, no AMI limit
Silver Meadows	15 units	TBD
Dolly's Bookstore	3 units	Local Preference Option, no AMI limit
Tim Lee Apartments	3 units	Local Preference Option, no AMI limit
Parkside Apartments	42 units	50% AMI – Rental Assistance increases affordability
North Horse	94 units	TBD
Washington Mill Apartments	8 units	TBD
Holiday Village Apartments	80 units	50% AMI – Rental Assistance extends affordability
Total Units	344	
Potential Additional Demand: Cost Burdened Renter Households >\$35,000		329 Households

There are no agencies that regularly monitor and report vacancy rates off the Wasatch Front. Discussion with management companies for multi-family housing report housing waiting lists and rapid turnover for the most affordable properties in town, especially those units with rental assistance such as Holiday Village Apartments and Parkside Apartments. Properties, whose rents approach market such as Aspen Villas, report a higher vacancy level or longer turn over period for vacant units. Property management companies for private market units report competition for the most competitively priced properties, especially if the owner is willing to accept a lease term of six months or less.

Comparison of Rent Payments to Mortgage Payments

The data in Table 22.2 reinforces the findings of the Community Housing Survey that lack of a down payment is a significant impediment to home ownership. An estimated 550 renter households have incomes greater than \$35,000 and could qualify for deed restricted home ownership opportunities in Park City. Their ability to do so is constrained by available inventory and lack of down payment. There are 51 units of deed restricted affordable home ownership opportunity available in Park City.

Table 27.2 Inventory of Affordable Deed Restricted Home Ownership in Park City

Development	Number of Units	Current Sales Price	Minimum Income Necessary to Purchase	Number of Existing Renters at or above Minimum Income
Silver Meadows	21 units	\$165,000	\$45,000	437
1465 Park Avenue	8 units		\$55,500	382
The Line Condominiums (estimated)	22 units	125,000 (estimated average)	\$35,600	601
Total Units	51		Potential Demand	550

One-third of owner-occupied households (466 households) pay more than 35 percent of their income for their housing costs. Forty percent of those households earn less than \$50,000 a year. Thirty two percent of cost burdened households earn less than \$35,000.²⁴

Housing Inventory, Sales Price and Household Income

There is substantial disparity between sale prices of free market sales and household incomes in Park City. There were 946 single family homes sold in 2004 with an average sales price of \$606,426. Assuming a mortgage of 75% of the sales price, the amount of the mortgage would be \$454,820. This translates into a household income of approximately \$130,000. Approximately 30 percent of households in Park City have incomes sufficient to purchase these houses. Of those approximately 825 households, only 52 or less than six percent were in residing in rental housing. The level of inventory exceeds the total number of households who could afford to purchase the unit.

Between July 2004 and July 2005 there were 702 two and three bedroom condominiums sold in Park City and the Snyderville Basin. The average price was \$175,419. Of those units, 146 units were in Park City. Assuming a five 5 percent down payment, these units translate into an average mortgage of \$166,650. This would be affordable to a household earning approximately

\$49,000. Approximately 36 percent of all renter households could qualify for these units. This translates into 383 renter households or nearly two units available for every renter household.

This level of sales activity compared to the local market reflects the substantial second home activity in Park City and the Snyderville Basin over the past year. Sixty-six percent of Park City's housing stock is seasonally occupied as second homes. Second home owners fill an important niche in the contributing to the property tax base in Park City. Many moderate income households find themselves in competition with vacation home owners, especially for newer properties such as Bear Hollow Village and Redstone Village in Kimball Junction.

It may also reflect the inability of renter households to enter the housing market. Eighty-seven percent of renters indicated that they would prefer to purchase a home. Eighty percent of potential homeowners cannot find a home that they can afford. Additional barriers include: Homes in my price range are too small (46%) or need too many repairs (39%) One-third of potential home buyers cite an inability to save enough for a down payment. The survey also indicates a strong preference for single family detached homes over multi-family homes.

Housing affordability has decreased when measured against average wages, incomes and housing prices. Lower income buyers most affected by the rise in housing prices. Housing affordability is particularly an issue at the lower end of the market. For upper income buyers, rising prices affect the quality of the home they can afford, the location, size and amenities. Lower income buyers often are simply priced out of the market or are in competition with vacation home buyers offering more favorable terms and conditions of sale.

WORKFORCE HOUSING DEMAND SCENARIOS 2005 - 2010

Park City's job market makes it difficult for many families to afford housing. Low incomes in the community are partially a result of the types of jobs prevalent in Park city. While employment in the City has grown over the past decade, wages have tended to stagnate while housing offerings at prices that the large majority of the local employment base can afford have declined. Over the next five years, the demand for housing in Park City will increase substantially. The increase in the Leisure and Hospitality Sector will continue to drive the demand for additional workforce housing in Park City.

The projected workforce housing demand by 2010 is 323 additional units.

Table 29.1 Core Resort Sectors Projected Growth²⁵

Park City Population Projection 2010	9,752
Less: Park City Population 2005	8018
Equals: Total New Residents	1,734
Locational Substitution	34%
Multiplied by Total New Residents	1,734
Equals: Total New Residents Employed Locally	590
Total New Residents Employed Locally	590
Multiplied by % of jobs in Core Sectors	82%
Equals: Total New Residents in Core Sectors	484
Divided By: Workers per Household	1.5
Equals: 2010 New Workforce Housing Demand	323 units

The calculated outstanding affordable housing obligation is 109 affordable unit equivalents. Housing Resolution 17-99 requires developers of Master Planned Developments greater than 50 units and/or 5,000 square feet of commercial to contribute toward affordable housing. These units will offset a portion of the projected workforce housing demand. Table 29.2 below details the components of the calculated housing obligation.

Table 29.2 Calculated Outstanding Housing Obligation

PROJECT	UNIT EQUIVALENTS One UE = 800 sq. ft	NOTES
Flagstaff Annexation/UPCM	91 UE	25% of units to be constructed on-site. Unit requirements triggered by CO and density under construction. Projected delivery 2005 – 2010.
Deer Crest Master Plan)	18 UE	Pending. Projected delivery 2007.
Union Square MPD	3.45 UE	Required prior to building permits. Projected delivery in 2006.
Silver Star	17.95 UE	100% of units on site. Projected delivery in 2007
Total Obligation	109 UE	

The potential remaining shortfall for workforce housing without market intervention and/or additional public commitment by 2010 is 214 units.

Table 29.3: Remaining Workforce Housing Demand

2010 New Workforce Housing Demand	323 units
Less: Committed Housing Obligation	109 UE
Equals: Remaining Workforce Housing Demand	214 units

²⁵ (Construction, TTU, Education and Health Services, Leisure and Hospitality, Other Services and Government)

In addition to new workforce housing demands, there is existing pent-up demand among existing renter households.

Table 30.1: Existing Pent Up Demand for Homeownership

Renter households with incomes >\$35,000 (minimum income necessary to qualify for a deed restricted homeownership.)	550 renter households
Multiplied By: % of renters interested in homeownership	88 percent
Equals: Potential pent up home ownership demand	484 existing households
Percentage of households with incomes between \$35,000 - \$50,000	40 percent
Percentage of households with incomes between \$50,000 - \$75,000	40 percent

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.

Table 30.2: Renter Households in Need of More Affordable Housing

Total Renter Households	1,060
% of Cost Burdened Renter Household	39 percent
Number of renter households paying 30 – 34% of income for rent	104
Number of renter households paying 35 – 39% of income for rent	75
Number of renter households paying 40 – 49% of income for rent	86
Number of renter households paying 50 percent or more of income for rent	153

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.

Table 30.3: Summary of Work Force Housing Demands 2005 - 2010

Pent up Demand for Owner-Occupied Housing	194 units
Pent up Demand for Affordable Rental Housing	153 units
2010 New Core Resort Worker Demand	323 Units
Subtotal Existing and Projected Demand	670 Units
Less: Committed Housing Obligation	109 Units
Total Remaining Demand	561 Units

SECTION V: RECOMMENDATIONS

Housing costs are determined in a market setting, but one that is subject to various government influences. Some government incentives and restrictions promote affordability, and others deter it. But all of these government influences ultimately affect housing affordability by altering housing demand, housing supply or both. While it is intuitive to think of new construction as a tool for increasing the stock of housing affordable to low and moderate income households, in practice, market realities and government restrictions make it extremely unlikely that for profit development will occur at affordable levels absent incentives or requirements from government.

Housing in Park City is more costly than in other communities in Utah and other western communities. Population increases, especially households whose income are not dependent on local wages, combined with a strong second and third home market has increased housing demand and housing values in Park City. While this is beneficial for property tax revenue and individual investment benefit, it makes the provision of housing for the full spectrum of Park City's service workers, essential employees, seniors on limited incomes and citizens with special social or physical needs, more difficult. Given the limited availability of land for residential development within the Park City limits, the price of land and housing has increased to levels beyond what many households earning local wages can afford.

The provision of workforce housing is complicated by the diversity of factors that affect the housing market: strong demand, a finite supply of land and rising prices for it, and more profit for the construction industry in high end housing, types of housing currently available, mobility of the workforce, interest rates, population growth, geography, demographics, zoning and regulatory practices and economic well being.

If economic conditions remain relatively strong, it is likely that conditions producing for workforce housing will worsen. Although Park City has made great strides in the past ten years to provide affordable housing for its workforce, the Council recognizes that the City needs to become aggressive in finding solutions to its housing concerns.

Solutions require a broad-based community consensus. Just as numerous factors are at play in Park City's housing affordability issues, the solutions require actions and strategies on many fronts including zoning, economic development, and local funding sources for housing. Most importantly, the solutions to these issues require the consensus of many sectors of the community including those groups and organizations not typically concerned with housing issues. Park City needs to form such a consensus in order to address its critical housing issues. The following specific recommendations are made based upon the findings of this *Housing Needs Assessment and Demand Analysis*.

Develop a Three to Five Year Housing Work Program and Provide Annual Reports.

The Housing Needs Assessment sets forth a five year housing goal based upon projected employment and population growth. A work plan that details tools, strategies and implementation time frames should be prepared. A review of progress in meeting the housing goal, as well as necessary revisions, should be prepared annually.

Initiate City Leadership in Affordable Housing Development.

Promote and sponsor redevelopment and infill projects on city-owned land. Consider dedication/long term lease of land to enhance affordability. Prioritize mixed income residential subdivisions within the City's annexation boundaries. Identify opportunities for public-private

partnerships to fulfill outstanding housing obligation. Promote alternative ownership models including co-housing, cooperatives and/or limited equity cooperatives.

Review and Update Housing Resolution Annually and Housing Element Every Five Years.

The City's Housing Resolution is a key tool in addressing workforce housing needs. Over the past five years nearly 200 housing units have been committed to address workforce housing demands. The effectiveness of this tool should be monitored annually with adjustments made to goals, wage and income assumptions, and in lieu of fees made as necessary.

The Planning Department's regulatory capacity can encourage housing – especially affordable housing—development and conservation. Current state land use law requires cities to submit a Five Year Moderate Income Housing Plan housing plan that identifies the affordability housing needs in the community and strategies to address that need. A review of current land use and zoning practices is a requirement of housing plan. A review of current requirements and practices should be undertaken to identify barriers in reach the city's housing goals. Specific attention should be given to reducing minimum lot and open space requirements, adopting green building practices as a component of a density bonus program and permitting alternative transportation arrangements such as bike/pedestrian only units or bus line access to reduce parking requirements.

Develop a Regional Housing Approach with Summit County.

Park City/Snyderville Basin functions as one housing market. People may live in one part and work in another. Affordable housing is difficult to address locally in a regional housing market. The efforts of one city to provide housing for lower income residents may seem futile if neighboring communities do not make similar efforts. The shortage of housing affects a wide variety of residents in Summit County. Addressing the housing needs from a regional, rather than a local perspective raises complex problems of planning and governance. However, the findings suggest that it is imperative to address the interconnected problems that underlie the housing challenges. While local projects and developments are certainly necessary, large, more integrated efforts are needed.

Enhance Access to Development and Lending Capital.

Public financing covers capital funding for the acquisition, rehabilitation, construction and preservation of affordable housing. Other public financial programs also provide for supportive services, rental assistance, down payment and closing cost assistance, and administrative costs to nonprofit corporations that provide affordable housing and other community development and human services. Park City and Summit County are constrained in their public funding ability because they do not receive direct allocations from the federal government of HOME or CDBG funds that are typically used for housing. Access to this capital is through a statewide competitive process. Substantial commitment and effort should be directed towards securing private resources for housing development and leveraging government programs. Two specific program recommendations should be considered: establishing a municipal line of credit for land acquisition and land banking and preparing a feasibility study for a Regional Housing Trust Fund to leverage in lieu of fees and other funds for a variety of uses including land acquisition, down payment assistance and permanent loan interest buy downs.

Create a Land Banking Program.

The greatest impediment in the provision of affordable housing in Park City is the limited availability of land. The City is considered to be substantially built out. While there are parcels of land still potentially available for development, the City's housing market as a whole, is quite tight. The City's finite supply of land, coupled with strong development pressures, means that

landowners can expect high prices for parcels they own, if they choose to sell at all. Furthermore, except in purely residential zones, housing developers must compete with other potential users. If it is more profitable for a landowner to hold or sell land for a commercial project, the land will not be available for housing. Private vacant or underdeveloped lands will only see development if landowners decide to sell, and the prices they demand from housing developers will allow for profitable development. The development potential for the available privately owned land in Park City is constrained by geography and environmental considerations. The City should identify potential sites to acquire for future affordable housing development within and beyond the city limits.

Promote Employer Assisted Housing.

Employer Assisted Housing is a customized benefit option to support employees as they make what is typically, the largest investment of their life, purchasing a home. The most common benefits are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education (provided by an employer-funded counseling agency). Sponsor employer workshops/forums in partnership with the Utah Fannie Mae Partnership Office.

SECTION VI: APPENDICES

- A.** In Lieu of Fee Model
- B.** Employer Housing Survey Summary
- C.** Community Housing Survey Summary