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## ***PART I: OVERVIEW AND BACKGROUND***

### **BACKGROUND**

Park City Municipal Corporation has long been and continues to be committed to ensuring that housing is affordable to all sectors of our world class resort community. One of Council’s Annual goals is “Preservation of Park City Character.” Essential to meeting this goal is social and economic diversity. Since the early 90’s Council has been forward-thinking about the provision and preservation of affordable housing. In 1993, Park City issued the first of a number of housing resolutions that grew more goal-specific with each update. The last update – Resolution 20-07 – was adopted in July of 2007.

*Park City is actively committed to fostering a diverse social and economic community in keeping with its unique heritage and equitable ideals. Toward this end and within its financial means, Park City will encourage, facilitate, and promote a wide range of inclusive housing choices for those who have demonstrated their commitment to the community...*

– 1994 Affordable Housing Task Force Mission Statement

This plan is prepared consistent with Section 10 of Utah Code which requires municipalities to complete “a Moderate-Income” housing plan every five years as part of the General Plan. This Plan must contain an estimate of the need for additional moderate income housing. It must also provide plans for how the municipality will facilitate a reasonable opportunity for a variety of housing to be built “to allow persons with moderate incomes to benefit from and fully participate in all aspects of neighborhood and community life.”<sup>1</sup>The State’s definition of moderate-income is 80 percent of Area Median Income (AMI)

<sup>1</sup> Utah Municipal Code: Municipal Land Use, Development and Management Act, Plan Preparation (10-9a-403).

which in 2012 is \$72,216 for a family of three in Summit County.

Park City’s on-going commitment to affordable housing is demonstrated in the inventory of affordable and deed restricted housing that exists today. These units have been built and upgraded through Federal Low - Income Housing Tax Credits (LIHTC), USDA Rural Development funds, the efforts of Mountainlands Community Housing Trust (MCHT), the City, and private developers fulfilling their requirements under Housing Resolutions 17-99 and 20-07.

In 2005, the housing plan determined that the available low-cost rental housing was meeting the most critical needs of the target Core Sector workforce. However there was a much greater need for affordable homeownership opportunities. The resulting plan focused on for-sale housing. As a result, 47 homeownership units have been added and another 79 are in the pipeline.

Affordable units have been put into service as follows:

- Prior to 2000, 43 built by private developers and 326 with the help of the Federal USDA Rural Development program ;
- Between 2000 and 2006, 22 ownership units built by Mountainlands Community Housing



Trust with a bridge loan from the City and 122 existing rental units were rehabilitated and upgraded using Federal Low-Income Housing Tax Credits also with gap loans from the City and

- Since 2006, 63 built by private developers to fulfill their requirements under Park City's Housing Resolution, 13 built by the City and one by Habitat for Humanity.

The numbers listed above total to a current inventory of 468 affordable, workforce and/or deed restricted units within the city limits of Park City. Park City maintains a goal of providing workforce or affordable housing equal to 10 percent of total housing units. The number of affordable units (468) currently equals five percent of all housing units (9471) and 16 percent of those homes occupied year-round (2885).

The affordable units are categorized as follows:

- 398 are rental units and
- 70 are owner-occupied.

The units are located throughout the city with the majority off Kearns Blvd in the Prospector/High School area (273), 80 in Park Meadows, 39 in Old Town, 53 in Thaynes/Snow Creek area, and 23 in Deer Valley/Empire Pass area.

Based on annual compliance reports, the affordable units in Park City are serving the following populations:

- Rental units built or preserved with LIHTC and or USDA Rural Development subsidy programs are serving households with annual incomes at 35 to 60 percent of AMI (\$31,000 to \$54,000);

- Rental units built by private developers as a result of Park City's Housing Resolutions are serving households with annual incomes between 60 and 80 percent of AMI (\$54,000 to \$72,000); and
- Owner-occupied units are serving households with annual incomes between 65 and 105 percent of AMI (\$58,000 to \$95,000).

Park City Municipal Corporation provides "employer-assisted housing" in a number of ways. The City provides assistance to full-time regular employees to encourage them to live within Park City's School District boundaries. Assistance takes the following forms:

- Down-payment and closing cost assistance to enable employees to buy property within the School District boundaries (to date 33 loans have been made totaling \$396,000 in assistance);
- Up to six low-cost rental properties to assist in employee recruitment and retention purposes, helping employees hired from outside the region to have a stable place from which to find a permanent home in Park City;
- A housing allowance for those living within School District boundaries (close to 40 percent of city employees currently qualify) and
- Use of underutilized properties for seasonal housing (in four years 39 transit employees have benefited from the availability of these rental properties).



## **GUIDING VISION FOR PARK CITY'S AFFORDABLE HOUSING PLAN**

City Council has adopted the following vision for affordable housing – ***Promote the availability of a range of affordable, quality housing for persons of all economic levels.*** This vision includes the following goals:

- Provide a variety of high quality housing options to meet the diverse 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.
- Promote housing that is energy efficient, environmentally sensitive and that blends with the City's natural environment.

For the purposes of this plan, affordable housing is defined as those homes that households earning Park City Workforce Wage<sup>2</sup> (WFW) can afford to rent or buy. A universally accepted formula for housing affordability is that households should spend no more than 30 percent<sup>3</sup> of their income on housing costs which

include mortgage or rent and basic utilities.

For the purposes of this assessment and plan, the costs included in the 30 percent are: mortgage or rent, gas, electric, water, sewer, mortgage/fire/hazard insurances, property taxes and HOA or Condominium dues.

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<sup>2</sup> Park City Workforce Wage (WFW) is calculated using the most recent end-of-year average monthly income from the Utah Department of Workforce Services for Summit County, plus 3% for additional earnings such as tips, bonus, overtime, etc.; plus another 3% for other income such as investment income, non-cash benefits, etc.; and multiplied by 1.5 to account for the average jobs per household in Park City.

<sup>3</sup> AFFORDABLE HOUSING: In general, housing for which the occupant(s) is/are paying no more than 30 percent of income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb – from the HUD User website at [http://www.huduser.org/portal/glossary/glossary\\_a.html](http://www.huduser.org/portal/glossary/glossary_a.html).



***PART II: CURRENT STATUS OF ECONOMY AND HOUSING***

**HOUSING NEEDS AND CURRENT MARKET CONDITIONS**

Park City is a world-class resort community that requires world class amenities provided on a constant basis and the workforce that provides world class amenities. Wages for employees working in the leisure and service fields are more than 30 percent below average monthly wages in Summit County. In contrast, according to the 2011 fourth quarter sales report provided by Utah Association of Realtors, housing sales prices in the Park City region are significantly higher than any other area in Utah: 159 percent higher than the State average and 69 percent higher than the next highest region (Garfield County)<sup>4</sup>.

In this current housing assessment, the data creates a framework for understanding housing affordability while the primary focus is on analyzing affordable housing demand. Using data from a number of sources, this assessment will focuses more on how Park City can create policy to help address affordable housing demand in

the next five years. The sources being used are listed below:

- 2010 Housing Market Assessment conducted by the Bureau of Business and Economic Research at the University of Utah;
- Electronic Survey and focus groups with Park City residents and workforce members and
- Balanced Growth Management Study completed by czb, LLC and The Planning Center/DC&E.

The studies can be found in their entirety posted to Park City’s website at [www.parkcity.org](http://www.parkcity.org).

Census Bureau data was also utilized from the 2010 Census as well as the 2006-2010 American Community Survey estimates including an analysis completed by Rosenthal and Associates. And finally, staff conducted interviews with key employers which included: Deer Valley, Park City Mountain Resort, Canyons, and Park City Municipal Corporation’s department heads.

<b>Year</b>	<b>Park City Population</b>	<b>Absolute Change</b>	<b>Percent Change</b>
<b>1970</b>	<b>1,193</b>	<b>-173</b>	<b>-13%</b>
<b>1980</b>	<b>2,823</b>	<b>1,630</b>	<b>137%</b>
<b>1990</b>	<b>4,468</b>	<b>1,645</b>	<b>58%</b>
<b>2000</b>	<b>7,371</b>	<b>2,903</b>	<b>65%</b>
<b>2010</b>	<b>7,558</b>	<b>187</b>	<b>3%</b>

Figure I: Population Changes in Park City (US Census)

<sup>4</sup> Utah Association of Realtors, Fourth Quarter Sales Report, 2011.



**Demographics**

The total population in Park City has changed little since 2000 (7,317). In the 2010 Census, permanent, year-round population increased by 187 persons. This is a significant change from the prior decades which saw substantial increases beginning with the years between 1970 and 1980 (see Figure 1, page 5).

While the net population increased 7,371 to 7,558 between 2000 and 2010, there was considerable out-migration in the younger age groups. We lost population in all age groups between 5 and 49 – close to 700 in total. Meanwhile the number of persons aged 50 and older increased by more than 800.

today is 2.6 persons<sup>5</sup>. This number is important in planning for the type and size of housing that will meet the needs of Park City’s population over the next five years. Like other areas of Utah, household size is expected to trend downwards, so that in future years, smaller homes will likely meet an average family’s needs, both physically and economically.

Park City’s median age and family size are going in opposite directions. Family size is trending down and median age is trending up. Please note in Figure 3 on page 7 that the number of persons aged 55 and younger is coming down, while the number of persons aged 55 and above is on the rise. In addition, the median age was 32.7 in the 2000 Census and has risen to 37.4 in 2010.<sup>6</sup>

The average household size in Park City

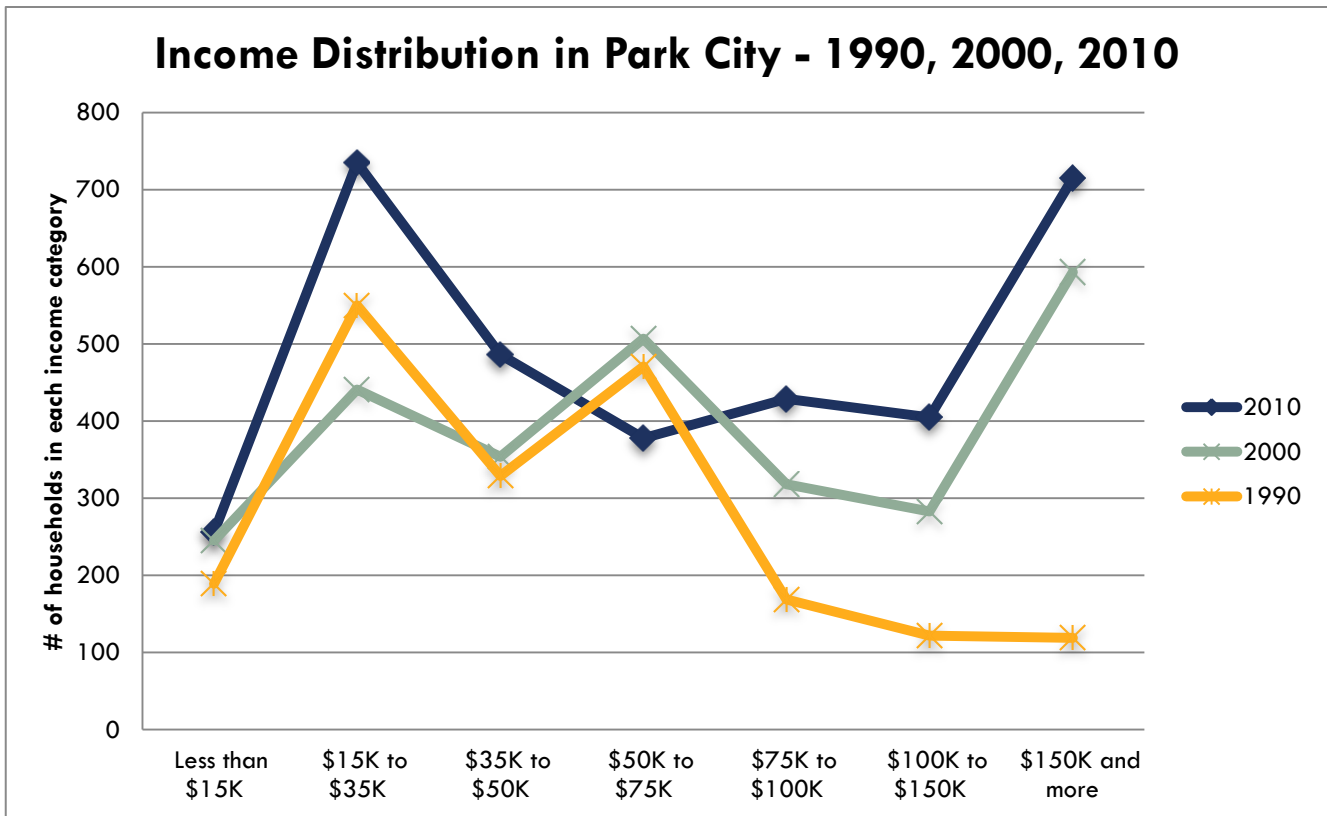


Figure 2: Twenty-Year Comparison of Park City Household Incomes (nominal terms)

<sup>5</sup> 2010 U.S. Census, [www.factfinder2.census.gov](http://www.factfinder2.census.gov).

<sup>6</sup> U.S. Census, [www.factfinder2.census.gov](http://www.factfinder2.census.gov).



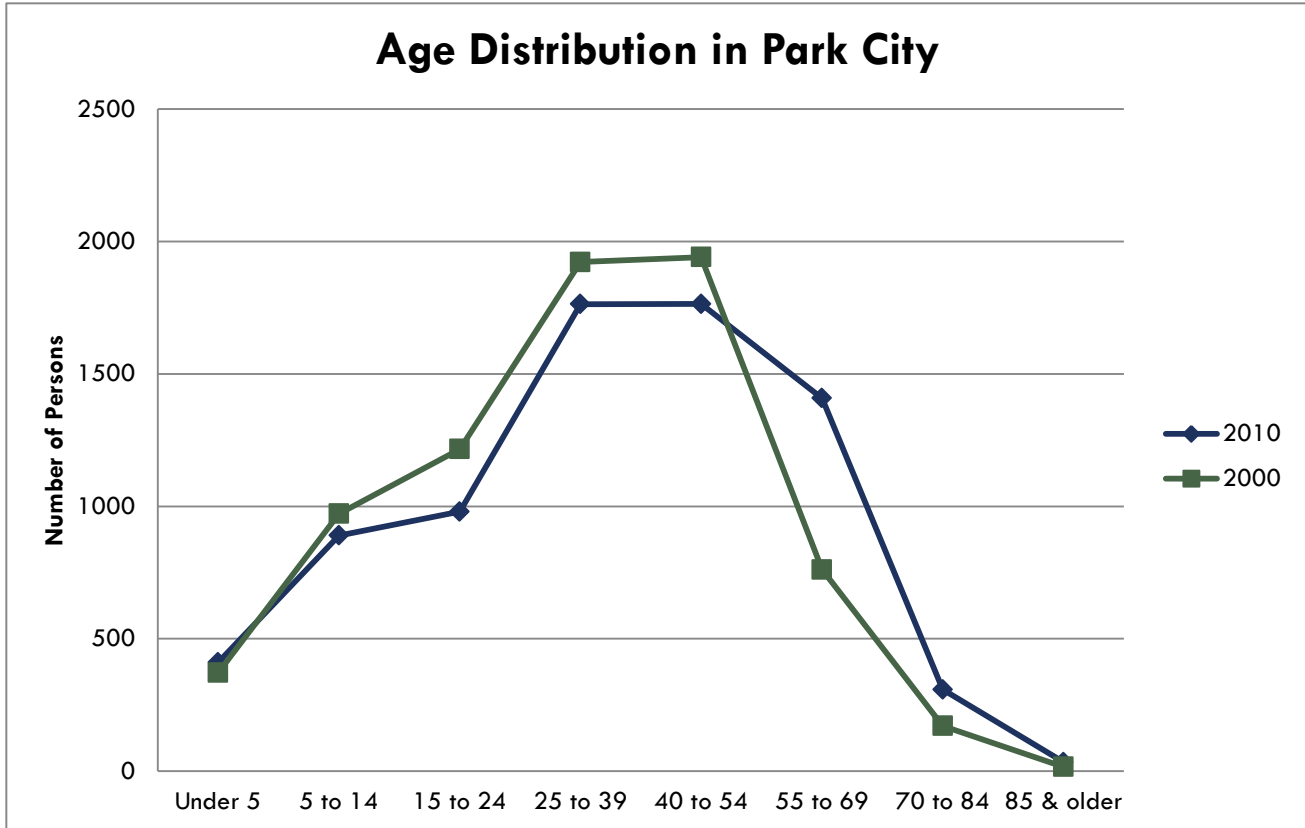


Figure 3: Age Distribution of Park City's Residents

Park City's population is aging and we seem to be losing our young families. The School District has verified that young families can't afford homes in Park City and thus the number of school-aged children is dwindling.

Park City's population continues to be primarily white. It is made up of 72 percent white non-Hispanic persons and 24 percent persons of Hispanic or Latino origin. The balance of the population is a mixture of Asian, Black, American Indian and persons reporting two or more races each making up 2.3 percent or less.

**Economy**

Although Park City suffered an economic downturn in 2008 to 2010 like everyone else, it was not nearly the sustained recession that many other areas experienced. Park City continues to be the employment center of the

region. The total number of jobs in Park City is 10,436 of which 8,370 are filled by nonresidents.<sup>7</sup>

According to the National Housing Conference, Park City's employment trends mirror the national trend. Data analysis indicates that incomes for all households have declined since 2008.<sup>8</sup> The largest decline was seen between 2008 and 2010 from a national average for working homeowners of \$43,570 in 2008 to \$41,413 in 2010 (in nominal dollars) which equals about five percent decrease.

Today, economic projections are bright for Park City and the resort industry as a whole. In 2011, visitor numbers were up

<sup>7</sup> *Balanced Growth Strategy Outline*, czb/TPC, March 12, 2012, Page 40.

<sup>8</sup> Williams, Laura, *Housing Landscape*, February 2012, National Housing Conference, www.nhc.org.



and sales tax income was also edging up again.<sup>9</sup> A recent financial report states that “of the three primary travel sectors, high-end leisure travel was the last to fall off going into the recession and the first to emerge.”<sup>10</sup> The sales tax projections for the next five years through 2017 indicate an increase by close to \$1.5 million or 16 percent. Property tax revenue is likely to increase by 12 percent or just under \$1 million.<sup>11</sup> These projections underline the likelihood that incomes will increase – as will the cost of living – over the next five years.

The downside to these projections is that the primary industry in Park City is the service and hospitality industry which pays on average more than 30 percent less than other local industries. Figure 2 on page 6 shows that the number of households at lower incomes is on the rise.

In March of 2012, the Department of Housing and Urban Development determined that the Area Median Income (AMI) for a family of four is \$100,300 in Summit County. Based on this calculation, AMI for a family of 3 (average family size in Park City is 2.6<sup>12</sup>) is \$90,270 and 80 percent is \$72,216. The 2010 Census data lists 991 households in Park City as earning less than \$35,000 annually and 1,120 earning \$100,000 and more. While economic diversity has been vital to Park City’s character as a community,

ensuring that all these income levels are able to live in town is becoming more critical to “**Keeping Park City Park City.**”

According to the Biennial Strategic Plan adopted by City Council in February of 2012, for *Goal #1: Preservation of Park City’s Character*, to be successful, there are a number of desired outcomes identified by both the community and City Council in order to “*Keep Park City Park City.*” One of those outcomes is a “diverse population and social fabric.”<sup>13</sup> Housing that is affordable to a number of income levels is critical to achieving this.

The Workforce Wage (WFW) in Summit County is more indicative of the financial constraints under which key community members must live. Using quarterly reports provided by the Utah Department of Workforce Services, an analysis of all quarters in 2011 reveals that the annual workforce wage for an average Park City household (family of 3) was \$55,714.<sup>14</sup> Park City’s WFW is equal to 62 percent of AMI as determined by HUD which has been

	AMI	WFW
2012	90,270	55,714
2011	89,100	54,664
2010	83,970	51,764
2005	75,060	46,746
2000	61,470	42,434

Figure 4: AMI as Compared to WFW – Family of 3

<sup>9</sup> *Milepost 2011, A Report on Key Indicators in our Changing Community*, published by the Park Record and the Park City Foundation, page 16.

<sup>10</sup> *Financial Impact Assessment Report: A 10-Year Projection of Park City’s Financial Condition*, January 2011, page 2, Park City Municipal Corporation.

<sup>11</sup> *Financial Impact Assessment Report: A 10-Year Projection of Park City’s Financial Condition*, January 2011, pages A-3 and A-4, Park City Municipal Corporation.

<sup>12</sup> 2010 U.S. Census, [www.factfinder2.census.gov](http://www.factfinder2.census.gov).

<sup>13</sup> 2013-2014 Biennial Strategic Plan, [www.parkcity.org](http://www.parkcity.org)

<sup>14</sup> Workforce Wage is calculated as follows: Most recent annual end-of-year average monthly income from the Utah Department of Workforce Services plus 3% for additional earnings such as tips, bonus, overtime, etc.; plus another 3% for other income such as investment income, non-cash benefits, etc.; and multiplied by 1.5 to account for the average jobs per household in Park City.





consistent over the past seven years.

In fact, Figures 2 and 3 on pages 6 and 7, indicates trends moving farther away from our community vision. Not only is our population aging, we are also increasingly divided between those at either end of the income spectrum. It seems that the population is adjusting to the two ends of an income divide while also headed toward the higher end of the age meter. Without additional affordable housing suited for young professionals and families, this dual bell curve is likely to increase, dividing the population more dramatically.

**Housing Profile**

According to the 2010 Census Bureau, there are 9,471 housing units in Park City which accounts for 36 percent of all housing units in Summit County. As a resort town with many vacation and 2<sup>nd</sup> homes, Park City has a high vacancy rate. In 2010, 6,586 or 69.5 percent of all housing units were vacant and 2,885 or 30.5 percent were occupied. This percentage has held true over the past 20 years with the exception of the 2000 Census. The 2000 Census captured the influx of people moving into town to be a part of the 2002 Olympics and the

vacancy rate (vacation & 2<sup>nd</sup> homes) dropped to just over 59 percent. In other Census years it has held fairly steady - close to a 70/30 split between vacant and occupied.

Park City has a lower ownership rate as compared to the rest of Summit County and the State of Utah. In 2010, 62 percent of homes were owned – very little change from 61 percent in 2000. In comparison Summit County has a 76 percent ownership rate which is much closer to the State level of 74 percent.<sup>15</sup> Park City’s low ownership rates can be traced to the much higher housing costs here. In recent years persons interested in buying have also experienced difficulty due to the tightening of mortgage lending requirements.

Housing prices in Park City have historically risen faster than incomes. According to the *2012 Balanced Growth Report* compiled by czb/TPC between 1990 and 2010, the median value-to-median income ratio nearly tripled: in 1990, the median value of owner-occupied units was equal to 4.19 times the median household income; by 2010, the median value was equal to 12.14 times the median household income.<sup>16</sup>

2012 Park City Housing Affordability Analysis			
% of workforce wage	Annual Income	Monthly rent or mortgage	Purchase Price
60%	\$ 33,248	\$ 720	\$ 124,166
80%	\$ 44,571	\$ 966	\$ 174,974
100%	\$ 55,714	\$ 1,207	\$ 224,974
120%	\$ 66,857	\$ 1,449	\$ 274,991
150%	\$ 83,571	\$ 1,811	\$ 349,972
175%	\$ 97,500	\$ 2,112	\$ 412,474
200%	\$ 111,428	\$ 2,414	\$ 474,971

Figure 5: Affordable Housing Rents and Prices

<sup>15</sup> U.S. Census, [www.facfinder2.census.gov](http://www.facfinder2.census.gov).

<sup>16</sup> *Balanced Growth Strategy Outline*, czb/TPC, March 12, 2012, Page 41.



Meanwhile, due to the recent recession, there is a perception that affordable units are now on the market. However, these units are primarily fractional ownership (time shares) or small studios and one-bedrooms at 400 to 600 square feet – not suitable for families or even couples for that matter. For most of 2010 and 2011, rather than sell the larger units – both condos and single family homes – sellers held onto their properties. In the same time-frame, rents increased.

According to the 2011 fourth quarter sales report provided by Utah Association of Realtors, the median housing sales price in the Park City region continues to be higher than any other area in Utah (condominiums and detached homes combined). This sales report places the median sale price in Park City at \$453,000 which is 159 percent higher than the State median and 69 percent higher than the next highest region which in 2011 was Garfield County. This is a price that is only affordable to households earning 200 percent or more of Park City's Workforce Wage (see Figure 5 on page 9).

This is certainly better than the median sale price in 2008 which was over \$700,000<sup>17</sup> yet it is still out of range for many of Park City's workforce members. The affordability range for households earning between 100% and 150% of Park City's Workforce Wage (\$55,714 to \$83,571) are homes selling at \$224,974 to \$349,972. See Figure 5 for the affordable purchase prices associated with various income levels.

An online survey conducted in June of this year, revealed that those respondents who are interested in

<sup>17</sup> Utah Association of Realtors, Fourth Quarter Market Statistics, 2008, www.utahrealtors.com

becoming homeowners need homes in the price-range that is affordable up to 120% of Workforce Wage or homes priced between \$174,974 and \$274,991 (see Figure 5).

Staff recommends that the focus of the affordability analysis range from 60 to 200 percent of household WFW or \$33,248 to \$111,428. The rationale for a range that includes higher incomes is due to housing prices in Park City continuing to be so much higher than surrounding areas. Also, in resort communities especially, with such a large portion of vacation and 2<sup>nd</sup> home sales, prices are expected to increase again. In many cases they will increase enough to price out essential members of the community with higher incomes, such as Police and Fire Chiefs, School Superintendents, Doctors and Medical Clinic Managers. According to the affordability formula mentioned above, a household would need an income of \$122,553 or more to afford the 2008 median sale price mentioned above.

The National Center for Housing Policy did a review of literature in 2011 that reveals how the availability of affordable housing can be an economic driver in a community. *"In surveys, many representatives of the business community report that a lack of affordable housing makes it more difficult to recruit and retain employees...and the business community recognizes the importance of affordable housing when making location decisions and demographic trends suggest that given the alternative, mobile individuals will abandon areas with the highest housing costs for opportunity-rich regions with lower housing costs."*<sup>18</sup>

<sup>18</sup> *The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of Literature*, Wardrip, Williams and Hague, Center for Housing Policy, January, 2011.



Interviews with HR Directors at the three ski resorts in the past year revealed that:

- In 2010, 27.5 percent of Canyons Resort employees commuted from Salt Lake Valley – 49 percent lived in the Park City/Snyderville Basin region with a high rate of ownership among their year-round employees. About 50% of those who don't live in the Park City area cited affordability as the main issue (rents, purchase price and/or security deposit);
- Deer Valley owns and leases properties for their seasonal employees which can accommodate 400 persons. These seasonal units have not been to capacity in the past few years. A high number of their 400 year-round employees are homeowners with the highest percentage living in Heber, then Park City School District boundaries and the smallest percentage in the Salt Lake Valley.
- Park City Mountain Resort has a very similar story with year-round employees – many of whom own their homes – living primarily in Park City/Snyderville Basin, Heber Valley and the Salt Lake Valley. Seasonal employees primarily organize group houses through the Roommate Roundup organized by the Christian Center and Mountainlands Community Housing Trust.

All three resorts indicate that they have a small number of year-round employees who would prefer to live in Park City, but can't afford to do so.

**Rental Market**

There are 1,507 year-round renter households in Park City. In 2010, James Wood of the Bureau of Economic and Business Research at the University of Utah conducted an analysis of rental properties both in

Summit County and Park City. The study states that “*the city accounts for more than half of all rental units in the county.*” Most properties are apartments and condominiums. Median rental rates in 2010 were \$850 for a two-bedroom apartment and \$1,150 for the same size condominium.<sup>19</sup>

Currently, there are many households renting who could afford to buy a home if the sale prices were more affordable. As Mr. Woods states: “*Renters paying close to Fair Market Rents for two and three bedroom units have sufficient income to buy condominium units priced at about \$180,000 and \$250,000 respectively. About 75 or 60 percent of all renters in Park City have incomes above 50 percent of AMI. If a fraction of these higher income renters were induced by favorable interest rates and market conditions to move to homeownership a significant number of rental units would be ‘freed-up’ thereby offsetting and alleviating some supply constraints and pressures on the local rental market.*”

Rosenthal and Associates also provided a study of ‘cost burdened’ renters<sup>20</sup>. According to the analysis conducted in March of 2012, of the total renter households (1,507), 52 percent or 784 are ‘cost burdened’ (paying more than 30 percent of their household income for basic housing costs). Of that group, 336 are considered ‘severely cost burdened’ (paying more than 50 percent). The mortgage assistance program mentioned above could help higher-income renters to buy homes and can

<sup>19</sup> Wood, James, *Housing Market Assessment: Park City*, Bureau of Economic and Business Research, University of Utah, 2010.

<sup>20</sup> “Cost Burdened” is defined as paying more than 30% of household income for basic housing costs which include rent or mortgage plus utilities and HOA fees. “Severely Cost Burdened” is a household paying more than 50% of income.



free up more affordable units for the cost-burdened renters.

In addition to freeing up occupied affordable rental units, some additional rental properties will need to be built. According to Scott Loomis of Mountainlands Community Housing Trust (MCHT), rental units priced for very low-income households are in high demand, however, those priced closer to market level are not renting quickly. The MCHT Elmbridge project in Heber City serves - on average - households at 43 percent of AMI (\$31,340). *“This property has been leasing well because it is \$2-400 per month under market and the 23 unit senior project has over 100 people on the wait list (for October occupancy). In contrast the Liberty Peak Apartments in Kimball Junction are 58 percent vacant this summer. The rents are close to or equal to market rents for households at 50 – 60 percent of AMI (\$50-60,000 annual income).”*<sup>21</sup>

Although not everyone must be a homeowner to be successful, the results of the online Housing Survey conducted in June indicate that owners remain in town longer (see Figure 6 below). Providing incentives for renters to become owners will go a long way towards **“Keeping Park City Park City”**.

**Senior Housing Issues**

In 2009, a special senior issues survey was completed by 307 persons aged 55 and above. The results of that survey indicated that most seniors in Park City are quite active and have no special housing needs until they are well into their 80’s. At that point and as their physical and health needs slow them down, there are a small number of seniors who would like options for remaining in Park City. This is not a huge group, but the numbers are growing. However, many of the

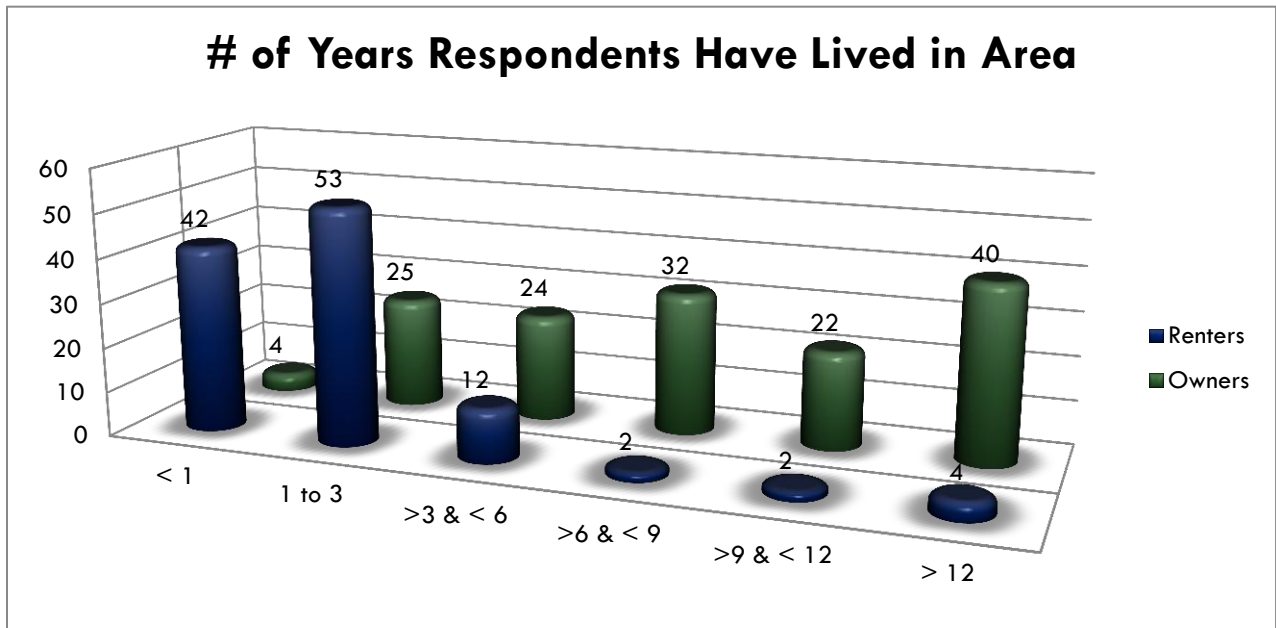


Figure 6: Renter and Owner Longevity

<sup>21</sup> Interview with Scott Loomis, Mountainlands Community Housing Trust, [www.housinghelp.org](http://www.housinghelp.org).



A focus group was held in July of this year to discuss housing issues with seniors. The focus group participants varied in age from mid- 60's to 90's. The most pressing issues shared by the group were the need for a small number of units developed that are accessible or senior 'friendly' (no stairs, wider shower doors, etc.) – one and two bedrooms ideally – with storage as well as covered parking and no lawn to care for. Also noted was the need for help so that persons can age-in-place in their homes – assistance with home care as well as transportation to get around town and to important appointments.

During the group discussion, a number of persons expressed they would plan on Park City being their lifelong home if **there were a range of housing and service options** available. They felt that the reason we didn't get high numbers of people responding to the 2009 Survey that they planned on

remaining in town till death, was because those people did not think they had options here in Park City. In other words, given a menu of housing and services options, a higher number of respondents would have indicated they would remain in town.

And finally, the group shared that their greatest desire for future development was to have: homes in multigenerational neighborhoods; housing that comes with food and service programs for those who want to subscribe such as a congregate living arrangement with private rooms and baths, and a majority preferred to rent rather than own the units. These are the types of units that can be incorporated into the redevelopment plans for Lower Park Avenue and Bonanza Park. It will be ideal to keep these units close to amenities and services.

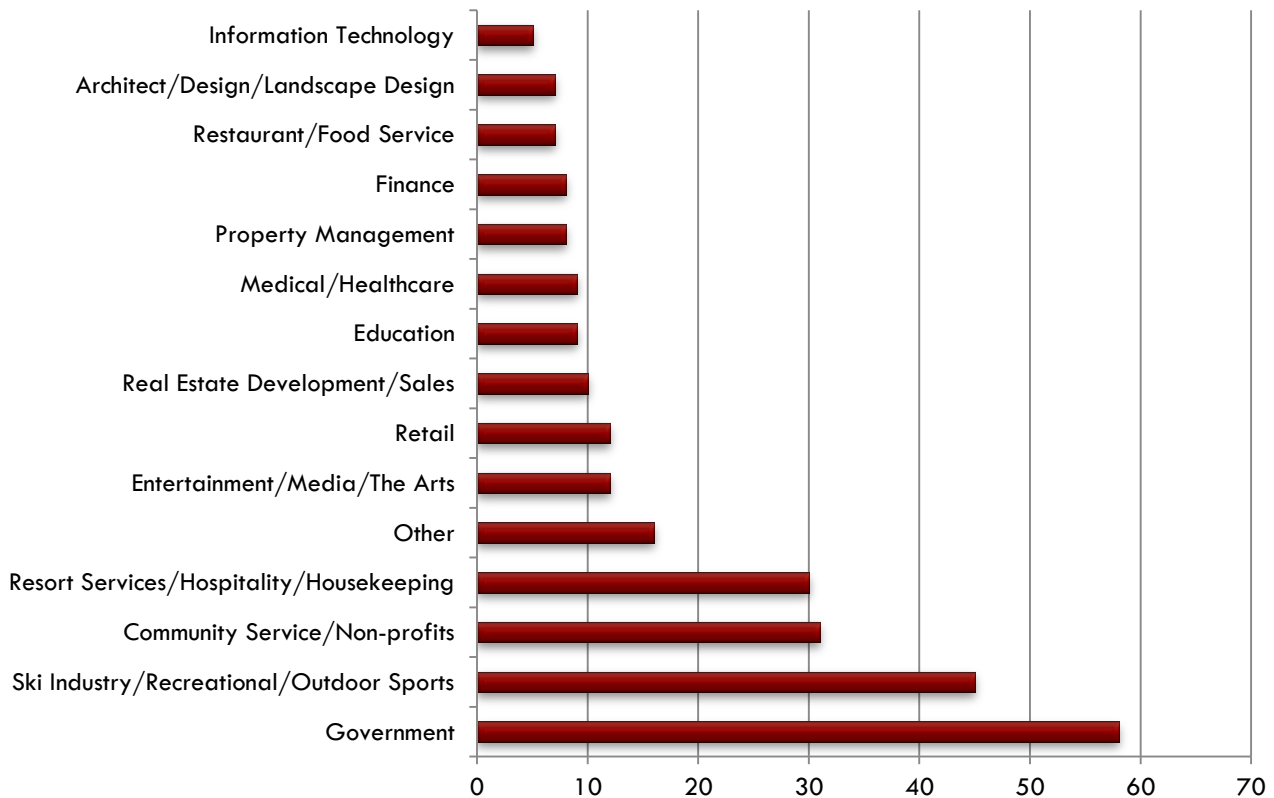


Figure 7: Employment of Survey Respondents



**Survey and Focus Groups of Local Residents and Employees**

An online survey and three focus groups were conducted in June and July of this year. A total of 300 persons responded to the survey and 25 persons participated in focus groups. A detailed report of the feedback can be found on the City’s website at [www.parkcity.org](http://www.parkcity.org).

There were few surprises in the survey responses. Respondents were made up of both owners and renters with 57 percent owning their homes. Renters make up 41 percent of the respondents and 88 (72 percent) of the renters indicated that they would like to buy a home. Most respondents live in the Park City/ Snyderville Basin region – 86% of the 240 respondents who provided their zip code listed one of the three Park City zip codes for their home address: 46 percent in 84060; 38 percent in 84098 and 6 percent in 84068. The balance were from Heber City, the rest of Summit County, Utah County and the Salt Lake Valley.

Average household size for respondents is 3.2 persons and 28 percent have more than one job. Some key findings are identified below:

- Employment of respondents was diverse and represented many of Park City’s workforce sectors. Figure 7 on page 14 illustrates the diversity of employment. The fields included as part of “Other” are two or less responses in the following categories: construction or manufacturing, marketing, legal, distiller, logistics, pilot, engineering, consultant, and office management.
- The bulk of renter respondents are employed by resorts in hospitality or outdoor sports, government and the community services or nonprofit sector.
- The bulk of owners were employed by government, resorts and media and entertainments fields.
- A majority of renters indicate that affordability is the primary reason for why they don’t own. There are

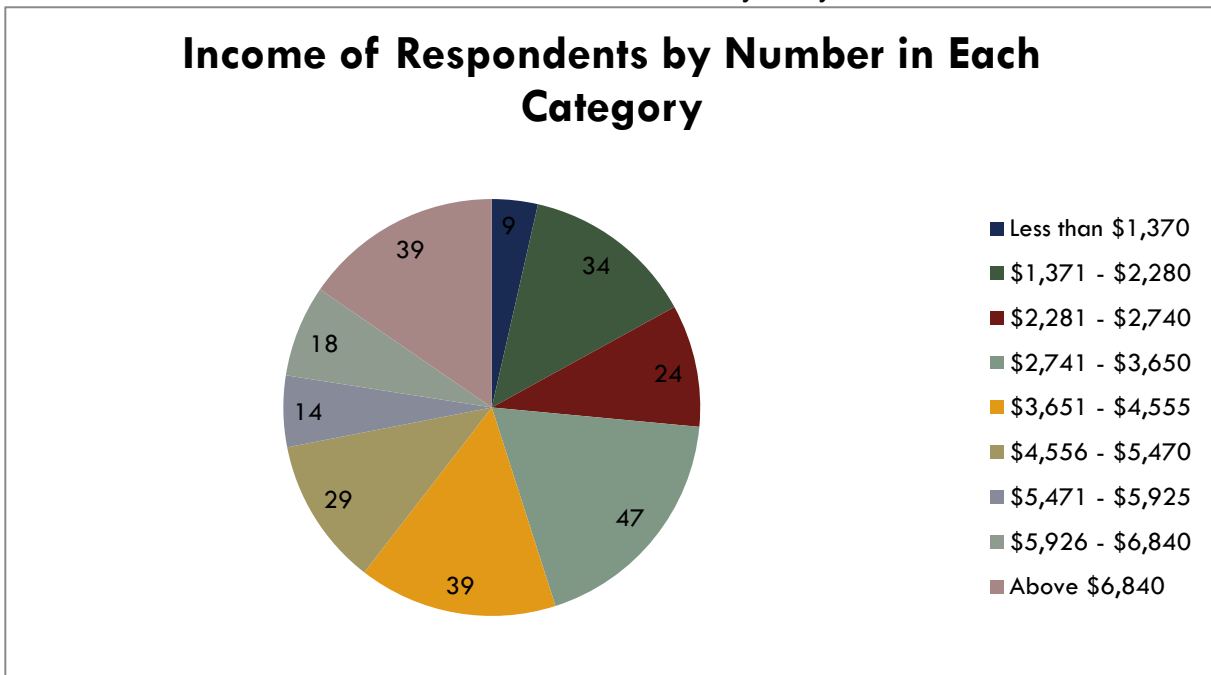


Figure 8: Income of Survey Respondents



simply not enough homes in their range of affordability and those homes that are affordable are either too small or need major repairs.

- 72 percent seldom or never have a problem meeting monthly housing costs.
- Satisfaction with a number of housing elements from commute (location) to number of bathrooms and housing costs were rated between “Dissatisfied” (value of 1) to “Satisfied” (value of 5). Owners’ satisfaction rankings averaged 4.33 while renters’ rankings averaged 3.78.
- Owners have longevity in the community as compared to renters. A majority of the owners have lived here more than three years with 40 percent more than twelve years. In contrast, a majority of the renters have been in town three years and less. Figure 6 on page 12 illustrates this contrast.
- The primary reason listed for living outside of the Park City/Snyderville Basin area was the lack of affordable housing in Park City – 75 percent of the 91 persons who answered the question – 68 households – live in other parts of Summit County (Kamas, Oakley and Coalville), Wasatch County or the Salt Lake Valley.

A total of 99 respondents provided additional written comments. More than 60 of the comments stated a need for additional affordable housing options and assistance programs while four comments stated their opinion that the City has done enough and no more units are needed. The main themes are summarized as follows (these themes were repeated a minimum of three times):

- There is a need for smaller units for seniors and empty nesters who want

to downsize from a full-size family home to a smaller property;

- Additional affordable rental properties are needed (emphasis added);
- HOA fees can render an otherwise affordable home/condominium no longer affordable;
- There is new difficulty in accessing mortgages – whether in buying a home or refinancing an existing home;
- Even Park City’s affordable housing is not affordable to many lower-income households;
- New affordable housing should be built with storage capacity and/or basements; and
- Many homes in Park City are too large.

The following is a summary of key points made in focus groups held in June and July.

- New units are needed including smaller units that are accessible or senior ‘friendly’ and have plenty of storage, detached houses for young families;
- Need a sufficient number of units accessible for physically disabled persons;
- The senior focus group felt that there is a need for multigenerational neighborhoods, housing programs that also provide meal and health service options for those who want to subscribe, housing located in or near Historic Old Town, built and/or managed by a nonprofit such as a church institution and congregate living with private individual living quarters.
- The current lending environment makes it difficult for low and moderate-income buyers to get a mortgage.



- Regional collaborations will be necessary in order to build single family homes.
- Communication is key and the City should take the long-range view – communicate plans and long/short-term goals as soon as they are known.
- A collective of employers might be willing to pool resources to build units jointly, provide input on housing issues and assist with a mortgage program.
- Collect data on what percentage of employees living locally is optimal for a healthy community.

<b>Rental Units</b>	
In Empire Pass	21
In Town	36
Apartments Built with LIHTC	312
Duplexes Built with LIHTC	14
Other Duplexes	15
<b>Total Rental Units</b>	<b>398</b>
<b>Owner Occupied Units</b>	
Condos In Empire Pass	1
Condos In Town	35
Duplexes in Town	20
Single Family Homes	14
<b>Total Owner Occupied Units</b>	<b>70</b>

Figure 9: Deed Restricted Units in Park City

**CURRENT AFFORDABLE HOUSING STOCK IN PARK CITY**

Park City maintains a goal of providing workforce or affordable housing equal to 10% of total housing units. The number of affordable units (468) currently equals five percent of all housing units (9471) and 16 percent of those homes occupied year-round (2885).

Affordable or workforce housing is provided in a variety of housing types to meet life-cycle needs of the local population such as singles, couples, young families, retired persons, and seniors. Homes take the form of single family homes, duplexes and both small and large multi-family rental properties. Units vary in size from studios and one bedroom units to two and three bedroom houses.

By summer of 2016, 79 additional affordable housing units will be built by Ivory Homes in the Park City Heights project. The project includes town-homes, detached houses and several small condominium buildings. Units ranging in size from 1,000 to 2,000 square feet and have two and three bedrooms. These homes will be sold at prices that will meet the affordability needs of persons at 100 percent to 150

percent of the WFW (\$55,714 to \$83,571). In the future, the Park City Heights development will also include larger houses that will sell at attainable rates such as those that are affordable to households at 175 percent to 200 percent of WFW (\$97,500 to \$111,428).

Over the years, affordable housing has been financed in a number of ways including:

- Federal Low-Income Housing Tax Credits (LIHTC) and USDA Rural Development – these are rental properties with the most affordable rents in Park City;
- Developers’ obligations under the City’s Housing Resolutions (PCHR) – these are privately financed and both rentals and owner-occupied units;
- City-sponsored or supported projects such as the Snow Creek Cottages – these are owner-occupied units only, and
- Built by a local housing nonprofit – Mountainlands Community Housing Trust (MCHT) – these are also owner-occupied units.





Compliance reports are collected each year from the owners of all the deed restricted or workforce housing in town. There are currently 118 units in the inventory of Workforce Housing Units provided through development agreements or as a result of the affordable housing resolutions adopted since 1993. Of the 118 units, 42 percent or 49 units are owner-occupied and 58 percent or 69 units are rentals.

The following is a profile of those households being served:

- All but one of the 21 units located in Empire Pass and Deer Valley areas are occupied by employees working in that region;
- 36 or 61 percent of the deed restricted rental units in Prospector, Old Town and Silver Star serve seasonal employees;
- All owner-occupied units are home to members of the local workforce, such as employees of: Summit County Health Department, Park City-based nonprofits, property management firms, ski and snowboard industries, Park City Municipal Corporation, Summit County, three area ski resorts, local retail & restaurants.

As described on page 3 of this document, the City also has an employer-assisted housing program. The City's programs can be replicated by other Park City-based employers. Some of the resorts are already providing assistance. By way of example, Deer Valley Resort owns and leases properties for their winter seasonal workforce. Provision of down payment assistance or housing allowances might also help year-round workforce members live in town.

In the past, affordable units have served as stepping stones – assisting workforce

households to move from a deed-restricted property into the conventional market. This is an ideal scenario and Park City's affordable housing programs should continue to provide this for as many households as possible.

### ***Outdated Housing Stock***

There are close to 60 owner-occupied units that were built in the mid-1990's in accordance with Housing Resolutions. They are a mixture of duplexes and condominiums. A small number of these units are also pushing up against the affordability ceiling, meaning that in the next few years, they will no longer be affordable to the targeted workforce population. These older units are difficult for current owners to sell when the price is so close to the prices for new homes such as the Snow Creek Cottages. Following are two examples:

- Silver Meadows Estates – 3br/1.5 bath 1,200 square foot townhomes began at \$120,000 in 1996 – current resale values average \$193,000.
- 1465 Park Avenue – 3br/2 bath 993 square foot condos began at \$170,000 in 1998 – current resale values average \$255,000.

Meanwhile, the current price for the 1,600 square foot three-bedroom unit at Snow Creek is \$281,000.

Studying the feasibility of a recapitalization strategy – similar to what has been done in other areas such as Montgomery County, Maryland or San Francisco – would ensure that the affordable properties continue to be stepping stones into the conventional market. One strategy to moderate the increases in value would be to make the annual allowable appreciation non-compounding.

In the recent past, deed restricted homeownership units in San Francisco were becoming too expensive for target



eligible families to buy. The city began a program on a very small scale to buy back units at the maximum resale value, upgrade them and then resell them at a new lower rate. Another option might be to utilize a shared equity or mortgage assistance program to assist a buyer in purchasing the unit in the same way it could be used for market sales. The key to success here, would be to balance the financial needs of the seller with current market conditions and the needs of the community overall.

Some older units are also in need of energy efficiency upgrades as well as major repairs that would assist in the longevity of the properties as well as reducing on-going energy costs to maintain the units. For example, the earliest deed restricted properties in Park City were completed in the mid-1990's. Some of these properties are in need of major upgrades and repairs due to issues of mismanagement, deferred major maintenance projects and/or high flood insurance costs (FEMA's updating of flood plain maps in 2006 after Hurricane Katrina repositioned a number of properties in Park City within the 100 year floodplain). Assisting the owners of older properties with low-interest loans and recapitalization strategies on a case-by-case basis will ensure these units are viable for future qualified buyers.

## **RECOMMENDED STRATEGIES**

### ***Mortgage Lending***

Over the past few years, mortgage lending has become very difficult and a new reason for workforce households to not buy homes. As a result of the real estate foreclosure crisis, mortgage lending has become tighter than ever. It is even difficult for those seeking conventional mortgages with upwards of 20 percent cash down to finalize sales.

Target households for Park City's affordable housing are likely to have:

- Less than 5 percent cash for a down-payment,
- Less than stellar credit scores (650 and less), and
- Financial issues such as caring for aging parents, paying off medical bills or credit cards.

Households with these issues are finding it exceedingly difficult to find affordable mortgages today – and ironically it is in a mortgage market that has more affordable interest rates than it's had in a very long time. This creates a significant hurdle for buyers of Park City's affordable housing stock. Without mortgages, it will be difficult to sell new homes built for Park City workforce members.

A mortgage assistance program could begin to address these issues. It could also assist workforce households to purchase existing homes. Park City will never be able to build enough new homes to meet housing needs. This is due to the limited amount of unoccupied or usable land left for new-construction. Yet there are a number of homes on the market that are just out of the range of affordability for workforce members.

Therefore, staff is recommending that a finance pool be developed to assist eligible households in buying. Mortgage assistance in this form is often called equity sharing. It works as follows:

Example 1: The gap between property price and affordability for a household at 100 percent of Park City WFW or \$55,714 might be \$158,000 or 42 percent of the total mortgage. The City lends this amount at 3.5 percent interest for as long as the family remains in the home. In seven to ten years the household is moving and sells the home. The seller receives all equity



they've paid in plus original down-payment as well as 58 percent of any remaining profit. The City receives the original loan principal, accumulated interest and 42 percent of any remaining profit.

**Example II:** The gap between property price and affordability for a household at 150 percent of WFW or \$83,571 might be \$99,116 or 22 percent of the total mortgage. The City lends this amount at 3.5 percent interest for as long as the family remains in the home. In seven to ten years the household decides to upgrade and move into a larger home. The seller receives all equity they've paid in plus original down-payment as well as 78 percent of any remaining profit. The City receives the original loan principal, accumulated interest and 22 percent of any remaining profit.

Park City can use existing resources as a loan loss guarantee for a pool of funds. City staff has already met with lenders interested in such a program who are interested in participating. The fund can be capitalized with five or six individual investments of \$750,000 to \$1.5 million with a goal of having \$5 million in five years. Once loans begin to revolve, the City has the potential for making enough to pay investments back as well as build additional equity to keep the program revolving.

**Stewardship of Homeownership Resources**

The Cornerstone Partnership based in Oakland, California is focused on the core issues of how to ensure that affordable homeownership programs realize generational success and are sustainable on a long-term basis. Although homeownership is not for everyone, it continues to be the basis of the American Dream and “we envision a world where more Americans are able to

*safely realize that dream – one generation after another.”<sup>22</sup>*

Cornerstone states that although research backs up the fact that homeownership can be an effective path to economic security, the way that mortgages are structured has made it a risky investment even prior to the recent real estate melt – down. They recommend the development of standards with the following rationale:

*“Public agencies and nonprofit organizations operate a range of programs under different names in different parts of the country, all of which strive to bring the cost of homeownership down to a level that is affordable to lower-income buyers. They do this either by providing deferred payment purchase assistance loans or by selling homes at below market prices. In spite of their differences, these programs share a common set of challenges:*

- *Assuring that publically subsidized homeowners do not end up in predatory mortgages;*
- *Protecting the public subsidy in the event of foreclosures;*
- *Ensuring that buyers understand affordability restrictions, and that those restrictions are fair;*
- *Avoiding confusion or misunderstandings that result when different programs in the same region have different requirements, and*
- *Planning and managing the cost of staffing for adequate monitoring and support.”<sup>23</sup>*

In the past, Park City Municipal Corporation has been fairly hands-off as

<sup>22</sup> Cornerstone Partnership, <http://affordableownership.org/vision/>.

<sup>23</sup> Cornerstone Partnership, <http://affordableownership.org/principles/developing-the-principles/>.



to how the deed restricted properties are managed and/or maintained. The process has been that once a unit is sold, other than tracking compliance annually to ensure that the unit is in accordance with the restrictions on the property and that targeted populations were being served, no other inspections have been conducted.

Staff recommends that based on some current issues, closer monitoring might be in order to apply good stewardship principles where public resources are applied. Cornerstone recommends six guiding principles:

1. Impact-driven – set and track goals that reflect community priorities;
2. Targeted – focus on buyers who need help but are likely to succeed;
3. Balanced – build wealth for owners while preserving the community interest;
4. Managed – steward the public investment to ensure long term benefit;
5. Safe – ensure sound mortgage financing; and
6. Understandable – educate buyers on program requirements.

*“These principles are intended to guide the implementation of programs that invest public or philanthropic resources to reduce the cost of homeownership and seek to preserve this public investment for maximum impact.”<sup>24</sup>*

For the most part, Park City’s housing programs have adhered to the principles listed; however, several deliverables might assist in assurance of even greater future success:

- Provide education and technical assistance to the HOAs;

- Review annual financials of the HOAs of deed restricted properties;
- Utilize PCMC Building Department to inspect deed restricted properties periodically;
- Meet annually with HOA Boards of deed restricted properties;
- Assist homeowners with mortgage issues as they arise through education and advocacy and
- Provide referrals for credit counseling as is needed or appropriate.

### CURRENT DEMAND FOR AFFORDABLE HOUSING

Housing demand in the next five years will be between 213 and 390. Figures 10, 11 and 12 on page 21 provide charts that illustrate three alternative formulas for determining future demand.

### ***Regional Housing Approach***

With the completion of the City’s housing plan and the County’s completion of the Snyderville Basin plan, staffs will be working together to identify opportunities for collaboration. The jurisdictions are indistinguishable to most local residents. The City’s housing resolution defines its service area as Park City School District boundaries. Within the city limits, there is scarce opportunity for construction of new units. Therefore, staff recommends focusing on the entire region as a resource for meeting affordable housing needs.

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<sup>24</sup> Cornerstone Partnership,  
<http://affordableownership.org/principles/>.



According to the *Balanced Growth Strategy Outline* developed by czbLLC and TPC in March of this year, a regional approach is our best mechanism for balancing future growth in Park City. *"It will be necessary to have either or both a local and a regional mechanism in place not to limit growth but to shape and channel it to outcomes mutually desired by Park City*

*and its neighbors. The imperative to cooperate regionally is clear, thus requiring the municipality and the County both to 'give' in order that both may 'get'."*<sup>25</sup>

**Housing Demand 2012-2017 Based on Rate of Location Substitution**

Individuals working in Park City	10,500
Multiply by Location Substitution rate of 34%	3,570
Subtract persons already living in the City	- 2,066
Estimate of those wanting to live in the City	1,504
Divided by 1.5 jobs per household	1,003
Multiplied by 39% for Core Sector Jobs	391
<b>Less: Pipeline of Projects</b>	<b>179</b>
<b>Estimate of households needing housing assistance</b>	<b>213</b>

Figure 10: Housing Demand Based on Rate of Location Substitution. Location Substitution is the number of employees who work in one area and live in another. The optimal Location Substitution rate was set for Park City in 2005 at 34% (34% of households employed by Park City employers living within the city limits).

**Housing Demands 2012-2017 Based on Renter Household Incomes**

Pent-up Demand for Owner-Occupied Housing	131
Pent-up Demand for Affordable Rental Housing	336
New Core Resort Worker Demand	0
Subtotal	467
<b>Less: Pipeline of Projects</b>	<b>179</b>
<b>Estimate of households needing housing assistance</b>	<b>288</b>

Figure 11: Housing Demand Based on Rental Household Incomes

**Housing Demand 2012-2017 Based on Profile of Commuters**

Individuals working in Park City	10,500
Less 20% of those already living in PC	- 2,066
Workers Living outside city limits	8,434
Multiplied by 83.7% primary jobs	7,059
Divided by 1.5 jobs per household	4,706
Less 69% for households living in 84098	- 3,247
Estimate of those wanting to live in the City	1,459
Multiplied by 39% for Core Sector Jobs	569
<b>Less: Pipeline of Projects</b>	<b>179</b>
<b>Estimate of households needing assistance</b>	<b>390</b>

Figure 12: Housing Demand Based on Profile of Commuters

<sup>25</sup> *Balanced Growth Strategy Outline*, czb/TPC, March 12, 2012, Page 15.



## ***PART III: 5-YEAR AFFORDABLE HOUSING PLAN***

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### **AFFORDABLE HOUSING PROJECT PIPELINE**

The first recommendation is to ensure that all the projects in the pipeline are successfully built and sold or leased to eligible households. The following affordable housing projects are in the works and will produce 179 units.

- Ivory Homes – under sales agreement with Park City Municipal Corporation – will build 79 affordable homes as part of their larger Park City Heights development in Quinn’s Junction. These will be for sale beginning in the fall of 2012.
- Lower Park Avenue Redevelopment – residential development is projected to produce up to 45 units of affordable housing. These will be a mixture of properties tailored to the needs of seniors and lower income households not ready to become homeowners. A small number of affordable ADA accessible units are projected as well.
- Another 42 units will be built to fulfill the affordable housing obligations of private developers working in the Empire Pass area. These units will be a combination of rental and for sale units.
- Park City’s Public Works department received a Federal Transportation Administration grant to build 13 units for seasonal transit employees. These units will be completed by fall of 2013.

These projects combined meet much of the current need for new units projected

over the next five years. Staff recommends that the key to ensuring success with all the projects listed above is to create a mortgage assistance product that will assist low and moderate-income buyers to close on purchases of these homes as well as other eligible, market rate homes.

### **GOALS**

**Therefore, staff recommends the following goals for meeting housing needs over the next five years:**

#### **Goal 1: Establish a Community Mortgage Assistance Program**

Strategy A: Over the next five years establish partnerships with sufficient investment partners to build a pool of funds totaling \$3-5 million.

Strategy B: Within 12 months develop an application process and identify two candidates for an initial demonstration program.

Strategy C: Within five years ramp up the program to 10 loans per year (depending on market and community needs/issues).

#### **Goal 2: Establish a Program to Amend Deed Restrictions on Existing Units**

Strategy A: Examine the feasibility and formulate a plan for buying deed restricted properties over time in order to update deed restrictions and convert the current appreciation caps to a shared equity framework.



**Goal 3: Establish a Stewardship Program for Owner-Occupied Deed Restricted Properties.**

Strategy A: Understand the current physical and financial condition of all owner-occupied deed restricted units.

Strategy B: Over two years develop a stewardship program that tracks the physical and financial health of deed restricted properties. Implement and then assess its effectiveness every five years.

Strategy C: Help owners of older properties to ensure long physical life for their units including energy efficiency upgrades to reduce utility costs.

**Goal 4: Facilitate the Development of New Rental Units Including Units Specially Targeted to Seniors.**

Strategy A: Incorporate housing development goals into the redevelopment plans for Lower Park Avenue and Bonanza Park that ensures the development of up to 80 affordable rental units as well as a limited number of market-priced, smaller-sized units for seniors.

