

Blue Ribbon Housing Commission

To: The Hon. Mayor and Park City Council:

Thank you for the opportunity to serve. Thank you also to Rhoda, Phyllis, Anne and Elizabeth for putting up with us.

From: The Blue Ribbon Housing Commission:

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What we were asked to do?

1. Comment on the EPS contracted study with the City to examine existing the regulatory tools used by the City for housing.
2. Offer suggestions for consideration to meet Council's housing goals.

What we did:

1. We met for 6 months and reviewed the complexity of the subject in depth and met with many parties invested in the area of housing.
2. We reviewed and worked with EPS on their regulatory findings study and have separate recommendations that are being brought forth to you in detail on April 28th by City staff.
3. A majority of the committee, not all, felt there was more input we could offer at a broader scale that, in conjunction with the EPS findings, may help in achieving the Council's housing goals. That is the focus of this report.

Council's Stated Housing Goal:

Unit production:

1. To allocate \$40 million over 5 years to provide housing for attainable housing (moderate and middle income for Park City).
2. The Council has set a goal to increase the share of permanent affordable housing in Park City to 7% by 2020. This will add 184 units to our current housing inventory. To date the City is at 5.3%.

Source of Funds:

- Resort City Sales Tax: \$ 5 million. (A more flexible use of funds.)
- Lower Park Ave. RDA: \$35 million. (must be used within city limits with limitations per state law). State law requires the use of 20% of the tax increment generated by a project area to encourage the development of affordable housing throughout the community. "Affordable housing" is typically defined by the US Department of Housing and Urban Development (HUD) as housing that is affordable to households earning 80% of AMI (Area Median Income) and below. HUD has calculated the 2016 AMI for a family of three in Park City to be \$88,560 (80% is \$70,848).

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Our Findings:

1. Over the last 2 decades the City has generated a diverse stock of low and moderate income rentals (398) and some limited homeownership (99). The opportunity lies in how to achieve additional units.
2. We feel that that this goal becomes more attainable when a clear definition of the target (e.g. residents or income groups) is identified. That clarity currently does not exist.
3. We have finite land resources for new construction within the City. We have a variety of existing housing stock.
4. Affordable housing goals meet a myriad of objectives for the City such as: transportation efficiencies, energy reduction and net zero goals, potential historic preservation and a sense of community.
5. We recognize political limitations from residents and the need to work within existing zoning regulations for expediency of production but we also believe that with education, a will to implement by the Council, a clear message as to who this housing serves and the multitude of goals housing can help achieve, that those mindsets have the potential of changing. We are pragmatic optimists.
6. Currently there are four parties or providers that we identified who have a role in meeting housing needs; The City, the Development community, Non-profits, and Joint Ventures with surrounding jurisdictions.
7. The market alone will not solve this issue of providing the affordable housing Council desires and subsidies (perhaps aggressive ones) will be required to increase the supply within City limits.
8. We believe that housing, like Recreation and Transportation, needs to be addressed not only within the City limits but with a strong regional partnership with our large employers, the school district and existing housing providers.

Our Recommendations:

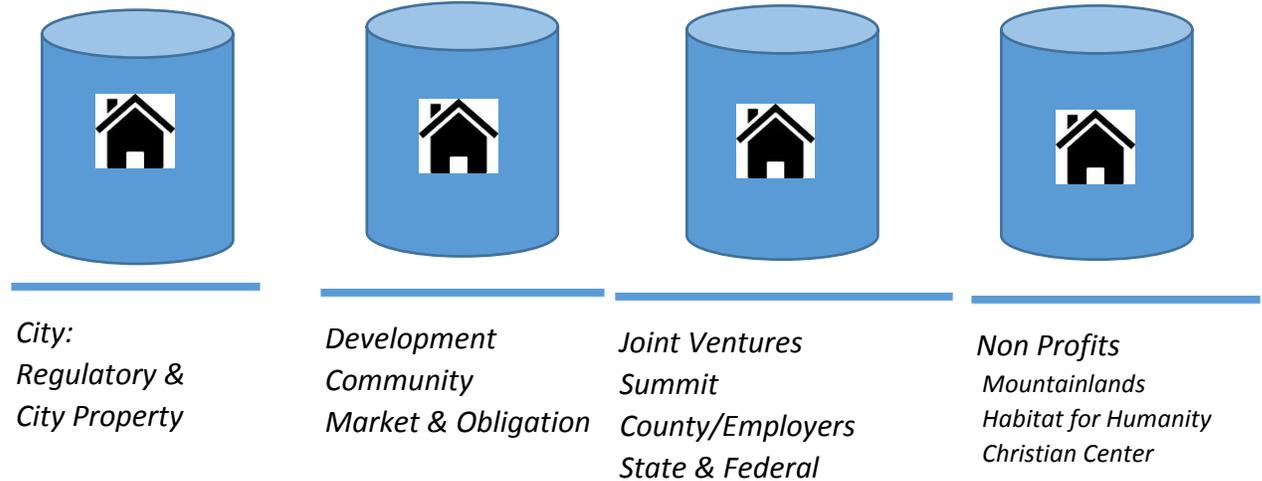
We believe that the following tenets or criteria should be applied in the evaluation of affordable housing policies and programs.

1. All development should pay something towards our affordable housing goals.
 - a. Commercial and Residential
 - b. New Construction and Remodel Construction
 - c. Multiple Unit Developments and Single Home Developments
2. We should provide both purchase and rental alternatives for affordable housing.
3. A portion, if not all, of the future affordable housing generated should be permanent deed restricted affordable housing.
4. New as well as rehabilitation affordable housing alternatives should be considered.
5. A balance of affordable housing types should be achieved that meet the needs of low, moderate, and higher income populations.
 - a. Targets need to be established for each.
 - b. Prioritization should be based on achieving the targets.

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In an effort to achieve measurable affordable housing results, it is recommended the City recognize the various “buckets” under which affordable housing objectives could be housed and evaluated. We have identified these buckets as:

PROVIDERS:



Objectives would not only include the number of actual units produced but which income populations they serve. By breaking the objectives into these buckets, a broader and more robust approach can be taken because some sectors are better at achieving certain unit types and income needs than others. We are of the opinion that this approach would also result in more opportunities for the creation of affordable housing.

We also believe that that these filters should have a role in the analysis of these sectors.

- Definition of the Tool /Target Served/ Identify Resources, Costs, and Staffing resources.

The ideas we discussed that could be housed under each bucket would be as follows:

1. Public Sector
 - a. Use RDA Funds, sales tax revenue, In-Lieu Fees, and other city general funds for the development of rental and for sale housing.
 - b. Purchase of existing housing stock for conversion to affordable housing.
 - c. Focus on long term affordable housing.
 - d. Develop Shared equity programs.
 - e. Use the Redevelopment project area and capitalize on its ability to be used city wide.
2. Private Sector
 - a. Review opportunities for zoning requirements and streamlined development review process for affordable housing projects. EPS study will expand on this.

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- b. Density bonus programs need to be reviewed and updated. EPS study will expand on this.
 - c. Review Fee credits or other credit mechanisms for additional affordable housing.
 - d. Broaden private sector bidding opportunities for the construction of affordable housing, Including in Redevelopment projects with the use of NOFA's and RFP'S.
3. Joint Ventures
- a. Seek out Public / Private joint ventures utilizing the skills of the private sector along with contributions from the city to create affordable housing that would otherwise not be created.
 - i. City contributed or leased land.
 - ii. City contributed fees or other credits.
 - iii. City contributed In-Lieu fees to offset construction costs.
 - iv. Private sector constructed projects.
 - v. Create a joint master plan with Summit County.
 - vi. Joint acquisition of land for affordable housing projects with Summit or Wasatch County.
4. Non- Profits
- a. Partner with Habitat and Mountain Lands on joint ventures.
 - b. Contract for program management.
 - c. Support the Christian Center in its outreach and education for housing.

The Tools:

Regulatory: These will be separately addressed in the EPS findings.

Financing:

1. Alternatives that could be provided by the city to assist in the development and long term maintenance of affordable housing:
 - a. City bond issues
 - b. RDA or RCST (sales tax funds)
 - c. Shared equity programs
 - d. Property tax credits
 - e. Government backed financing programs (HUD, FHA, etc.) requiring city participation
 - f. Longer term financing (i.e. sales tax revenue, etc.)
 - g. General Funds
2. Financing considerations that we think are important for staff to consider for construction on city owned property:
 - a. Model various ownership/rental percentages to determine how this effects total cash available for building and how many units can be built with RDA funds.
 - b. Ownership affordable housing done with RDA funds and sold might be the first priority to recycle money to be used for rentals later in the process.

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- c. Construction costs will affect the number of units built and the subsidy required for those units. Continue to use and expand the NOFA process for joint ventures and RFP'S to ensure that we broaden the pool of providers to the greatest extent possible. Support staff with the resources to evaluate existing units built vs. current construction costs and possible design consideration that could result in lower construction costs.
- d. Use Shared equity program to reduce mortgage amounts paid by qualified buyers.
- e. Identify the number of existing units that could be acquired outright, renovated as necessary, and then deed restricted within the City.

OTHER: Land/Construction:

1. Inventory all city owned land to determine total available for viable construction.
2. Master plan with the County to determine possible joint venture opportunities.
3. Priority should be to acquire/build on land near existing or future transit nodes.
4. All city contemplated land transactions should consider their impact on the ability to build affordable housing (and other City priorities) i.e. land on Route 248 between studio and water treatment plant.
5. RFP's issued for construction should place upper limits (TBD) on either construction costs or sales costs per square foot.

Management/Leadership:

1. Create a permanent community-based affordable housing advisory group by spearheading the formation of a group or continuing the advisory committee in some form. The group's purpose could be to engage and educate the community and periodically report to the council on housing issues.
2. Explore the possibility of a Housing Authority, regionally and/or on a standalone basis within City limits.
3. Similar to the current joint partnerships on transportation and recreation, create a partnership and working team with Park City employers (Vail, Deer Valley, IHC etc.), the Park City School District, Summit County and the current non- profit providers to develop a comprehensive affordable housing plan that addresses the region along with transportation needs.

Staffing and Resources:

1. We believe the City will need to provide staff with the appropriate additional resources that they may need in order to meet these goals and adequately update the 2017 Housing plan.