City Council
Staff Report

Subject: Land Management Code Amendment § 15-6-7 Master Planned Affordable Housing Development
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Summary Recommendation
Direct staff to submit amendments to Land Management Code (LMC) § 15-6-7 Master Planned Affordable Housing Development. Staff is requesting feedback from Council regarding direction to move forward with these LMC amendments.

Executive Summary
At the Council Retreat in March 2018, City Council reaffirmed that Affordable Housing was a critical priority for Park City. Since 2017, Planning staff has been working closely with the Affordable Housing team to implement the goals and strategies outlined in the General Plan for Affordable Housing through amendments to LMC § 15-6-7 Master Planned Affordable Housing Development.

No Affordable Housing project has ever used LMC § 15-6-7 Master Planned Affordable Housing Development. Staff finds that this is because this section of the LMC is too strict and restrictive, rendering it extremely difficult to use for development. As stated in the General Plan, an effective way to encourage the development of affordable and workforce housing is through government incentives using Land Use controls. At the highest level, Planning staff and the Affordable Housing team are proposing the following changes to LMC § 15-6-7 Master Planned Affordable Housing Development:

- **Minimum Percentage Affordable:** Allow for projects that are a minimum of 50% Affordable to utilize LMC § 15-6-7. The only projects that can use this section now have to be 100% Affordable.

- **Density Bonuses:** (Percentage Affordable) Create a sliding scale for Density Bonuses based on the total percentage of Affordable units in the total project. The more Affordable Units proposed, the greater Density Bonus can be granted by Planning Commission. (AMI) Create a sliding scale for Density Bonuses based on target Average Median Income (AMI). The lower the AMI served, the greater the Density Bonus can be granted by Planning Commission.

- **Off-Street Parking:** Match the Affordable Off-Street Parking requirements to the standard MPD Requirements (see “E”). Current requirement is 1 parking space per bedroom which typically equates to more parking than a normal project would be required to provide.

- **Parking Exemption:** Create parking exemption for micro-units (500 square feet [SF] or less). Staff will require criteria for a parking management program within each
development to off-set any impacts of the parking reduction (ex: proximity to transit and public amenities, support commercial, walkability, etc.)

Acronyms
AMI Average Median Income  LMC Land Management Code
MPD Master Planned Development  SF Square Feet

The Problem
LMC § 15-6-7 Master Planned Affordable Housing Development is a section of the LMC intended to be used by Affordable Housing projects that qualify for Master Planned Development applications. The issue with the current language in LMC § 15-6-7 is that it is too strict and restrictive. No Affordable Housing project has ever used the section of the LMC. In addition, land values in Park City make Affordable Housing development very difficult. The intent of the section of the LMC is to incentivize and “encourage the private sector to develop Affordable Housing”, but the current language does not achieve this.

Background
In response to the 2018 Council Retreat critical priorities and implementation of the General Plan, Planning staff and the Affordable Housing team began to create high level concepts for amendments to LMC § 15-6-7 Master Planned Affordable Housing Development. Planning staff has already brought in the expertise of the City’s Engineering, Transportation, and Parking Services Departments. The purpose of these internal collaborations was to ensure that the proposed concepts would work in coordination with the future goals and projects of those departments (ex: future neighborhood parking programs, complete streets, connectivity projects, etc.).

In March 2018, staff met with a group of individuals that have extensive experience in the development industry and gave them a high level conceptual overview of changes to the LMC. The group felt that any incentives for Affordable Housing would help encourage developers to, at a minimum, consider incorporating more Affordable Units into projects. The Planning Commission has not yet reviewed these proposed amendments.

Alternatives for City Council to Consider
1. **Recommended Alternative:** Amend LMC § 15-6-7 Master Planned Affordable Housing Development to:
   - Lower the threshold for percentage Affordable
   - Create Density Bonuses based on percentage Affordable and AMI served.
   - Match the Parking Requirements to the standard MPD section.
   - Create Parking Exemption for micro-units (500 SF or less)
   **Pros**
   a. Incentivizes private sector development of Affordable Housing within City limits.
   b. Benefits private sector *and* City-funded Affordable Housing developments.
   c. Fosters the Goals and Strategies of the General Plan.
   **Cons**
   a. There may be unforeseen consequences for micro-unit parking exemptions.
   **Consequences of Selecting This Alternative**
   Staff finds that more development will be able to utilize LMC § 15-6-7. This will enable both City-funded and private sector developments to provide additional Affordable Housing stock within City Limits. In addition, the proposed parking exemptions will serve as a beta-test for future parking management strategies.
2. **Null Alternative:** If no changes are made to LMC § 15-6-7 Master Planned Affordable Housing Development, it is likely that Affordable Housing projects will continue to be unable to utilize this section of the LMC for development.

**Pros**

a. None.

**Cons**

a. City-funded Affordable Housing projects will likely not use LMC § 15-6-7.

b. There will be few incentives for the private sector to develop Affordable Housing within City limits.

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**Analysis**

Planning staff and the Affordable Housing team have collaborated to create high level concepts for Land Use controls to incentivize Affordable Housing Development which aligns directly with the General Plan and City Council’s critical priorities. Below, staff has provided additional analysis for the list outlined in the Executive Summary:

- **Minimum Percentage Affordable:** The current threshold to utilize the Affordable Housing MPD Section requires 100% of a project to be Affordable. Given the current market trends, staff does not find that this will promote Affordable Housing development by private sector developers. Also, these same market trends are impacting City-funded Affordable Housing projects. There are some City-funded Affordable Housing developments (ex: Woodside Park Phase I) that would not have met this threshold as not all units are always designated Affordable.

- **Density Bonuses (Percentage Affordable and AMI):** By creating additional Density Bonuses based on the percentage of Affordable Units and AMI served, staff finds that this increase in neighborhood density will encourage sustainability by allowing more efficient construction, fostering multi-modal transportation options for residents, conserving open space, and creating a diversified mix of housing. In addition, having a higher density decreases the cost per unit, which may increase the total unit count.

- **Off-Street Parking:** Staff is simply proposing to create a level playing field between standard MPDs and Affordable Housing MPDs. The current Off-Street Parking Requirement for Affordable Housing MPDs (1 per bedroom) typically turns out far greater than that of a standard MPD which is one of the greatest deterrents to using the current section of Code. Staff will match the standard MPD Off-Street Parking Requirements which are based on the uses defined in LMC § 15-3-6 Parking Ratio Requirements for specific Land Use Categories. Staff does not foresee any negative consequences to regulating Parking Requirements in this manner as this is typical of all developments.

- **Parking Exemption:** As stated in the General Plan, reduction in parking requirements assists in making development proposals more affordable due to the cost associated with dedicating land to parking. At the time of application, the analysis for supporting a micro-unit (500 SF or less) parking exemption will include a thorough transportation analysis (density, transit, shared parking, connectivity, pedestrian accessibility to good and services, etc.). Staff will also encourage community car share programs and charging stations for electric vehicles as potential off-sets. This will also contribute to net-zero goals and will serve as a beta-test for future parking exemptions.

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**Department Review**

This staff report was reviewed by the Planning Department, Community Development, Housing, Executive and Legal Department.