



Housing Authority Staff Report

Subject: Affordable Housing Update
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Department: Community Development
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Type of Item: Administrative

Intermountain Healthcare (IHC) and Physician Holdings are requesting fulfillment of existing and potential future Affordable Unit Equivalents (AUEs) obligations through adding deed restrictions to existing rental units owned by Mark Fischer's Valley of Love LLC at both 1440 Empire and Rail Central Building #3 (second floor) 1790 Bonanza Drive Lot A (Attachment A). The governing Housing Resolution for each development is [17-99](#). The Housing Authority can choose whether to approve, amend, or deny the proposed fulfillment of the IHC and Physician Holdings affordable housing obligations.

Staff recommends accepting the request to deed restrict the 12 Empire units for an amount not to exceed 9.5775 AUEs and applying the most recent deed restriction requirements and a maximum rent rate of \$1,202,49 and adjusted annually. Staff does not recommend accepting the proposed restrictions on the twenty-four Rail Central units (5.625 maximum potential AUEs) due to not meeting the requirements of having shared kitchen and/or living quarters to meet the definition of a Single Room Occupancy (SRO) in the Resolution [17-99](#), not having dedicated parking due to an approved 20 percent parking reduction (Attachment E), and because they likely have limited market value with or without the restrictions. Further, staff does not recommend approving future obligations, as discussed below.

IHC and Physician Holdings have outstanding affordable housing obligations, under the [IHC/USSA/Burbidge Annexation Agreement](#), associated with the development of the hospital and Physicians Holding medical office building at Quinn's Junction. Together they have 11.816 AUEs to fulfill.

As of 2017, fulfillment of the remainder of the IHC's affordable housing obligations (Attachment B) is 6.82 AUEs (associated with the hospital's build out of the remainder of the hospital density allowed for the annexation area). IHC is also seeking to fulfill the obligation in advance of the future hospital expansion.

Fulfillment of the Physician Holdings' outstanding housing obligation is 4.996 AUEs is positive movement toward no longer having deferred housing requirements associated with past development that is already completed. However, the [2009](#) (pp. 116-118) and [2011](#) (pp. 69-71) affordable housing plans and [2009](#) and [2011](#) meeting minutes state the intentions of the deferment were due to limited employee generation, lack of available funds for fee-in-lieu payment, and the affordable housing plan not requiring a bond to be posted due to being below the 25,000 square foot development threshold.

Recommendation

Staff recommends accepting the request to deed restrict the 12 Empire units for an amount not to exceed 9.557 AUEs and applying the most recent deed restriction requirements (Attachment C). This would leave 2.2385 AUEs, or 1,790.8 square feet, remaining to be fulfilled through a future proposal. The February 10, 2011 Conditional Use Permit Findings of Fact, Conclusions of Law, Conditions of Approval and Order Regarding the Appeal of a Conditional Use Permit (Attachment D) Conditional of Approval # 10 reads: *If the Multi-Unit Dwelling is used to fulfill a future affordable housing obligation, then the project must meet the deed restriction and requirements of the Affordable Housing Resolution in effect at the time of the obligation.* Requirements that may differ from the current rental agreements include that the deed restriction limits the 2-bedroom units to 3 person households for no less than 6 month periods. Currently the 2-bedroom units are occupied by 4 persons and would have to change after the deed restriction is in place.

The 1440 Empire building floor plans (Attachment E) include:

- 12 2-bedroom units - (3) 768 square feet; (3) 619 square feet, (3) 642 square feet, and (3) 525 square feet
- 12 total units for a total of 7,662 square feet divided by 800 square feet per AUE equals 9.5775 AUEs
- 11 parking stalls were required of the development and 12 parking spots are provided on-site below the units

Staff does not recommend accepting the proposed restrictions on the twenty-four (24) Rail Central units (5.625 potential AUEs) due to not meeting the requirements of having shared kitchen and/or living quarters to meet the definition of a Single Room Occupancy (SRO) in the Resolution 17-99. In addition, the Rail Central Building units do not have dedicated parking and are likely to have limited market rate rental value with or without a deed restriction. The Rail Central Building #3 was granted a 20 percent parking reduction because it was a mixed-use development including SROs and because of the 2007 approved Centura Commons Parking Plan and 2003 Centura Rail Trail Master Plan Development (MPD) Amendment staff report (Attachment F), with only 85 parking spaces constructed of the 107 required if a parking reduction was not applied. Per the LMC the parking requirement is one parking space per unit no greater than 1,000 square feet.

The second floor of Rail Central Building #3 floor plan (Attachment G) include twenty-four (24) one room units: 16 of which are 185.25 square feet each; 7 that are 180.375 square feet each; and one ADA units that is 273 square feet for a total of 4,500 square feet are proposed for deed restriction. 4,500 square feet divided by 800 square feet per AUE equals 5.625 AUEs.

Alternatively, the Housing Authority could deny the request or choose to waive the Housing Resolution 17-99 SRO definition and accept 9 or 10 deed restrictions, depending on which units, to fulfill the remaining 2.2385 AUEs of IHC hospital and Physician Holdings medical office development housing obligations. Any future density

requests are subject to the Housing Resolution in effect at the time of application, and therefore Staff does not recommend approving additional AUEs beyond the current obligations of the approved developments at this time. The applicant can return at a later date when needed.

Maximum rental rates for a 2-bedroom per the 17-99 resolution is calculated based on Summit County median hourly earnings, no more than 30 percent of the earnings going toward housing costs and uses the HUD adjustment factor. The maximum rental rate per 2-bedroom unit is currently \$1,202.49 per month and will be adjusted annually. If the Housing Authority chooses to accept the Rail Central SRO units, the maximum rental rate per unit would be \$461.01 per month and will be adjusted annually.

Background

The [IHC/USSA/Burbidge Annexation Agreement](#) was recorded on January 23, 2007 and established an affordable housing obligation of 90.47 AUEs.

IHC/USSA/Burbidge Obligation	90.47 AUEs	Notes
Park City Heights 28 townhomes	(44.78)	construction in-progress
USSA deferral	(10.71)	
Summit County Health/People's Health Clinic transfer	(5.830)	
Physician Holdings transfer	(5.830)	4.996 AUEs outstanding
Peace House land lease	(12.50)	
Peace House funding contribution	(4.00)	construction in-progress
TOTAL	6.82	IHC remaining AUEs

Attachments

- A IHC submitted Housing Mitigation Plan Memo January 2019
- B First Amended Affordable Housing Mitigation Plan for the Medical Campus at Park City Medical Center Findings of Fact, Conclusions of Law and Conditions of Approval February 2, 2017
- C Park City Municipal Corporation Draft Deed Restriction Template
- D 1440 Empire Conditional Use Permit Findings of Fact, Conclusions of Law, Conditions of Approval and Order Regarding the Appeal of a Conditional Use Permit February 10, 2011
- E Floor Plans of 1440 Empire
- F Centura Commons Parking Plan January 10, 2007; and Centura Rail Trail MPD Amendment staff report for 1790 Bonanza Drive Lot A November 12, 2003
- G Second Floor Plan of Rail Central Building #3