



City Council Staff Report

Subject: Affordable Housing Land Management Code Revisions
Author: Jason Glidden, Housing Development Manager
Department: Community Development - Housing
Date: December 5, 2019
Type of Item: Work Session Discussion

Recommendation

Review and provide feedback on the Housing Report provided by Cascadia Partners LLC, the City's third-party expert, on applying code-related to changes to reduce barriers and facilitate more community and affordable housing. This is the second opportunity for Council and the public to meet in person and discuss Cascadia's recommendations.

In addition to the City's aggressive efforts to build community and affordable housing (Central Park Condos, Retreat at The Park, Prospector, Woodside Phase I & II, etc.), Council desired a deeper zoning code analysis to determine if there are additional opportunities to incentivize the private sector and target previously untapped opportunities for public-private partnerships. In short, without the help of private developers and large employers stepping up to meet the demands of their workforce needs, Park City Municipal (PCMC) cannot meet the community's housing goals alone.

Zoning related housing strategies, such as proposed by Cascadia (parking, density, height, setbacks, open space, etc.), are neither uncommon nor unusual strategies deployed in cities and towns across the Country. Despite the familiar tactics being recommended, local zoning is always a sensitive issue, particularly as local officials seek to balance overall community needs with the individual needs and wants of neighborhoods.

Staff supports Cascadia's recommendations (a collection thereof), and has always considered PCMC's goal of 800 units of new housing as a collaborative endeavor. In other words, our goal is only possible with additional housing "tools," such zoning-related changes, private development, and public-private partnerships.

Background

In support of Council's goal of 800 new affordable housing units by 2026, Housing and Planning proposed LMC revisions on May 17, 2018 ([New Business Item #3](#)). Council expressed concern that the proposed changes to dimensional impacts of the revisions were not clear, would not adequately incentivize private developers, and only City funded developed projects would benefit.

In response, Cascadia Partners visually modeled the potential outcomes of the proposed code revisions, including economic outcomes for a private developer. Based on the analysis, Cascadia has several recommendations to our code that would close the funding gaps that exist in the current Park City housing development market.

Available land in Park City is scarce, expensive, and heavily regulated. In order to incentivize private sector housing development, there are several well-known, yet often

controversial, areas of the LMC that could be updated; density, height, setbacks, buffers, open space, lot coverage, and parking requirements. Cascadia's analysis suggests that the financial development formula, as a result of code restrictions, makes private sector development of affordable housing infeasible in our current environment. Instead, aggressive code amendments could be made, along with public sector partnership in terms of land, grants, and financial subsidies, in order to reduce the financing gaps.

Cascadia identified three key dimensional parameters (in addition to height, open space and parking reductions proposed by staff in 2018) that will reduce the need of the City and/or other public dollars to subsidize affordable housing development:

1. Reduce buffers completely - additional setbacks between uses;
2. Increase allowable lot coverage - maximum allowed building footprints or Floor Area Ratios (FAR); and
3. Further reduce the number of parking spaces per unit.

The extent by which these dimensional parameters are revised will ultimately determine if private developer can develop affordable housing and make adequate profit. As shown in Exhibit A, Cascadia recommends reducing the necessary public subsidy for private development of affordable housing from over 60 percent subsidy (worst case scenario) to a 20 percent subsidy (similar to current City developed subsidy).

In addition, Cascadia has adhered to Council community concerns regarding growth, and provided focus away from the Historic Districts and instead directing recommended code changes towards the Recreation Commercial and General Commercial zones.

Cascadia's additional analysis resulted in the following recommendations that require careful consideration if PCMC seeks to move the needle on housing beyond our own development projects:

- Strive for Predictable, By-Right Standards – removes the developers obligation to request exemptions when developing affordable housing;
- Decrease Base Zone Setbacks – remove increased set back requirements (currently 25 feet) for Affordable Housing Master Planned Developments and allow projects to meet the setbacks set forth in the base zoning;
- Reduce Open Space Requirements from 40% to 15% - Focus on Achieving Active Open Space;
- Appropriately Size Parking for Infill Projects – reduce parking requirements from 1 parking space per unit to .5 parking spaces per unit; and
- Allow for additional height - 1 Extra Floor Outside of Historic Districts.

Full recommendation descriptions are found on page 18 of the Affordable Master Planned Development Code Audit Report - (Exhibit A).

The consultant's conclusion that private sector housing development as economically infeasible, even if the land is donated by the City, is alarming. This is largely due to a private developer seeking a 12% return on their investment for a rental development, and 18% for a for-sale development. By moving forward with some collection of the recommendations (eliminating buffers (increased setbacks), increasing lot coverage or

density, and further reducing parking), will hopefully decrease the gap between beyond what the 2018 proposed code revisions accomplished.

Though changes to the LMC will reduce the financing gap, it is likely that the City may still provide subsidies to make private, affordable housing projects pencil. The notion of providing a “pot” of affordable housing money that private developers could compete and apply for to develop housing is appealing to staff on many levels. Not only does it create collaborative partners working towards the community’s housing goals, but it also reduces City-related construction, labor, and liability costs. In addition, staff remains firm the community’s housing obligations extend far beyond just the municipality, in that large employers will need to begin to more aggressively address their employees housing needs.

The specific direction requested from Council:

1. Which LMC revisions should staff pursue as they relate to the affordable housing MPD in the Recreation Commercial and General Commercial zones?
 - a. If none, are there other tools Council wants to pursue to further the City’s goals of 800 units by 2026?

Funding

No funding is associated with the LMC revisions.

Attachments

EXHIBIT A Affordable Master Planned Development Code Audit Report – Developed By Cascadia Partners