



City Council Staff Report

Subject: Amendments to the Park City Municipal Housing Resolution
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Department: Housing
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Recommendation

In a joint meeting with the Park City Planning Commission, consider proposed amendments to the 03-2017 Housing Resolution, which further mitigate the impacts of new development on affordability of housing in Park City.

Executive Summary

The City last revised its affordable housing policy in 2017, including many changes recommended by the Blue Ribbon Housing Commission (BRHC). The BRHC was a citizen advisory group that met from October of 2015 to April of 2016 to serve as a sounding board for the work being done by EPS. EPS, a Denver based consulting firm, was hired to review the history, outcomes and effectiveness of our Housing Resolution. EPS submitted a final report to Council on March 29, 2016, [attached here](#), and the BRHC submitted recommendations to City Council on April 14, 2016 ([linked here](#)).

Staff requested early direction from the City Council on June 11 ([staff report linked here](#)), 2020, and subsequently developed recommendations to:

- **Update renter/owner qualifications to match current deed restrictions.** This would also include increasing the net worth limit for seniors to potentially increase their participation.
- **Allow rental of deed-restricted units.** Add provisions that clarify when and how deed restricted units may be rented for the inclusion of long term roommates (not nightly rentals).
- **Require ongoing needs-based qualification after purchase.** Require ongoing compliance program monitoring standards to ensure ongoing program compliance.
- **Increase the housing requirement for residential development.** Increase the housing obligation for residential and establish a trigger related to residential unit equivalents (RUEs) instead of units. RUEs are calculated at one unit per every 2,000 sf.
- **Broaden applicability of inclusionary housing requirements.** Change the LMC to decrease the trigger for residential projects required to go through the MPD process from ten RUEs (20,000 square feet) to five RUEs (10,000 square feet).
- **Allow recordation of deed restrictions on existing housing stock to fulfill a housing obligation.** Formally adopt the practice of allowing a housing obligation to be fulfilled by a placing deed restriction on already constructed units, that the entity

that has the requirement does not own the unit but has negotiated with the owner to place the restrictions on the unit for some form of compensation.

- **Update carbon footprint requirements.** Update green building requirements for building affordable housing to align with the requirements within the City's Building code that support the City's net zero goals.

As requested at the June 11, 2020, work session, staff has also conducted research regarding potential affordable requirements for single family home construction. The research includes the number of undeveloped lots in Park City and those not under an MPD or annexation agreement. Staff seeks direction before conducting additional research associated with creating an inclusionary housing policy for single family home construction.

Background

The City's first Housing Resolution was adopted in 1993 and included a provision to review the policy every two years. Since 1993, Council has updated the Housing Resolution as community needs and economic circumstances have changed. The latest revision was adopted in 2017 ([linked here](#)),

The Resolution also helps meet State of Utah moderate income housing annual planning and reporting requirements for municipalities over 1,000 in population (2019 Senate Bill 34). Finally, the Housing Resolution is one tool used to meet [Goals 7 and 8 of the General Plan](#): provide a diversity of housing types to meet the life-cycle needs of Park City residents; and increase the number of affordable units to ensure that workforce members have affordable options to live in Park City.

Since 1993, of the 606 affordable units in Park City, as a result of the Housing Resolution, 305 units (50%) were built entirely or in part by private parties to satisfy affordable housing obligations. The City has also collected \$1,380,064 of in-lieu fees.

As with any initiative, there are lessons learned during implementation and changing circumstances that compel us to adapt and refine. Based on experience and feedback from policymakers, developers, and recipients, staff prepared a list of potential refinements for review.

Analysis

For Applicants and Owners:

1. Update Renter and Buyer Qualification Criteria. Update qualifications for rental and ownership programs to better match the current deed restriction template and 2020 Housing Needs Assessment. Changes include:
 - a. *Criteria for approving online, remote, or non-place-based employment:* There is already a requirement that self-employed applicants demonstrate that 75% of their clients live within the Park City School District. This is often difficult and time consuming for both applicants and staff. Furthermore, more jobs are completely internet-based and serve national and international audiences while the employee works from home. This has presented challenges to qualify applicants

that have lived in Park City over two years but work from home for a company not based in Park City. Staff recommends that applicants working from home either work for a company that contributes to the local economy by paying local taxes or the applicant has lived in Park City for more than 5 years.

- b. *Revise Senior Net-Worth Limits:* Council requested a review to consider altering the formula used to qualify seniors. In some cases, older members of the community have a substantial net worth, yet defining “sufficient resources” is a complicated proposition. Staff interviewed a financial advisor with experience in working with older generations who felt that the City’s current limits are satisfactory and do not require an update.

Staff also conducted a survey of other communities and found that net worth limits for seniors ran the gamut from no special treatment to allowing up to 150% increase from normal net-worth limits. Staff recommends an increase to 150% of the base net-worth limit for non-seniors.

PROPOSED LIMITS TO NET WORTH FOR SENIORS		
	CURRENT	150% of BASE
Household of one at or below 80% of AMI	\$ 318,920	\$ 478,380
Household of one at or 81 to 150% of AMI	\$ 558,110	\$ 837,165
Household of two at or below 80% of AMI	\$ 364,480	\$ 546,720
Household of two at or 81 to 150% of AMI	\$ 637,840	\$ 956,760

- c. *People with disabilities:* Currently, applicants must meet the American Disability Act guidelines to qualify as disabled and are exempt from work qualifications. Staff is recommending the applicant must also be a community member defined by involvement in community programs, such as serving in local civic or nonprofit organizations (NAC, Lucky Ones, Summit County Club House); or an immediate family member of a local family with five to ten years in the community (demonstrated through active involvement with local civic and nonprofit organizations, working full-time, or engaged in a civic leadership role).
 - d. *Revising qualifications for affordable household income limits:* The current resolution defines affordable as 100% AMI or below. Staff recommends changing the definition to 80% AMI or below in order to better reach a broader pool of housing applicants.
2. Allow for Rental of Deed Restricted Units. Clarify when and how privately-owned deed restricted units may be rented to include long term roommates. This would include rental rates, occupancy standards, inspections, upgrades, and the approval process for either rental of an entire unit or an individual room. Allowing owners to rent a portion of their unit could help offset costs and increase affordable rental inventory. Rental of entire units would still be limited to very specific and limited situations.

3. Require ongoing qualification after purchase. Currently, the City certifies that the owner maintains the unit as their primary residence after closing. Staff recommends requiring continuing adherence to the owner maintaining place of work within the Park City School District.

For Private Developers:

4. Increase the Housing Requirement for Multifamily Residential Development. Increase the residential requirement from 15% to 20%, or 25%, and establish a trigger related to residential unit equivalents (RUEs) instead of units. RUEs are calculated at one unit per every 2,000 sf.

Using the RUE calculation is a more accurate way to measure the size of a development because individual units generally average between 1,000 and 3,500 sf, and even higher, depending on the type of development. Rather than a housing obligation of 1.5 affordable unit equivalents (AUEs) for a 10 unit development, the housing obligation could be 2.1 AUEs or higher if we utilize RUEs. See chart below for examples of how calculations would change if using the RUE methodology.

Market Units being built	Total Square footage	HR 03-2017 # of units	Based on RUEs (2000sf/RUE)
3 two bedroom units (2200sf/unit)	6600	3	3.3
4 three bedroom units (2800sf/unit)	11200	4	5.6
3 four bedroom units (3300sf/unit)	9900	3	4.95
Total sf and AUE obligation based on current requirement and RUE calculation	27700	10	13.85
Housing Obligation			
15% (current)		1.5	2.08
20% (possible)		2	2.77
25% (possible)		2.5	3.46

5. Broaden applicability of inclusionary housing requirements. Adjust the size of residential development that would trigger the use of the MPD approval process. Currently, any development over 10 RUEs (20,000 square feet) triggers the MPD process. The City could lower this threshold to any residential development over 5 RUEs (10,000 square feet). This would make it consistent with the triggers for a commercial project.
6. Allow recordation of deed restrictions on existing housing to fulfill housing obligations. The recent Council decision to allow housing obligations to be fulfilled by placing deed restrictions on already constructed units without ownership raises the question of whether or not this method should be a future option. While this is not an optimal strategy, it is a tool for protecting existing units from market escalations.
7. Update carbon footprint requirements. Update green building requirements to align with the City's net zero goals. Staff has been working with the Environmental

Sustainability Team to ensure that the Housing Resolution requirements conform to the City's environmental goals and would propose language that matches what is currently required by the City's Building Department to meet green building requirements.

Large Single Family Units:

During the June 11, 2020, work session, Council asked staff to consider requiring large single-family dwellings to contribute AUEs to the City's affordable housing supply. The following is the summary of that research.

Park City is nearly built out. The current City boundary encompasses 13,030 acres. Approximately 7,300 acres is open space – 56% of all City land. When the City completes the annexation of City-owned open space along the City's perimeter, an additional 2,260 acres of open space will raise this percentage to 73%. The majority of future AUEs will be triggered by redevelopment MPDs. However, vacant lots remain within approved subdivisions in the Residential Density, Single-Family, and Estate Zoning Districts.

For this initial research, staff established a single-family dwelling size of 7,500 sf to trigger AUE obligations and looked to lots large enough to accommodate such a home. Next, staff eliminated vacant lots in known approved MPDs (difficult to identify MPD approvals from the 1980s through 2004 unless associated with an annexation; as a result, initial numbers are rough estimates). Last, staff eliminated vacant lots in the Historic Districts due to lot size requirements and steep slopes that would most likely inhibit large single-family dwelling construction. The analysis identified 81 vacant lots within approved subdivisions that met the criteria.

Additionally, there are approximately 240 undeveloped acres located in the Estate Zoning District. This low-density zoning restricts development to one single-family dwelling per three acres. As a result, these properties may be developed lot by lot rather than through the MPD approval process.

The City also has an Estate-40 Zoning District in the Land Management Code – without any land that is zoned Estate-40. Estate-40 Zoning restricts development to one single-family dwelling per 40 acres. As the City considers annexation petitions, Estate-40 Zoning may be a possible zoning designation. Enacting an affordable housing obligation for large homes in the Estate-40 Zoning District may provide an opportunity to capture housing impacts that are not triggered by an MPD.

However, amending the Housing Resolution to encompass large Single-Family dwellings not associated with a Master Planned Development will require extensive legal research and a study showing the nexus between employee generation.

Also, further research would be needed to determine how these affordable housing obligations could be fulfilled. Zoning regulations establish minimum house sizes. A single-family dwelling housing obligation may not trigger a full AUE. As a result, property

owners may be limited to paying a fee-in-lieu or to construct an affordable Accessory Apartment on site. Accessory Apartments must be at least 400 sf, but not larger than 1,000 sf. The interplay between these obligations and the restrictions within the Land Management Code would need to be further researched.

Funding

Funding would be required to further research legal issues surrounding inclusionary housing on large single family dwellings. Staff would require an outside firm to conduct the legal audit, and costs may exceed \$5,000.