

Redevelopment Agency Staff Report



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Subject: Lower Park Avenue RDA (RDA) – Implementation Plan for City-Owned Property in the RDA
Date: January 27, 2011
Type of Item: Administrative

Summary Recommendations:

Provide Staff with direction on role of the Lower Park Avenue RDA (RDA) as it relates to redevelopment of public and private property. Specifically, Council should:

1. Direct Staff to continue with a phased implementation strategy for City-owned property in the RDA, consistent with the existing RDA Plan approved in 1989/90;
2. Provide specific direction to begin Phase I and the first half of Phase II of that implementation strategy; including beginning of conceptual designs and preliminary cost estimates of a senior/ community center and remodel of two historic single family homes.
3. Affirm consideration of future phases of the implementation strategy will be based on initial project success, ongoing discussion and future planning efforts; and
4. Affirm support of ongoing efforts to implement the broader RDA plan articulated in further detail by Design Workshop and Jack Johnson Company and presented to City Council in January 2010, including:
 - a. High level planning on projects on private property including PCMR, and
 - b. Ongoing discussion whether the RDA should be extended with the intent of pursuing the potential projects/purchases described herein or if the RDA should be allowed to expire in 2016 with the balance of the tax increment to be used for a portion of these or other projects.

Background

Overview

The City's Redevelopment Authority is a separate agency of the City whose power is limited to either economic development or affordable housing projects. The RDA includes a broad geographic area including the PCMR parking lots, a large amount of independent privately-owned pieces, and a few strategically located City-owned pieces including the municipal golf course, old fire station on Park Avenue, and senior center. The RDA generally exists from the golf course south to 9th street and includes the base of Park City Mountain Resort (PCMR) and the City Park (Exhibit B).

The Lower Park Avenue RDA was created in 1990 and expires in 2016. The existing RDA Plan, approved in November 1989 and amended in October 1990, currently allows for a wide array of options and projects. The General Redevelopment Actions identified include:

- Installation, construction or reconstruction of streets, utilities, and other public improvements;
- Redevelopment of land by private enterprise and public agencies;

- Rehabilitation of buildings and structures;
- Acquisition of real property;
- Demolition or removal of buildings and improvements;
- Relocation assistance to residential, commercial and other occupants displaced;
- Disposition of property.

Use of RDA increment has been used consistently and effectively in the past to implement Council goals for affordable housing such as Snow Creek Cottages and for economic development goals. The Main Street RDA built the new parking garage downtown. The potential projects now considered represent a different type of use more focused on broader resort and economic development goals as well as civic and community goals.

Staff believes the RDA provides an opportunity to take a proactive role in striving for a truly vital, active and sustainable community – as opposed to a more traditional regulatory or reactive role. While efforts would be intended to achieve smart growth, diverse housing inventories and other community objectives or mitigation measures, some constituents would inevitably perceive the Council as facilitating growth.

History

During the annual Council visioning session in January 2010, an update was given on redevelopment efforts in the LPA RDA. The Planning Commission participated in the discussion and the group agreed with high-level goals of pursuing redevelopment as tool to continue to support and provide the resort and tourism economy a framework for long-term viability. Discussions were also held related to investigating a blend of housing options including seasonal, workforce and or senior housing opportunities.

The group generally agreed we don't want to grow or redevelop just for the sake of growth, but rather the charge is to redevelop and diversify the resort economy efficiently, while minimizing impacts. A discussion of transfer of density rights (TDR) was also held, with the group agreeing to further consider the tool if and when specifically appropriate. A specific outcome was the addition of "Assist in redevelopment of resort and commercial areas" as the top priority of the City's Economic Development Strategic Plan.

Staff's current efforts for the LPA RDA include the following 5 phases (Phases I and II are complete, Phases III-V are currently underway by Design Workshop:

- Phase I Preliminary Site Planning and specific Project List for entire RDA (background below)
- Phase II City Owned Land Implementation Strategy (under consideration tonight)
- Phase III Market inventory and analysis
- Phase IV Carrying Capacity study
- Phase V Comprehensive update and overview of Phases I-IV

Phase I Background

On January 7, 2010 Council held a work session with staff and consultants from Design Workshop and Jack Johnson Company. A broader implementation strategy and project list for the entire LPA RDA was developed. During the review of the plan Council unanimously

supported seeking partnership opportunities to support the affordable housing and resort based economy goals.

During the work session on January 7, 2010 additional direction was given to prepare an implementation strategy for City-owned property in the RDA within the following framework and goals:

1. Maintain all existing green/open spaces
2. Maintain & don't overpower remaining historic fabric, scale, character and authenticity
3. Explore housing alternatives
4. Explore an east-west corridor
5. Explore community/senior center opportunities
6. All projects should have sustainability & green goals

As Design Workshop began to populate the project list, it became apparent that similarly themed projects existed. Considering many of the projects are inter-related, and not mutually exclusive it became easier to group them by these themes. For example, creating more efficient mass transit and better walking routes may limit the required parking demand at the resort base – even though the projects to address these issues fall into different categories. The overriding themes identified were:

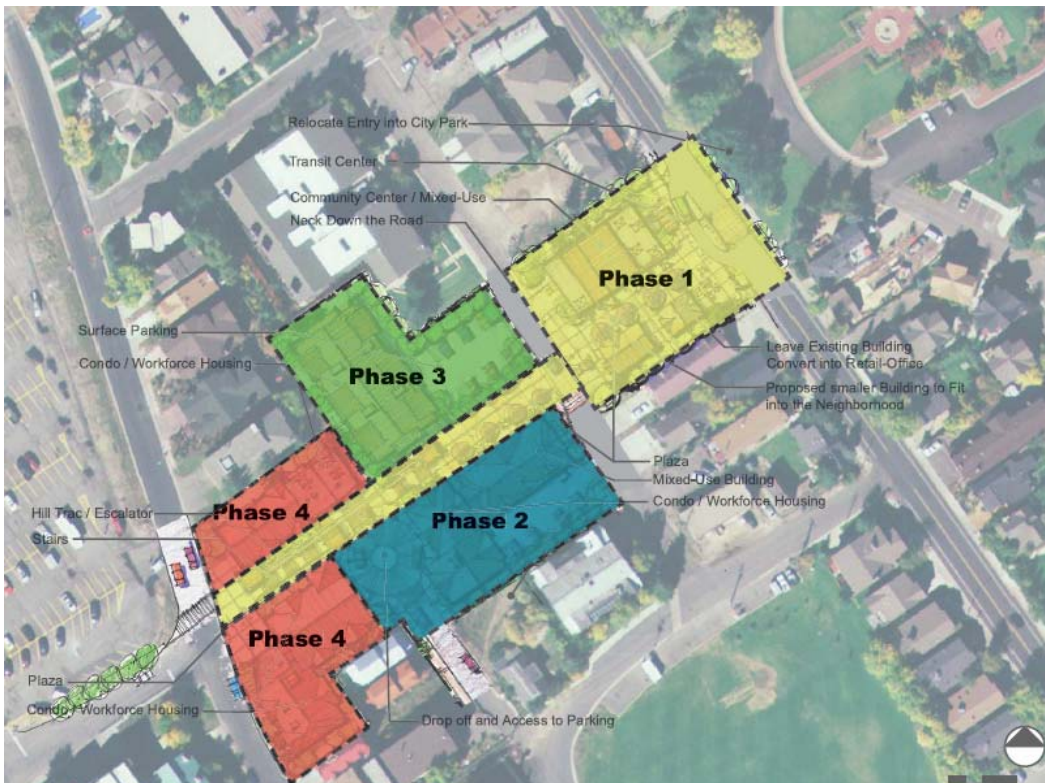
1. Parking Lot Redevelopment
2. Transit, Traffic, Circulation & Walkability
3. Community & Neighborhood Redevelopment and Improvement

The project list and background themes generated by Phase I are attached as Exhibit B.

Phase II – City Owned Land Implementation Strategy

PlanWorks Design (Michael Barille) recently completed an implementation strategy for City-owned property. The document includes a list of project options and two alternate scenarios, one with smaller scaled concepts, and a second with more aggressive development alternatives. The work also includes high level financial models and a supporting narrative (Exhibit A) describing not only the planning effort, but some of the policy balance and levers Council will consider moving forward in their role of the RDA. For example a portion of the narrative focuses on cost benefit versus return on investment related to using the RDA as a means to financially subsidize specific community center or housing (senior and/or workforce) goals.

A phasing plan was proposed with the strategy document, with the initial phases focusing on land strictly owned by Park City (Fire Station, senior center), middle phases contemplating acquisition of private property, and latter phases contemplating uses on adjacent private property.



- Phase 1 – Is intended to give a physical example of the primary goals of the re-development plan: establishing the importance of Historic preservation, civic use, creation/ preservation of a key east / west pedestrian corridor connecting the resort base to Park Avenue and ultimately to Main Street, and smooth interface with transit.

This phase includes a rebuilt senior/community center on the site of the old fire station on Park Avenue and contemplates simultaneous remodels of two historic homes from the adjacent property. This phase also contemplates securing easements and/or purchase of property to procure an east – west connection. Latter projects could include introduction of market rate and workforce/seasonal housing opportunities if appropriate.

- Phase 2 – Contemplates how the property adjacent to the senior center could be used, either through acquisition or entering into a joint venture with the current owner Craig Elliott. The RDA currently financed a loan to Elliott to purchase the property contingent on a master planning exercise. That charrette was completed and identifies a series of different housing options including senior, affordable, and market rate housing. These parcels could also be acquired to land bank it with no immediate intent beyond future master planning.

The other parcels in this phase could preserve the remaining circulation and access points necessary to establish a preferred development pattern; one that steps with the grade and emphasizes the pedestrian while preserving efficient points of access for vehicles that will minimize the effects of traffic for residents both within the planned area and the surrounding neighborhood.

- Phases 3 & 4 (Privately owned property) – This phase focuses on addressing more housing options including senior needs and resort needs. This phase has been designed for flexibility both in size and overall density depending on final outcomes of this study and final direction from the RDA Authority (Council).

RDA Funds & Financial Context

The RDA was created in 1990 and expires in 2015. The LPA RDA is now generating approximately \$1.2M annually. There is a current balance of undesignated funds of \$3.6M. If increment remains otherwise unallocated, the RDA has the ability to pursue approximately \$8-10 Million in projects. This would not contemplate any extension of the RDA.

The City’s draft implementation plan being considered tonight includes two optional development scenarios which included financial modeling aimed at providing a snapshot of potential costs and revenues that could be associated with the plan under various redevelopment scenarios. These scenarios are not included in the attachments.

The financial models were prepared based upon current economic indicators, industry specific cost information, and with input from staff on the development assumptions to be modeled for initial discussion. The financial summary presented with the plan is neither a true private sector developer model nor a model that exactly reflects the municipal role as facilitator and potential distributor of the land assets. Instead the current model is a blend of the two approaches to facilitate, as the planning efforts move into implementation phases, policy discussion about what role the Council believes the City should play in re-development of this portion of the Lower Park Avenue RDA Area. We retain the ability to change various inputs and assumptions in the model. Based on City Council input, the model can be to more accurately reflect the intended policy direction and the associated costs and benefits associated with that direction.

Related to the discussion tonight about use of RDA funds we estimate approximately \$1.5M - \$2M in costs should Council desire to pursue implementation of the master plan Phase I. This would not include any land purchases, or other necessary site improvements, only estimated construction costs of the individual building projects. Staff seeks Council direction to conduct a feasibility analysis and conduct and develop conceptual design concepts and preliminary cost estimates for the following potential projects:

Potential Phase I Projects in City Implementation/Master Plan		
Building	what	estimated cost*
A	Remodel Little green house south of Fire station	\$70,000
B	Rebuild demolished structure from Elliott's land to vacant lot behind green house	\$160,000
C	Sr/Community Center	\$866,000
	sub-total	\$1,096,000

*these estimates do not include soft, site or other costs, only estimated construction cost/ sf

Analysis

The City is currently undertaking a series of broader planning efforts to ensure that we can provide services for full-time residents and amenities for visitors, all while balancing the competing nature of our quality of life, environmental sustainability and economic viability. These efforts include the general plan updates, the transportation master plan, short range transit plan, Bonanza Park redevelopment consideration (TDR's), as well as an in-depth budgeting for objectives discussion. These planning efforts combined with the phased redevelopment planning in the LPARDA, including the City-wide Carrying Capacity Study and Market Analysis, should provide the foundation and roadmap for managed and directed growth.

ROI vs. Cost Benefit

In determining goals and use of the RDA increment it is good to remember that a main driver of projects doesn't have to be return on investment, which is typical from a private development standpoint. While the general premise of an RDA is to raise the entire property tax value, because increment can be used for affordable housing sometimes success can be measured in benefits which can't be defined in numbers or square footage, but rather by success in attaining policy goals.

Conclusions

There are multiple uses/goals that could be accomplished on these parcels and throughout the entire district, if developed within a phased master planning strategy allowing for maximum flexibility in achieving multiple goals.

The following matrix lists the primary projects which staff would recommend Council pursue unrelated to discussions of extension or expiration of the RDA in 2016.

Potential Projects	other community goals and/or outcomes yes/ maybe/no (blank)					
	Property Value	Resort Economy (general)	May help support area/PCMR	Transport	Housing -	Communit
				ation/ traffic Goal	General City Goal	y - General City Goal other
Phase I						
- Sr/Community Ctr						y
- 2 Historic Homes (@fire st)	y				y	
- E/W Corridor	y	y	y	y		
- Abatement of Historic Struct. (general)					y	y
Phase II						
- Elliott Property	m	m	m		y	m
- Market Rate Housing	y	y	y	n	y	
- Seasonal/Affordable Units			y	y	y	
Phase III & IV (Public/Private)						
- Market Rate Housing	y	y	y	n	y	
- Seasonal/Affordable Units			y	y	y	
PCMC Library expansion						y

Issues for Discussion:

Does Council concur with:

1. Directing staff to begin planning of Phase I and portions of Phase II of the plan for

City property, specifically beginning conceptual design and preliminary cost estimates for:

- a. senior/community center
 - b. adaptive reuses of historic buildings (single family homes)
 - c. either partnering with or acquisition of Elliott parcels for land banking or other master planning
2. A phased approach to the implementation plan, where future phases will be based on success of early work and ongoing discussion?
 3. Ongoing efforts to implement the broader RDA plan, including
 - a. High level planning on projects on private property including PCMR, and
 - b. Ongoing discussion whether the RDA should be extended with the intent of pursuing the potential projects/purchases described herein or if the RDA should be allowed to expire in 2016 with the balance of the tax increment to be used for a portion of these or other projects.

Significant Impacts

Partnering with private property owners in redevelopment would be a new and different role for the elected officials acting as the RDA. Because the City Council concurrently exercises legislative authority and police power over land use matters, staff will likely continue to recommend that Council bifurcate their different roles under the RDA.

Recommendation:

1. Direct Staff to continue with a phased implementation strategy for City-owned property in the RDA, consistent with the existing RDA Plan approved in 1989/90;
2. Provide specific direction to begin Phase I and the first half of Phase II of that implementation strategy; including beginning of conceptual designs and preliminary cost estimates of a senior/ community center and remodel of two historic single family homes.
3. Affirm consideration of future phases of the implementation strategy will be based on initial project success, ongoing discussion and future planning efforts; and
4. Affirm support of ongoing efforts to implement the broader RDA plan articulated in further detail by Design Workshop and Jack Johnson Company and presented to City Council in January 2010, including:
 - c. High level planning on projects on private property including PCMR, and
 - d. Ongoing discussion whether the RDA should be extended with the intent of pursuing the potential projects/purchases described herein or if the RDA should be allowed to expire in 2016 with the balance of the tax increment to be used for a portion of these or other projects.

Exhibits

Exhibit A – Implementation Strategy for City Owned property in the LPA RDA

- Option 1 Site Plan
- Option 2 Site Plan
- Narrative

Exhibit B – Results of Phase I Study

- Lower Park Ave RDA boundary & Project location map
- Project List
- Map of resort base & City-owned property

- Preliminary Planning Concepts - Jack Johnson Company
- Design Workshop Summary Memo

Option 2 Site Plan



Lower Park Avenue Implementation Plan for City Owned Property

General Principles:

- Create a framework for ongoing development or redevelopment of City owned and adjacent properties to occur in a cohesive and walkable pattern
- Create a plan that through design and suggested land uses; strengthens the physical and economic connection between the Resort and Historic Main Street without disrupting the circulation or enjoyment of existing uses in the surrounding neighborhood blocks
- Create public spaces and synergistic uses that could be a neighborhood scale amenity and focal point; not a burden
- Suggest a range of scale and scope of development that is compatible with the surrounding blocks in the Lower Park Avenue neighborhood
- Identify appropriate areas for senior activities, a diversity of housing opportunities, clear and functional pedestrian connections and let all other uses support these primary goals
- Incorporate innovative transit solutions where staff deems that this will be effective in providing a level of service that will strengthen the Resort to Main Street connection while decreasing individual vehicle trips (Lower Main Circulator bus, electric train / trolley, Hill Trac / people movers, all warrant discussion and investigation)
- Identify potential partners or opportunities to attract private sector investment in the implementation plan area where this supports policy objectives and has the potential to lower the cost burden associated with achieving those objectives
- Create a financial model to examine the “real world” implications of the land use patterns and policy objectives reflected in the Implementation Plan options provided

Phasing and Design Philosophy

Phase I

Phase I – is intended to give a physical example of the primary goals of the re-development plan: establishing the importance of Historic preservation, Civic use, preservation of the key east / west pedestrian corridor, and proving finished appearance and smooth interface with transit on Park Avenue.

Buildings A & B represent re-use of historic buildings in their current or reconstructed locations without changes to the buildings scale or design. Neighborhood scale commercial or residential uses are suggested for these buildings.

Building C represents a new structure on the site of the existing Park Avenue Fire Station Building owned by PCMC. The design for this structure should be welcoming and the scale and architecture consistent with traditional forms in the neighborhood but with an allowance for more contemporary materials and glazing to open the building to the pedestrian corridor. The uses suggested for this building include a new home for the Community Senior Center, class room / studio space for all age activities that could be programmed by the Senior Center, or a variety of other public or non-profit organizations integral to Park City and the Old Town community. Exhibit space could also be provided on the ground floor and residential uses could be appropriate on the second level of the building. The building is intended to be the Civic Hub for the re-development area and complimentary to other civic uses in the neighborhood such as the Library Center and accompanying open space. It should set the example for both the vibrancy and intensity of use that is appropriate in the Lower Park Avenue portion of the redevelopment area.

East / West Corridor – It is also recommended that PCMC acquire all or some portion of the main east / west pedestrian corridor that will provide the physical link between the Resort, Park Avenue, and Historic Main. This corridor should be acquired and protected with specified setbacks and design guidelines

specific to the redevelopment area regardless of whether any further pedestrian improvements or development of the site is initiated. It is recommended that Phase I include identification and assignment of funds to make pedestrian improvements that will address the grade change inherent in the site and make clear from the outset the functionality of the Resort to Park Avenue to Historic Main Street connection

Phase II

Phase II – The parcels in this phase would preserve the remaining circulation and access points necessary to establish the intended development pattern; on that steps with the grade and emphasizes the pedestrian while preserving efficient points of access for vehicles that will minimize the effects of traffic for residents both within the planned area and the surrounding neighborhood. The suggested access point off of 13th Street terminating in a courtyard turnaround would also preserve the ability to utilize underground parking solutions on multiple parcels in the plan should the final design and density warrant below grade parking. The vertical development in this phase would provide the first of several opportunities to provide for residential uses with market rate and employee / attainable housing options worthy of consideration.

Option 1, showing Buildings D & E represents a higher density option for stacked flat units utilizing underground parking that could provide more units and possibly more return to the City or end developer. The foot prints for these buildings would be slightly larger than those designed on the same parcel in Option 2 and more consistent with recent condominium development in the lower half of the neighborhood. Option 2, depicts a lower density option utilizing triplex buildings with foot prints more consistent with traditional historic residences elsewhere in the neighborhood.

Phases III and IV

This phase has been designed for flexibility both in size and overall density. The size will largely depend on the City's appetite for either acquiring additional land or partnering with neighboring land owners to create an incentive for privately held properties to develop according to the City's preferred design standards and use patterns. The primary use associated with vertical development in these phases will be residential with limited opportunities for neighborhood scale commercial services or a food and beverage establishment.

Option 1 again depicts a higher density scenario where stacked flats over primarily underground parking would be utilized to maximize the number of units available within the height and space restrictions. These additional units could either provide for more employee housing opportunities or be utilized for market rate condominiums to improve the return on the land and minimize the expenditure of RDA or other municipal funds. The additional land required for this option could be purchased or brought into plan and guidelines through partnering / development agreements with the private sector.

Option 2 demonstrates a lower density development pattern that is likely to occur if less land is acquired by the City, less infrastructure subsidized by the RDA and private development interests control more of the land in the Implementation Plan area.

Financial Modeling

A financial model of the Implementation Plan has been prepared to provide a snapshot of potential costs and revenues that could be associated with the plan under the various scenarios. Development hard and soft costs have been modeled including but not limited to the following: construction costs, permitting fees, green building and public arts line items, sales commissions, land acquisition costs, and design fees. The financial model also provides inputs for financing scenarios, land sales, unit sales, commercial lease revenues, and residential rents to be projected over a ten year period. Typical indicators utilized by private sector developers such as Investor Rate of Return (IRR) and Return on Investment (ROI) are also provided.

The financial model was prepared based upon current economic indicators, industry specific cost information, and with input from staff on the development assumptions to be modeled for initial discussion. It should be noted that the financial summary presented with the plan is neither a true private sector developer model nor a model that exactly reflects the municipal role as facilitator and potential distributor of the land assets. Instead the current model is a blend of the two approaches to facilitate policy discussion about what role the Council believes the City should play in re-development of this portion of the Lower Park Avenue RDA Area. Staff will be provided with the ability to change various inputs and assumptions in the model. Based on City Council input, the model can be updated with staff to more accurately reflect the intended policy direction and the associated costs and benefits associated with that direction.

There are a few essential policy considerations that dramatically influence the costs and revenues associated with the options that have been studied from a land use and planning perspective. Staff will be hoping to garner Council input and direction in the following areas:

Ratio of Employee / Affordable Housing to Market Rate Residential: The costs associated with development of Employee / Affordable Housing is only marginally different than for creating Market Rate housing. However the revenues generated by Employee / Affordable rents are significantly less than from Market Rate sales especially modeled over a ten year horizon. Staff will be looking for direction on how big an emphasis to place on the creation of Employee / Affordable Housing in redevelopment of this area. Employee / Affordable Housing can be created in a number of ways. It can be developed by the City and subsidized either with RDA funds, Affordable Housing funds, or a combination. Restricted Affordable units can also be required through development agreements with the private sector participants who choose to participate in the plan. However the private sector will likely be able to bear a smaller ratio of affordable to market rate units if they are to remain profitable and be enticed to contribute private sector investment in the implementation plan area. The policy direction on how much Employee / Affordable Housing to pursue and through which means will greatly influence the overall costs, revenues, and profitability predicted by the financial model for any of the development scenarios that have been studied. For purposes of the financial summary provided staff advised:

- 80% of all residential units in the plan are assumed to be restricted affordable rental units with rents affordable to those at 40% of the area median income (AMI).
- The remaining 20% of residential units were modeled as for sale units with pricing affordable to those earning 80%-120% of the area median income.
- 100% of the residential units in the plan are modeled to provide for some niche of employee or affordable housing. This creates a financial model with the lowest return on investment.

Disposal of property or other Public / Private Sector partnership scenarios: One of the single biggest chips held by the City that will influence the costs and revenues associated with the modeled redevelopment is the use of City owned land. The ability to utilize publically owned land to support policy goals, generate revenues or entice private sector development partners is a well established and important tool in creating the intended pattern of redevelopment in RDA areas. The City's choices with respect to disposal of real property include the following range of options or some combination thereof:

- Sell parcels of land to private or non-profit developers to generate revenues that will replenish funds spent on public projects within the RDA
- Gift parcels of land to incentivize or require certain land use or policy objectives
- Provide land at a discounted value to incentivize or require land use or policy objectives
- Make land available to receive density from elsewhere in furtherance of policy objectives or development goals

Each of these options creates a different level of legal exposure and investment of staff time which should be vetted with senior management. Staff will be looking for preliminary direction on Council's preferred objectives and level of comfort with each of the options available. Future iterations of the financial model can be programmed to reflect the cost reductions or revenues realized by the options pursued.

RDA funds invested in infrastructure improvements: RDA funds could also be utilized to improve utilities, construct transportation related infrastructure, or develop public spaces depicted by the Implementation Plan. These expenditures would be shown on the cost side of the ledger when viewed from the municipal perspective and as a cost savings from a private sector point of view. In either case the amount invested will influence the return on investment and the likelihood of attracting outside investment in the plan. Staff will be seeking direction on the general level of investment preferred and which projects should be prioritized for funding.

RDA funds granted versus loaned or leveraged: RDA funds could be applied to actual construction costs or to provide improved development sites as a pure expenditure drawing down reserves in the RDA. They could also be utilized as matching funds for grants that may be available for transportation or housing related development and leveraged in this way to increase the overall investment in RDA area or to reduce the costs associated with those items for private sector development. Finally, RDA funds could be loaned directly or utilized to obtain low cost financing for selected projects reducing the overall cost associated with those improvements. Any of these scenarios could be specifically modeled in future iterations of the financial model and staff will be seeking direction on preferred vehicles for utilization of the funds available.

Summary:

The Implementation Plan and Phasing plan provide a template for two potential development patterns that could achieve a number of Park City Municipal policy objectives while achieving the primary objective of providing an additional identifiable and high functioning connection between the Resort on the hillside at the west end of the Lower Park Avenue neighborhood and another of the City's primary economic cogs the Historic Main Street Business District just a few blocks to the south and east. Providing the easiest means possible for residents and visitors to travel between these two focal points of the broader Park City Community will result in stronger economic returns for both the Resort and the Town, strengthen the ability to jointly market the amenities that are offered by each entity and further solidify the partnership between resort, city hall, and area businesses that is such a rare commodity among mountain resort towns.

The Implementation plan also seeks to create a smaller and more civic oriented focal point within the Lower Park Avenue neighborhood. This can be accomplished through the provision of a long term home for senior and educational activities, vibrant indoor / outdoor spaces that can host civic functions, and creating opportunities for a diversity of housing options.

Lastly, the final deliverables for the project will include the financial model that has been developed in conjunction with the Implementation Plan with the ability to update specific inputs and assumptions that will allow staff to make the financial summary a current reflection of ongoing discussion with and input from Council.