

PARK CITY

1884



Housing Assessment & Plan

Park City Municipal Corporation
2017



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PART II: OVERVIEW AND BACKGROUND

BACKGROUND

Park City Municipal Corporation has long been and continues to be committed to ensuring that housing is affordable to all sectors of our world class resort community. As part of a Long-Term Strategic Plan¹, the City Council of Park City Municipal Corporation developed four strategic goals (branches, Figure 1 page 3) and three critical priorities (gold leaves) to evolve and sustain a complete community. The goals and critical priorities guide decision-making and provide the structure for ensuring that incremental, measurable steps are taken to achieve the community's vision and values.

One of Council's Critical priorities is "Housing" which is defined as facilitating a range of affordable, quality housing opportunities that meet the life-cycle needs of households at all economic levels. Since the early 90's Council has been forward-thinking about the provision and preservation of affordable housing. In 1993, Park City issued the first of a number of housing resolutions that grew more goal-specific with each update. The most recent update – [Housing Resolution 03-2017](#) – was adopted in February of 2017.

This plan is prepared consistent with Section 10 of Utah Code which requires municipalities to complete "a Moderate-Income" housing plan every five years as part of the General Plan. In accordance with state code, the plan must contain an estimate of the need for additional moderate income housing. It must also provide plans for how the municipality will facilitate a reasonable opportunity for a variety of housing to be built "to allow persons with moderate incomes to benefit from and fully participate in all aspects of neighborhood

and community life."² The State's definition of moderate-income is 80 percent of Area Median Income (AMI) which in 2017 is \$74,448 for a family of three in Summit County.

Housing affordable to a diverse range of income levels is one of the key components to maintaining a complete community. City Council committed \$40M to build, buy and/or partner in projects to establish more units within city limits. In August of 2016, Council also added a numeric goal of 800 new units by 2026 with an interim goal of 220 units by 2020.

In 2005, the housing plan determined that the available low-cost rental housing was meeting the most critical needs of the target workforce. However there was a much greater need for affordable homeownership opportunities. The resulting plan focused on for-sale housing. In 2012, the assessment again found that for the region, Park City was providing an adequate amount of low-income rental units. Although additional affordable rental units were needed, the housing plan determined that the City's efforts should remain on ownership units.

In 2016, with the number of properties transferring from long term rental to nightly rental, the need for long term affordable rental units has increased significantly. Park City has remained focused on providing owner occupied affordable units to the community but recognizes that more work needs to be done to increase the inventory of affordable long term rentals in Park City.

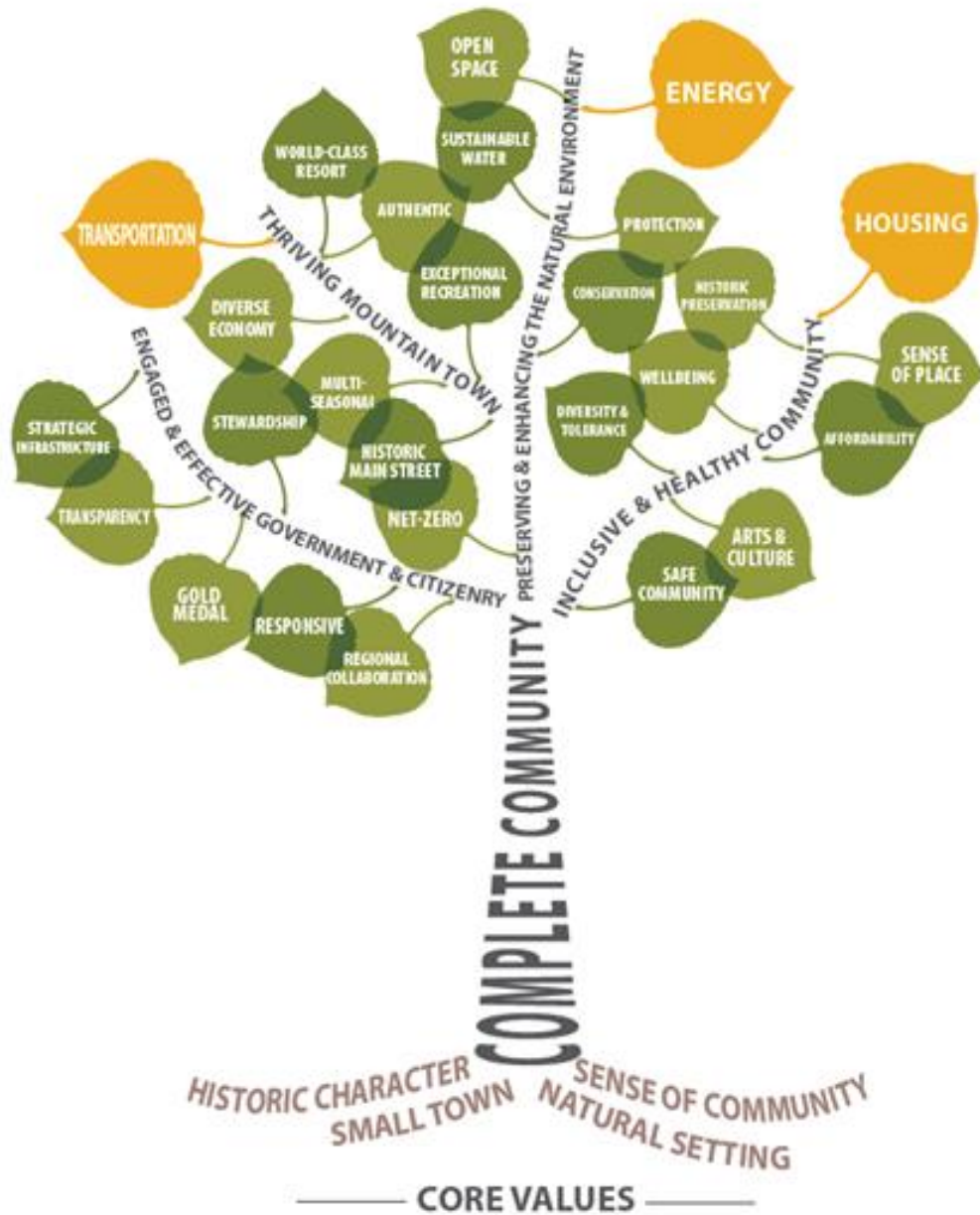
Affordable units have been built -- earliest in 1978 – through a variety of resources. Those resources include Federal Low-Income Housing Tax Credits (LIHTC),

¹ Park City Municipal's Long-Term Strategic Plan, www.parkcity.org.

² Utah Municipal Code: Municipal Land Use, Development and Management Act, Plan Preparation (10-9a-403).



Figure 1: Park City Municipal Corporation Long-Term Strategic Plan



USDA Rural Development funds, the efforts of local nonprofits such as [Mountainlands Community Housing Trust](#) (MCHT) and [Habitat for Humanity](#), the City functioning as developer, and private developers fulfilling housing obligations associated with the Housing Resolution. The City has provided assistance to bring about the success of a majority of the existing projects. Assistance has been in the form of gap loans, donation of land, fee waivers and payment for flood map changes for a number of projects.

Existing affordable units have been put into service as follows:

- Prior to 2000, 43 units were built by private developers and 326 units were built with the help of the Federal United States Department of Agriculture (USDA) Rural Development program and contributions from Deer Valley Resort in fulfillment of housing obligations.
- Between 2000 and 2012, 22 units were built by [MCHT](#) with a bridge loan from the City, 122 existing units were rehabilitated and upgraded using Federal Low-Income Housing Tax Credits also with gap loans from the City, 63 units were built by private developers to fulfill housing obligations, 13 were built by the City and one was built by [Habitat for Humanity](#).
- Since 2012, 17 units were completed to fulfill developer's housing obligations, 13 units were completed with a Federal Transportation Administration grant, 14 units completed at Park City Heights, a second unit by [Habitat for Humanity](#), and 8 units in Old Town built by the City.
- The City is currently developing a number of affordable housing projects that will result in 11 units in early 2018, an additional 12 units by the end of 2018, and over 100 additional units by 2020.

The current inventory now sits at 519 affordable, workforce and/or deed restricted

units within the city limits of Park City: 398 are rental units and 121 are owner-occupied. For a number of years, the city has maintained a goal of providing affordable housing equal to 10 percent of total housing units. The number of affordable units (519) currently equals five percent of all housing units (9,624) and 15 percent of units occupied year-round (3,407).

Figure 2: Transit Housing, 13 studios built by the city with a grant from the Federal Transportation Administration in 2013



Based on annual compliance reports, the affordable units in Park City are serving the following populations:

- Rental units built or preserved with LIHTC and or USDA Rural Development subsidy programs are serving households with annual incomes at 35 to 60 percent of AMI (\$26,500 to \$55,836);
- Rental units built by private developers as a result of housing obligations are serving households with annual incomes between 60 and 80 percent of AMI (\$55,836 to \$74,448); and
- Owner-occupied units are serving households with annual incomes between 65 and 105 percent of AMI (\$60,489 to \$97,713).

Park City Municipal Corporation provides “employer-assisted housing” to full-time



regular employees to encourage them to live within Park City’s School District boundaries. Assistance takes the following forms:

- Down-payment and closing cost assistance to enable employees to buy homes within the Park City School District boundaries (to date 34 loans have been made totaling \$406,000 in assistance);
- Up to six low-cost rental properties to assist in employee recruitment and retention purposes, helping employees by providing a stable place from which to find a permanent home in Park City;
- A housing allowance for those living within School District boundaries (28 percent of city employees currently qualify – down from 38 percent in the 2012 housing plan); and
- Sponsorship of seasonal affordable housing for transit employees utilizing city-owned units and renting homes for congregate use where possible.

- Provide a variety of high quality housing options to meet the diverse socio-economic needs of people who live and work here, including persons with special needs.
- Maintain a community that contains a broad diversity of owner-occupied and rental housing types.
- Promote housing that is energy efficient, environmentally sensitive, and that blends with the City’s natural environment.

In 2015, Council established housing as a Critical Priority: Providing Affordable, Attainable and Middle Income Housing. In 2016, City Council updated this goal to align with their Critical Priority of Environmental Sustainability to reduce commuters by providing local housing for 20 percent of the workforce. Of the total employees working in Park City, based on US Census data, 61 percent live outside the Park City School District boundaries, and 39 percent live within boundaries (14 percent within city limits and 25 percent in the surrounding region: Trailside, Snyderville Basin, Kimball Junction, Pinebrook and Jeremy Ranch areas).³

Affordability is based on a universally accepted formula that households should spend no more than 30 percent⁴ of their income on basic housing costs which includes mortgage or rent and basic utilities.

Figure 3: The Retreat at the Park, 8 single family homes built in 2017



GUIDING VISION FOR PARK CITY’S AFFORDABLE HOUSING PLAN

In 2005, City Council adopted a vision for affordable housing – ***Promote the availability of a range of affordable, quality housing for persons of all economic levels.*** This vision included the following goals:

³ US Census Bureau Longitudinal Employer-Household Dynamics 2015.

⁴ **AFFORDABLE HOUSING:** In general, housing for which the occupant(s) is/are paying no more than 30 percent of income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb – from the HUD User website at http://www.huduser.org/portal/glossary/glossary_a.html.



PART II: CURRENT STATUS OF ECONOMY AND HOUSING

HOUSING NEEDS AND CURRENT MARKET CONDITIONS

Park City is a world-class resort community that demands world-class amenities be provided on a constant basis, which requires a large workforce. Wages for hospitality jobs are more than 20 percent below average monthly wages in Summit County. In contrast, according to the September 2017 sales report provided by Utah Association of Realtors, housing sales prices in the Park City region are significantly higher than any other area in Utah; 279 percent higher than the State average and 168 percent higher than the next highest region (Wasatch County)⁵. The discrepancy between employee wages and rising housing prices continue to move further apart, causing the housing needs in the Park City community to intensify.

In this housing assessment, data is being used to create a framework for understanding housing affordability while the primary focus is on analyzing affordable housing demand. Using data from a number of sources, this assessment will focus more on how Park City has created policy and program goals to help address affordable housing demand in the next five years. The sources being used are listed below:

- [2016 Housing Market Assessment](#) conducted by James Wood, faculty member of the Bureau of Business and Economic Research at the University of Utah (Wood Study)
- [2016 Housing Review](#) by Economic & Planning Services, Inc. (EPS).
- [2017 National Citizen Survey](#) (NCS) that is conducted every two years by a collaborative effort of National Research Center, Inc. and International City/County Management Association.
- [2016 Recommendations](#) of the Blue Ribbon Housing Commission (BRHC).
- [2016 Survey of city employees](#) to understand their housing preference: type and location.

The studies can be found in their entirety posted to Park City’s website at www.parkcity.org. Census data was also utilized from the [2016 American Community Survey \(ACS\)](#).

Figure 4: Population Changes in Park City

Year	Park City Population	Absolute Change	Percent Change
1970	1,193	-173	-13%
1980	2,823	1,630	137%
1990	4,468	1,645	58%
2000	7,371	2,903	65%
2010	7,558	187	3%
2016	8,064	506	7%

⁵ Utah Association of Realtors, September Sales Report, 2017.



Demographics

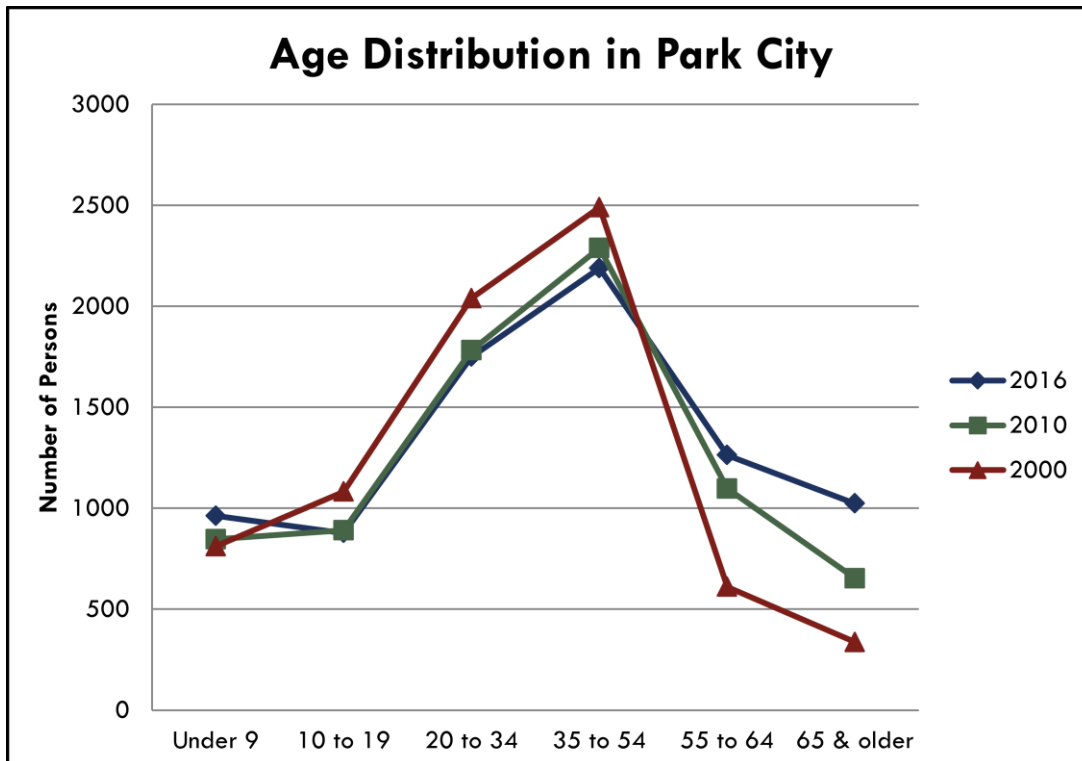
The total population in Park City has changed little since 2000 (7,317). In the 2010 Census, permanent, year-round population increased by 187 persons to a total of 7,558, and the 2016 ACS estimate adds another 506. These relatively small changes are significant from prior decades. In the years between 1980 and 2000 population increased substantially (see Figure 4, page 6)⁶.

While the net population has increased little since 2000, there was considerable increase in the average age of the population. Total population in persons aged 10 to 54 decreased by 800. In the same timeframe the number of persons aged 55 and older increased by over 1,300 or 30 percent.

The average household size in Park City today is 2.3 persons⁷. This number is important in planning for the type and size of housing that will meet the needs of Park City’s population over the next five years. Like other areas of Utah, household size is expected to trend downwards, so that in future years, smaller homes will likely meet an average family’s needs, both physically and economically.

Park City’s median age and family size are going in opposite directions. Family size is trending down and median age is trending up. Figure 5 below shows the number of persons aged 55 and younger decreasing, while the number of persons aged 55 and above is on the rise. In addition, the median age was 32.7 in the 2000 Census and rose to 37.4 in 2010⁸ and 40.4⁹ in the 2016 ACS estimates. According to the Wood Study,

Figure 5: Age Distribution



⁶ U.S Census and 2016 American Community Survey, www.factfinder.census.gov.

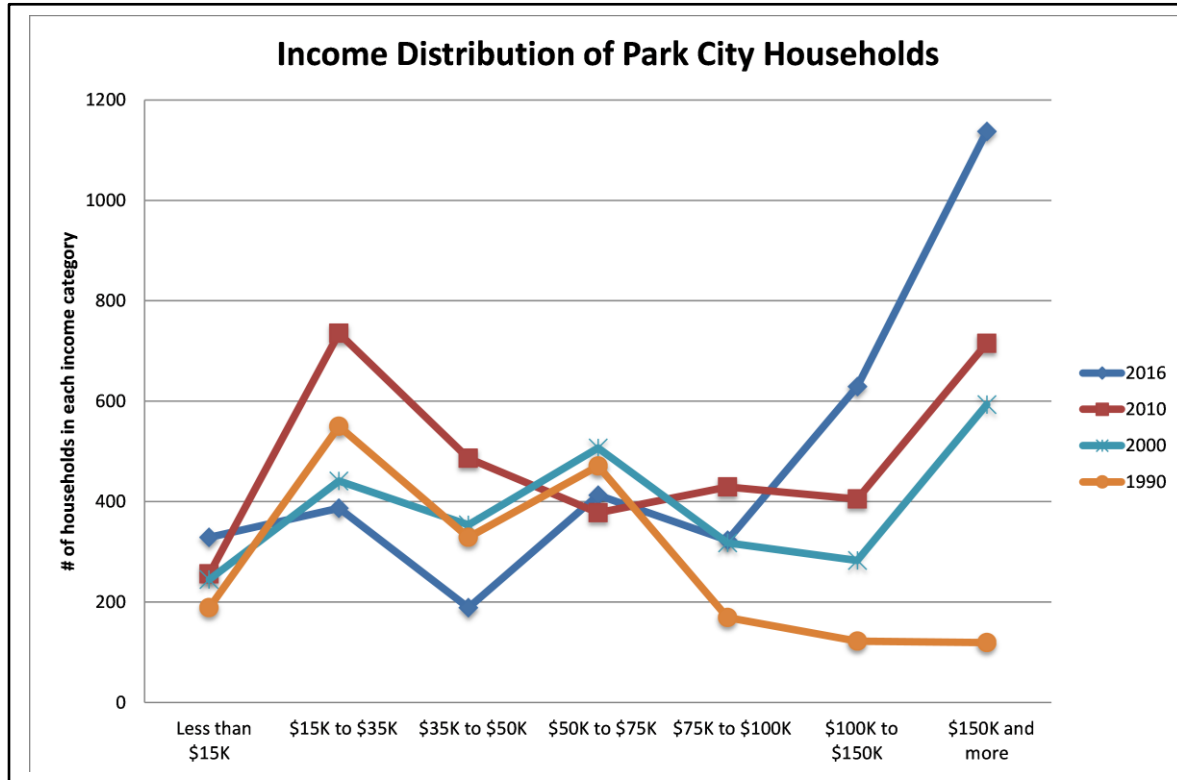
⁷ U.S. Census, 2016 ACS

⁸ U.S. Census

⁹ U.S. Census, 2016 ACS



Figure 6: Distribution of Household Income



the age group growing most is between 65 to 74 years of age and “almost ten percent of the population of the city” is in this age group.”¹⁰

Park City’s population continues to be primarily White and in most recent years the Hispanic or Latino population has been decreasing. According to 2016 ACS estimates, Hispanic/Latino persons make up 16 percent of the population as compared to 24 percent in the 2010 Census. Other population groups such as African American, Asian or American Indian have changed little and continue to make up less than three percent of Park City’s population.

Economy

The Economic Development Department of Summit County produced a 2017 fourth

quarter data set¹¹ reporting a total of 14,221 jobs within the city limits of Park City. “Employment trends in Park City show that the peak was 15,400 jobs in 2008.”¹² Following the 2008 Recession, jobs were down by 25 percent. The current data indicates that after an initial slow recovery, Park City’s recovery is speeding up.

Today, economic projections are strong for Park City and the resort industry as a whole. In 2016, visitor numbers and sales tax revenue was up. In the past five years, Park City has seen year-over-year growth of ten percent in sales tax revenue.¹³ A recent financial report provided by the City’s Budget office states that “sales tax revenue has shown significant growth over the past three years...” and is projected to continue

¹⁰ Wood, James, *Park City Housing Needs Assessment*, Bureau of Economic and Business Research, University of Utah, 2016, page 2 (Wood Study).

¹¹ *Industry Snapshot: Emsi Q4 2017 Data Set*, December 2017, www.economicmodeling.com Summit County Economic Development Department

¹² Wood Study, page 3.

¹³ *2016 Financial Impact Assessment Report: 10-Year Projections of Park City’s Financial Condition*, pg 2.



rising through the next few years.¹⁴ These projections also indicate the likelihood that the cost of living will also increase over the next five years.

The downside to this economic forecast is that the primary industry in Park City is the service and hospitality industry which pays on average 20 percent less than other jobs. Figure 6 on page 8 shows that the number of lower income households living within the city limits is on the decline. So, while the number of employees earning lower wages is on the rise, fewer and fewer are living within the city limits.

In March of 2017, the Department of Housing and Urban Development (HUD) determined that AMI for a family of three in Summit County is \$93,060. AMI has long been the standard for projecting housing affordability in communities across the nation. However with Park City’s high cost of living and housing costs, average incomes also trend high and do not illustrate key issues for the local work force. For example, the 2016 ACS estimates that 716 households (21 percent) in Park City are earning less than \$35,000 annually. In contrast 1,766 households (52 percent) earn \$100,000 and more.

A number of years ago, city staff began calculating a Workforce Wage (WFW) based on wage data provided by Utah Department of Workforce Services. The WFW is more indicative of the financial constraints under which key community members must live. The data from 2016 reveals that the annual WFW for an average Park City household (family of 3) was \$57,173.¹⁵ This is equal to 61 percent of AMI as determined by HUD.

Figure 7: AMI as Compared to WFW for a Family of 3

	100% AMI	100% WFW	WFW as % of AMI
2017	93,060	57,173	61%
2012	90,270	55,714	62%
2010	83,970	51,764	62%
2005	75,060	46,746	62%
2000	61,470	42,434	69%

While economic diversity has been vital to Park City’s character as a community, ensuring that all income levels are able to live in town is becoming more critical to sustaining Park City as a Complete Community. In fact, Figures 5 and 6 on pages 7 and 8, illustrate trends moving farther away from that vision. Not only is Park City’s population aging, the population is increasingly weighted toward higher incomes. Without additional affordable housing suited for wage earners in the lower and middle income brackets, increasing numbers of workers will be commuting.

Housing Profile

According to 2016 ACS estimates, there are 9,624 housing units in Park City. As a resort town with many vacation and second homes, Park City has a high vacancy rate. In 2016, 6,217 or 65 percent of all housing units were secondary, vacation or investment properties and 3,407 or 35 percent were primary residences. This percentage has held true over the past 20 years with the exception of the 2000 Census. The 2000 Census captured an influx of people moving into town for the 2002 Salt Lake City Winter Olympic Games and the number of secondary homes dropped to just over 59 percent. In other Census years it has held fairly steady - close to a 70/30 split between secondary and primary homes, respectively.

¹⁴ *Park City Municipal’s Fiscal Year 2018 Budget*, June, 2017, Vol. 1, page 46.

¹⁵ Workforce Wage is calculated as follows: Most recent annual end-of-year average monthly income from the Utah Department of Workforce Services plus 3% for additional earnings such as tips, bonus, overtime, etc.; plus another 3% for other income such

as investment income, non-cash benefits, etc.; and multiplied by 1.5 to account for the average jobs per household in Park City.



Park City has a lower ownership rate as compared to the rest of Summit County and the State of Utah. In 2016¹⁶, 59 percent of the 3,407 primary residences were owner occupied and 41 percent were long-term rental properties. This is slightly lower than identified in the 2010 Census (62 percent). The number of owner occupied homes has remained fairly steady for the past 15 years. In comparison, Summit County has a 73 percent ownership rate which is much closer to the state level of 70 percent.¹⁷ Park City’s low rate of owner-occupied homes is one more indicator of the high costs to live here: high real estate costs caused by the spending power of vacation and second home buyers, as well as high construction and land costs.

According to the Utah Association of Realtors 2016 fourth quarter sales report, the median housing price in the Park City region continues to be higher than any other area in Utah (condominiums and detached homes combined). The report places the median sale price in Summit County (for all types of housing) at \$740,000 which is 279 percent higher than the state median and 168 percent higher than the next highest region (Wasatch County).

For this reason, in order to maintain a Complete Community in Park City, housing

programs need to meet the needs of a wide range of household incomes: 60 to 120 percent of AMI (\$55,836 to \$111,672 for a family of three). The size of the range in targeted AMI is due to high housing prices, which are out of range for even essential employees with higher incomes, such as Police and Fire Chiefs, School Superintendents, Doctors and Medical Clinic Managers. Currently a household would need an income of \$195,000 (210 percent of AMI) to afford the 2016 median sale price mentioned above.

Rental Market

In 2016, the Wood Study included an analysis of rental properties and found that the “rental inventory in Park City is much older than the owner occupied inventory. The typical rental unit was built in 1979...and ten percent of all rental units were built before 1939.”¹⁸

In addition, the Wood Study reported that Park City’s rental market is difficult to survey. There are “very few traditional apartment projects...[and] the rental market is divided into market segments: apartment units and condominiums for rent” reflecting the needs of the City’s economic base: winter sports activities.¹⁹ Wood further notes that “many of the year-round rental units are within family homes: 35 percent of all rental

Figure 8: Rent, Mortgage and Sale Price Affordability Analysis

2017 Park City Housing Affordability Analysis			
% of AMI	Annual Income	Monthly rent or mortgage	Purchase Price
30%	\$26,500	\$663	\$102,621
50%	\$46,530	\$1,163	\$180,187
60%	\$55,836	\$1,396	\$216,225
80%	\$74,448	\$1,861	\$288,300
100%	\$93,060	\$2,327	\$360,375
120%	\$111,672	\$2,792	\$432,449

¹⁶ U.S. Census, 2016 ACS
¹⁷ U.S. Census, 2016 ACS

¹⁸ Wood Study, page 2.
¹⁹ Wood Study, page 13.



*units in the city are in detached single-family homes. Surveying these units regarding rental and vacancy rates is very difficult...*²⁰

Occupancy rates in traditional rental units (multi-unit apartments) has hovered around 97 percent and above, which is a virtually fully occupied rental market. Rents have been steadily climbing since 2009 and have begun hitting unaffordable levels in the past two years. There is a demonstrated need for rental units priced at both “close to market-rate” and affordable rates.

The most affordable rental units are those built or substantially rehabilitated using the Low Income Housing Tax Credit (LIHTC) and those subsidized by HUD and USDA programs. HUD programs are in such high

As the nightly rental inventory continues to rise with the popularity of web-based rental programs such as Airbnb, the inventory of long term rentals are diminishing, leaving very few options for both year round and seasonal residents.

Ownership Market

Outside of small studio units, there are no homes of any type (condominiums, townhomes or single family homes) affordable to households earning 80 percent of AMI (\$74,448 for a family of three) or less. According to the Park City Board of Realtors, the median price for a single family home sold between May and November of 2017 in Park City was \$1.9M. The median sale price for condominiums during the same time period was \$717,000.

Figure 9: Affordable Housing inventory within the city limits

Current Inventory of Affordable Units			
Sources	Rental	OO	Totals
HRHO*	59	76	135
LIHTC	326		326
City Developed/Sponsored	13	21	34
Local Nonprofits		24	24
Totals	398	121	519

*HRHO = Housing Resolution Housing Obligations

demand in more populated areas of Utah limiting the availability of subsidies in Summit County. LIHTC, a federal program administered through the Treasury Department, while some of the most affordable rental properties, are also no longer serving the lowest income households in the community. “Only fifty-nine of the tax credit units...are targeted for very low income households”²¹ or below 50 percent of AMI (\$46,530 for a family of three). New very low income rental units are needed.

Regional sales in Midway and Heber City for the same time period were \$442,000 and \$336,500, respectively. For homes in Park City to be affordable to households at 60 to 80 percent of AMI (\$55,836 to \$74,448), prices would need to range between \$200,000 and \$300,000.

²⁰ Wood Study, page 13.

²¹ Wood Study, page 15.



CURRENT AFFORDABLE HOUSING STOCK IN PARK CITY

Within the city limits there are currently 519 affordable units. Affordable housing has been financed in a variety of ways:

- Housing obligations resulting from MPD and Annexation development agreements, referred to as Housing Resolution Housing Obligations (HRHO) in Figure 8 on page 11. HRHO units are privately financed and have produced both long-term rentals and owner-occupied units
- Federal Low-Income Housing Tax Credits (LIHTC) and USDA Rural Development, which provides subsidy to make low rents possible.
- Ownership units built by local nonprofits such as [Mountainlands Community Housing Trust](#) and [Habitat for Humanity](#).
- Projects developed by the City such as ownership projects at Snow Creek Cottages and 1450 Park Avenue, as well as rental units for seasonal transit employees funded by a grant from the Federal Transportation Administration.

Compliance reports are collected each year from the owners of all the deed restricted or workforce housing in town. There are currently 149 units in the inventory of deed

restricted housing units. Of the 149 units, 60 percent or 90 units are owner-occupied, and 40 percent or 59 units are long-term rentals.

The following is a profile of these households:

- All but one of the 18 units located in Empire Pass and Deer Valley areas are occupied by employees working in that region and earning between 60 and 80 percent of AMI (\$55,836 to \$74,448);
- 42 rental units in Prospector and Old Town are home to resort, retail and restaurant employees earning between 40 and 60 percent of AMI (\$37,224 to \$55,836); and
- 90 owner-occupied units scattered throughout the community are home to employees of: Summit County Health Department, Park City-based nonprofits, property management firms, ski and snowboard industries, Park City Municipal Corporation, Park City School District, IHC Park City Medical Center, two area ski resorts, local retail and restaurants, and earning annual incomes between 60 and 100 percent of AMI (\$55,836 to \$93,060).

As described on page 4 above, the City also has an employer-assisted housing program. The City’s programs can be replicated by other Park City-based employers. One of the resorts is already providing assistance.

Figure 10: Location of Affordable Housing Units

Location of Affordable Units			
Location	Rental	OO	Totals
Old Town	13	35	48
Thaynes/Snow Creek Area		33	33
On Mountain - Empire Pass & Deer Valley	17	1	18
Prospector/Bonanza Park	246	21	267
Park Meadows	122		122
Park City Heights		14	14
Black Rock Ridge		17	17
Totals	398	121	519



Deer Valley Resort owns and leases properties for their winter seasonal workforce. An added provision of down-payment and closing cost assistance or housing allowances might also help year-round workforce members find homes in town.

**Figure 11: Silver Meadows Estates,
 49 duplexes built in 1996**



In the past, affordable units have served as stepping stones – assisting workforce households to move from a deed restricted property into the conventional market. This is an ideal scenario and Park City’s affordable housing programs should continue to provide this for as many households as possible.

Aging Deed Restricted Units

There are close to 60 units that were built in the mid-1990’s. They are a mixture of duplexes and condominiums. Most of the units would benefit from major structural and system upgrades. The balances in replacement reserve accounts are varied. In one case, the HOA never established a replacement reserve and are now dealing with very high HOA dues to prepare for capital improvements such as roof replacement, exterior and interior painting and carpet replacement. Older units would

also benefit from energy efficiency upgrades especially in light of the city’s community-wide goal of achieving net-zero by 2032.

RECOMMENDED STRATEGIES

Housing Development

In order to reach and maintain a level of 20 percent of employees living within city limits, 80 new units will need to be added each year over the next ten years.²² Based on this, at their August 4, 2016 meeting, City Council committed the city to a goal of 800 new affordable units by 2026 with an interim goal of 220 units by 2020.

Current Census Bureau data estimates that 14 percent of workforce members live within the city limits and another 25 percent live in the immediate region (Snyderville Basin, Quinns Junction, Kimball Junction, Trailside, Pinebrook and Jeremy Ranch neighborhoods). This totals to 39 percent living within the Park City School District boundaries.²³

A past goal stated that ten percent of all housing units should be affordable (not distinguishing between permanently occupied units and 2nd homes and vacation properties). The number of affordable units (519) currently equals five percent of all housing units (9,624) and 15 percent of those homes occupied year-round (3,407). To meet the ten percent goal (of total units), 444 units need to be added to the inventory. To be clear, both numbers calculated above are “point in time” numbers and not exact. They are still an important goal even as circumstances change in future years along with changes in jobs, income levels and the construction of new homes.

Park City Council recognizes that private developers alone will never meet the

²² Park City UT Housing Review, Economic & Planning Systems, Inc. (EPS), 2016, page 59.

²³ US Census Bureau Longitudinal Employer-Household Dynamics 2015.



affordable housing needs of the community. Land and construction costs are simply too high making it impossible to provide affordable prices (rent or sale) without deep subsidies. Current and future housing obligations associated with development agreements are projected to net 400 units. The balance will be developed directly by the City, or in partnership with other entities. To that end, in 2016 Park City Council committed \$40M to launch a multi-year development pipeline as detailed in Part III on page 16.

Stewardship of Existing Inventory

Grounded Solutions, a national nonprofit with a mission to advance the cause of permanently affordable housing, is focused on the core issues of how to ensure that affordable homeownership programs realize generational success and are sustainable on a long-term basis. Grounded Solutions emphasizes the critical nature of the stewardship of existing affordable units. Protecting units for the long-term is protecting the public subsidy supporting the development of affordable units.

In the past, Park City Municipal Corporation has been fairly hands-off as to how the deed restricted properties are managed and/or maintained. The current process for maintaining affordability is that once a unit is sold, other than annual compliance tracking, no other inspections have been conducted. *“Stewarded programs ... protect the community (or public) investment by monitoring the physical asset and enforcing program requirements over the long term.”*²⁴

Staff recommends that over the next few years a program be established for stewardship of physical structures and financial stability of deed restricted properties. This will require a higher degree of interaction with the HOAs of deed

²⁴ Grounded Solutions Network, www.groundedsolutions.org/resources/#standards

restricted, owner occupied units. A sample work program would include:

- Providing education and technical assistance to HOAs;
- Reviewing annual HOA financials;
- Utilizing PCMC Building Department to inspect properties at regular intervals;
- Meeting annually with HOA boards;
- Establishing a quarterly newsletter for owners to provide education, announcements, and reminders that they are stewards of a valuable community asset: Affordable Housing; and
- Continuing the “buy-back and sale” program launched in 2017 to update deed restrictions with more current language.

Review of Housing Policy

The City put the first Housing Resolution in place in 1991. To date, 135 deed restricted units have been built to fulfill housing obligations associated with Master Planned Developments (MPD) or Annexations. The number of units resulting from these negotiated development agreements has not been significant: 135 in 26 years, with 15 more in the pipeline. According to the 2016 Housing Study by the EPS, the Housing Resolution “*applies to less than 50 percent of all residential development activity.*”²⁵

In order to increase the effectiveness of the Housing Resolution, staff is working on a few items that may provide more equitable distribution of housing obligations. Additional study will be completed in the following areas:

- Employee generation numbers as they pertain to recreation and amusement enterprises: EPS conducted a survey of local businesses in 2016 which resulted in very few changes to historic employee generation numbers. Prior to the EPS study, the city utilized data

²⁵ EPS, page 1.



compiled by Rees Consulting, Inc. and RRC Associates, Inc. from surveys of more than 20 western ski towns completed between 1990 and 2008. The survey conducted by EPS confirmed that most categories were fairly accurate. The outdoor recreation category that includes the ski resorts is one of the most impactful for Park City and needs further study to ensure that the formulas are based on accurate data.

- Basis for applying the residential formula. The current residential formula used to calculate housing obligations is 15 percent of units. Two projects of ten units would be treated the same even though one might be 5,000 SF units and the other 1,000 SF units. Staff is completing additional research to address a recommendation made by both EPS and the Blue Ribbon Housing Commission in 2016. The study is two-fold: examining the pros and cons of expanding residential requirements to all development totaling over a certain SF; and assessing the feasibility of requiring 15 percent of SF or number of bedrooms rather than units built.

Deed restrictions are critical to carrying out the city's housing policy. These legal documents recorded against affordable housing properties make it illegal to disregard affordability protections

Figure 12: Snow Creek Cottages, 13 single family homes built in 2009



established for each particular unit. Housing staff has worked with the City Attorney's office to update the template for these documents based on lessons from operational experience. For instance, the earliest deed restrictions recorded in 1997 allow for rental of properties after a qualified owner-occupant decides to move elsewhere. The requirement not allowing rental of owner-occupied properties was not added to deed restrictions until after 2005. More recent deed restriction documents are much tighter in their language especially as it pertains to compliance and consequences for lack of compliance.

In 2017, at the guidance of City Council, staff instituted a new "buy-back and sale program". The city exercises its first right of refusal on any sale of a deed restricted unit that has outdated deed restrictions. The deed restrictions are amended to include current language and then the unit is sold to a qualified household.

In addition, planning staff is conducting a thorough review of municipal code § 15 Land Management Code (LMC) to identify potential impediments to affordable housing development, such as:

- Density and relationship to open Space;
- Unit size and relationship to open space;
- Usability of open space; and
- Reduction in parking relative to size of unit.

Based on the review, staff will bring recommendations to Planning Commission to amend specific sections of the LMC to incentivize development of more affordable units.



PART III: FIVE-YEAR AFFORDABLE HOUSING PLAN

AFFORDABLE HOUSING PROJECT PIPELINE

The first recommendation is to ensure that all projects in the pipeline are successfully built and sold or leased to eligible households. The following affordable housing projects are in the works and will produce more than 220 units. See timeline in Exhibit A.

- Ivory Homes – under sales agreement with Park City Municipal Corporation – will build 79 affordable homes as part of their larger Park City Heights development in Quinn’s Junction. To date 14 are completed and 14 are in the pipeline for completion in 2018 with plans for completion of 8 to 12 homes in future years until all attainable units are completed.
- Complete the purchase of Central Park Condominiums (11 Units)
- Additional City-sponsored projects:
 - Woodside Park Phase I (12 units)
 - 1875 Homestake Drive (50-60 units)
 - Woodside Park Phase II (50-60 units)
 - Arts & Culture District (# of units TBD)
- A balance of 15 units will be built to fulfill the affordable housing obligations of private developers working in the Empire Pass area.
- Affordable housing units will be considered for all the City’s future capital projects.
- The City’s transit department has a number of projects planned for seasonal transit employees.

GOALS

To meet housing needs over the next five years, staff recommends the following goals:

Goal 1: Add units as outlined in the pipeline above and in Exhibit A attached.

Goal 2: Complete review and amend LMC § 15-6-7 as well as the Housing Resolution to address outstanding policy issues.

Goal 3: Establish a Stewardship Program for owner-occupied, deed restricted properties.

Goal 4: Continue the “buy-back and sale” program to update older deed restrictions as properties are available for sale.



Park City Municipal Corporation Affordable Housing Pipeline

