

Resolution 25-12

RESOLUTION ADOPTING AFFORDABLE HOUSING GUIDELINES AND STANDARDS FOR PARK CITY, UTAH

WHEREAS, the livability and viability of Park City is directly affected by the availability of a sufficient amount of housing affordable to all residents; and

WHEREAS, the City Council desires to establish policies to ensure a reasonable opportunity for a variety of housing and which bears an essential nexus to maintaining the social, economic and political fabric of the community; and

WHEREAS, the 2012 Park City Housing Assessment and Plan concluded that housing costs continue to outpace wages in the service sector areas of the resort-based economy and has resulted in making housing unaffordable to working residents of the City; and

WHEREAS, the 2012 Park City Housing Assessment and Plan projects that the Leisure and Hospitality employment sector will continue to drive the demand for additional workforce housing in Park City; and

WHEREAS, it is in the best interest of the community and a legitimate government interest to formulate guidelines and standards to establish a consistent criteria for review of Master Planned Development applications and annexation petitions and other development actions where affordable housing is needed to mitigate the impact of the project on the community; and

WHEREAS, the cost of providing affordable housing and any solutions should equitably apportion the cost based on impact generation, growth inducement and the underlying goal to provide a diversity of housing types and prices in our community in order to maintain a healthy economy and diverse population.

NOW, THEREFORE BE IT RESOLVED, by the City Council of Park City, Utah as follows:

SECTION 1. ADOPTED HOUSING STANDARDS AND GUIDELINES. The following housing standards and guidelines are hereby adopted. Unless otherwise defined separately herein, all words and terms shall have the same meaning as defined in the Land Management Code, as amended.

SECTION 2. APPLICABILITY. These standards shall apply to all new Housing and Commercial Development created under Title 15, Chapter 6 Master Planned Developments and Title 15, Chapter 8 Annexations of the Park City Land Management Code. These standards shall apply to prior agreements on density or configuration unless specifically addressed within Development Agreements.

SECTION 3. PURPOSE. The purpose of this Resolution is to ensure that new development does not adversely affect the supply of affordable housing in the City and to maintain the social, economic and political fabric of Park City's community character. It is intended that the requirements imposed herein are roughly proportionate and reasonably related to the impacts of the Development.

SECTION 4. REVIEW. This Resolution shall be reviewed by the City Council at least biennially to ensure that these standards are meeting the housing goals and objectives.

SECTION 5. DEFINITIONS.

- **Affordable Housing:** Housing costs – rent plus basic utilities or mortgage, tax, insurance and/or Homeowners Association payments – that consume no more than 30 percent of a household's income.
- **Affordable Housing Unit:** Dwelling units that are deed restricted to the housing size and type for individuals meeting occupancy guidelines approved by the Park City Council.
- **Affordable Unit Equivalent:** A two-bedroom unit with 900 square feet of Net Livable Space shall be considered one Affordable Unit Equivalent.
- **Bedroom:** Designed to be used for sleeping purposes and which contains closets and meets all applicable City Building Code requirements for light, ventilation, sanitation and egress.
- **Deed Restriction:** A contract entered into between Park City Municipal Corporation and the owner or purchaser of real property identifying the conditions for occupancy and resale.
- **Household:** All related and unrelated individuals occupying a unit.
- **Household Income:** Combined gross income of all individuals who will be occupying the unit regardless of legal status. Adjustments to the gross for business expenses can be made for persons who are self-employed.
- **Net Livable Square Footage:** Is calculated on interior living area and is measured interior wall to interior wall, including all interior partitions. Also included, but not limited to, habitable basements and interior storage areas, closets and laundry areas. Exclusions include, but are not limited to, uninhabitable basements, mechanical areas, exterior storage, stairwells, garages (either attached or detached), patios, decks and porches.
- **Park City Workforce Wage:** The median wage of the core Park City workforce as determined annually by the City Council. See Section 17.G. for calculation method.
- **Studio Unit:** Living quarters designed around a relatively large single room incorporating the features of a living room, bedroom, dining room/kitchen and bathroom.

SECTION 6. EXEMPTIONS. The development of affordable housing units as defined by the Land Management Code is exempt from the requirements of this Resolution. This may include

projects developed by or sponsored by nonprofit organizations and projects for which agreements have been executed that provided affordable housing or land for said purpose

An Applicant has received approval for a 128 unit Master Planned Development.

1. 128 units (total units approved) multiplied by .15 (residential mitigation rate) equals 19.2 Affordable Unit Equivalentents.
2. One Affordable Unit Equivalentent equals 900 square feet of net livable space.
3. The total approved units for this MPD is 128 market rate units plus 19.2 affordable unit equivalentents which equals 17,280 total net square feet of additional livable space.

B. Commercial Development

The Developer shall be required to mitigate 20 percent of the employees generated. For projects with a commercial component, the minimum affordable housing requirements shall be determined according to the following formulas:

Table 1: Employee Generation by Type of Use.

Type of Use	Full Time Equivalentents (2080 hours) per 1,000 net leasable square feet
Restaurant/Bar	6.5
Education	2.3
Finance/Banking	3.3
Medical Profession	2.9
Other professional services	3.7
Personal services	1.3
Real Estate/Property management	5.9
Commercial/Retail	3.3
Recreation/amusements	5.3
Utilities	2.9
Lodging/hotel	0.6/room
Condominium Hotel	Greater of lodging/hotel calculation or residential mitigation rate
Overall/General	4.4

The Overall/General Type of Use shall apply to any use not listed in the Employee Generation Table if an Independent Calculation is not performed.

EMPLOYEE GENERATION CALCULATION EXAMPLE

An application for a Master Planned Development of 20,000 square feet of commercial space and 100 hotel rooms has been submitted. The commercial uses include:

- o 10,000 square feet of retail space
- o 5,000 square feet of restaurant/bar space
- o 5,000 square feet of professional services

1. Using the above Employee Generation Table, the project will generate 144 employees.
 - *Retail* at 3.3 employees per 1,000 square feet equals 33 employees
 - *Restaurant/Bar* at 6.5 employees per 1,000 square feet equals 32.5 employees
 - *Professional Services* at 3.7 employees per 1,000 square feet equals 18.5 employees
 - *Hotel* at .6 employees per unit equals 60 employees.
2. 144 (total number of employees) multiplied by .20 (mitigation rate) equals 28.8 employees.

3. 28.8 employees divided by 1.5 (workers per household) equals 19.2 employee unit equivalents required.

4. The Developer is required to provide 19.2 Affordable Unit Equivalents or a total of 17,280 net square footage of additional living space in addition to approved commercial and hotel density.

C. Reduction of Employee Generation for Institutional/Nonprofit Use. The City Council may reduce the base employee generation rate by up to fifty percent for uses that are “non-commercial or non-residential in nature, which provide educational, social or related services to the community and which are proposed by public agencies, nonprofit agencies, foundations and other similar organizations” upon finding that the benefits/impacts of such Development as they relate to other general plan goals and/or action items outweigh the housing impacts.

D. Independent Calculation. An applicant may submit an independent calculation of the number of employees to be generated by a proposed development, to be used in place of the Employee Generation Table. The independent calculation shall be accepted by the City Council if the Council determines the calculation constitutes compelling evidence of a more accurate calculation of employee generation than Table 1: Employee Generation Table. Should the independent calculation not be accepted, then the applicable employee generation factor from the Employee Generation Table shall be applied to the proposed Development. Any acceptance of an Independent Calculation shall be site and use specific, non-transferable and be memorialized in a Development Agreement between the property owner and the City. Such Agreement shall be executed prior to the issuance of any building permit.

E. Redevelopment: Additions and Conversions of Use. Redevelopment or remodeling in an existing use or the change in use from one use to another is exempt from the requirements of this Resolution, provided such activity does not create additional employment generation as determined in *Table 1: Employee Generation by Type of Use*. Only the uses and areas that existed prior to the redevelopment or remodeling shall be exempt from the requirements of this Resolution. Any new area or unit or any change in use which creates additional Employee Generation as determined in *Table 1: Employee Generation by Type of Use* shall be subject to this provisions of this Resolution. Mitigation shall be required for the employees generated by the proposed total square footage (including addition) minus the employment generation of the total structure. If the developer converts one land use to another with higher employment generation rates, the mitigation will be based on the increase in FTEs. For example, a conversion of a 1,000 sq. ft. retail establishment with an employee generation rate of 3.3 FTEs per 1,000 square feet to a private club with a generation rate of 6.5 FTEs per 1,000 square feet results in a net increase in 3.2 FTE and would require additional mitigation.

F. Final Unit Requirement Calculations. The final calculations for the number of inclusionary units and the rental or sales price for these units shall be made prior to the issuance of building permits for the covered project.**SECTION 9. METHODS OF HOUSING REQUIREMENT COMPLIANCE**

A. Size and Design Standards for Affordable Housing Units

1. Unit Types: The distribution of dwelling unit types that meet the deed restricted affordable unit requirements of this section shall be as follows:

- **Single Family:** In single family detached dwelling unit developments, the required on-site permanently affordable units shall also be single family detached units.
 - **Mixed Unit Type:** In developments where there is a mix of two or more unit types: single-family detached units, attached units, multi-family apartment units, or other dwelling unit types, the required on-site deed restricted units shall be comprised of the different unit types in the same proportion as the market rate dwelling units within the development.
 - **Alternative Distribution Ratios:** Different unit distribution among the deed restricted affordable unit types may be permitted if doing so would accomplish additional benefits or result in a better design than not using the distribution of units provided for in this section.
2. **Minimum Sizes for Deed Restricted Units:** In order to assure livability, the net livable square footage for affordable units shall be as follows:
- | | |
|-----------------------|-------------------|
| Dormitory | 150 square feet |
| Single Room Occupancy | 275 square feet |
| Studio | 400 square feet |
| One Bedroom | 650 square feet |
| Two Bedroom | 900 square feet |
| Three Bedroom | 1,150 square feet |
| Four Bedroom | 1,400 square feet |

The Planning Department prior to the issuance of any building permits for either the free market or employee housing component of the project must verify square footage. The Building Department may check the actual construction of the employee housing units for compliance with the approved building permit plans.

3. **Winter Seasonal Units.** Pursuant to the applicable City codes, an applicant for a development may, at the sole discretion of the City and subject to certain requirements, satisfy the employee housing requirements by provision of dormitory/lodge units designed for occupancy by seasonal employees. The dormitory/lodge units must satisfy all requirements of the applicable Guidelines and shall be required to meet the following minimum standards:

- Occupancy of a dormitory unit shall be limited to no more than 8 persons.
- There shall be at least 150 square feet of net livable square footage per person, including sleeping and bathroom uses.
- At least one bathroom shall be provided for shared use by no more than four persons. The bathroom shall contain at least one toilet, one wash basin, one bathtub with a shower and a total area of at least 60 net livable square feet.
- A kitchen facility or access to a common kitchen or common eating facility shall be provided subject to the Building Department's approval and determination that the facilities are adequate in size to service the number of people using the facility.
- Use of 20 net leasable square feet per person of enclosed storage area located within, or adjacent to, the unit.
- Rents for dormitory units will be set by Special Review on a case-by-case basis, given the unique and varying characteristics of dormitory units, with affordability as the key issue.
- Seasonal Lodge Developments may be required to house qualified employees of the community at large.

4. Special Needs Emergency/Transitional Housing. Pursuant to the applicable City codes, an applicant for a development may, at the sole discretion of the City and subject to certain requirements, satisfy a portion of its employee housing requirements by provision of special needs emergency/ transitional housing units through either direct construction, land donation or the donation of existing units. There must be a quantified, demonstrated need for the emergency/transitional housing within the Park City boundaries. The housing must be developed in collaboration with a federally recognized, 501(c)(3) nonprofit organization. The housing must satisfy all requirements of the applicable Housing Guidelines and Standards as well as comply with all applicable local, state and federal requirements. Given the unique and varying characteristics of the population to be served, the rents for emergency/transitional housing must be approved in advance by the City Council.

5. Minimum Green Building Requirements. All new construction or substantial rehabilitation projects developed in fulfillment of the affordable housing obligation must demonstrate that it meets, the NAHB Green Standards or a LEED Certification level. All appliances and products including light bulbs shall be Energy Star qualified products for all new construction or substantial rehabilitation.

6. Affordable Unit Amenities. Inclusionary units may differ from the market units with regard to interior amenities and gross floor area provided that:

- These differences, excluding differences related to size differentials are not apparent in the general exterior appearances of the project's units; and
- These differences do not include insulation, windows, heating systems and other improvements related to the energy efficiency of the project's units.
- The gross floor area of the inclusionary units is not less than the following minimum requirements, unless waived by the City.

B. Methods of Meeting Minimum Requirements.

The following methods, in order of priority, may be used to meet the minimum affordable housing mitigation requirements.

1. Construction of unit(s) on the site on which the development is proposed.

Affordable housing units shall be constructed on the project site, unless the developer can demonstrate compelling evidence that an alternative method would result in a better design, enhanced level of affordability or that the construction on-site would adversely affect the design of the project.

2. Construction of the unit(s) within the Park City corporate limits provided such land, site or structure had not been previously deed-restricted to affordable housing by Park City or Summit County.

3. Dedication of existing units provided such units have not been previously restricted to employee or affordable housing by Park City or Summit County. Units shall be located within the City limits unless otherwise approved by the City. Units must be of equivalent value, quality and size of the deed restricted units that would have been constructed on-site. Existing units must be in move-in condition with appliances, windows, heating, plumbing, electrical systems, fixtures and equipment in good working condition. The value of dedicated existing units will be determined, at the expense of the developer, by an appraiser selected by the developer from a list of certified appraisers provide by the City of by such alternative means of valuation as to which a developer

and the City may agree. All units shall be inspected and shall meet applicable Park City building codes. Applicant shall bear the costs and expenses of any required upgrades to meet the above standards as well as any reports required to assess the suitability for occupancy and compliance with the standards of the proposed units. All appliances and products including light bulbs shall be Energy Star qualified products.

4. **Construction of units outside Park City, but within the Park City School District boundary and/or the boundaries of the free transit system.**
5. **Conveyance of land within the Park City School District boundary and/or the boundaries of the free transit system provided such land has not been previously restricted to employee or affordable housing by Park City or Summit County.** The developer may elect to (a) convey land to the City or its designee that is of equivalent value to the cash in lieu contributions that would be required under this Resolution, plus an additional 25 percent to cover costs associated with holding, developing, improving or conveying such land; or (b) convey land to the City or its designee that is of equivalent value (as of the date of conveyance) to that land upon which required units would otherwise have been constructed and properly zoned such as to allow construction of at least that number of units for which the obligation of construction is being satisfied by the dedication of the land. Land conveyance shall occur prior to the issuance of any building permit for the free market portion of the development. Should the City Council later elect to sell the land, all proceeds from the sale of the land shall be placed in a dedicated housing fund.
6. **Payment of Fees in Lieu of Development.** If the City determines that (1) no other alternative is feasible, or (2) such a payment would result in more immediate development of housing or (3) such a payment would leverage additional resources, then a Payment of Fees in Lieu of Development may be accepted. The Payment in Lieu Fee shall be calculated and published annually in April on the City's affordable housing webpage. Updates may occur more frequently at the request of the City Council to reflect changing real estate conditions. Any Fees in Lieu collected and any interest accrued, shall be used only for the purpose of planning for, subsidizing or developing affordable and employee housing.

The Payment in Lieu Fee is calculated as follows:

- Median market value per square foot for 600 to 1,600 square foot properties sold in prior year (Summit County Assessor's Office provides the data sets);
- Multiply by 900 square feet (AHU equivalent); and
- Subtract out the affordable home sale price for a household earning Park City Workforce Wage (See calculation in Section 17.C);

One-half of the in-lieu fee shall be paid (or a letter of credit posted) prior to issuance of a building permit for all or any part of the MPD. The remainder of the fee shall be paid before a certificate of occupancy (temporary or permanent) is issued for any unit in the Residential Development. The remaining fee will be calculated at the in lieu fee rate in effect at the time of payment. The Developer retains the option of paying the fees in full at time of building permit to avoid any increase in fees.

SECTION 10. DEED RESTRICTION. Prior to the plat recordation provisions to ensure continued affordability of inclusionary units shall be embodied in legally binding agreements and/or deed restrictions, which shall be prepared by the developer, but which shall not be

recorded or filed until reviewed and approved by the City Attorney with such modifications as it may deem necessary to carryout the purpose of this Resolution. No building permit application shall be accepted in the absence of proof of the execution of requirement agreements and covenants. In the event such restrictions are voided by bankruptcy or other legal action, the City may revoke the Certificate(s) of Occupancy until such time as subsequent owner complies with the standards herein.

SECTION 11. TIMING OF OCCUPANCY. The affordable units shall be ready for occupancy no later than the date of the initial or temporary occupancy of the free market portion of the project. If the free market units are to be developed in phases, then the affordable housing can be developed in proportion to the phasing of the free market units as approved in the Housing Mitigation plan.

SECTION 12. APPLICABILITY OF RESOLUTION TO PRIOR APPROVALS OR PENDING APPLICATIONS.

A. Prior Development Agreements. Developments, which received development plan approvals prior to the adoption of this housing resolution, shall conform to the provisions of the resolution in place at the time of applicable complete application. Any modifications to an existing Development Agreement that results in an increase in housing units or employee generation shall be subject to the provisions of this Resolution.

B. Prior Annexation. Unless otherwise provided in Conditions of Approval or a Development Agreement, Developments subject to affordable housing requirements imposed by annexation agreements entered into prior to the effective date of this Resolution may develop in conformity with the Resolution in place at the time the Annexation Agreement was approved.

C. Pending Project Approval Actions. Developments for which complete applications were filed prior to the effective date of this Resolution, but have not been reviewed by the appropriate body, must conform to the Resolution in place at time of application.

SECTION 13. HOUSING MITIGATION PLAN. The Applicant shall submit a Housing Mitigation Plan. The Housing Mitigation Plan shall be reviewed by the Planning Commission as part of the application to the City for the Annexations or Master Planned Development with a recommendation forwarded to the City Council. The Housing Mitigation Plan shall include the following:

A. Calculation and Method. The calculation of, and method by which housing is to be provided, in compliance with Section 6 "Calculation of Minimum Affordable Housing Requirement" and Section 7 "Method for Providing Housing"

B. Unit Descriptions. If affordable housing units are to be developed, a site plan and building floor plans (if applicable), illustrating the number of units proposed, their location, the number of bedrooms in and square foot of each unit, and the rental/sale mix of the development. The proposed sale prices and rent levels shall also be included.

SECTION 14. CONSTRUCTION TIMING. Affordable units shall be made available for occupancy on approximately the same schedule as a project's market units; except that Certificates of Occupancy (temporary or permanent) for the last ten percent of the market units shall be withheld until Certificates of Occupancy have been issued for all of the inclusionary

units. Other phasing agreements may be accepted, if doing so would accomplish additional benefits from the City consistent with the purposes of this Resolution. A schedule setting forth the phasing of the total number of units in a covered project, along with a schedule setting forth the phasing of the required inclusionary units shall be approved prior to the issuance of a building permit.

SECTION 15. GOOD FAITH MARKETING REQUIRED. All sellers or owners of deed restricted affordable units shall engage in good faith marketing efforts each time a deed restricted unit is rented or sold such that members of the public who are qualified to rent or purchase such units have a fair chance of becoming informed of the availability of such units. A public marketing plan shall be submitted by the developer for the initial sale or lease of the units.

SECTION 16. LOCAL PREFERENCE OPTION. In order to address the City's local preference options, any deed restricted affordable housing project shall give preference to full-time employees (a minimum of 30 hours per week) of businesses within the Park City School District boundaries. Preference is also given to Senior Citizens (62 & older) and persons who are physically and/or mentally challenged.

SECTION 17. MAXIMUM RENTS AND SALES PRICES. The following provision shall apply to the calculation of rents, selling prices and/or carrying charges of deed restricted affordable units.

A. Occupancy. In calculating the rents or carrying charges of inclusionary units, the following relationship between unit size and household size shall apply:

Dormitory/Single Room Occupancy:	1 person per 150 net livable square feet.
Studio/Efficiency:	1 person per household
One-bedroom:	1.5 person household
Two-bedrooms:	2.5 person household
Three-bedroom:	4 person household
Four-bedroom:	6 person household.

B. Rental Units. Inclusionary rental units in any one development shall be rented at a price, which, on average, is affordable to a household with an annual income of 100% of the Park City Workforce Wage.

C. For Sale Units. The initial sales price for an affordable unit in any one development shall average a price affordable to a household earning 150 percent of Park City Workforce Wage ("Target Household Income"). Sale Price shall be calculated according to the following guidelines: utilities plus mortgage payment for the Owner Occupied Unit, including principal, interest, taxes and insurance ("PITI"), shall not exceed 30% of the Target Household Income. The assumptions used to calculate the sales price shall be: (i) a 5% down payment; (ii) a 30-year term; and (iii) an interest rate equal to the prevailing FirstHome rate, or its program equivalent, of the Utah Housing Corporation (www.utahhousingcorp.org) at the time of the offer.

D. Appreciation Limits. Provisions to ensure continued affordability of inclusionary units offered for sale shall include a formula limiting equity appreciation to either a shared percentage of the equity appreciation or a cap on the equity appreciation, with such adjustments for improvements made by the seller and necessary costs of sale as may be approved by the City. The form of the resale restriction shall be determined by the City at the time of approval of the Housing Mitigation Plan.

E. Limitation on Rental Rates and Terms. The rate at which an Owner shall rent the Units shall not exceed the Maximum Rent as established by the City. The Maximum Rent shall be set as affordable to households earning 100% of Park City Workforce Wage and adjusted annually by the percentage increase in the Consumer Price Index for the western region. Allowable increase will be published in April of each year on the City's affordable housing webpage. Unless otherwise approved, the minimum lease term shall be six months.

F. Income Limits. The City reserves the right to place an income/asset limitation for prospective owners or renters as needed to further the goals of this Resolution.

G. Park City Workforce Wage. Park City Workforce Wage for a family of three shall be calculated in April of each year and published on the City's affordable housing webpage. It is based on the prior year's wages as reported by the Utah Division of Workforce Services. Workforce Wage is calculated as follows:

- o Summit County median wage for prior year;
- o Add six percent for additional earnings such as tips, incentives, bonuses, and overtime as well as other income such as investments and non-cash benefits; and
- o Multiply total by 1.5 to account for the average household in Park City having 1.5 workers.

SECTION 18. TERM OF AFFORDABILITY. The Term of Affordability shall be for a period of not less than forty (40) years. At the expiration of the initial forty (40) year term, this Agreement shall be reviewed for additional consecutive ten (10) year terms, unless the City shall determine, based on an independent housing needs assessment, that the Unit is no longer necessary to satisfy the affordable/employee housing needs in Park City.

SECTION 19. WAIVERS. The City Council may waive all or part of the requirements of this Resolution in exchange for enhanced project affordability or livability including but not limited to the incorporation of sustainable building practices and systems in the unit design and development.

SECTION 20. ADMINISTRATIVE RELIEF. The City Council may waive all or part of the requirements of this Resolution where the applicant can establish by clear and convincing financial data and other evidence relating to the character of the development or surroundings that the imposition of the requirements set forth in this article shall create an economic hardship. The Council shall use the same standards that it applies to historic properties in making a determination of economic hardship. A waiver under this section shall be granted only to the extent necessary to relieve the hardship or difficulty that serves as the basis for the requested waiver and shall not be considered precedent for future requests for administrative relief.


SECTION 21. SEVERABILITY. If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate distinct and independent provision and such holding shall not affect the validity of the remaining portions of the Resolution.

SECTION 22. EFFECTIVE DATE. This Resolution shall take effect upon adoption by the City Council. All prior Housing Resolutions and parts of Resolutions in conflict with the provisions of

this Resolution are hereby repealed. This Resolution repeals and replaces all prior housing resolutions including Resolution s 37-91, 8-93, 6-94, 7-95, 17-99,10-2006, and 20-07.

PASSED AND ADOPTED this 27th day of, September, 2012.

PARK CITY MUNICIPAL CORPORATION




Mayor Dana Williams

Attest:



Janet M. Scott, City Recorder

Approved as to form:



Mark D. Harrington, City Attorney

