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Housing Market Assessment: Park City

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David Eccles School of Business
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KEY FINDINGS

Housing Supply Conditions: Estimates, Characteristics and Trends

- ¶ At year-end 2009 Park City had an inventory of 8,400 housing units. Only 3,000 units were occupied, approximately 1,770 owner-occupied units and 1,230 renter-occupied units. Rental units accounted for 41 percent of the occupied housing inventory.
- ¶ Since 2000 Park City's housing inventory has increased by nearly 1,700 units, from 6,700 to 8,400 units. Condominiums accounted for 60 percent of new residential construction and the remaining 40 percent was detached single-family homes.
- ¶ Over the past ten years two important features of housing development in Park City have been (1) the total absence of new apartment units and (2) the high concentration of second homes. Over 80 percent of the new residential units built from 2000 to 2009 were second homes. Consequently the share of occupied housing units has dropped from 41 percent of total units to 36 percent.
- ¶ A corollary of the declining shares of owner- and renter-occupied units is an aging rental stock for year-round residents. In 2010 the median age of owner-occupied units is about 25 years and for rental units 30 years.
- ¶ Park City is the highest-priced housing market in the state. The median sales price of a detached single-family home in 2010 (through July) was \$1.2 million. The median price of homes sold peaked in 2008 at \$1.8 million, a near tripling of the median sales price only four years earlier.
- ¶ The median sales price for an attached condominium unit in 2010 (through July) was \$1.0 million. In 2005, the peak year for condominium sales activity, the median sales price was \$380,000. Both condominiums and homes have experienced a price explosion and despite some recent weakness prices are still far above the level of just a few years ago.
- ¶ Countywide rental rates were used as a surrogate for Park City rental rates. The city accounts for more than half of all rental units in the county. The rental market in Summit County is divided into two market segments: apartment units and condominiums for rent. For all types of units, condominium rental rates are higher than apartment rental rates. Due to the dominance of condominiums in the market the condominium rental rates are likely much closer to the prevailing rental rate. This is verified by HUD's 2010 Fair Market Rents for Summit County, which are similar to rental rates for condominiums.
- ¶ Renters paying close to Fair Market Rents for two and three bedroom rental units have sufficient income to buy condominium units priced at about \$180,000 and \$250,000 respectively. About 60 percent of all renters in Park City have incomes above 50 percent AMI. If a fraction of these 750 higher income renters were induced by favorable interest rates and market conditions to move to homeownership a significant number of rental units would be "freed-up" thereby offsetting and alleviating some supply constraints and pressures on the local rental market.

Type	Apartments	Condominiums	Fair Market Rent*	Affordable Home Price at FMR**
Studio	\$650	\$700	\$686	\$116,300
One-Bedroom	\$750	\$850	\$953	\$161,700
Two-Bedroom	\$850	\$1,150	\$1,059	\$179,750
Three-Bedroom	\$1,150	\$1,600	\$1,483	\$251,660

*Fair Market Rent is gross rent (including utilities) at the 40th percentile.
**Assumes 5 percent mortgage interest rate and 3 percent down payment.
Mortgage payment includes principal, interest, mortgage insurance, home insurance and property tax.
Source: *Park Record*.

¶ Government and nonprofit entities have provided affordable housing units for the Park City market. There are a total of 455 existing affordable housing units sponsored through government programs. Sixty-eight of these units are owner-occupied and 387 are renter-occupied. A substantial majority of these affordable housing units are tax credit units. There are six tax credit rental projects in the city with a total of 326 units. The second largest source of affordable housing has been the city’s housing resolutions, which have required developers to add 59 units to the affordable housing inventory: 46 renter-occupied and 13 owner-occupied units. Through the housing resolutions an additional 97 affordable housing units are pending development.

Determinants of Housing Demand

¶ The population and number of households in Park City have increased at about a 1 percent annual rate over the past decade. Consequently, the demand for year-round resident housing has been quite modest. While household growth is a prime determinant of the demand for year-round housing, the demand for second homes in Park City is independent of local demographic and economic trends. Consequently, residential construction in Park City will almost always exceed household growth by a significant amount due to second-home development.

¶ The estimated population of Park City in 2009 was 8,127 and the number of households was 2,988. Since 2000 the population has increased by 665 and the number of households by 244. The relatively slow rate of growth is due to the economic recession as well as supply constraints: land prices, limited developable residential land and zoning ordinances.

¶ The slow rate of demographic growth in Park City is also inextricably linked to the high cost of both owner- and renter-occupied housing. Few households can afford to own homes in the city and the stagnant rental inventory leaves little opportunity for the growth of renter households.

¶ The Park City population is relatively old with a median age of 32.7 years, more than five years above the statewide median age. The city has a disproportionate share of people between 25 and 64 years old. Sixty-one percent of the population is in this age group compared with only 45 percent statewide. Park City has relatively few young children and seniors. This rather unique demographic profile reflects the characteristics of the housing inventory.

- ¶ Despite the high cost of housing there is a sizeable Hispanic population in Park City. In 2000, 19.6 percent of the city’s population was Hispanic. This population was almost exclusively renters. Over 90 percent of Hispanic households were renter households, representing about 30 percent of all renter households in Park City.
- ¶ From 2000 to 2008 the Hispanic population in Summit County (no data available for Park City) increased by 2,248, a jump of 93 percent in eight years. Undoubtedly some of these new Hispanic households are living in rental units in Park City. This expanding Hispanic population increases the demand pressure on the rental market and, combined with no new apartment construction in over ten years, has likely led to serious overcrowding in the Park City rental market.
- ¶ The performance of the Park City housing market in 2009 was unique. While almost every housing market in the state was suffering from reduced activity due to the severe contraction in residential development, Park City issued its highest number of residential building permits since 1996. In 2009 a total of 289 residential building permits were issued, however 247 or 85 percent of the new residential units were in the Talisker Resort development. As noted, the demand for second-home developments like Talisker does not depend on local demographic and economic conditions.
- ¶ Condominium development appears to have run its course, at least for the next few years. Consequently residential construction activity in Park City has declined precipitously. Through July 2010 only 13 new residential units have received building permits in Park City; 11 of the 13 permits were for single-family homes. The current state of financial markets, the substantial capital requirements of large condominium developments, and weakening demand for second homes will continue to suppress the Park City condominium and single-family market over the next two to three years.

Housing Affordability and Needs Assessment

- ¶ **Affordability for Median-Income Households** The analysis of home sales showed that of the 747 detached single-family homes sold in Park City between 2005 and 2009 only 5 homes, or less than 1 percent of homes sold, were affordable to median-income households (but not necessarily sold to median-income households). However, homeownership opportunities improved substantially with attached condominium housing. Over the five-year period the number of condominium sales was 1,989 units. Twenty-eight percent, or 563 condominiums sold, were affordable to median-income households. In 2009, 44 of 172 condominiums sold were affordable to median-income households.
- ¶ Unfortunately no data are available on the income level of the buyers of affordable homes or condominiums. Undoubtedly some of these affordable units were purchased by buyers with incomes above the median, thereby crowding out median income buyers and in some cases the units may be purchased as second homes and unoccupied much of the year. This proposition of “crowding out” from higher income buyers likely holds true for median, moderate and low income markets. The distinction between the number of affordable units sold and the actual number of median, moderate and low income households securing homeownership is an important but unquantifiable distinction.
- ¶ Combining the affordable condominium sales with sales of detached single-family homes shows that nearly 21 percent of the combined sales of homes and condominiums in Park City from 2005

through 2009 were affordable to median-income households. In most communities affordability has generally returned to the 2005 level, but not so in Park City. Seventeen percent of condominiums and homes were affordable in 2009, the same percentage as in 2008. The highest level of affordability in recent years was in 2005 when 30 percent of homes and condominiums sold in Park City were affordable.

¶ **Affordability for Moderate-Income Households (80% AMI)** Opportunities for home ownership vanish for moderate-income households. No detached single-family homes sold in Park City were affordable to moderate-income households. Again, condominiums provide opportunities with 460 affordable units sold over the five-year period. For combined single-family and condominium sales, 16.8 percent of all units sold from 2005 through 2009 were affordable for moderate-income households. All affordable units were condominium units.

¶ **Affordability for Low-Income Households (50% AMI)** Low-income households could afford only 9.3 percent of the combined detached single-family homes and attached condominiums sold in Park City since 2005. All 254 of the affordable dwellings were condominium units. The limited opportunity of homeownership for low-income households is a characteristic of most housing markets. Housing market conditions and land and home prices generally exclude low-income households from ownership.

¶ The lack of new rental units in Park City is a serious affordability constraint. In a growing economy, with low wage rates it is almost impossible for a housing market to make any progress in improving affordability without producing rental units.

¶ Many renters in Park City have high housing-cost burdens. Census and HUD data show that in 2000 one-third of all renters spent more than 30 percent of their income on rent and utilities and 13 percent spent more than 50 percent. Very-low-income renters—with incomes less than 30 percent AMI—had the greatest share of cost-burdened renters. Nearly 70 percent of very-low-income renters had at least a 30 percent housing-cost burden and 40 percent had cost burdens above 50 percent. The relative cost burden by income category probably has not changed much over the past several years. Any increases in incomes since 2000 have likely been offset by increases in rental rates.

Income Category	Renters	Cost Burden	
		>30% of Income	>50% of Income
≤30% AMI	220	150	93
30%–50% AMI	170	97	33
50%–80% AMI	180	46	8
≥80% AMI	458	55	0
Total Renters	1,028	348	134
<i>Source: HUD CHAS 2000.</i>			

¶ Low wage rates, high rents and no apartment construction in ten years have created an urgent need for affordable rental units for low- and very-low-income renters in Park City. The need,

however, is difficult to quantify from the characteristics of the local rental market. Demand derived from an analysis of the local market will understate the overall demand for rental housing since it does not account for the significant level of pent-up demand from those commuting workers who now reside outside Park City and Summit County due to the lack of affordable rental housing. In 2000 one-third of workers in Summit County lived outside of the county. Therefore a conservative assumption for 2010 is that in 2010 at least one-quarter of the workforce in Park City—3,750 workers—resides outside the county. These commuters represent a sizeable pool of pent-up demand for low- and very-low-income rental housing.

- ¶ At a minimum, 120 tax credit units are needed in Park City over the next five years. These units should have target rents below 45 percent AMI. Excluding utilities, the rents should not exceed \$750 for a one-bedroom unit, \$890 for a two-bedroom unit and \$1,025 for a three-bedroom unit. The demand for affordable rental units in Park City far exceeds the supply as the local housing market is in a position of “if we build it they will come.” Nevertheless, supply constraints will persist—lack of suitable land, land prices, neighborhood opposition, and zoning ordinances—consequently the development of affordable tax credit units will not occur without the strong support and participation of the city.
- ¶ The number of full-time resident households in Park City will grow by about 2.5 percent annually over the next five years, from 3,000 to 3,400. This growth rate will generate demand for about 400 new housing units by 2015. These additional units should include 80 affordable (median income) owner-occupied units priced from \$200,000 to \$275,000, 120 affordable rental units for low-wage workers with target rents below 45 percent AMI, and the remaining 200 units owner-occupied units for households with incomes above the median. Should the growth rate and number of new households change, the recommended distribution of new housing units should continue to approximate 20 percent median-income owner-occupied units, 30 percent low- and very-low-income tax credit rental units, and 50 percent market-rate housing for all income categories above median income.
- ¶ Housing affordability has been a persistent problem in Park City and has led to slow rates of demographic growth, a growing concentration of unoccupied housing units, a lack of housing diversity, overcrowding in the rental market, and a limited number of new year-round residential units for the aging housing inventory. Not much, however, can be done to affect affordability of the existing housing stock and its consequences. Any improvement in affordability must rely on the type and character of new residential development and the vigorous application of affordable housing guidelines and policy.

1 HOUSING SUPPLY ESTIMATES, CHARACTERISTICS AND TRENDS

Estimates of Housing Inventory

From 2000 through 2009 Park City’s housing stock grew by one-quarter, from 6,714 dwelling units to 8,401 (Table 1.1). This growth was entirely among owned units; no new apartment buildings were constructed over the period. Note that many of these units are time-shares or other vacation properties; condos and twin homes made up more than 60 percent of the new construction. Because no new rental units were built, the owned stock grew from 80 percent of the total stock in 2000 to 84 percent in 2009.

Another consequence of the large number of vacation properties in Park City is that it has the highest vacancy rates in the Mountainland Association of Governments, with 64 percent of all dwelling units unoccupied in 2009. The rate is even higher among the owned housing stock: 75 percent of the units were vacant in 2009 as second and recreational homes increased as a share of the owned housing stock. The rental market is relatively “tight.” Only 100 units of 1,330 rental units were vacant in 2009, a 7.5 percent vacancy rate. As of 2009, just 1,770 of 7,071 owned units were occupied and 1,230 of 1,330 rental units were occupied.

Exhibit 1.1 shows annual permits issued for new residential construction in Park City from January 2000 through December 2009 by type of structure. Permits were issued for a total of 1,687 new dwelling units over the period. Condominiums accounted for 53 percent (893 units) and single-family homes for 40 percent (672 homes) of the new construction, with the rest being twin homes (122 dwelling units). As noted above, no new apartments were built.

Residential construction activity in Park City declined from 195 dwelling units in 2000 to just 59 in 2002, then rebounded and peaked in 2006–07 at just over 240 units. Construction plummeted in 2008 to just 37 units, and would have been even lower in 2009 without the 262-unit luxury condominium project in Deer Valley.¹ Prior to the credit crisis, single-family-home construction peaked in 2006 with 122 permits issued, almost 140 percent higher than its 2002 trough of 51 homes. Condominium construction peaked a year later with 164 permit-authorized units, versus none in 2002.

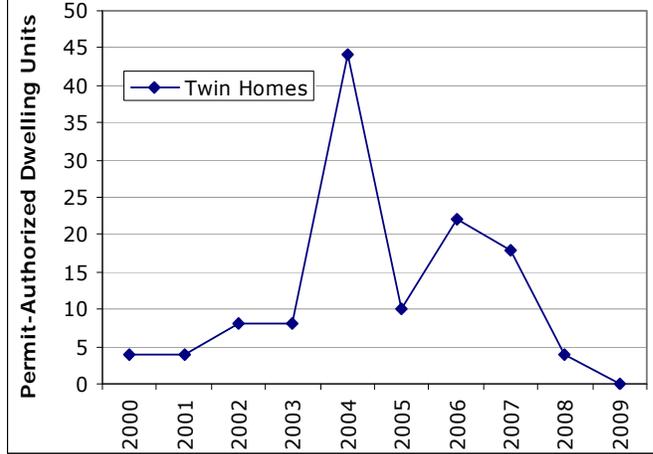
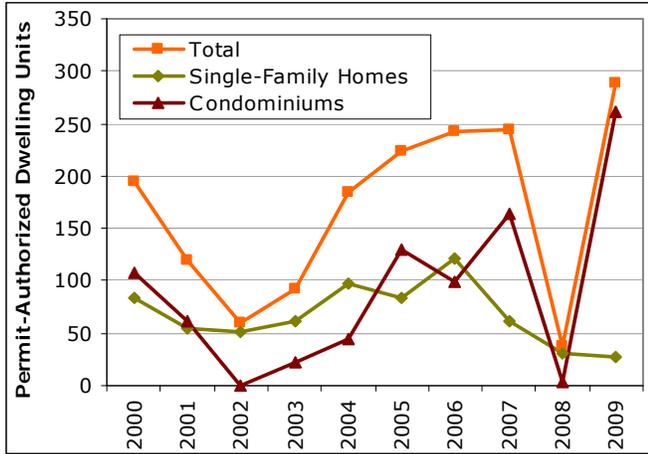
	2000	2009	Change
Total Housing Stock	6,714	8,401	25.1%
Occupied	2,741	3,000	9.4%
Share of Total Units	40.8%	35.7%	
Vacant	3,973	5,401	35.9%
Share of Total Units	59.2%	64.3%	
Owned Housing Stock	5,384	7,071	31.3%
Share of Total Units	80.2%	84.2%	
Occupied	1,681	1,770	
Vacant	3,703	5,301	
Vacancy Rate	68.8%	74.5%	
Rental Housing Stock	1,330	1,330	0.0%
Share of Total Units	19.8%	15.8%	
Occupied	1,060	1,230	
Vacant	270	100	
Vacancy Rate	20.3%	7.5%	

Note: 2000 figures are as of April 1; 2009 figures are as of December 31.
Source: U.S. Census Bureau (2000) and Bureau of Economic and Business Research, University of Utah (2009).

¹ Note: It is not clear how many of these units are condominiums. According to the project’s web site (www.montagedeervalley.com), there will be at least 81 “private residences,” with the rest being “guest rooms and suites.”

Exhibit 1.1
Park City Permit-Authorized New Dwelling Units by Type, 2000–2009

Structure Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Single-Family Homes	83	54	51	62	97	84	122	62	30	27	672
Duplexes and Twin Homes	4	4	8	8	44	10	22	18	4	0	122
Condominiums	108	61	0	22	44	130	99	164	3	262	893
Apartments (3 or more units)	0	0	0	0	0	0	0	0	0	0	0
Cabins	0	0	0	0	0	0	0	0	0	0	0
Manufactured / Mobile Homes	0	0	0	0	0	0	0	0	0	0	0
Total	195	119	59	92	185	224	243	244	37	289	1,687



Source: Bureau of Economic and Business Research, Construction Database.

Housing Prices

The Park City Board of Realtors provides existing-home sales data for Park City from 2000 through 2009. In 2000, the median price of existing single-family homes sold was \$635,000 (in current dollars) (Table 1.2). The nominal median price increased 6 percent in 2001, then fell almost 12 percent in 2002 to \$596,000 in response to the recession. Single-family home prices then grew consistently to a peak median sales price of \$1.8 million in 2008. The largest gains were in 2005 and 2006, when the median price jumped 44 and 51 percent, respectively. In 2009 the median single-family home price in Park City fell 23 percent to less than \$1.4 million—still higher (in nominal terms) than in 2005. Prices continued to fall through the first half of 2010, with the median sale price reaching \$1.2 million.

The nominal median price of existing multifamily homes in Park City has been somewhat more volatile than that of single-family homes (Table 1.3). From \$360,000 in 2000 (in current dollars), the median price fell almost 18 percent in 2001 to \$295,750. After a 15 percent gain in 2002 prices fell 22 percent in 2003. This was followed by four years of continuous growth, with nominal prices peaking at \$994,500 in 2007. Prices then fell 17 percent in 2008 and a further 10 percent in 2009 to reach \$744,775. However, the first half of 2010 saw a significant turnaround, with the median multifamily home price rising by more than one-third to \$1.0 million.

Table 1.2
Park City Median Price of Existing Single-Family Homes Sold, 2000–2009
(Nominal Dollars)

Year	Median Price	Annual Change	No. Sold
2000	\$635,000		150
2001	\$674,000	6.1%	130
2002	\$596,000	-11.6%	147
2003	\$633,368	6.3%	168
2004	\$684,000	8.0%	265
2005	\$985,000	44.0%	267
2006	\$1,485,000	50.8%	171
2007	\$1,600,000	7.7%	139
2008	\$1,800,000	12.5%	81
2009	\$1,385,000	-23.1%	89

Source: Park City Board of Realtors.

Table 1.3
Park City Median Price of Existing Multifamily Homes Sold, 2000–2009
(Nominal Dollars)

Year	Median Price	Annual Change	No. Sold
2000	\$360,000		274
2001	\$295,750	-17.8%	260
2002	\$340,000	15.0%	306
2003	\$265,250	-22.0%	386
2004	\$300,500	13.3%	624
2005	\$380,000	26.5%	745
2006	\$587,500	54.6%	428
2007	\$994,500	69.3%	425
2008	\$825,000	-17.0%	234
2009	\$744,775	-9.7%	172

Source: Park City Board of Realtors.

Rental Rates

There are no data available on rental rates for Park City, however the countywide rental rates serve as a very adequate surrogate. In order to determine the countywide rental rates a survey of the classified ads in the *Park Record* newspaper was taken. The weekend editions for 2010 were surveyed and a median rental rate determined for studio, one-, two- and three-bedroom units for both apartments and condominiums.

The rental market in Summit County is divided into two market segments: apartment units and condominiums for rent. The “condominium for rent” units are a relatively large segment of the rental inventory. This unique structure of the rental market is due to the economic base of Summit County: skiing and winter sports activities. The condominium inventory reflects the lodging needs of the thousands of skiers at Park City and Deer Valley. During the offseason many of these condominiums are placed in a rental pool. Due to the significant presence of condominiums in the rental market the market rental rates are segmented by apartment and condominium rents. Condominium rental rates are higher than apartment rental rates for all types of units (Table 1.4). Due to the dominance of condominiums in the market the condominium rental rates are likely much closer to the prevailing rental rate. This is verified by HUD’s 2010 Fair Market Rents for Summit County. Fair Market Rents are gross rents (including utilities) at the 40th percentile.

Table 1.4
Median Rental Rates in Summit County, 2010

Type	Apartments	Condominiums	Fair Market Rent*
Studio	\$650	\$700	\$686
One-Bedroom	\$750	\$850	\$953
Two-Bedroom	\$850	\$1,150	\$1,059
Three-Bedroom	\$1,150	\$1,600	\$1,483

*Fair Market Rent is gross rent (including utilities) at the 40th percentile.
Source: Park Record.

Special Needs Inventory

HUD requires state and certain local communities to prepare, every five years, a Consolidated Plan in order to receive Community Development Block Grants. In the consolidated plan HUD recommends that jurisdictions review the housing inventory of special needs populations defined as elderly, disabled, victims of domestic violence, homeless, large families and individuals with HIV/AIDS. Generally, special needs housing is developed in counties or areas with populations much larger than Summit County or Park City. Most of the smaller communities do not provide special needs housing, however Mountainland Community Housing Trust does have a small number of units for transitional housing and victims of domestic violence in Park City. There are seven transitional housing units in Park City and the Peace House provides space for up to 15 victims of domestic violence.

Affordable Housing Inventory: Housing Resolution and Tax Credit Units

Park City has passed a number of affordable housing resolutions—the first in 1993 and the most recent in 2007—that have resulted in 59 affordable housing units: 46 rental units and 13 owner-occupied units (Table 1.5). The housing resolution units were all built between 1998 and 2009 and are located in Empire Pass, Silver Star and at 1465 Park Avenue. The rental units generally rent for \$700 for a one-bedroom unit and \$900 for a two-bedroom unit. The owner-occupied units generally range between \$175,000 and \$200,000. In addition to the developed units produced through housing resolutions, there are another 188 units that are pending. The mix of renter to owner units of the pending units has yet to be determined.

Tax credit projects are the major source of affordable rental units in Park City. There are six tax credit projects with a total of 326 units. Two of the tax credit projects, Parkside and Holiday Village, carry Rural Development 515 vouchers thus providing deep subsidies to low- and very-low-income tenants.

The unit mix for the affordable rental units is heavily concentrated in three-bedroom units. Fifty-three percent of all affordable rentals are three-bedroom units. Only 29 percent of affordable rentals are two-bedroom units. Typically, two-bedroom units account for about 40 percent of rental units in the rental inventory (Table 1.6).

Project	Year Built	Rental Units	Owner Units	Pending Units	Total Units
Housing Resolution Units					
Flagstaff Mtn / Empire Pass	2005-2009	28	1	53	82
Silver Star	2005-2009	10	10	0	20
1465 Park Avenue	1998	6	2	0	8
IHC/USA Annexation				28	28
Park City Heights Annexation				16	16
Deer Crest Janna	2009	2			2
Total		46	13	97	156
Tax Credit Units					
Silver Meadows*	1996	29*	20	0	49
Aspen Villas	1997	88	0	0	88
Parkside	1980	42	0	0	42
Iron Horse	1998	94	0	0	94
Washington Mill	1995	8	0	0	8
Holiday Village	1978	80	0	0	80
Total		341	20	0	361
Nonprofit Developers					
The Line Condominiums	2006		22	0	22
Marsac Avenue (Habitat)				2	2
Park City Produced					
Snow Creek Cottages	2010		13	0	13
Park City Heights				35	35
Other					
1440 Empire Ave.				9	9
Lower Park Ave RDA				45	45
Treasure Hill				?	?
Grand Total		387	68	188	643

*Only fourteen of these units are tax credit units - the rest are deed restricted.
Source: Park City Affordable Housing Sustainability Team.

Project	Studio	One- Bedroom	Two- Bedroom	Three- Bedroom	Total Units
Flagstaff Mtn / Empire Pass	23		5		28
Silver Star		4	6		10
Deer Crest Janna			2		2
1465 Park Avenue				6	6
Aspen Villas			18	70	88
Holiday Village		40	40		80
Iron Horse				94	94
Parkside			30	12	42
Silver Meadows			5	24	29
Washington Mill			8		8
Total	23	44	114	206	387

Source: Utah Housing Corporation and Park City.

Profiles and photographs of Park City's tax credit projects are provided below.

**Aspen Villas
21847 Kearns Blvd.
Park City**

Total Units: 88 units

Year Built: 1997

Category	One-Bedroom	Two-Bedroom		Three-Bedroom
		One-Bath	Two-Bath	
Number of Units	0	18		70
Average Square Feet	0	877		990
Vacant Units	0	0		0



**Holiday Village
2200 Monitor Drive
Park City**

Total Units: 80 units

Year Built: 1978

Category	One-Bedroom	Two-Bedroom		Three-Bedroom
		One-Bath	Two-Bath	
Number of Units	40	40	0	0
Average Square Feet	613	789	0	0
Vacant Units	0	0	0	0



**Iron Horse
Lower Iron Horse Loop
Park City**

Total Units: 94

Year Built: 1998

Category	One-Bedroom	Two-Bedroom		Three-Bedroom
		One-Bath	Two-Bath	
Number of Units	0	0	0	94
Average Square Feet	0	0	0	990
Vacant Units	0	0	0	15



**Parkside
1776 Kearns Boulevard
Park City**

Total Units: 42 units

Year Built: 1980

Category	One-Bedroom	Two-Bedroom		Three-Bedroom
		One Bath	Two Bath	
Number of Units	0	30	0	12
Average Square Feet	0	834	0	1,470
Vacant Units	0	0	0	0



**Silver Meadows
1847 Kearns Blvd.
Park City**

Total Units: 49 units
Tax Credit: 14 units

Year Built: 1996
Deed Restricted: 35 units
20 owned, 15 rented

Category	One-Bedroom	Two-Bedroom		Three-Bedroom
		One-Bath	Two-Bath	
Number of Units	0	0	0	14 tax credit units
Average Square Feet	0	0	0	1,009
Vacant Units	0	0	0	0



**Washington Mill
240–270 Daly Avenue
Park City**

Total Units: 8 units

Year Built: 1995

Category	One-Bedroom	Two-Bedroom		Three-Bedroom
		One-Bath	Two-Bath	
Number of Units	0	8	0	0
Average Square Feet	0	800	0	0



2 DETERMINANTS OF HOUSING DEMAND

Population and Households

Population growth was moderate in Park City from 2000 to 2009. The city’s population added an estimated 665 persons, at an average annual growth rate of 0.95 percent, to reach 8,127 (Table 2.1). Growth was steady from 2000 through 2005, then saw a slight decline in 2006 (–1.2 percent) followed by modest growth for the remainder of the decade.

Park City’s average household size was 2.72 as of April 1, 2000. The average household size for all of Summit County in 2000 was 2.87. The American Community Survey provides a 2006–2008 estimate of the county’s household size of 2.89 ±0.14, which is not significantly different from the size in 2000. Therefore, it is probably safe to assume that household size did not change significantly in Park City between 2000 and 2009. Given a constant size of 2.72 persons, there were an estimated 2,743 households as of July 1, 2000 and 2,988 as of July 1, 2009—an increase of 244.

**Table 2.1
Park City Population
Change, 2000–2009**

Year	Population	Households
2000	7,462	2,743
2001	7,680	2,824
2002	7,726	2,840
2003	7,806	2,870
2004	7,877	2,896
2005	8,019	2,948
2006	7,923	2,913
2007	8,004	2,943
2008	8,008	2,944
2009	8,127	2,988
Change	665	244

Note: Figures are as of July 1.
Source: U.S. Census Bureau and Bureau of Economic and Business Research, University of Utah.

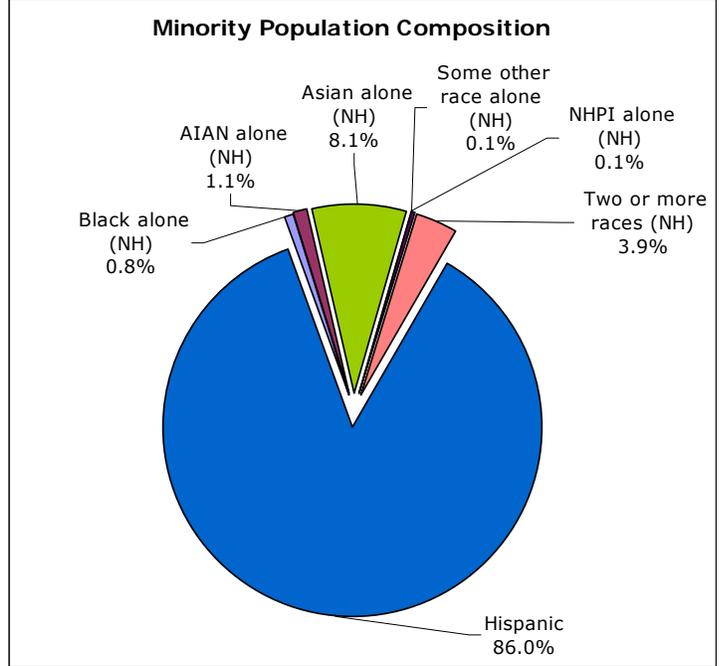
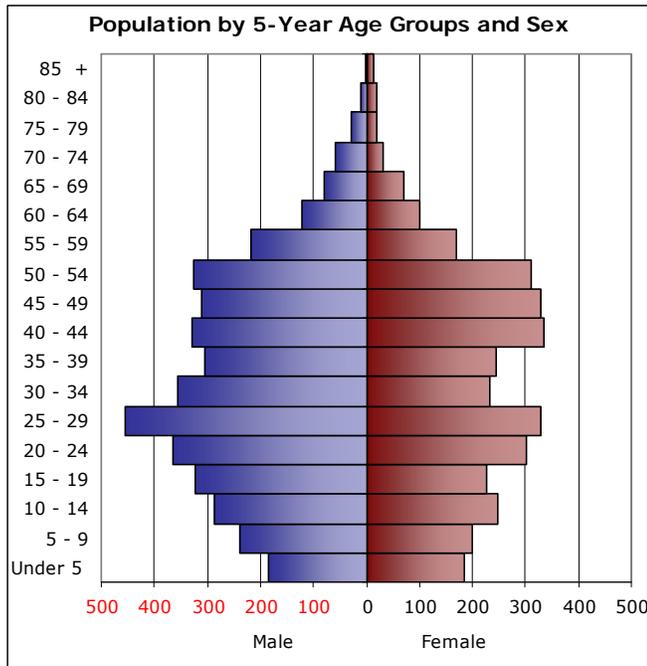
Age Structure and Minority Population

The age distribution of the population has likely not changed significantly since 2000. Exhibit 2.1 shows Park City’s population by age and sex, as well as the minority population in 2000. The town’s population has a disproportionate concentration in the working-age population, specifically those aged from 25 through 64. This segment represented 61 percent of Park City’s population in 2000, versus 45 percent in the state as a whole. Park City’s 2000 median age of 32.7 was 5.6 years older than the statewide median of 27.1. The narrow base of the age pyramid indicates low fertility rates, few children, generally small families, and an aging population. These conclusions are based on Census data, however in communities with high concentrations of minority populations the population is often undercounted by the Census. The undercount is due to reluctance of minority populations to participate in the Census. The undercount may alter the demographic characteristics of a city or county. One of the most common causes of an undercount is the doubling up of households in a single housing unit. Often the second household does not report their presence to the Census, thus their demographic characteristics are not recorded.

Park City’s population is skewed toward males, with 119 for every 100 females in 2000. In only four of the 18 five-year age groups were there more females than males: 40 to 44, 45 to 49, 80 to 84, and 85-plus. In the younger two age groups the ratio was quite close, with 99 and 95 males per 100 females, respectively. But in the older two groups women outnumbered men by 2-to-1 and 4-to-1, respectively. This weighting toward males is common in resort towns, which disproportionately attract young men who come to recreate and work at the resorts. The figures here may also be affected by the build-up to the 2002 Winter Olympics, which had several sites in and around Park City. Some of the more extreme imbalances in the older age groups may also be due to the fact that these are small numbers, so that small differences produce large results.

In 2000, minorities made up almost 23 percent of Park City's population, with 86 percent of these being Hispanics. Non-Hispanic whites accounted for 77 percent of the population. After Hispanics, who represented almost 20 percent of the population, the next largest minority group in Park City was Asians, with 8 percent of the minority population and almost 2 percent of the total population. Park City's shares of total minorities, Hispanics, and Asians were all above the state averages of 14.7, 9.0, and 1.6 percent, respectively. Only two major cities, South Salt Lake and Midvale, had a greater

**Exhibit 2.1
Park City Population by Age and Sex, Race, and Ethnicity: 2000**



Age Group	Sex		Ratio	Share	Share of State
	Male	Female			
Under 5	186	186	1.00	5.0%	0.2%
5-9	238	201	1.18	6.0%	0.2%
10-14	286	247	1.16	7.2%	0.3%
15-19	323	226	1.43	7.4%	0.3%
20-24	364	303	1.20	9.0%	0.3%
25-29	455	328	1.39	10.6%	0.4%
30-34	357	233	1.53	8.0%	0.4%
35-39	305	244	1.25	7.4%	0.4%
40-44	330	335	0.99	9.0%	0.4%
45-49	312	328	0.95	8.7%	0.5%
50-54	325	311	1.05	8.6%	0.6%
55-59	217	171	1.27	5.3%	0.5%
60-64	122	101	1.21	3.0%	0.4%
65-69	79	71	1.11	2.0%	0.3%
70-74	60	33	1.82	1.3%	0.2%
75-79	29	19	1.53	0.7%	0.1%
80-84	10	20	0.50	0.4%	0.1%
85 +	3	13	0.23	0.2%	0.1%
Total	4,001	3,370	1.19	100%	0.3%

	Population	Share	Share of State
Total	7,371	100%	0.3%
Not Hispanic or Latino	5,923	80.4%	0.3%
White alone	5,687	77.2%	0.3%
Black or African American alone	14	0.2%	0.1%
American Indian and Alaska Native alone	18	0.2%	0.1%
Asian alone	136	1.8%	0.4%
Native Hawaiian and Other Pacific Islander alone	1	0.0%	0.0%
Some other race alone	2	0.0%	0.1%
Two or more races	65	0.9%	0.2%
Ethnicity			
Hispanic or Latino	1,448	19.6%	0.7%
Minority	1,684	22.8%	0.5%

Note: NH is Not Hispanic. If a cell is shaded yellow and has bold red type, this indicates that the area's share of the state for the given category exceeds the area's share of total population in the state. Blue shading indicates a male-to-female ratio greater than one.
Source: Bureau of the Census, Census 2000, SF1.

share of Hispanics in 2000 than Park City. In South Salt Lake Hispanics made up 22 percent of the population and in Midvale 20.6 percent. The relative size of the Hispanic population affects housing affordability, tenure and overcrowding in the Park City housing market.

There are no estimates of minority population for Park City in the intercensal years, however, estimates have been made for Summit County and show a rapidly growing minority population. Recent estimates show that between 2000 and 2008 the minority population in Summit County increased by 2,947 individuals, accounting for nearly 30 percent of the population growth of the county. Seventy-five percent of the increase in minorities was individuals of Hispanic or Latino origin. The growth of the Hispanic population combined with the scarcity of existing and new affordable housing has likely led to more overcrowding in the Park City housing market, particularly in the rental market.

Household Income

Household income data are not available at the sub-county level between censuses. In the 2000 Census, Park City’s median household income was 101.3 percent of the median for all of Summit County. To estimate median household income for Park City for the years 2001 through 2008 (the most recent year for county-level data), BEBR assumed that the income distribution in Park City was well established in 2000 and has remained fairly constant in relation to the countywide distribution in the ensuing years. Therefore, we derived annual estimates of median household income in Park City by multiplying those for Summit County by 1.013. Note, however, that the underlying county estimates for 2001 through 2008 are subject to margins of error ranging from ± 6.6 percent to ± 8.8 percent of the value. Therefore, income estimates are rounded to the nearest \$100 to avoid the appearance of undue accuracy.

Median household income in Park City was \$81,374 in 2000 (in constant 2008 dollars), about 40 percent higher than the statewide median (Table 2.2). Because of the nature of the data set and changes in the Census Bureau’s modeling methodology in 2005 and 2006, it is difficult to compare values across years. Nevertheless, Park City’s median household income generally trended downward between 2001 and 2004, and its 2008 estimated median of \$80,700 was not significantly different from the level in 2000. Part of Park City’s above-average income is reflected in the area’s age distribution: its older population means that more people are in the middle and latter parts of their careers and thus earning higher wages than would a younger, early-career population.

Year	Income
2000	\$81,374
2001	\$82,100
2002	\$79,100
2003	\$77,000
2004	\$76,400
2005	\$81,800
2006	\$85,000
2007	\$84,300
2008	\$80,700

Source: Bureau of Economic and Business Research, University of Utah based on U.S. Census Bureau, Small Area Income and Poverty Estimates.

Employment and Wages

The Utah Department of Workforce Services reports average annual “covered” employment by industry for many cities in the state. This is a count of jobs covered by state or federal unemployment insurance, and as such does not include farm workers and the self-employed. Total covered employment in Park City grew by 2,631 jobs between 2001 and 2008, from 12,768 to 15,399 (Table

2.3).² This represents an average annual growth rate of 2.7 percent. The fastest-growing sectors were Leisure and Hospitality; Trade, Transportation, and Utilities; and Education and Health Services, which saw average annual employment growth of 4.4 percent, 4.0 percent, and 3.1 percent, respectively. The first two industry groupings are the two largest employment sectors in Park City, with 6,854 and 2,637 jobs, respectively, in 2008. Three sectors lost jobs between 2001 and 2008. Construction employment was more than 20 percent lower over the period, with 859 jobs in 2008 versus 1,078 in 2001. It reached a high of 1,026 jobs in 2006 before being hit by the credit crisis. Information jobs were down 11.5 percent in 2008 versus 2001, from 157 to 139. Figures were not disclosed for 2004 through 2006, but there were 179 jobs in the sector in 2007. Professional and Business Services were nearly unchanged in 2008 from their level in 2001 at 981 jobs. However, this was 3.4 percent below the sector's 2006 high of 1,016 jobs and 25.3 percent above a 2007 low of 783 jobs.

Table 2.3
Park City Average Covered Employment by Industry, 2001–2008

Industry Sector	2001	2002	2003	2004	2005	2006	2007	2008	Change	AARC
Total Covered Employment	12,768	13,472	13,643	13,914	14,526	15,234	11,303	15,399	2,631	2.7%
Mining	0	0	D	D	D	D	22	33	33	na
Construction	1,078	901	793	814	887	1,026	596	859	-219	-3.2%
Manufacturing	438	414	351	370	378	369	206	449	11	0.4%
Trade, Transportation & Utilities	2,007	2,260	2,328	2,334	2,482	2,546	1,348	2,637	630	4.0%
Information	157	150	152	D	D	D	179	139	-18	-1.7%
Financial Activities	964	1,286	1,054	982	1,088	1,156	1,022	1,156	192	2.6%
Professional & Business Services	985	878	890	981	1,008	1,016	783	981	-4	-0.1%
Education & Health Services	440	475	548	546	531	535	374	543	103	3.1%
Leisure & Hospitality	5,085	5,428	5,784	5,924	6,105	6,461	5,510	6,854	1,769	4.4%
Other Services	315	322	D	375	427	446	311	364	49	2.1%
Government	1,299	1,358	1,405	1,442	1,489	1,559	952	1,384	85	0.9%

Note: Some changes in employment (in 2007 and 2008) may be due to new geographical collection of data. D: not disclosed to protect firm confidentiality.

Source: Utah Department of Workforce Services, *Annual Report of Labor Market Information*.

As noted above, Leisure and Hospitality, and Trade, Transportation, and Utilities are the two largest employment sectors in Park City. Together they accounted for 61.6 percent of the city's total covered employment in 2008 (Table 2.4). Most of the latter sector's employment is likely in Retail Trade, given Park City's nature as a resort town and tourist destination. The town's dependence on tourism has increased since 2001, when the two industry groupings represented 55.5 percent of Park City's employment. The public sector is the next largest, averaging over 10 percent of Park City's jobs from 2001 through 2006, then shrinking slightly to 9 percent in 2008.

² Note that some of the 25 percent drop in employment in 2007 may be due to changes in the geographical collection of data by the Department of Workforce Services.

Table 2.4
Park City Employment Shares, 2001–2008

Industry Sector	2001	2002	2003	2004	2005	2006	2007	2008
Mining	0.0%	0.0%	na	na	na	na	0.2%	0.2%
Construction	8.4%	6.7%	5.8%	5.9%	6.1%	6.7%	5.3%	5.6%
Manufacturing	3.4%	3.1%	2.6%	2.7%	2.6%	2.4%	1.8%	2.9%
Trade, Transportation & Utilities	15.7%	16.8%	17.1%	16.8%	17.1%	16.7%	11.9%	17.1%
Information	1.2%	1.1%	1.1%	na	na	na	1.6%	0.9%
Financial Activities	7.6%	9.5%	7.7%	7.1%	7.5%	7.6%	9.0%	7.5%
Professional & Business Services	7.7%	6.5%	6.5%	7.1%	6.9%	6.7%	6.9%	6.4%
Education & Health Services	3.4%	3.5%	4.0%	3.9%	3.7%	3.5%	3.3%	3.5%
Leisure & Hospitality	39.8%	40.3%	42.4%	42.6%	42.0%	42.4%	48.7%	44.5%
Other Services	2.5%	2.4%	na	2.7%	2.9%	2.9%	2.8%	2.4%
Government	10.2%	10.1%	10.3%	10.4%	10.3%	10.2%	8.4%	9.0%

Source: Utah Department of Workforce Services, Annual Report of Labor Market Information; and Bureau of Economic and Business Research, University of Utah.

The average annual wage across all industries in Park City was \$32,986 in 2008 (Table 2.5). This was essentially unchanged from 2001, after adjusting for inflation, when the average annual wage was \$33,016 (in constant 2008 dollars). Unfortunately, the industries that represent more than 60 percent of the jobs in Park City pay the lowest average annual wages. The average wage in 2008 for Leisure and Hospitality jobs was \$24,486. Trade, Transportation, and Utilities averaged \$28,268; Retail Trade jobs may pay less than this because Utilities jobs generally pay some of the highest wages and so would raise the average. The highest wages in Park City in 2008 were paid by the Mining industry, of which there were only 33 jobs earning an average of \$82,634. Manufacturing and Professional and Business Services also paid relatively high wages at \$56,404 and \$54,569, respectively. However, together they represented less than 10 percent of all jobs in the city, and in fact were the only two sectors to see real wages fall between 2001 and 2008. Manufacturing wages shrank by \$4,780 and Professional and Business Services wages shrank by \$1,775.

Table 2.5
Average Annual Wages by Industry in Park City, 2001–2008
(Constant 2008 Dollars)

Industry Sector	2001	2002	2003	2004	2005	2006	2007	2008	Change	AARC
Total Covered Employment	\$33,016	\$31,747	\$31,166	\$31,359	\$32,393	\$32,537	\$33,997	\$32,986	-\$30	-0.0%
Mining	\$0	\$0	na	na	na	na	\$87,045	\$82,634	\$82,634	na
Construction	\$42,545	\$42,081	\$38,459	\$36,407	\$44,138	\$43,240	\$46,438	\$42,556	\$11	0.0%
Manufacturing	\$61,185	\$60,104	\$66,121	\$60,262	\$57,390	\$53,368	\$40,777	\$56,404	-\$4,781	-1.2%
Trade, Transportation & Utilities	\$28,001	\$27,277	\$28,097	\$28,900	\$31,230	\$31,420	\$28,516	\$28,268	\$266	0.1%
Information	\$45,086	\$44,522	\$42,350	na	na	na	\$47,327	\$47,386	\$2,299	0.7%
Financial Activities	\$41,695	\$39,724	\$42,837	\$46,476	\$48,168	\$47,569	\$53,429	\$48,198	\$6,502	2.1%
Professional & Business Services	\$56,344	\$50,967	\$50,421	\$48,427	\$48,573	\$51,697	\$66,444	\$54,569	-\$1,775	-0.5%
Education & Health Services	\$32,864	\$33,472	\$31,797	\$30,465	\$30,650	\$30,346	\$41,113	\$36,589	\$3,724	1.5%
Leisure & Hospitality	\$24,299	\$23,893	\$23,223	\$22,666	\$23,192	\$23,480	\$24,116	\$24,486	\$187	0.1%
Other Services	\$25,814	\$26,355	na	\$37,725	\$35,637	\$35,969	\$39,783	\$36,319	\$10,505	5.0%
Government	\$33,688	\$34,363	\$35,298	\$36,174	\$33,922	\$34,767	\$33,726	\$37,612	\$3,925	1.6%

Source: Utah Department of Workforce Services, Annual Report of Labor Market Information; and Bureau of Economic and Business Research, University of Utah.

Jobs in Other Services, which includes repair and maintenance and personal services, saw real wages grow at an average annual rate of 5 percent, from \$25,814 in 2001 to \$36,319 in 2008 (in constant

2008 dollars). Despite this rapid growth, Other Services wages in 2008 were below their 2007 peak of \$39,783. Average annual wages in the Financial Activities sector, which includes finance, insurance, and real estate, grew by \$6,500 in real terms to \$48,198 in 2008. Jobs in Education and Health Services and Government saw their real wages grow by close to \$4,000 between 2001 and 2008.

Mortgage and Consumer Debt

The price and demand for housing is affected by the creditworthiness of households. Data on mortgage and consumer debt are not disaggregated to a subcounty level. Therefore the countywide data are used. The countywide data show that Summit County households generally have less financial stress than households in the four Wasatch Front counties and Washington County. In Summit County 3.6 percent of all mortgage loans are 90-plus days delinquent (Table 2.6). Only Davis County has a lower percentage of delinquent mortgage loans. By type of mortgage loan Summit County households also fare better than most households in other major counties, and likewise for auto loans and bank card debt (Tables 2.7 and 2.8).

County	Prime	Jumbo	Fannie & Freddie	FHA & VA
Summit	2.0%	4.1%	1.3%	0.9%
Davis	1.2%	6.0%	0.9%	1.2%
Salt Lake	1.8%	6.7%	1.3%	1.9%
Utah	2.2%	11.5%	1.8%	1.6%
Washington	2.9%	12.7%	3.1%	1.6%
Weber	1.6%	5.5%	1.3%	1.6%

Source: New York Federal Reserve and credit reporting agency, TransUnion LLC's Trend Data database.

County	Delinquent
Summit	3.6%
Davis	3.2%
Salt Lake	4.9%
Utah	5.5%
Washington	9.0%
Weber	3.9%

Source: New York Federal Reserve and credit reporting agency, TransUnion LLC's Trend Data database.

County	Auto Loan	Bank Card
Summit	0.4%	0.7%
Davis	0.7%	1.0%
Salt Lake	1.2%	1.3%
Utah	1.1%	1.2%
Washington	1.5%	1.2%
Weber	1.1%	1.5%

Source: New York Federal Reserve and credit reporting agency, TransUnion LLC's Trend Data database.

Housing Market Conditions

The performance of the Park City housing market in 2009 was unique. While almost every housing market in the state was suffering from reduced activity due to the severe contraction in residential development, Park City issued its highest number of residential building permits since 1996. In 2009 permits were issued for a total of 289 dwelling units, however 247 or 85 percent of the new residential units were in the Talisker Resort development. Other large condominium developments during the 2005–2007 period also contributed significantly to residential construction in Park City.

Condominium development appears to have run its course, at least for the next few years, consequently residential construction activity has declined precipitously. Through July 2010 only 13 new residential units have received building permits in Park City; 11 of the 13 permits were for single-family homes. Given the current state of the financial markets, the substantial capital requirements of large condominium developments, and weakening demand for second homes it is almost certain there will be a much reduced level of condominium activity over the next two to three years.

In the long term however, Park City's second-home market will probably fare better than most second-home markets. Those second-home markets that target younger upper-income baby boomers are not expected to do as well as those markets that appeal to the wealthiest buyers. Park City is definitely a market for wealthy buyers. Potential buyers in Park City are those less affected by the recession, diminished earnings, tighter credit and lack of equity in their first home. In the long term, the cachet of Park City and the resort atmosphere should help to support future high-end second-home developments. In the near term however, there will continue to be serious downward adjustments in housing prices. Meanwhile the development of single-family and condominium construction will experience very low levels of activity through 2011.

3 HOUSING AFFORDABILITY AND NEEDS ASSESSMENT

In 2009 Park City had an estimated population of 8,127 in about 3,000 households. Housing for these 3,000 households includes about 1,740 owner-occupied units and 1,270 renter-occupied units. Since 2000 the owner- and renter-occupied housing inventory (which excludes second homes, vacation homes and time-share units) has increased by about 250 units.

Affordability Calculations

HUD provides median income estimates for counties (Table 3.1). Using these estimates the price level of affordable homes was determined for median-, moderate-, low- and very-low-income households in Park City (Table 3.2). These price estimates were derived based on the following assumptions: 30 percent of gross income devoted to housing, 3 percent down payment, prevailing mortgage rate, and property taxes, homeowner’s insurance and mortgage insurance of 12 percent of total mortgage payment (Table 3.3).

Year	Median	80% AMI	50% AMI	30% AMI
2005	\$83,400	\$66,720	\$41,700	\$25,020
2006	\$81,200	\$64,960	\$40,600	\$24,360
2007	\$83,400	\$66,720	\$41,700	\$25,020
2008	\$87,000	\$69,600	\$43,500	\$26,100
2009	\$93,400	\$74,720	\$46,700	\$28,020

Source: Bureau of Economic and Business Research, University of Utah and HUD income estimate.

Year	Affordable Price Range for Household at:			
	Median Income	80% AMI	50% AMI	30% AMI
2005	≤\$315,369	≤\$250,315	≤\$152,724	≤\$87,692
2006	≤\$290,715	≤\$230,785	≤\$141,053	≤\$81,287
2007	≤\$300,847	≤\$238,988	≤\$146,114	≤\$84,255
2008	≤\$325,022	≤\$258,144	≤\$157,742	≤\$90,864
2009	≤\$379,195	≤\$303,345	≤\$189,523	≤\$113,640

Source: Bureau of Economic and Business Research, University of Utah and HUD income estimate.

**Table 3.3
Affordability Calculations for Park City**

	Median	80% AMI	50% AMI	30% AMI
2009				
Income	\$93,400	\$74,720	\$46,700	\$28,020
Income Available for Housing @ 30% of Income	\$28,020	\$22,416	\$14,010	\$8,406
Income Available Monthly	\$2,335	\$1,868	\$1,168	\$701
Less Taxes , Home Insurance, Mortgage Insurance	\$2,078	\$1,663	\$1,039	\$623
Mortgage Interest Rate	5.5%	5.5%	5.5%	5.5%
Amount of Loan Financed	\$367,819	\$294,245	\$183,837	\$110,231
Down Payment	\$11,376	\$9,100	\$5,686	\$3,409
Maximum Home Price	\$379,195	\$303,345	\$189,523	\$113,640
2008				
Income	\$87,000	\$69,600	\$43,500	\$26,100
Income Available for Housing @ 30% of Income	\$26,100	\$20,880	\$13,050	\$7,830
Income Available Monthly	\$2,175	\$1,740	\$1,088	\$653
Less Taxes , Home Insurance, Mortgage Insurance	\$1,936	\$1,549	\$968	\$581
Mortgage Interest Rate	6.0%	6.0%	6.0%	6.0%
Amount of Loan Financed	\$315,271	\$250,400	\$153,010	\$88,138
Down Payment	\$9,751	\$7,744	\$4,732	\$2,726
Maximum Home Price	\$325,022	\$258,144	\$157,742	\$90,864
2007				
Income	\$83,400	\$66,720	\$41,700	\$25,020
Income Available for Housing @ 30% of Income	\$25,020	\$20,016	\$12,510	\$7,506
Income Available Monthly	\$2,085	\$1,668	\$1,043	\$626
Less Taxes , Home Insurance, Mortgage Insurance	\$1,856	\$1,485	\$928	\$557
Mortgage Interest Rate	6.34%	6.34%	6.34%	6.34%
Amount of Loan Financed	\$291,822	\$231,818	\$141,731	\$81,727
Down Payment	\$9,025	\$7,170	\$4,383	\$2,528
Maximum Home Price	\$300,847	\$238,988	\$146,114	\$84,255
2006				
Income	\$81,200	\$64,960	\$40,600	\$24,360
Income Available for Housing @ 30% of Income	\$24,360	\$19,488	\$12,180	\$7,308
Income Available Monthly	\$2,030	\$1,624	\$1,015	\$609
Less Taxes , Home Insurance, Mortgage Insurance	\$1,807	\$1,445	\$903	\$542
Mortgage Interest Rate	6.41%	6.41%	6.41%	6.41%
Amount of Loan Financed	\$281,994	\$223,861	\$136,821	\$78,848
Down Payment	\$8,721	\$6,924	\$4,232	\$2,439
Maximum Home Price	\$290,715	\$230,785	\$141,053	\$81,287
2005				
Income	\$83,400	\$66,720	\$41,700	\$25,020
Income Available for Housing @ 30% of Income	\$25,020	\$20,016	\$12,510	\$7,506
Income Available Monthly	\$2,085	\$1,668	\$1,043	\$626
Less Taxes , Home Insurance, Mortgage Insurance	\$1,856	\$1,485	\$928	\$557
Mortgage Interest Rate	5.87%	5.87%	5.87%	5.87%
Amount of Loan Financed	\$305,908	\$242,806	\$148,142	\$85,061
Down Payment	\$9,461	\$7,509	\$4,582	\$2,631
Maximum Home Price	\$315,369	\$250,315	\$152,724	\$87,692

Source: Bureau of Economic and Business Research, University of Utah.

Availability of Affordable Housing

Housing affordability has been a persistent problem in Park City. The availability of affordable owner- and renter-occupied units has been limited due to land prices, housing market conditions and zoning ordinances.

Affordability of Owner-Occupied Housing

In order to assess the current availability of affordable owner-occupied housing, five years of data from the Park City Multiple Listing Services were analyzed regarding affordability for median-, moderate- (80% AMI) and low-income (50% AMI) households. Real estate sales data were used to infer the affordability of owner-occupied housing in Park City. Sales data provide a useful measure of prices and hence affordability in a housing market.

Affordability for Median-Income Households

The analysis of home sales showed that of the 747 detached single-family homes sold in Park City between 2005 and 2009 only 5 homes, or less than 1 percent of homes sold, were affordable to median-income households (Table 3.4). However, homeownership opportunities improved substantially with attached condominium housing. Over the five-year period the number of condominium sales was 1,989 units. Twenty-eight percent, or 563 condominiums sold, were affordable to median-income households. In 2009, 44 of 172 condominiums sold were affordable to median-income households.

Combining the affordable condominium sales with sales of detached single-family homes shows that nearly 21 percent of the combined sales of homes and condominiums in Park City from 2005 through 2009 were affordable to median-income households. In most communities affordability has generally returned to the 2005 level, but not so in Park City. Seventeen percent of condominiums and homes were affordable in 2009, the same percentage as in 2008. The highest level of affordability in recent years was in 2005, when 30 percent of homes and condominiums sold in Park City were affordable to median-income households.

Affordability for Moderate-Income Households (80% AMI)

Opportunities for home ownership are significantly diminished for moderate-income households. No detached single-family homes sold in Park City were affordable to moderate-income households (Table 3.5). Again, condominiums provide affordable opportunities, with 460 affordable units sold over the five-year period. For combined single-family and condominium sales 16.8

Single-Family Homes			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	267	3	1.12%
2006	171	0	0.0%
2007	139	0	0.0%
2008	81	0	0.0%
2009	89	2	2.25%
Total	747	5	0.67%
Condominiums			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	738	306	41.5%
2006	423	92	21.8%
2007	422	67	15.9%
2008	234	54	23.1%
2009	172	44	25.6%
Total	1,989	563	28.3%
Combined Single-Family Homes and Condominiums			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	1,005	309	30.8%
2006	594	92	15.5%
2007	561	67	11.9%
2008	315	54	17.1%
2009	261	46	17.6%
Total	2,736	568	20.8%

Source: Park City Multiple Listing Service.

percent of all units sold from 2005 through 2009 were affordable for moderate-income households. All affordable units were condominiums.

Single-Family Homes			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	267	0	0.0%
2006	171	0	0.0%
2007	139	0	0.0%
2008	81	0	0.0%
2009	89	0	0.0%
Total	747	0	0.0%
Condominiums			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	738	260	35.2%
2006	423	67	15.8%
2007	422	53	12.6%
2008	234	47	20.1%
2009	172	33	19.2%
Total	1,989	460	23.1%
Combined Single-Family Homes and Condominiums			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	1,005	260	25.9%
2006	594	67	11.3%
2007	561	53	9.5%
2008	315	47	14.9%
2009	261	33	12.6%
Total	2,736	460	16.8%

Source: Park City Multiple Listing Service.

Affordability for Low-Income Households (50% AMI)

Low-income households could afford only 9.3 percent of the combined detached single-family homes and attached condominiums sold in Park City since 2005 (Table 3.6). All 254 of the affordable dwellings were condominium units. The limited opportunity of homeownership for low-income households is a characteristic of most housing markets. Housing market conditions and land and home prices generally exclude low-income households from ownership.

Table 3.6 Number and Share of Housing Units Sold that Were Affordable to Low- Income Households (50% AMI) in Park City			
Single-Family Homes			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	267	0	0.0%
2006	171	0	0.0%
2007	139	0	0.0%
2008	81	0	0.0%
2009	89	0	0.0%
Total	747	0	0.0%
Condominiums			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	738	141	19.1%
2006	423	32	7.6%
2007	422	35	8.3%
2008	234	31	13.3%
2009	172	15	8.7%
Total	1,989	254	12.8%
Combined Single-Family Homes and Condominiums			
Year	Total Units Sold	Affordable Units	Affordable Share
2005	1,005	141	14.0%
2006	594	32	5.4%
2007	561	35	6.2%
2008	315	31	9.8%
2009	261	15	5.8%
Total	2,736	254	9.3%

Source: Park City Multiple Listing Service.

Affordability and Condominiums

As noted, condominiums have supplied a large percentage of affordable owner-occupied housing units. Ninety-nine percent of affordable units in Park City have been condominium units. Most of the condominium activity however, was concentrated in a single year, 2005. Over half of all affordable condominiums were sold in 2005, with 306 units for median-income households, 260 for moderate-income households and 141 for low-income households. Sales levels since have been at 20 percent or less of the 2005 level, a disturbing trend that has led to lower levels of housing affordability for Park City.

Affordability of Renter-Occupied Housing

In 2000 the number of rental units totaled 1,260, as reported by HUD. (The Census reported a slightly higher rental inventory of 1,330, referred to in Section 1 of this study.) HUD estimated the number of rental units that were affordable for each income category. For example 221 units were affordable in 2000 for very-low-income households (≤ 30 percent AMI) and 360 for low-income households (30–50 percent AMI) (Table 3.7).

Table 3.7
Number of Units Affordable by Income Category, 2000 and 2009

Income Category	Total 2000	Additions	Losses	Total 2009	Share
Less than 30% AMI	221	0	0	221	17.5%
30%–50% AMI	360	0	0	360	28.6%
50%–80% AMI	387	0	0	387	30.7%
More than 80% AMI	292	0	0	292	23.2%
Total	1,260	0	0	1,260	100%

Source: HUD Affordability Mismatch and Bureau of Economic and Business Research, University of Utah.

It is difficult to estimate the current rental inventory given the dynamics of the local market. The local rental market is characterized by changing tenure for condominium and apartment units, as these units often move from rental to ownership and vice versa. Therefore, a good approximation of the number of units in the rental inventory involves some speculation, but since both 2000 and 2009 were characterized by a weak economy it was assumed that the rental inventory in Park City is approximately 1,260 units. The change in tenure of a unit is likely sensitive to economic conditions. Furthermore, it was assumed that the distribution of rental units by affordability in 2009 is similar to the distribution in 2000, i.e. 17.5 percent of the rental inventory was affordable to very-low-income households in 2000 and the same percentage was affordable in 2009. This conclusion assumes that the relationship between rental rates and income in Park City has remained constant over the intervening years—a conservative assumption given the depth of the 2008–2009 recession, which has likely put greater downward pressure on wages than rental rates.

Affordable rental units in 2010 would fall within the rental rate ranges shown in Table 3.8. The rental ranges are given for type of unit and income category.

Table 3.8
Affordable Rental Rate Ranges by Type of Unit and Income Category for Summit County, 2010
(includes utilities)

Type of Unit	<30% AMI	30%–50% AMI	50%–80% AMI	>80% AMI
Studio	≤\$490	\$490–\$817	\$817–\$1,307	\$1,307
One-Bedroom	≤\$525	\$525–\$875	\$875–\$1,400	\$1,400
Two-Bedroom	≤\$631	\$631–\$1,051	\$1,051–\$1,682	\$1,682
Three-Bedroom	≤\$728	\$728–\$1,214	\$1,214–\$1,942	\$1,942
Four-Bedroom	≤\$812	\$812–\$1,353	\$1,353–\$2,165	\$2,165

Source: HUD Income and Rent Schedule 2010.

Tax credit units provide 326 of the 387 affordable rental units in Park City. Table 3.9 shows the number of units by target AMI. Eighty-two percent or 267 tax credit units are targeted at 50 percent AMI or above. Only 18 percent of the tax credit units in the city are targeted for low- and very-low-income households.

**Table 3.9
AMI Targets of Tax Credit Projects**

Project	30% AMI	35% AMI	39% AMI	40% AMI	43% AMI	48% AMI	50% AMI	53% AMI	56% AMI	58% AMI	59% AMI	60% AMI	Total
Iron Horse													
Three-Bedroom						14		36		44			94
Silver Meadow													
Three-Bedroom		3					5				6		14
Washington Mill													
Two-Bedroom							2		6				8
Aspen Villa													
Two-Bedroom												18	18
Three-Bedroom												70	70
Holiday Village													
One-Bedroom							24					16	40
Two-Bedroom							24					16	40
Parkside													
Two-Bedroom		18		12									30
Three-Bedroom				12									12
Total	0	21		24		14	55	36	6	44	6	120	326

Source: Utah Housing Corporation.

Housing Needs Assessment

Despite the construction of nearly 1,700 new residential units since 2000, the number of year-round homeowners in Park City has probably increased by fewer than 100 households over the past ten years. This estimate is based on the intercensal population for Park City in 2009 of 8,127. The U.S. Census Bureau estimates the increase in population in Park City since 2000 at 665 persons. The Bureau of Economic and Business Research estimates the increase in households for the ten-year period at 244. If the Census and BEBR estimates are accurate, the increase in year-round residents has been small. If all new households were year-round residents and owned a housing unit, the maximum number of new owner-occupied units would be 244. However, it is estimated that most of the new households were renters. Of the 244 new households approximately 100 were owners and about 150 were renters; consequently the owner-occupied inventory in Park City increased by less than 5 percent over the ten-year period.

Owner-Occupied Units

New year-round owner-occupied development has been constrained in Park City by the scarcity of developable land and land values. Most of the large tracts of relatively flat developable land have been consumed over 30 years of residential development in Park City. Much of the remaining developable land is near ski resorts and ski runs and suitable for high-rise, high-density and high-cost condominium development. In locations where detached single-family development is possible, land costs render the development most suitable for the wealthy second-home market. Consequently there is a serious imbalance in the Park City housing inventory. Seventy-five percent of the nearly 7,100 owned units in the city are vacant. The number of vacant owned units has increased by 31 percent since 2000, increasing from 3,700 units in 2000 to 5,300 in 2010.

This imbalance between the year-round and second-home inventories has reduced housing diversity and affordability in Park City. Given developable land constraints, any meaningful increase in year-

round owner-occupied housing in Park City will depend on annexation of land in unincorporated Summit County. Park City has been engaged in annexation to the east and south with the Park City Heights and Empire Pass annexations. Affordable owner-occupied units (\$175,000 to \$225,000) are planned in the annexed property.

There is a need for additional affordable owner-occupied housing in Park City. The analysis of housing price data showed that less than one percent of all homes sold in Park City over a five-year period and about one-in-four condominium units were affordable to the median-income household (\$93,000 in 2009). In an effort to increase housing affordability a workforce housing resolution was adopted by Park City a few years ago. New residential and commercial developments in Park City are required to produce some affordable housing units based on a formula of “affordable unit equivalents” (*Resolution 20-07 Affordable Housing Guidelines and Standards for Park City*). This resolution has helped to produce 13 affordable owner-occupied units and a number of pending units. Currently, owner occupied affordable unit equivalents (AUE) must be affordable to Park City households with incomes equal to or less than \$78,419, 150 percent of median workforce wage. Rental units must be affordable to households at the median workforce wage of \$52,279. The median workforce wage of \$52,279 is set by the city council.

Sales and construction data indicate that affordable owner-occupied opportunities have been almost entirely provided by the condominium market. Fifty to sixty condominiums are sold each year that meet the affordability criteria of the housing resolution. A closer look at the condominium sales shows that the stock of affordable condominiums, however, is relatively old. For example, in 2009 there were 42 condominiums sold that were affordable to median-income households. Many of the condominiums were located in Prospector Square. The median age of these units was 28 years old. Three were built in 2002, none in the 1990s and the remaining units were built from 1967 to 1988.

The condominium stock needs an infusion of new, affordable units. The housing resolution should help produce affordable owner-occupied condominiums and in some cases detached single-family homes as residential and commercial development recovers from the recession and Park City annexes additional land for expansion.

Renter-Occupied Units

The lack of new rental units in Park City is a serious affordability constraint. In a growing economy, with low wage rates it is almost impossible for a housing market to make any progress in improving affordability without producing rental units.

Table 3.10
Housing Cost Burden for Renters in Park City, 2000

Income Category	Renters	>30% Cost Burden	>50% Cost Burden
Less than 30% AMI	220	150	93
30%–50% AMI	170	97	33
50%–80% AMI	180	46	8
More than 80% AMI	458	55	0
Total Renters	1,028	348	134

Source: HUD CHAS 2000.

Many renters in Park City have high housing-cost burdens. Census and HUD data show that in 2000 one-third of all renters spent more than 30 percent of their income on rent and utilities and 13 percent spent more than 50 percent. Very-low-income renters—with incomes less than 30 percent of AMI—had the greatest share of cost-burdened renters. Nearly 70 percent of very-low-income renters had at least a 30 percent housing cost burden and 42 percent had cost burdens above 50 percent (Table 3.10). The relative cost burden by income category probably has not changed much over the past several years. Any increases in incomes since 2000 have likely been offset by increases in rental rates.

Park City has an employment base of about 15,000 of which 60 percent are low-paying retail, leisure and lodging workers. These low wages help create the housing cost burden. The average wage for a lodging sector worker is \$25,750 and for a retail worker \$23,900. Households with one member working full-time in lodging and another member working half-time in retail would have an income of about \$37,000, less than half the median workforce wage (\$78,419) set by the city council for Park City in the housing affordability guidelines. A renter household with an income of \$37,000 could afford to spend about \$925 for rent and utilities, the equivalent of a tax credit rental rate for a two-bedroom unit at 45 percent AMI.

Low wage rates, high rents and no apartment construction in ten years have created an urgent need for affordable rental units for low- and very-low-income renters in Park City. The need, however, is difficult to quantify from the characteristics of the local rental market. Demand derived from an analysis of the local market will understate the overall demand for rental housing since it does not account for the significant level of pent-up demand from those commuting workers who now reside outside Park City and Summit County due to the lack of affordable rental housing. In 2000 one-third of workers in Summit County lived outside of the county. Therefore it is reasonable to assume that in 2010 at least one-quarter of the workforce in Park City—3,750 workers—resides outside the county. These commuters represent a sizeable pool of pent-up demand for low- and very-low-income rental housing.

At a minimum, 120 tax credit units are needed in Park City over the next five years. These units should have target rents below 45 percent AMI. Excluding utilities, the rents should not exceed \$750 for a one-bedroom unit, \$890 for a two-bedroom unit and \$1,025 for a three-bedroom unit. The demand for affordable rental units in Park City far exceeds the supply as the local housing market is in a position of “if we build it they will come.” Nonetheless, supply constraints will persist—lack of suitable land, land prices, neighborhood opposition, zoning ordinances—consequently the development of affordable tax credit units will not occur without the strong support and participation of the city.

The number of full-time resident households in Park City will grow by about 2.5 percent annually over the next five years, from 3,000 to 3,400. This growth rate will generate demand for about 400 new housing units by 2015. These additional units should include 80 affordable (median-income) owner-occupied units priced from \$200,000 to \$275,000, 120 affordable rental units for low-wage workers with target rents below 50 percent AMI, and the remaining 200 owner-occupied units for households with incomes above the median. Should the growth rate and number of new households change, the recommended distribution of new housing units should continue to approximate 20 percent median-income owner-occupied units, 30 percent low- and very-low-income tax credit rental units, and 50 percent market-rate housing for all income categories above median income.